

# GCP Infrastructure Investments Limited

---

## PROSPECTUS 2010

---

Investment Adviser



Financial Adviser,  
Sponsor and Bookrunner

Oriel Securities Limited

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult immediately a person authorised for the purposes of the Financial Services and Markets Act 2000 (as amended) (“FSMA”) who specialises in advising on the acquisition of shares and other securities.**

**A copy of this document, which comprises a prospectus relating to GCP Infrastructure Investments Limited (the “Company”), prepared in accordance with the Prospectus Rules of the Financial Services Authority made pursuant to section 85 of FSMA, has been delivered to the Financial Services Authority and has been made available to the public in accordance with Rule 3.2 of the Prospectus Rules.**

Application will be made to the UK Listing Authority for all the Ordinary Shares (issued and to be issued) to be admitted to the Official List and for all such Ordinary Shares to be admitted to trading on the London Stock Exchange’s Main Market for listed securities. It is expected that such admission will become effective and that unconditional dealings in the Ordinary Shares will commence at 8.00 a.m. on 22 July 2010.

The Ordinary Shares are not dealt in on any other recognised investment exchanges and no applications for the Ordinary Shares to be traded on any such other exchanges have been made or are currently expected to be made.

The Directors of the Company, whose names and functions appear in the “Directors, Agents and Advisers” section of this Prospectus, and the Company itself, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and of the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Although the whole text of this document should be read, the attention of persons receiving this document is drawn to the section headed “Risk Factors” contained on pages 8 to 18 of this document.

---

## **GCP Infrastructure Investments Limited**

*(a company incorporated in Jersey under The Companies (Jersey) Law, 1991 (as amended)  
with registered no. 105775)*

### **Placing and Offer for Subscription of Ordinary Shares of one pence each at an Offer Price of £1.00 per Ordinary Share**

### **Issue of Ordinary Shares pursuant to the arrangements for Switching described herein**

**and**

### **Admission to the Official List and trading on the London Stock Exchange’s Main Market for listed securities**

*Sponsor, Financial Adviser and Bookrunner*

**Oriel Securities Limited**

---

Oriel Securities Limited (“**Oriel**”), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for the Company and no-one else in connection with the Issue and the contents of this document and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Oriel or for affording advice in relation to the Issue and the contents of this document or any matters referred to herein. Nothing in this paragraph shall serve to exclude or limit any responsibilities which Oriel may have under FSMA or the regulatory regime established thereunder. Oriel takes no responsibility for any part of the contents of this document pursuant to sections 79(3) or 90 of FSMA and does not accept any responsibility for, or authorise, any part of the contents of this document under rule 5.5 of the Prospectus Rules of the Financial Services Authority.

The Ordinary Shares offered by this document have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or under the applicable state securities laws of the United States, and may not be offered or sold directly or indirectly in or into the United States, or to or for the account or benefit of any US person (within the meaning of Regulation S under the Securities Act). In addition, the Company has not been, and will not be, registered under the United States Investment Company Act of 1940, as amended.

This unregulated exchange-listed fund is not regulated in Jersey. The Jersey Financial Services Commission has neither evaluated nor approved:

- (a) the scheme or arrangement of the Company;
- (b) the parties involved in the promotion, management or administration of the Company; or
- (c) this Prospectus.

The Jersey Financial Services Commission has no ongoing responsibility to monitor the performance of the Company, to supervise the management of the Company or to protect the interests of investors in the Company.

# CONTENTS

	<i>Page</i>
SUMMARY	3
RISK FACTORS	8
IMPORTANT INFORMATION	17
DIRECTORS, AGENTS AND ADVISERS	19
EXPECTED TIMETABLE	21
ISSUE STATISTICS	21
PART 1 THE COMPANY	22
PART 2 MANAGEMENT AND ADMINISTRATION OF THE COMPANY	29
PART 3 BACKGROUND TO UK PFI AND ASSOCIATED DEBT INVESTMENT OPPORTUNITIES	31
PART 4 THE MASTER FUND	36
PART 5 THE MASTER FUND'S CURRENT PORTFOLIO AND PIPELINE OF FUTURE ASSETS	47
PART 6 THE INVESTMENT ADVISER AND ITS EXPERIENCE	53
PART 7 THE PLACING AND OFFER FOR SUBSCRIPTION	55
PART 8 TAXATION	58
PART 9 ADDITIONAL INFORMATION ON THE COMPANY	61
PART 10 ADDITIONAL INFORMATION ON THE MASTER FUND	82
PART 11 FINANCIAL INFORMATION	96
DEFINITIONS	121
TERMS AND CONDITIONS OF APPLICATIONS UNDER THE OFFER FOR SUBSCRIPTION	126
NOTES ON HOW TO COMPLETE THE APPLICATION FORM	132
GCP INFRASTRUCTURE INVESTMENTS LIMITED APPLICATION FORM	139
TERMS AND CONDITIONS OF APPLICATIONS UNDER THE PLACING	143

## SUMMARY

***THE FOLLOWING SUMMARY IS EXTRACTED FROM, AND SHOULD BE READ AS AN INTRODUCTION TO AND IN CONJUNCTION WITH, THE FULL TEXT OF THIS DOCUMENT. ANY DECISION TO INVEST IN THE COMPANY SHOULD BE BASED ON CONSIDERATION OF THIS DOCUMENT AS A WHOLE BY THE PROSPECTIVE INVESTOR.***

Following the implementation of the relevant provisions of the Prospectus Directive of the European Parliament and Council (Directive 2003/71/EC) in each member state of the European Economic Area (“EEA”), civil liability attaches to those persons responsible for the summary, including any translation of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of this document. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating this document before legal proceedings are initiated.

### **The Company**

The Company is a newly formed, Jersey incorporated closed-ended investment company. The Company is a feeder fund and will invest substantially all of the Available Net Proceeds in the Master Fund pursuant to the Subscription. As a result, the Company’s financial performance will depend almost entirely on the performance of its investment in the Master Fund.

The Master Fund is an open-ended investment company that is regulated in Jersey as an expert fund and is listed on CISX. The Master Fund will utilise the proceeds of the Subscription to make further investments in subordinated debt instruments issued by UK PFI infrastructure project companies and related and/or similar assets. The Master Fund has made investments totalling approximately £24 million and is expected to have made a further investment of approximately £9.25 million by the end of July 2010.

### **Investment policy**

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

The Company will achieve its investment objectives by investing substantially all of its capital in ordinary redeemable income shares of GCP Infrastructure Fund Limited.

Structural gearing is permitted at Company level, up to a maximum of 20 per cent. of the Company’s Net Asset Value immediately following draw down.

### **Distribution policy**

The Company will, as far as reasonably practicable and taking into account the costs of the Company and its working capital requirements, distribute by way of dividend payments all income that it receives from the Master Fund up to the Target Net Yield of 8 per cent. per annum (by reference to the Offer Price) per Ordinary Share. The Company expects to be able to pay dividends at the level of the Target Net Yield once the Master Fund has invested its existing capital and the proceeds of the Subscription, which is expected to be within six to nine months of Admission.

The Company expects to receive a dividend of approximately 2.75 pence per Ordinary Share from the Master Fund in respect of the Master Fund’s financial period ending 30 September 2010 and expects to declare its first dividend in November 2010. Thereafter, it intends to make distributions by way of semi-annual dividends.

### **Investment opportunity**

Disruption in the financial markets since mid-2007 has significantly reduced the availability of debt financing for PFI-related infrastructure project companies in the UK. This has given rise to a large number

of opportunities to provide debt financing to PFI-related infrastructure projects at levels of return which the Directors and Investment Adviser believe are highly attractive having regard to the risks attached to such investments.

Investments of the type primarily targeted by the Master Fund relate to projects backed by long-dated, secure, quasi-UK government contracts, yet have net yields currently priced at significant margins above UK government debt. The Directors and the Investment Adviser believe that an investment in the Company offers, *inter alia*, the following benefits and advantages:

- the Company will be the only UK listed infrastructure fund focused primarily on subordinated debt investments;
- the Master Fund has an existing portfolio of investments that already generates income with a significant pipeline of potential investments totalling £65 million;
- there is strong demand from PFI infrastructure project companies (and their lenders) in relation to existing operational PFI projects for investments of the type that the Master Fund is seeking to provide, as a result of the investment structures it offers. The Directors and the Investment Adviser believe the following factors contribute to this demand:
  - the availability of capital to many PFI asset owners is limited, and loans from the Master Fund provide such owners with a means of recycling their equity;
  - where the Master Fund provides a subordinated loan, the Project Company would typically expect to be able to deduct, for tax purposes, interest payments it makes; and
  - transaction times and costs are often low, relative to those involved in outright sales, and there are typically no adverse tax or change of control implications for the equity or senior debt holders of a Project Company as a result of a change in the funding structure of a Project Company to incorporate subordinated loans from the Master Fund;
- the UK's fiscal deficit position and the widely perceived success of PFI as a procurement mechanism means that it is unlikely, in the view of the Investment Adviser, that a new UK coalition Government will adopt a materially different approach to the procurement of public infrastructure than has been used under PFI. In any event, in the Investment Adviser's view, the high number of existing UK PFI projects provides the Company with significant medium term opportunities and means that the Company is not reliant on new infrastructure projects; and
- a Target Net Yield of 8 per cent. per annum (by reference to the Offer Price) per Ordinary Share.

### **The Master Fund's investments**

The Master Fund focuses primarily on taking debt exposure (typically on a subordinated basis, but with no restriction upon senior positions) to projects which have pre-determined, very long term, public sector-backed revenues, no construction or property risks and whose contracts are availability based. In addition, the Master Fund may also consider taking exposure to Outside Scope Projects but only up to a maximum of 25 per cent. of its total assets. As well as gaining exposure directly to underlying Project Companies, the Master Fund may make loans to owners of or lenders to PFI and similar infrastructure assets or to their holding companies. The Master Fund seeks to build in a degree of inflation protection on its investments.

### **Directors**

The Directors, all of whom are non-executive directors, are Ian Reeves CBE (chairman), Trevor Hunt and David Pirouet. Trevor Hunt is also a director of the Master Fund and is not deemed to be an independent director for the purposes of the AIC Code.

### **The Investment Adviser**

Gravis Capital Partners LLP is the investment adviser to the Company and to the Master Fund. In the last six years, the partners of the Investment Adviser have provided capital structuring advice on infrastructure projects with a value in excess of £1 billion, a substantial proportion of which involved the provision of

subordinated (or mezzanine) debt. The partners of the Investment Adviser have established close relationships with many of the key participants in the UK PFI market, including equity investors and lenders.

### **Switching between the Master Fund and the Company**

Holders of Master Fund Income Shares and Master Fund Accumulation Shares will be invited by the Company to swap their shares in the Master Fund for Ordinary Shares at Admission.

### **Investment Adviser's fees**

Investment advisory fees in relation to management and acquisition of investments are charged at the Master Fund level only. The Investment Adviser receives a fee equal to 0.9 per cent. per annum of the Net Asset Value of the Master Fund (net of cash holdings). The Investment Adviser also receives an acquisition fee of 1 per cent. of the cost of each asset acquired. No performance fee is charged.

### **The Placing and Offer for Subscription**

The Company is proposing to raise approximately £50 million (before expenses) through the Placing and Offer for Subscription at an Offer Price of £1.00 per Ordinary Share. The Issue is not being underwritten. The estimated initial NAV per Ordinary Share is expected to be approximately 98 pence\* and the Directors intend to invest the Available Net Proceeds of the Placing and Offer for Subscription in Master Fund Income Shares.

Application will be made for the Ordinary Shares to be admitted to the Official List and to trading on the Main Market of the London Stock Exchange. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence at 8.00 a.m. on 22 July 2010. Holders of Master Fund Income Shares and Master Fund Accumulation Shares will be invited by the Company to swap their shares in the Master Fund for Ordinary Shares at Admission pursuant to the Switching arrangements described in paragraph 13 of Part 1 of this document.

### **Summary of Risk Factors**

The risk factors affecting the Company include but are not limited to the following:

#### ***Risks relating to the Company and the Master Fund***

- The Company is a newly formed company, with no separate operating history.
- The Ordinary Shares have never been publicly traded on the London Stock Exchange or on any other market. Even if the Company is successful in listing the Ordinary Shares, an active and liquid trading market for the Ordinary Shares may not develop.
- There can be no assurance of the implementation of the strategy of the Company or the Master Fund.
- Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect the Company's business, investments and the results of its operations.

#### ***Risks relating to the Ordinary Shares and Shareholders***

- The price of Ordinary Shares may fluctuate significantly and potential investors could lose all or part of their investment.
- The Ordinary Shares may trade at a discount to the Company's Net Asset Value.
- There can be no assurance as to the level and/or payment of future dividends by the Company.

---

\* Assuming a target fundraising of £50 million and that holders of Master Fund Income Shares and Master Fund Accumulation Shares do not elect to swap their shares in the Master Fund for Ordinary Shares at Admission.

- The rights of Shareholders and the fiduciary duties owed by the Board of Directors to the Company will be governed by Jersey law and may differ from the rights and duties owed to companies under the laws of other countries.

***Risks relating to the Company's investment in the Master Fund***

- Past performance of the Master Fund should not be taken as an indication of future performance.
- The Company will not be able to participate in the investment decisions of the Master Fund, in which it will invest substantially all of its capital.
- The Company's ability to redeem its shares in the Master Fund is restricted.
- It is unlikely that the Company will be able to dispose of its shares in the Master Fund.
- Existing Master Fund Shareholders may redeem their shares in the Master Fund, which may reduce the capital of the Master Fund and could in turn affect the Company's performance.
- During the first years of its life, the Master Fund and, therefore, the Company, may be exposed to a very limited number of investments.
- The Company may cease to be the majority shareholder of the Master Fund in the future. This would reduce the ability of the Company to influence the affairs of the Master Fund.

***Risks relating to the Investment Adviser***

- The Investment Adviser is dependent upon the expertise of key personnel in providing investment advisory services to the Company and the Master Fund.
- Failure by the Investment Adviser or other third-party service providers of the Company and/or the Master Fund to carry out its or their obligations could materially disrupt the business of the Company and/or of the Master Fund.

***Risks associated with the Master Fund's investments***

- There is no guarantee that there will be substantial demand for loans of the type sought to be made by the Master Fund or that any such demand will result in sufficient investments being made in a timely manner, or at all, by the Master Fund to allow it to deliver the targeted returns for its shareholders, including the Company.
- The Investment Adviser's due diligence may not reveal all facts that may be relevant in connection with an investment.
- The Master Fund is exposed to the risk of default by borrowers and other counterparties.
- In some instances, there is an increased risk of default arising from cross-collateralisation of investments made by the Master Fund.
- The value of the loans made and intended to be made by the Master Fund will change from time to time and will impact on the Net Asset Value of the Master Fund.
- Investments made by the Master Fund are not likely to be publicly traded or freely marketable and therefore may be extremely difficult to value or realise.
- The Master Fund will invest exclusively in infrastructure investments and will bear the risk of investing in only one asset class.
- Changes in infrastructure funding policy could lead to public bodies seeking to terminate existing PFI-type projects.
- There is no certainty that the Expected Imminent Investments will be made.

***Risks relating to taxation***

- The Company and the Master Fund are exposed to changes in tax laws, accounting standards or regulation, or their interpretation.
- The Company and the Master Fund are exposed to changes in their tax residence and changes in the tax treatment of arrangements relating to their respective investments.
- Changes in tax laws or regulation affecting the Master Fund or the unexpected imposition of tax on its investments could adversely affect its performance.



## **RISK FACTORS**

*An investment in the Company involves significant risks and is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may be equal to the whole amount invested) which may result from such an investment. Accordingly, prospective investors should review carefully and evaluate the risks and the other information contained in this document before making a decision to invest in the Company. If in any doubt, prospective investors should immediately seek their own personal financial advice from their independent professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities or other advisers such as legal advisers and accountants.*

*If any of the following risks actually occur, the business, financial condition, capital resources, results and/or future operations of the Company and/or of the Master Fund (as applicable) could be materially and adversely affected. In such circumstances, the trading price of the Ordinary Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not currently known may also have an adverse effect on the Company and on the Master Fund.*

*The Directors believe that the risks described below are the material risks relating to the Ordinary Shares, the Company and its industry at the date of this document. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem to be immaterial at the date of this document, may also have an adverse effect on the performance of the Company and the value of the Ordinary Shares. Potential investors should review this document carefully and in its entirety and consult with their professional advisers before making an application to invest in the Ordinary Shares.*

### **A. Risks relating to the Company and the Master Fund**

#### *The Company is a newly-formed company with no separate operating history*

The Company was incorporated as a Jersey closed-ended investment company on 21 May 2010 and has not yet commenced operations. The Company intends to invest all of its capital raised pursuant to the Issue (net of short term working capital requirements) in the Master Fund. The Company does not have any historical financial statements or other meaningful operating or financial data on which potential investors may base an evaluation. Any investment in the Ordinary Shares is therefore subject to all of the risks and uncertainties associated with any new business, including the risk that the Company will not achieve its investment objectives and that the value of any investment made by the Company could decline substantially.

#### *The Ordinary Shares have never been publicly traded on the London Stock Exchange. Even if the Company is successful in listing the Ordinary Shares, an active and liquid trading market for the Ordinary Shares may not develop*

The Company has applied to admit the Ordinary Shares to trading on the Main Market of the London Stock Exchange. Even if the Ordinary Shares are admitted to trading, the Company cannot predict the extent to which investor interest will lead to the development of an active and liquid trading market for the Ordinary Shares or, if such a market develops, whether it will be maintained. In addition, a substantial amount of Ordinary Shares may be issued to a limited number of investors, which could adversely affect the development of an active and liquid market for the Ordinary Shares.

The Company cannot predict the effects on the price of the Ordinary Shares if a liquid and active trading market for the Ordinary Shares does not develop. In addition, if such a market does not develop, relatively small sales may have a significant negative impact on the price of the Ordinary Shares whilst sales of a significant number of Ordinary Shares may be difficult to execute at a stable price.

#### *No assurance of implementation of strategy*

There can be no assurance that the strategies of the Company or of the Master Fund will be possible to implement or be practical, or that the Company or the Master Fund will achieve their respective investment objectives. Failure by either the Company or the Master Fund to implement its strategy might result in lower

returns and dividends than anticipated and greater exposure to a fewer number of assets than initially envisaged.

***The Directors, the Master Fund Directors, the Investment Adviser, the Administrator and the Sponsor may have conflicts of interest in the course of their duties***

The Directors, the Master Fund Directors, the Administrator and the Sponsor may, from time to time, provide services to, or be otherwise involved with, other investment programs established by parties other than the Company and/or the Master Fund and which may have similar objectives to those of the Company and/or the Master Fund. It is therefore possible that any of these investment programs may, in the course of business, have potential conflicts of interest with the Company and/or the Master Fund, which may be to the detriment of the Company and/or the Master Fund.

***Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect the Company's business, investments and the results of its operations***

The Company, the Master Fund and the Investment Adviser are subject to laws and regulations enacted by national, regional and local governments and institutions. In particular, the Company will be required to comply with certain statutory requirements that are applicable to a Jersey company and the Listing Rules and the United Kingdom Disclosure and Transparency Rules. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time-consuming and costly. These laws and regulations and their respective interpretation and application may also change from time to time and those changes could have a material adverse effect on the Company's investments and the results of its operations. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, by any of the entities referred to above could have a material adverse effect on the Company's investment and the results of the Company's operations.

**B. Risks relating to the Ordinary Shares and Shareholders**

***The price of Ordinary Shares may fluctuate significantly and potential investors could lose all or part of their investment***

The Offer Price is fixed but, as there has not been a market for the Ordinary Shares, this may not be indicative of their market price. The market price of Ordinary Shares may fluctuate significantly and potential investors may not be able to resell their Ordinary Shares at or above the price at which they purchased them. Factors that may cause the price of the Ordinary Shares to vary include but are not limited to:

- changes in the Company's financial performance and prospects or in the financial performance and prospects of companies engaged in businesses that are similar to the Company's business;
- changes in the underlying values of the investments of the Master Fund;
- the termination of the Company Investment Advisory Agreement or the Master Fund Investment Advisory Agreement and the departure of some or all of the Investment Adviser's investment professionals;
- changes in laws or regulations, including tax laws, or new interpretations or applications of laws and regulations that are applicable to the Company and/or the Master Fund;
- a rise in interest rates or rates of inflation, or an increase in the market's expectation of such rises;
- sales of Ordinary Shares by Shareholders;
- general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events;
- speculation in the press or investment community regarding the business or investments of the Company and/or the Master Fund or factors or events that may directly or indirectly affect their respective investments;

- a reduction in the ability of the Company to access leverage or further equity finance; and
- further issues of Ordinary Shares.

Securities markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies or partnerships. Any broad market fluctuations may adversely affect the trading price of the Ordinary Shares.

***The Ordinary Shares may trade at a discount to Net Asset Value***

The Ordinary Shares may trade at a discount to Net Asset Value for a variety of reasons, including due to market conditions, liquidity concerns or the actual or expected performance of the Master Fund. There can be no guarantee that attempts by the Company to mitigate such a discount will be successful or that the use of discount control mechanisms will be possible or advisable.

***Dividends***

There can be no assurance as to the level and/or payment of future dividends by the Company. The declaration, payment and amount of any future dividends by the Company are subject to the discretion of the Directors and will depend upon, among other things, the performance of the Master Fund, the ability of the Master Fund to make further investments, dividends declared and paid by the Master Fund and the size of any such dividends, the Company's earnings, financial position, cash requirements and availability of profits, as well as the provisions of relevant laws or generally accepted accounting principles from time to time.

***The rights of Shareholders and the fiduciary duties owed by the Board of Directors to the Company will be governed by Jersey law and the Articles of Association of the Company and may differ from the rights and duties owed to companies under the laws of other countries***

The Company has been formed under the laws of Jersey. The rights of its Shareholders and the fiduciary duties that its Board of Directors owes to the Company and the Shareholders are governed by Jersey law and the Articles of Association. These may differ from the rights and duties owed to companies and shareholders under the laws of other countries.

***Local laws or regulations may mean that the status of the Company, or the Ordinary Shares, is uncertain or subject to change, which could adversely affect investors' ability to hold Ordinary Shares***

For regulatory, tax and other purposes, the Company and the Ordinary Shares may be treated differently in different jurisdictions. For instance, in certain jurisdictions and for certain purposes, the Ordinary Shares may be treated as units in a collective investment scheme. Furthermore, in certain jurisdictions, the status of the Company and/or the Ordinary Shares may be uncertain or subject to change, or it may differ depending on the availability of certain information or as a result of disclosures made by the Company. Changes in the status or treatment of the Company or the Ordinary Shares may have unforeseen effects on the ability of investors to hold Ordinary Shares or the consequences to investors of doing so.

**C. Risks relating to the Company's investment in the Master Fund**

***Past performance of the Master Fund should not be taken as an indication of future performance***

This document contains certain historical financial and other information concerning the Master Fund's past performance. However, past performance of the Master Fund should not be taken as an indication of the Master Fund's future performance or, by extension, that of the Company.

***The Company will not be able to participate in the investment decisions of the Master Fund, in which it will invest substantially all of its capital***

The Company does not have any operations and will invest substantially all of its capital in the Master Fund. The Company expects that its only substantial asset will be the Master Fund Income Shares that it will own. The Company (in common with other Master Fund Shareholders) will not have a right to participate in the investment decisions of the Master Fund, which will be made by the Master Fund Directors. In addition, the existence of other shareholders in the Master Fund may limit the extent to which the Company is able to

exercise control over the Master Fund by the exercise of its voting and other rights as a shareholder of the Master Fund. In such circumstances, the Master Fund may make investment decisions that the Company disagrees with.

***The Company's ability to redeem its Master Fund Income Shares is restricted***

Whilst the Company will be entitled to request the redemption of some or all of its Master Fund Income Shares, it may do so only on specified dates and the Master Fund will be able to effect redemptions of Master Fund Income Shares only to the extent that it has sufficient cash available to meet such redemptions or to the extent that it is able to dispose of its assets to generate cash. The Master Fund Directors may delay the redemption of Master Fund Income Shares to the extent that the Master Fund does not have sufficient cash available to meet such a redemption and/or if the Master Fund is unable to achieve an orderly realisation of its assets. Given the likely proportion of the Master Fund Income Shares that will be held by the Company and the relatively illiquid nature of the Master Fund's investments, it is very unlikely, in practice, that the Company will be able to redeem a significant proportion of the Master Fund Income Shares that it holds when it wishes to, or at all. Therefore, if a material adverse event occurs in relation to the Master Fund or the market generally, or should the investment strategy of the Company change, the ability of the Company to reduce or terminate its exposure to the Master Fund is limited by its restricted ability to redeem its Master Fund Income Shares and the value of the Ordinary Shares and the return generated by the Ordinary Shares may suffer.

***The Company's shareholding in the Master Fund will be illiquid***

Given the likely size of the Company's shareholding in the Master Fund following Admission, it is unlikely that there will be a ready market for such shareholding and it is therefore unlikely that the Company will be able to exit its investment in the Master Fund within a short time frame or at the then prevailing market value.

***Existing Master Fund Shareholders may redeem their shares in the Master Fund, which may reduce the capital and revenue of the Master Fund and potentially affect the Company's performance***

In the event of extensive redemption requests being received from other Master Fund Shareholders, the Company's performance may be adversely affected as a result of, for example, a lower-than-expected degree of diversification of assets held by the Master Fund or a higher-than-expected expense ratio being incurred by the Master Fund.

***Concentration of risk***

During the first years of its life, the Master Fund and, therefore, the Company, may be exposed to a very limited number of investments and counterparties which may increase the default risk affecting the Master Fund and, therefore, indirectly the Company.

***No certainty of a majority shareholding***

The Company will hold a majority of the issued shares of the Master Fund immediately following completion of the Subscription. While it is the current expectation of the Master Fund that any further material fundraising by the Master Fund will be effected by way of a further issue of shares by the Company, the net proceeds of which would be invested in the Master Fund, there is no certainty that this will be the case and the Master Fund is free to issue shares to persons other than the Company. There is therefore no certainty that the Company will remain the majority shareholder of the Master Fund. If the Company ceases to be the majority shareholder of the Master Fund, the ability of the Company to influence the affairs of the Master Fund by exercising its voting and other rights as a shareholder of the Master Fund may be reduced.

#### **D. Risks relating to the Investment Adviser**

##### ***The Investment Adviser is dependent upon the expertise of key personnel in providing investment advisory services to the Company and the Master Fund***

The ability of the Master Fund to achieve its investment objective is significantly dependent upon the expertise of the Investment Adviser's partners and employees and the ability of the Investment Adviser to attract and retain suitable staff. The impact of the departure, for any reason, of a key individual (or individuals) on the ability of the Investment Adviser to achieve the investment objective of the Master Fund cannot be determined and may depend on, amongst other things, the ability of the Investment Adviser to recruit other individuals of similar experience and credibility. A failure by the Investment Adviser to recruit suitable individuals to replace any key individual who leaves the Investment Adviser may impact negatively on the performance of the Investment Adviser and, therefore, of the Master Fund and the Company.

##### ***The Investment Adviser and its principals are involved in other businesses and investments which may create conflicts of interest***

The Investment Adviser, in addition to advising upon the investments of the Master Fund, currently serves, or may serve in the future, as the investment adviser to other investment funds and managed accounts. The Investment Adviser will not, therefore, devote its resources exclusively to the Company and the Master Fund's business. In addition, the Investment Adviser and its owners, members, officers and principals are presently, and will in the future continue to be, involved in other business ventures that have no relationship with the Company or the Master Fund. Accordingly, the Investment Adviser and its owners, members, principals and officers may encounter potential conflicts of interest in connection with the Investment Adviser's role as Investment Adviser to the Company and the Master Fund and their respective involvement in other business ventures.

##### ***The Investment Adviser is dependent on information technology systems***

The Master Fund and the Company are dependent on the Investment Adviser for investment, operational and financial advisory services. The Investment Adviser, in turn, depends on information technology systems in order to assess investment opportunities, strategies and markets and to monitor and control risks for the Master Fund and the Company.

It is possible that a failure of some kind which causes disruptions to these information technology systems could materially limit the Investment Adviser's ability to adequately assess and manage the investments of the Master Fund, formulate strategies and provide adequate risk control. Any such information technology-related difficulty could harm the performance of the Master Fund and the Company.

##### ***Failure by the Investment Adviser or other third-party service providers of the Company and/or the Master Fund to carry out its or their obligations could materially disrupt the business of the Company and/or of the Master Fund***

Neither the Company nor the Master Fund has any employees and the directors of both the Company and the Master Fund have all been appointed on a non-executive basis. Both the Company and the Master Fund must therefore rely on the performance of third-party service providers to perform their executive functions. In particular, the Investment Adviser and the Administrator will perform services that are integral to the operations and financial performance of the Company and the Master Fund. Failure by any service provider to carry out its obligations to the Company and/or to the Master Fund in accordance with the terms of its appointment, or to perform its obligations to the Company and/or to the Master Fund at all, could have a materially adverse effect on the Company's performance and returns to Shareholders.

#### **E. Risks associated with the Master Fund's investments**

##### ***Availability of appropriate assets***

The Directors and the Investment Adviser believe that there is substantial demand for investments of the type made and intended to be made by the Master Fund. However, there is no guarantee that such demand will result in sufficient investments being made in a timely manner, or at all, by the Master Fund to allow the Master Fund to deliver the targeted returns for shareholders of the Master Fund, including the Company. In



particular, there is no guarantee that the potential pipeline investments identified in Part 5 of this document will be made, or if they are, upon what terms. When the availability of appropriate assets is lower than expected, it is likely that the Master Fund will take longer than expected to identify appropriate assets and therefore a greater proportion of its assets will be held in cash which will generate a much lower return than currently envisaged.

### ***Sufficiency of due diligence***

Whilst the Investment Adviser's due diligence process includes engaging lawyers, built asset consultants, independent valuers and financial model auditors to advise in connection with the Master Fund's investments, this may not reveal all facts that may be relevant in connection with an investment and may not highlight issues that could affect the investments' performance, leading to an increased risk that the interest received on assets will be lower than envisaged and that the principal investments may not be repaid in full, or at all.

### ***Termination of project agreements***

Project agreements for infrastructure projects may be terminated in certain circumstances, as a result of, for example, default by a Project Company or the commission of a corrupt or fraudulent act by a Project Company, shareholder or contractor in relation to a project agreement. The compensation that a Project Company may receive on termination will depend on the reason for termination but in some circumstances the compensation received may be insufficient to repay in full the debts of the Project Company which may, in turn, negatively impact upon the financial position and performance of the Master Fund and, therefore, of the Company, in that the principal value of the Master Fund's investment could be reduced or become worthless.

### ***No control***

The Master Fund will not normally have control over project decisions, as it is typically neither a shareholder nor the first ranking debt provider in such projects. This may result in decisions being made in relation to the actions of the relevant Project Company which are not in the interests of the Master Fund.

### ***Errors in financial models***

Infrastructure projects rely on large and detailed financial models. Assumptions are made in such models in relation to a range of matters, including inflation, lifecycle replacement costs, insurance premia, applicable rates of tax, insurance rates and deposit interest rates and these may differ from those assumed in the financial models. Errors in these or other assumptions or in the methodology used in such financial models may mean that the return on an investment in a Project Company is less than expected.

### ***Incomplete transfer of operating risk***

The financial models for Project Companies are typically based on the fact that many of the risks of operating the relevant concessions are substantially assumed by subcontractors. The Project Companies may be exposed to cost or liability where this does not happen, for example, as a result of limits of liability, default by or the insolvency of a contractor or defective contractual provisions.

### ***Targeted returns on loans***

The Master Fund will make investments based on estimates or projections of net cash flows arising at Project Company level. There can be no assurance that the actual cash flows arising at Project Company level will equal or exceed those that are expected or that the targeted return on the investments made by the Master Fund will be achieved.

### ***Rates of inflation***

The Master Fund will make investments based on estimates or projections of future rates of inflation because the payments of unitary charge under many Project Agreements are linked to inflation. If actual inflation is lower than expected or there is deflation, the net cash flows arising at Project Company level may therefore be lower than anticipated, potentially adversely affecting the position of the Master Fund.

### ***Insurance costs***

The Master Fund will make investments based on estimates or projections of the cost to Project Companies of maintaining insurance cover for, amongst other things, buildings, contents and third party risks (for example arising from fire, flood or terrorism). Where the cost of maintaining the insurance is greater than projected, it is possible that the ability of the Project Company to service its debts may be negatively impacted. This may adversely affect the income received by the Master Fund and the value of the Master Fund's assets and, therefore, the dividends received by the Company.

### ***Benchmarking***

A project will often provide for the market-testing (known as benchmarking) of the cost of providing certain services, which occurs typically every five years. This process may expose the Project Company to potential losses arising from changes in some of its costs relative to the charges that it is then entitled to receive from its client as a result of the benchmarking process, potentially impacting the ability of the Project Company to service its debt, including any debt arrangement with the Master Fund, and thereby affecting the value of the Master Fund's assets.

### ***Lifecycle costs***

A project will often provide for the replacement or refurbishment of certain items such as air conditioning units and elevators. The timing of such replacements or refurbishments are a key aspect of the cash flow forecasting assumed by the Master Fund in assessing the ability of a Project Company to service its debts. Where such replacements or refurbishments occur earlier than projected, the free cash flow arising to the Project Company may be reduced, potentially impacting the ability of the Project Company to service its debt. This may adversely affect the income received by the Master Fund and the value of the Master Fund's assets and, therefore, the Net Asset Value of the Company.

### ***Market value of investments***

The value of the investments made and intended to be made by the Master Fund will change from time to time according to a variety of factors, including movements and expected movements in interest rates and inflation. Such changes will impact the Net Asset Value of the Master Fund and the Company.

### ***Liquidity of investments***

Investments made by the Master Fund are not likely to be publicly-traded or freely marketable. Such investments may therefore be extremely difficult to value or realise and therefore the market price that is achievable for the investments might be lower than the valuation of these assets as determined by the Valuation Agent.

### ***Lack of diversification***

Other than some holdings in cash, or cash equivalents, and hedging instruments, the Master Fund will invest exclusively in infrastructure investments and will therefore bear the risk of investing in only one asset class.

### ***Project agreement counterparty default***

The underlying obligors under project agreements targeted for investment by the Master Fund will typically be quasi-Government entities. Consequently, the risk of counterparty default is generally considered to be low. Nevertheless, in the event of such a default, there may be significant difficulties in finding an alternative or replacement counterparty to take the relevant infrastructure asset on the same or better terms as those assumed in the relevant financial model and therefore the value of the Master Fund's assets could be severely adversely affected.

### ***Other counterparty risks***

The Master Fund may make investments from time to time in PFI loan assets which are held on existing lenders' books, for example, where the Master Fund guarantees the performance of a Project Company to an existing lender (typically a bank) in return for a fee. In such an event the Master Fund may be required to place a deposit to secure its guarantee with that lender and a default by such a lender may expose the Master

Fund and the Company to losses regardless of the performance of the underlying projects or loans including the potential for the principal value of the investment to be lost.

The Master Fund may make loans from time to time to owners of PFI assets or to their holding companies. A default by such owners or holding companies may expose the Master Fund and the Company to losses regardless of the performance of the underlying PFI assets.

The Master Fund and the Company are likely to maintain cash balances from time to time with their banks, being funds awaiting investment and funds reserved for short term working capital purposes, and may put in place interest rate hedging arrangements with their banks. A failure of any such bank, or any such bank otherwise defaulting on its obligations to the Master Fund or the Company, may expose the Master Fund and the Company to losses.

#### ***Default arising from cross-collateralisation***

While it is an objective of the Master Fund to generate over time a diversified portfolio of infrastructure investments, it may be the case from time to time that the performance of one debt-related investment within the Master Fund's portfolio may impact upon other investments within the portfolio. This may occur, for example, where a series of loans is made by the Master Fund in relation to a series of different projects, but the loans are made to a single holding company owning each of the relevant Project Companies.

#### ***Change in infrastructure funding policy***

PFI is not the only means of funding infrastructure projects and the use of such funding mechanisms in the future may decrease. If there is such a change in policy, there is a risk that public bodies may seek to terminate existing PFI-type projects and, as a result, the Master Fund may not recover the full market value of its investments. Additionally, any changes in policy could reduce the future availability of appropriate assets.

#### ***Expected Imminent Investments***

While negotiations and the legal documentation in relation to the Expected Imminent Investments are at an advanced stage and these investments are expected to be completed shortly after the publication of this document, no legal commitments have yet been entered into in relation to the Expected Imminent Investments and there is no certainty that these investments will be completed when currently envisaged, or at all.

#### ***Untested nature of long term operational environment***

Given the long term nature of infrastructure projects, and the fact that infrastructure is a relatively new investment class (infrastructure investments having been made in the UK PFI market since the early 1990s), there is, as yet, no experience of the long term operational problems that may be experienced in the future and which may affect infrastructure projects and Project Companies and, therefore, the Master Fund's and the Company's investment returns.

#### ***Reliance on a limited number of sub-contractors***

The performance of Project Companies is, to a considerable degree, dependent on the performance of the sub-contractors appointed by such Project Companies. The Master Fund may find itself exposed to the performance of a limited number of such sub-contractors. In the event that such sub-contractors underperform or experience financial difficulties, the valuation and financial performance of the Master Fund's investments associated with such sub-contractors would be adversely affected.

#### ***Client default***

The Master Fund will generally be making investments in (or referenced to the performance of) Project Companies which are contracted to provide services to public sector clients, although it may make investments from time to time in Project Companies which are contracted to provide services to private sector clients. Although the Master Fund will form a view on the creditworthiness of all clients, whether in the public or private sector, there is a risk that such clients may default on their obligations under the relevant project agreements.



### ***Demand risk***

The Master Fund will generally be advancing loans to Project Companies which are contracted to provide services on an “availability” basis. It may, however, make investments from time to time in Project Companies which are contracted to provide services on a “demand” basis, where the payments received by the Project Companies depend on the level of use made of the project assets. In such circumstances, there is a risk that the level of use of the project assets, and therefore the ability of such Project Companies to service their debts, will be lower than expected. Any default by a Project Company may have an adverse effect upon the income received by the Master Fund and the value of the Master Fund’s assets and, therefore, on dividends received by the Company.

### ***Construction risks***

The Master Fund may make loans to Project Companies which have not yet completed the construction phases of their concessions and which are not yet cash generative. Although it is intended that any such loans are strictly limited as a proportion of the overall portfolio of the Master Fund, should there be any delay in completion of the construction phase in relation to any such project or any “overrun” in the costs of construction, there is potentially a risk that the anticipated returns of such a Project Company will be adversely affected and that, therefore, the ability of the Project Company to service its debts will be lower than expected. Any default by a Project Company may have an adverse effect upon the financial position of the Master Fund and the Company.

### ***Covenant breach risk***

The covenants provided by a Project Company in favour of its senior lenders are generally extensive and a breach of one or more of such covenants may result in payments to a subordinated lender such as the Master Fund being suspended. Where such a breach or any other event leads to an event of default, the senior lenders will normally have the right to take control of the Project Company and ultimately to sell such Project Company. In such event it is likely that the sale proceeds will be insufficient to repay in full the subordinated debt of the Project Company.

### ***Force majeure***

The performance of the Master Fund’s investments may be affected by reason of events such as war, civil war, riot or armed conflict, terrorism, acts of sabotage and natural disasters such as storms, earthquakes, tidal waves, floods, lightning, explosions, fires and destruction of plant, machinery and/or premises, which are outside its control.

If the *force majeure* event continues or is likely to continue to affect the performance of the services by the Project Company for a long period of time (for example, six months or longer), it is likely that both the Project Company and the client will have the right to terminate the Project Agreement. The client usually has an obligation to pay the Project Company compensation in such circumstances, but this may be insufficient to compensate the Project Company or its lenders fully for their losses.

## **F. Risks relating to taxation**

### ***The Company and the Master Fund are exposed to changes in tax laws, accounting standards or regulation, or their interpretation***

Changes to the tax laws or accounting standards of, or practice in, Jersey, the United Kingdom or any other tax jurisdiction affecting the Company or the Master Fund including, for example, the imposition of withholding or other taxes on the Company’s investment in the Master Fund, could adversely affect the value of the investments held by the Company in the Master Fund and decrease the post-tax returns to Shareholders.

### ***The Company and the Master Fund are exposed to changes in their tax residence and changes in the tax treatment of arrangements relating to their respective business or investments***

If the Company and/or the Master Fund were treated as resident, or as having a permanent establishment, or as otherwise being engaged in a trade or business, in any country in which they invest or in which the

investments are managed, all of their income or gains, or the part of such gain or income that is attributable to, or effectively connected with, such permanent establishment or trade or business, may be subject to tax in that country, which could have a material adverse effect on the performance and returns to the shareholders of the Company and/or the Master Fund.

To maintain their non-UK tax resident status, the Company and/or the Master Fund must be managed and controlled outside of the United Kingdom. The composition of the boards of directors of the Company and the Master Fund, the place of residence of the individual directors and the location(s) in which the directors make their decisions will be important factors in determining and maintaining the non-UK tax residence status of the Company and the Master Fund. While the Company is incorporated in Jersey and a majority of its Directors reside outside the United Kingdom, the Company must pay continued attention to ensure that its decisions are not made in the United Kingdom or the Company may lose its non-UK tax resident status. The Company must similarly ensure that it does not become tax resident in the United States or in other jurisdictions.

***Changes in tax laws or regulation affecting the Master Fund or the unexpected imposition of tax on its investments could adversely affect its performance***

The Master Fund is not currently subject to tax on a net income basis in any country. There can be no assurance that the net income of the Master Fund will not become subject to tax in one or more countries as a result of its activities, adverse developments or changes in law, contrary conclusions by the relevant tax authorities or other causes. The imposition of any such unanticipated net income taxes could materially reduce the Master Fund's after-tax returns, which could have a material adverse effect on the performance of the Company and returns to Shareholders.

## **IMPORTANT INFORMATION**

In assessing an investment in the Company, investors should rely only on the information in this Prospectus. No person has been authorised to give any information or make any representations in relation to the Company other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Directors, the Investment Adviser, the Sponsor or any other person. Neither the delivery of this Prospectus nor any subscription or purchase of Ordinary Shares made pursuant to this Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Master Fund since, or that the information contained herein is correct at any time subsequent to, the date of this Prospectus.

### **Regulatory information**

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or to buy, shares in any jurisdiction in which such offer or solicitation is unlawful. Issue or circulation of this Prospectus may be prohibited in some countries.

### **Investment considerations**

The contents of this Prospectus are not to be construed as advice relating to legal, financial, taxation, investment or any other matters. Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the subscription for, purchase, holding, transfer or other disposal of Ordinary Shares;
- any foreign exchange restrictions applicable to the subscription for, purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the subscription for, purchase, holding, transfer or other disposal of Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants,

as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Typical investors in the Company are expected to be institutional investors and private clients. An investment in the Company should be regarded as a long term investment. There can be no assurance that the Company's investment objectives will be achieved.

This Prospectus should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Memorandum and Articles of Association of the Company, which investors should review.

### **Forward-looking statements**

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Company's actual results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in the part of this Prospectus entitled "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in this Prospectus. Any forward-looking statements in this Prospectus reflect the Company's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations and growth strategy.

These forward-looking statements apply only as of the date of this Prospectus. Subject to any obligations under the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. Prospective investors should specifically consider the factors identified in this Prospectus which could cause actual results to differ before making an investment decision.

### **Presentation of information**

#### ***Market, economic and industry data***

Market, economic and industry data used throughout this Prospectus is derived from various industry and other independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

#### ***Currency presentation***

Unless otherwise indicated, all references in this Prospectus to "sterling", "pounds sterling", "£", "pence" or "p" are to the lawful currency of the UK.

#### ***Definitions***

A list of defined terms used in this Prospectus is set out at pages 121 to 125.

#### ***Governing law***

Unless otherwise stated, statements made in this Prospectus are based on the law and practice currently in force in England and Wales or Jersey (as appropriate) and are subject to changes therein.

## DIRECTORS, AGENTS AND ADVISERS

<b>Directors (all non-executive)</b>	Ian Reeves CBE ( <i>Chairman</i> ) Trevor Hunt David Pirouet
<b>Administrator, secretary and registered office of the Company and the Master Fund and registrar of the Master Fund</b>	Capita Financial Administrators (Jersey) Limited 12 Castle Street St. Helier Jersey JE2 3RT
<b>Registrar of the Company</b>	Capita Registrars (Jersey) Limited 12 Castle Street St. Helier Jersey JE2 3RT
<b>Investment Adviser to the Company and the Master Fund</b>	Gravis Capital Partners LLP 32 Curzon Street London W1J 7WS
<b>Sole Financial Adviser, Sponsor and Bookrunner</b>	Oriel Securities Limited 125 Wood Street London EC2V 7AN
<b>Legal Advisers to the Company as to English law</b>	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA
<b>Legal Advisers to the Company as to Jersey law</b>	Carey Olsen 47 Esplanade St. Helier Jersey JE1 0BD
<b>Legal Advisers to the Sole Financial Adviser, Sponsor and Bookrunner</b>	Eversheds LLP 1 Wood Street London EC2V 7WS
<b>Reporting Accountants of the Company and the Master Fund</b>	Ernst & Young LLP Royal Chambers St. Julian's Avenue St. Peter Port Guernsey G41 4AF
<b>Auditors of the Company and the Master Fund</b>	Ernst & Young LLP Liberation House Castle Street St. Helier Jersey JE1 1EY
<b>Receiving Agent</b>	Capita Registrars Limited Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

<b>UK Transfer Agent</b>	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>Principal Bankers</b>	AIB Bank (CI) Limited AIB House 25 Esplanade St. Helier Jersey JE1 2AB
<b>Valuation Agent of the Master Fund</b>	Navigant Consulting, Inc. Centurion House 24 Monument Street London EC3R 8AJ
<b>Custodian of the Master Fund</b>	Capita Trust Company (Jersey) Limited 12 Castle Street St. Helier Jersey JE2 3RT

## EXPECTED TIMETABLE

All references to times in this Prospectus are to London times unless otherwise stated.

Placing and Offer for Subscription open	28 June 2010
Latest time and date for receipt of Application Forms under the Offer for Subscription	1.00 p.m. on 15 July 2010
Latest time and date for receipt of Placing commitments	4.30 p.m. on 16 July 2010
Announcement of the results of the Issue	7.00 a.m. on 19 July 2010
Admission to the Official List and commencement of unconditional dealings on the London Stock Exchange	8.00 a.m. on 22 July 2010
CREST accounts credited	by 22 July 2010
Despatch of definitive share certificates (where applicable)	week commencing 2 August 2010

The dates and times specified above are subject to change. In particular, the Directors may with the prior approval of the Sponsor bring forward or postpone the closing time and date for the Placing and Offer for Subscription by up to two weeks. In the event that such date is changed, the Company will notify investors who have applied for Ordinary Shares of changes to the timetable either by post, by electronic mail or by the publication of a notice through a Regulated Information Service.

## ISSUE STATISTICS

Offer Price per Ordinary Share	£1.00
Estimated initial Net Asset Value per Ordinary Share*	98 pence
Number of Ordinary Shares being issued*	50,000,000
ISIN of the Ordinary Shares	JE00B6173J15
Estimated Net Proceeds of the Issue*	£48.9 million
Estimated Available Net Proceeds of the Issue*	£48.4 million

\* Assuming gross proceeds of the Issue of £50 million. Should the gross proceeds of the Issue exceed £50 million, or if any Master Fund Shareholders elect to swap their shares in the Master Fund for Ordinary Shares at Admission pursuant to the Switching arrangements described in this document, this would have the effect of increasing the initial NAV per Ordinary Share.

# **PART 1**

## **THE COMPANY**

### **1. Introduction**

The Company is a newly formed, Jersey incorporated closed-ended investment company. The Company is a feeder fund and will invest the Available Net Proceeds of the Issue in the Master Fund pursuant to the Subscription. The Company has been established with the objectives of providing its Shareholders, through its investment in the Master Fund, with long-term distributions and of preserving the capital value of its investment.

The Master Fund is an open-ended investment company that is regulated in Jersey as an expert fund and is listed on CISX. The Master Fund has an existing portfolio of investments with a principal value of £23.67 million, which is described in Part 5 of this document. The Master Fund will utilise the proceeds of the Subscription to make further investments in subordinated debt instruments issued by UK PFI infrastructure project companies and related and/or similar assets in accordance with its investment policy. A summary of UK PFI and associated debt investment opportunities is set out in Part 3 of this document. Details of the investment objective, policy and strategy of the Master Fund are set out in paragraphs 2 and 4 of Part 4 of this document.

The subscription price for the Master Fund Income Shares to be issued pursuant to the Subscription will be equal to the NAV of the Master Fund Income Shares on the Business Day immediately prior to the date on which the result of the Issue is announced. The NAV of the Master Fund Income Shares will be calculated specifically for this purpose. The Subscription will take effect on the date of Admission and will complete on or around 8.00 a.m. on 29 July 2010.

The target size of the Issue is £50 million. However, in the event that there is excess demand, the Company may raise more than £50 million. If the gross proceeds of the Issue are £50 million, it is expected that the Company will subscribe approximately £48.4 million for Master Fund Income Shares pursuant to the Subscription, following which it is anticipated that the Company will hold approximately 61.4 per cent. of the issued share capital of the Master Fund<sup>1</sup>. If the Issue proceeds, the Company will be the majority shareholder of the Master Fund immediately following completion of the Subscription.

It is currently expected that, in the event that it is proposed that the Master Fund raise material further capital following Admission, such capital will be raised by way of a further issue of shares by the Company, the net proceeds of which would be invested by the Company in the Master Fund by way of a subscription for Master Fund Income Shares. Any such further fundraising by the Company would be entirely at the discretion of the Directors from time to time.

Following the Subscription, other than its ownership of Master Fund Income Shares, the Company will not have any other substantial assets or business. As a result, the Company's financial performance will depend on the performance of its investment in the Master Fund.

The partners of the Investment Adviser have undertaken, pursuant to a commitment given on their behalf by the Investment Adviser, to subscribe for a minimum of 1 million Ordinary Shares in the Company pursuant to the Issue, a proportion of which may be funded by sales of shares in the Master Fund.

### **2. The Company's investment policy**

The Company's investment objectives are to:

- provide its Shareholders with regular, sustained, long-term distributions; and

---

<sup>1</sup> Based upon the NAV of the Master Fund Income Shares as at 15 June 2010 of 101.18 pence. The actual holding of Master Fund Income Shares by the Company will be determined by the NAV of the Master Fund Income Shares as at the Business Day immediately prior to the date on which the result of the Issue is announced and subject to the effect of the net subscriptions or redemptions (if any) of shares in the Master Fund prior to the date of the Subscription.



- preserve the capital value of its investment assets over the long term,

by generating exposure to subordinated PFI debt and related and/or similar assets.

The Company will achieve its investment objectives by investing substantially all of its capital in ordinary redeemable income shares of GCP Infrastructure Fund Limited.

Structural gearing is permitted at Company level, up to a maximum of 20 per cent. of the Company's Net Asset Value immediately following draw down.

### **3. Investment opportunity**

Disruption in the financial markets since mid-2007 has significantly restricted the availability of debt financing for PFI-related infrastructure project companies in the UK. This has primarily been as a result of:

- reduced investor confidence in securitised transactions, which has had a significant negative impact on the ability of PFI project companies to access funding through the debt capital markets; and
- the capital constraints imposed upon banks by Basel II<sup>2</sup>, and banks' own concerns in relation to their long-term liquidity, which have limited their appetite to provide debt.

For those who have funds available to invest, these circumstances have given rise to a large number of opportunities to provide debt financing for PFI-related infrastructure projects, and the potential for higher returns than were previously available. The Directors and the Investment Adviser believe that the available levels of returns are therefore highly attractive having regard to the risks attached to such investments. In particular, investments of the type primarily targeted by the Master Fund relate to projects backed by long-dated, secure, quasi-UK government contracts, yet have net yields currently priced at significant margins above UK government debt. Such investments have a low correlation to equity investments and limited exposure to economic and business cycles. Furthermore, such investments in some cases benefit from partial inflation protection.

In addition to the above, the Directors and the Investment Adviser believe that an investment in the Company offers the following benefits and advantages:

- the Company will be the only UK-listed infrastructure fund focused primarily on subordinated debt investments;
- subordinated debt investments in PFI-related infrastructure assets are, in the opinion of the Directors and the Investment Adviser, lower risk and more secure than equity investments in the relevant Project Companies as the holders of debt rank ahead of shareholders in the Project Companies. Further information in relation to the typical capital structures employed in PFI projects and the levels of the capital structure targeted by the Master Fund for investment are set out in Part 3 of this document;
- the Master Fund and its directors have access to an investment adviser that has the capabilities and experience required to originate and manage PFI-related subordinated debt investments;
- the Master Fund has an existing portfolio of investments that already generates income (details of which are set out in Part 5 of this document);
- the Master Fund has a significant pipeline of potential investments which should assist in the deployment of the Master Fund's capital (including the Available Net Proceeds);
- there is strong demand from existing operational PFI projects for the type of financing that the Master Fund is seeking to provide as, in the view of the Directors and the Investment Adviser, the investment structures offered by the Master Fund are more attractive to many PFI asset owners than the investments available from those market participants offering to acquire equity. The Directors and the Investment Adviser believe the following factors contribute to this demand:

---

2 "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" published by the Basel Committee on Banking Supervision.



- the availability of capital to many PFI asset owners is limited. In addition, there is a natural incentive amongst such parties to recycle capital swiftly rather than leave it deployed on a long term basis in assets which have reached their operational phases;
  - where the Master Fund provides a subordinated loan to a Project Company, the Project Company would typically expect to be able to deduct, for tax purposes, interest payments it makes to the Master Fund; and
  - transaction times and costs are often low, relative to those involved in outright sales, and there are typically no adverse tax or change of control implications for the equity or senior debt holders of a Project Company as a result of a change in the funding structure of a Project Company to incorporate subordinated loans;
- the UK's fiscal deficit position and the widely perceived success of PFI as a procurement mechanism means that it is unlikely, in the view of the Investment Adviser, that a new UK coalition Government will adopt a materially different approach to the procurement of public infrastructure than has been used under PFI. In any event, in the Investment Adviser's view, the high number of existing UK PFI projects provides the Company with significant medium term opportunities and means that the Company is not reliant on new infrastructure projects;
  - the Company expects to declare an initial dividend in November 2010 with dividends targeted to rise to 8 per cent. per annum (by reference to the Offer Price) per Ordinary Share as the Master Fund becomes fully invested (which is expected within six to nine months of Admission); and
  - lower annual management charges than other listed infrastructure companies. No investment management fee is charged at Company level. A base fee of 0.9 per cent. per annum of the Net Asset Value of the Master Fund (excluding cash) is charged by the Investment Adviser to the Master Fund. No performance fee is charged. The Investment Adviser also has the right to receive an acquisition fee of 1 per cent. of the cost of each asset acquired by the Master Fund.

#### **4. Debt facilities of the Company**

As set out in the Company's investment policy, structural gearing will be permitted at Company level, up to a maximum of 20 per cent. of the Company's Net Asset Value immediately following draw down. The Company will not have any debt facilities in place at Admission, although it is the intention of the Company to arrange for a suitable debt facility to be put in place in due course as the Available Net Proceeds become invested by the Master Fund.

Although structural gearing of the Master Fund is not permitted, the Master Fund may use short term borrowings for the settlement of transactions, to facilitate share redemptions and to meet ongoing expenses up to 10 per cent. of the Master Fund's NAV at the time such borrowings are drawn down. In addition, the underlying investments of the Master Fund will normally themselves be geared.

#### **5. Target Returns**

Following investment of substantially all of the Available Net Proceeds by the Master Fund (which is expected to take place within six to nine months of Admission), the Company will target dividend payments of 8 per cent. per annum (by reference to the Offer Price) on each Ordinary Share (the "**Target Net Yield**"). The Target Net Yield is set at a level that broadly reflects the dividends that the Company expects to receive from the Master Fund and is therefore dependent on the Master Fund generating its target return, further details of which are set out in paragraph 10 of Part 4. The Company's returns to its Shareholders will also be affected by Company-specific fees, costs and expenses, and any impact of leverage at Company level.

## **6. Distribution policy**

The Company will, as far as reasonably practicable and taking into account the costs of the Company and its working capital requirements, distribute by way of dividend payments all income that it receives from the Master Fund up to the Target Net Yield referred to in paragraph 5 above. In the event that the Company receives dividends from the Master Fund that would enable it to pay a dividend in excess of the Target Net Yield, the Company may pay out such sum or may retain this excess, either for re-investment into the Master Fund or to ensure that the Company is able to pay future dividends at the level of the Target Net Yield. The Company may also make distributions by way of capital distributions (or otherwise in accordance with the Jersey Companies Law and the Articles) if, and to the extent that, the Directors consider this to be appropriate. The Company may offer a scrip dividend alternative to Shareholders.

The Company expects to declare its first dividend in November 2010 shortly after receipt of the anticipated distribution from the Master Fund in respect of the Master Fund's financial period from 1 April 2010 to 30 September 2010. The Company anticipates receiving a dividend of approximately 2.75 pence per Master Fund Income Share for the six month financial period of the Master Fund ending 30 September 2010 and intends to distribute all income received, less costs and any sum required to meet its working capital requirements, to Shareholders. Thereafter, the Company intends to make distributions by way of semi-annual dividends, in line with the frequency of dividend payments by the Master Fund, and to declare those dividends within two months of the Company's half year-ends.

The Company anticipates that the dividend will increase as the Available Net Proceeds are invested by the Master Fund. Once the Master Fund's existing capital and the Available Net Proceeds have been invested by the Master Fund, which is expected within six to nine months of Admission, the Company will target dividend payments to Shareholders of 8 per cent. per annum (by reference to the Offer Price) on each Ordinary Share.

Once the Master Fund has invested the Available Net Proceeds, the Directors understand that it will consider increasing the frequency of dividend payments from a half yearly basis to a quarterly basis. In such an event, the Company may also pay dividends quarterly.

Payment of dividends by the Company and the ability of the Company to pay the Target Net Yield will be substantially reliant on the achievement by the Master Fund of its investment objectives and the Master Fund's ability to invest the Available Net Proceeds and any further funds that the Master Fund raises.

## **7. Fees and Expenses**

### ***Formation and initial expenses***

In aggregate, the fees and expenses relating to the formation of the Company, Admission, the Placing, the Offer for Subscription and associated matters relating to the Company are expected to be approximately 2 per cent. of the gross proceeds of the Placing and Offer for Subscription, assuming the target fundraising size for the Placing and Offer for Subscription of £50 million in aggregate is achieved.<sup>3</sup>

### ***Other fees and expenses***

The Company is responsible for its own ongoing operational costs and expenses which include (but are not limited to) the fees and expenses of the Administrator, the Directors and the Auditors, as well as listing fees, regulatory fees, expenses associated with any purchases of or tender offers for Ordinary Shares, printing and legal expenses and other expenses (including insurance and irrecoverable VAT).

The Company will pay a fixed annual fee of £20,000 to the Investment Adviser in consideration of a range of services as summarised in paragraph 9.3 of Part 9 of this document. The Company may incur further fees payable to the Investment Adviser to the extent that it obtains advice from the Investment Adviser that is outside the scope of the services covered by the Company Investment Advisory Agreement and is not similar in scope and/or nature to advice already provided, or in the course of being provided, to the Master Fund pursuant to the Master Fund Investment Advisory Agreement. Such advice will be provided on a time-cost

---

<sup>3</sup> Note that in the event of excess demand, the Company may raise in excess of £50 million, in the absolute discretion of the Directors.

basis. The Company will not otherwise be liable to pay any management or advisory fees to the Investment Adviser.

The Master Fund is responsible for all other operational costs and expenses which are summarised in paragraph 22 of Part 4 of this document including fees payable under the Master Fund Investment Advisory Agreement which are described in more detail in paragraph 8.3 of Part 10 of this document.

## **8. Currency and hedging policy**

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. The Company's exposure to such floating rate liabilities is likely to be limited to permitted gearing as referred to in paragraphs 1 and 4 above.

As all the assets and liabilities of both the Company and the Master Fund are expected to be denominated in sterling, no currency hedging is anticipated.

## **9. Valuation**

The NAV for each of the Master Fund Income Shares is calculated monthly as at the last Business Day of each calendar month. The valuation methodology employed by the Master Fund is set out in paragraph 8 of Part 4 of this document. Following publication of the monthly NAV of the Master Fund Income Shares, the Administrator will, based upon the NAV of the Master Fund Income Shares but taking into account the cash and other assets held by the Company, accrued liabilities and expenses and leverage (if any) of the Company, calculate the NAV of the Company and of the Ordinary Shares as at the Valuation Date. The monthly NAV of the Company and of the Ordinary Shares will be announced through a Regulated Information Service and published on the Company's website.

## **10. Further issues of Ordinary Shares**

It is currently expected that, if the Master Fund raises material additional equity capital in the future, such a fundraising will be structured as an equity fundraising by the Company, the net proceeds of which will be subscribed by the Company for Master Fund Income Shares. The subscription price for any Ordinary Shares issued by the Company in the future will be the then-prevailing NAV per Ordinary Share or greater, except in the case of a pre-emptive offer to all Shareholders which may be at a discount to NAV or otherwise with the approval of Shareholders. It is likely that the subscription price in relation to any future subscription by the Company for Master Fund Income Shares will be the prevailing NAV per Master Fund Income Share at the time of such subscription. The Articles confer pre-emption rights on existing Shareholders in connection with the allotment of equity securities for cash. These rights, which are summarised in Part 9, paragraph 3.8 of this document, have the effect that, in the event of a further issue of shares in the Company for cash, such shares as are proposed to be issued shall be first offered to existing Shareholders *pro rata* in proportion to their existing respective holdings of shares in the Company on either the same or more favourable terms. Pursuant to the special resolution described in paragraph 2.3.4 of Part 9 of this document, such pre-emption rights have been disapplied in respect of the allotment of Ordinary Shares pursuant to the Placing and Offer for Subscription, any rights issue by the Company and the allotment of Ordinary Shares with a nominal value that, in aggregate, does not exceed 9.99 per cent. of the nominal value of the Company's issued share capital immediately following Admission.

## **11. Ordinary Share repurchases and discount control**

Conditional upon Admission, the Company has been granted authority (subject to the Listing Rules and all other applicable legislation and regulations) to make market purchases of up to 14.99 per cent. per annum of its issued Ordinary Shares following Admission. This authority has been granted for the purpose of addressing any imbalance between the supply and demand for the Ordinary Shares, to assist in minimising any discount to the Net Asset Value of the Company at which the Ordinary Shares may be trading and to increase the Net Asset Value per Ordinary Share. This authority will expire at the conclusion of the next annual general meeting of the Company or, if earlier, 20 November 2011.

A renewal of the authority to make purchases of Ordinary Shares will be sought from Shareholders at each annual general meeting of the Company. The timing of any purchases will be decided by the Board in light of prevailing market conditions and will be made within guidelines established from time to time by the Board. However, such purchases will only be made in accordance with applicable law, the Listing Rules and the Disclosure and Transparency Rules in force from time to time, or any successor laws, rules or regulations. The Listing Rules currently provide that where the Company purchases its Ordinary Shares the price to be paid must not be more than 105 per cent. of the average of the market values of the Ordinary Shares for the five Business Days before the purchase is made or, if higher, the higher of the latest independent trade and the highest current independent bid.

## **12. Withdrawal from the Master Fund**

All shareholders of the Master Fund may request that all or a proportion of their Master Fund Income Shares be redeemed on specified days in each year (currently, the last Business Day of each month). If Master Fund Income Shares are redeemed, they will be redeemed at a price equal to the NAV per Master Fund Income Share, less a redemption fee typically in the sum of approximately £25 per transaction. However, the Master Fund will be able to effect the redemption of Master Fund Income Shares only to the extent that it has sufficient cash available to enable it to meet such a redemption or to the extent that it is able to dispose of its assets to generate cash. The Master Fund Directors may delay the redemption of Master Fund Income Shares to the extent that the Master Fund does not have sufficient cash available to enable it to meet such a redemption and/or if the Master Fund is unable to achieve an orderly realisation of its assets. Given the likely proportion of the Master Fund Income Shares that will be held by the Company and the relatively illiquid nature of the Master Fund's investments, it is very unlikely in practice that the Company will be able to redeem a significant proportion of the Master Fund Income Shares it will hold.

## **13. Switching between the Master Fund and the Company**

Holders of Master Fund Income Shares and Master Fund Accumulation Shares will be invited by the Company to swap their shares in the Master Fund for Ordinary Shares at Admission. This will be effected by the Company acquiring the shares of the Master Fund Shareholders wishing to swap their shares in consideration for the issue to those shareholders of Ordinary Shares. Master Fund Shareholders wishing to swap their shares in the Master Fund for Ordinary Shares will receive such number of Ordinary Shares as have a value that is equal to (as nearly as practicable) but not greater than the value of the shares in the Master Fund being swapped. For these purposes, the value of the Ordinary Shares will be deemed to be the Offer Price and the value of shares in the Master Fund will be the NAV per Master Fund Income Share or Master Fund Accumulation Share (as applicable) as at the Business Day immediately prior to the date of the announcement of the result of the Issue. The NAV of the Master Fund Income Shares and Master Fund Accumulation Shares will be calculated specifically for this purpose.

If the Company at any time holds Master Fund Accumulation Shares as a result of a Master Fund Shareholder having swapped such shares for Ordinary Shares, the Company will redeem such Master Fund Accumulation Shares and will use the proceeds of redemption to acquire Master Fund Income Shares as soon as reasonably practicable.

## **14. Life of the Company**

The Company has been established with an unlimited life.

## **15. Meetings and reports to Shareholders**

All general meetings of the Company will be held in Jersey. The Company will hold a general meeting each year, with the first meeting to be held not later than 20 November 2011.

The Company's audited annual report and accounts will be prepared to 30 September in each year. The Company's first financial period commenced on the date of the Company's incorporation and will end on 30 September 2011. For so long as the Master Fund is a subsidiary of the Company, the accounts of the Master Fund will be consolidated with the accounts of the Company. Shareholders will also receive an

unaudited half-yearly report each year. The Company's first half-yearly report will be prepared in relation to the period from incorporation of the Company to 31 March 2011. The Company will also issue interim management statements within the meaning of the Disclosure and Transparency Rules during the period commencing ten weeks after the beginning and ending six weeks before the end of the first six-month period and the second six-month period of each financial year. In relation to the financial period ending 31 March 2011, an interim management statement is expected to be issued in November 2010. As an alternative to issuing interim management statements, the Company may choose (but is not obliged) to issue unaudited quarterly financial reports. The Company is not required to issue preliminary profit statements.

The Company's annual financial report and accounts will be available through a Regulated Information Service.

The Company's accounts will be drawn up in pounds sterling in compliance with IFRS, as adopted by the EU, and Jersey Companies Law.

The Company will also notify the audited results of the Master Fund for the financial year ending 30 September 2010 to Shareholders through a Regulated Information Service.

## **16. Disclosure obligations**

The provisions of Chapter 5 of the Disclosure and Transparency Rules (as amended from time to time) ("**DTR 5**") of the UK Financial Services Authority Handbook apply to the Company on the basis that the Company is a "non-UK issuer", as such term is defined in DTR 5. As such, a person is required to notify the Company of the percentage of voting rights it holds as a shareholder or holds or is deemed to hold through the direct or indirect holding of financial instruments falling within DTR 5 if, as a result of an acquisition or disposal of shares (or financial instruments), the percentage of voting rights reaches, exceeds or falls below the relevant percentage thresholds being, in the case of a non-UK issuer, 5, 10, 15, 20, 25, 30, 50 and 75 per cent. Pursuant to the Articles, DTR 5 is deemed to apply to the Company as though the Company were a "UK issuer", as such term is defined by DTR5. As such, the relevant percentage thresholds that apply to the Company are 3, 4, 5, 6, 7, 8, 9, 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. notwithstanding that in the absence of the Articles such thresholds would not apply to the Company.

## **17. Taxation**

Information concerning the tax status of the Company and of an investment in Ordinary Shares is set out in Part 8 of this Prospectus. If any potential investor is in any doubt about the taxation consequences of acquiring, holding or disposing of Ordinary Shares, they should seek advice from their independent professional adviser.

## PART 2

### MANAGEMENT AND ADMINISTRATION OF THE COMPANY

#### 1. Board of Directors

The Articles of Association provide that the Company's Board of Directors shall be comprised of at least two directors. The Company currently has three Directors, all of whom are non-executive directors. Two of these Directors are Independent Directors. Trevor Hunt is not an Independent Director as he is a member of the Master Fund Board. The Directors will meet on a regular basis to review and assess the investment policy and performance of the Company and generally to supervise the conduct of its affairs.

The Directors and their business experience are as follows:

***Ian Reeves CBE, CCMI, FCInstCES, FFB, FRSA, FINSTD (65) (Chairman)***

Ian Reeves, a UK resident, is a businessman and management consultant. He is a consultant to Sprecher Grier Halberstam LLP Solicitors, a practice based in the City of London. He is also Chairman of McGee Group Holdings Ltd, the civil engineering, building and demolition contractors and Chairman of FSI Worldwide Ltd, an international defence and security services contractor and provider of premium manpower resources to various industries. Mr. Reeves is also a director of the construction industry best practice group, Constructing Excellence Ltd, and Chairman of its Infrastructure Forum.

Mr. Reeves is a Companion of the Chartered Management Institute, a Fellow of the Chartered Institution of Civil Engineering Surveyors and a Fellow of the Institute of Directors. He is a liveryman of the Worshipful Company of Constructors and a Freeman of the City of London. He was made a Commander of the Most Excellent Order of the British Empire (CBE) in 2003 for his service to business and charity.

Mr. Reeves will serve as chairman of the Board of Directors of the Company.

***Trevor Hunt (57)***

Trevor Hunt, a Jersey resident, has extensive experience in the offshore financial services fund administration sector. Mr. Hunt worked for HSBC for over 30 years in various senior management positions, in particular within the open-ended and closed-ended offshore funds industry.

Mr. Hunt retired from HSBC in 2003 and spent six years as a director of Capita Financial Administrators (Jersey) Limited and of other Capita entities before leaving in 2009 to focus on a number of directorships in respect of a variety of funds and fund management companies.

Mr. Hunt is regulated by the JFSC for the provision of services as a non-executive director.

Mr. Hunt is also a member of the Master Fund Board.

***David Pirouet F.C.A. (55)***

David Pirouet, a Jersey resident, is a qualified accountant. He was an audit and assurance partner for 20 years with PricewaterhouseCoopers CI LLP ("PwC") until he retired in June 2009. He specialised in the financial services sector, in particular in the alternative investment management area. He also led PwC's Channel Islands hedge fund management practice for over four years.

Since retiring from PwC, Mr. Pirouet has carried out a four month project for the Chief Minister's Department in the States of Jersey, reporting to the Director for International Finance, and he has been appointed as a non-executive director of the General Partner to the CEE Special Situations Fund LP and as a non-executive director of the General Partner to the AEGON Target Healthcare Property Unit Trust.

Mr. Pirouet is regulated by the JFSC for the provision of services as a non-executive director.

Mr. Pirouet has worked in London and Canada as well as the Channel Islands.



## **2. Corporate governance**

Other than not having constituted an audit, remuneration or nomination committee, the Company currently complies with, and will comply from Admission with, the AIC Code, and in accordance with such Code will be meeting its obligations in relation to the Combined Code and associated disclosure requirements of the Listing Rules.

The Company will consider applying for membership of the AIC and, should any application be successful, the Company would be classified within the most appropriate sector as determined by the AIC.

The Directors have also adopted a code of directors' dealings in Ordinary Shares, which is based on the Model Code for directors' dealings contained in the Listing Rules (the "**Model Code**"). The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors.

The Company has not established an audit committee. The functions that would customarily be performed by an audit committee will instead be carried out by the Board as a whole as it is considered that a separate committee is inappropriate taking into account the size of the Board and the size of the Company on Admission. These functions include responsibility for:

- the Company's accounting and financial reporting processes;
- the integrity and audits of the Company's financial statements;
- the Company's compliance with legal and regulatory requirements;
- reviewing the qualifications, performance and independence of the Company's independent accountants and the effectiveness of the audit process, taking into account relevant professional requirements; and
- reviewing the qualifications, performance and independence of any third party that provides valuations for the Company's investments.

The Company has not, so far, established a remuneration or nomination committee as the Directors are satisfied that any relevant issues can be properly considered by the Directors as a whole.

## **3. The Company's Investment Adviser**

Gravis Capital Partners LLP is authorised and regulated by the UK Financial Services Authority and is the Investment Adviser of the Company. It is also the Investment Adviser of the Master Fund. The services provided by the Investment Adviser to the Company are summarised in paragraph 9.3 of Part 9 of this document.

## **4. Potential conflicts of interest**

The Directors do not currently envisage a conflict arising between the duties of the Investment Adviser to the Company and to the Master Fund respectively. However, in the event that any such conflict does arise, the Directors will, if required, obtain advice from an independent third party adviser in place of the Investment Adviser in relation to the relevant matter.

## **5. Administrator of the Company**

Capita Financial Administrators (Jersey) Limited has been appointed as administrator and secretary of the Company pursuant to the Company Administration Agreement. The Administrator will be responsible for the Company's general administrative requirements, such as the maintenance of the Company's accounting and statutory records. A summary of the Company Administration Agreement is set out in paragraph 9.4 of Part 9.

## PART 3

### BACKGROUND TO UK PFI AND ASSOCIATED DEBT INVESTMENT OPPORTUNITIES

#### 1. Introduction

The UK Private Finance Initiative was introduced in the early 1990s. It was intended to enable the funding of major capital investment in infrastructure assets, such as schools, hospitals, prisons and court buildings, without the immediate use of public sector capital.

In a typical UK PFI infrastructure project, a private sector consortium (usually comprising one or more of a construction company, a facilities management company and one or more financial investors) establishes a project company (or group of companies) (a “**Project Company**”) to bid for a project contract to build and operate an infrastructure asset. The project contract is tendered by a client, which is typically a public sector body such as an NHS Trust or a Local Authority.

Once a Project Company’s bid is accepted by the client, the Project Company enters into a project agreement (a “**Project Agreement**”) with the client. The Project Agreement regulates the design, build, financing, operation and maintenance of the infrastructure asset. The term of the Project Agreement (the “**concession period**”) is typically 20 to 30 years. Under the Project Agreement:

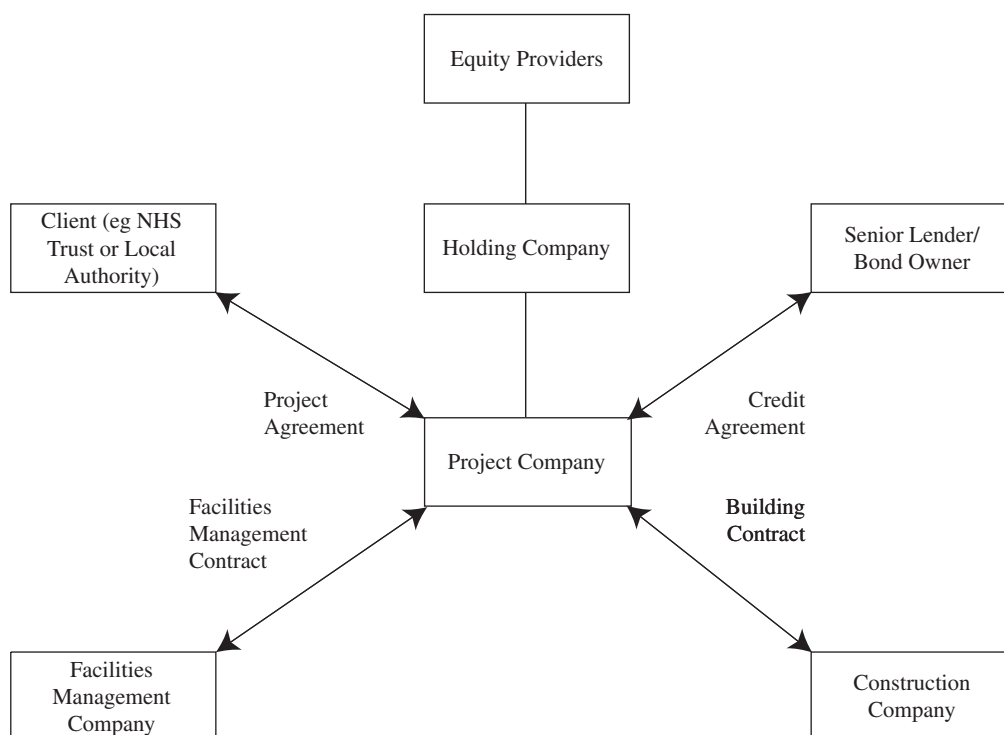
- (a) The Project Company is required to finance and construct the relevant infrastructure asset (for example, a hospital (for an NHS Trust) or a school (for a Local Authority)) and, following completion of construction, to provide operational services, such as cleaning, catering, maintenance and security, in accordance with specified service standards. The Project Company typically sub-contracts with a facilities management company to provide these services. Key “delivery” services, such as teaching or medical care, would normally be provided by the client.
- (b) From completion of construction until the end of the concession period, the client is required to pay to the Project Company a specified series of payments (the “**unitary charge**”). The unitary charge will typically increase by reference to inflation. The payment of the full unitary charge is usually dependent on either the availability of the infrastructure asset for use (“availability based”) or the level of demand for the infrastructure asset (“demand based”), depending on the nature of the project.

Generally, the Project Company does not have full ownership rights over the infrastructure asset. However, it has rights under the Project Agreement, including the right to receive the unitary charge subject to the proper performance of its obligations.

A failure by a Project Company to perform its obligations under a Project Agreement may result in a deduction from the unitary charge payable to it. However, the terms on which the operational obligations of the Project Company are sub-contracted typically permit a corresponding deduction to be made from the payment due from the Project Company to the sub-contractor.

The diagram below illustrates the typical corporate, financial and contractual structure of a UK PFI infrastructure project.





As at June 2010, close to 800 PFI projects with a capital value of over £45 billion have been contracted since the inception of the PFI in the UK in the early 1990s. Over 50 per cent. of all projects by value have been in the Health and Education sectors (*source: website database of Partnerships UK*).

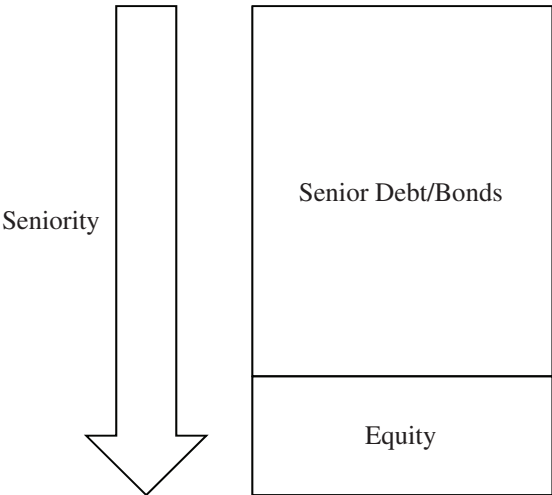
## 2. Project Company funding

The costs of a PFI project, including construction costs, are financed by the Project Company. The necessary finance is typically provided by a combination of:

- (a) long term senior debt contributed by a bank or group of banks, or generated by the issue of bonds; and
- (b) equity contributed by financial investors and other consortium members.

A substantial proportion of the Project Company's total initial funding (generally in the range of 70 to 90 per cent.) is typically financed by senior debt. Project Companies are able to obtain relatively high levels of senior debt due to the nature of the public sector counterparty to the Project Agreement (and the low perceived counterparty risk attaching to them) and the degree to which operational risk is effectively borne by their sub-contractors. The senior debt is typically secured by a first-ranking charge on the assets of the Project Company (including the benefit of the Project Agreement but generally excluding any land or buildings). The balance of the funding of the Project Company not provided by senior debt is typically equity finance and/or shareholder loans provided by the consortium members.

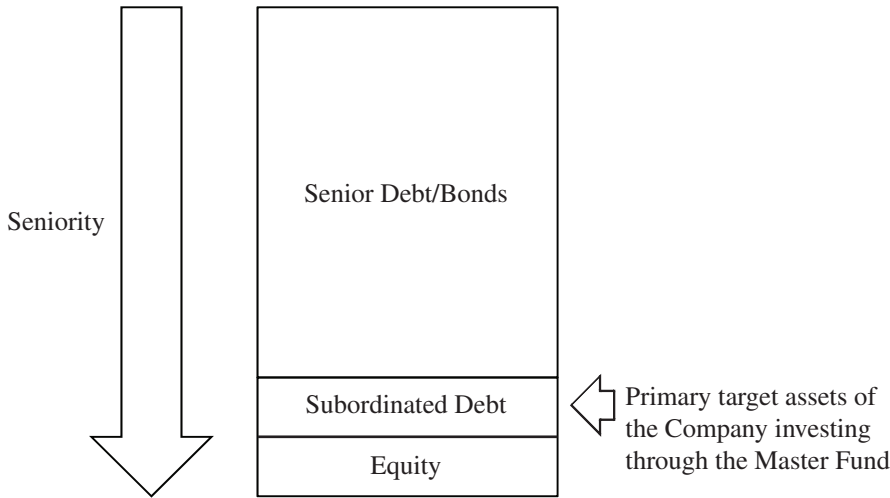
The diagram below illustrates the typical funding structure of an infrastructure Project Company during construction.



**3. Subordinated debt**

Once the construction of a PFI infrastructure asset has been completed, it is generally considered that the risks associated with the project are significantly reduced. Following this “de-risking”, consortium members, if they wish, may seek to “recycle” some or all of the equity financing employed in the project. Such “recycling” may be achieved by a sale of the equity, or by a re-leveraging of the asset by the issue of subordinated debt by the Project Company or its owners to a third party lender.

The diagram below illustrates a typical financing structure of an infrastructure Project Company following the issue of subordinated debt.



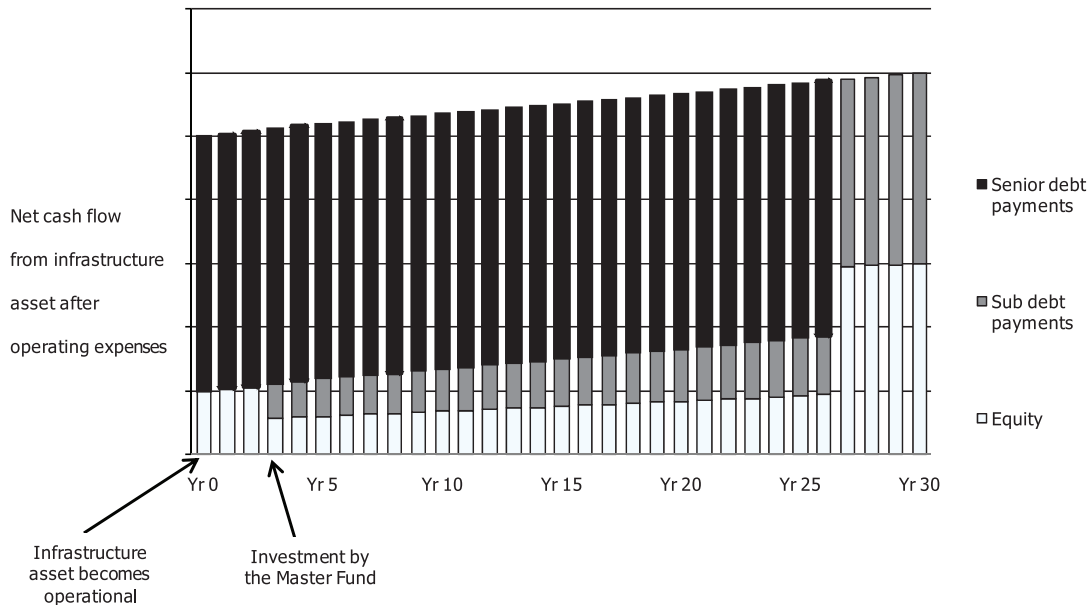
As described in paragraph 3 of Part 4 of this document, the Master Fund seeks to acquire interests in subordinated debt issued by Project Companies or other members of their corporate group. Such subordinated debt typically ranks behind senior debt and/or bonds on the insolvency of the Project Company, but ahead of equity.

The Master Fund focuses primarily on investments in projects in relation to which construction of the infrastructure asset has been completed, the asset is operational and in relation to which payments of unitary charge have commenced.

The diagram below shows a typical net cash flow to a Project Company with a 30 year Project Agreement after the costs of operating the Project Company and its infrastructure asset, where part of the equity

financing of the Project Company is refinanced with subordinated debt in the third year after the asset becomes operational.

*Illustrative investment cash flow profile*



The net cash flow of the Project Company will typically be used first to service the senior debt, second to service the subordinated debt, with the surplus being paid to the equity holders.

The subordinated debt provided by the Master Fund would typically generate interest throughout the term of the subordinated debt, with the repayment of the principal sum borrowed being made in the final years of the life of the project, once the senior debt has been fully repaid.

**4. Senior debt guarantees**

In addition to providing subordinated debt for the purpose of refinancing part of the equity funding of a Project Company, the Master Fund also seeks opportunities to generate exposure to senior debt advanced in relation to PFI projects, typically by the provision of guarantees (“**senior debt guarantees**”) to senior lenders to Project Companies.

To put in place a senior debt guarantee, the Master Fund and a senior PFI lender will identify a portfolio of senior loans made by the senior lender (the “**senior loan portfolio**”). In return for a fee paid to the Master Fund (typically paid quarterly on an ongoing basis), the Master Fund will agree to bear the losses of the senior lender (normally after a small initial amount that will not be covered by the senior debt guarantee) on any of the loans in the senior loan portfolio (and on any combination of those loans) up to an aggregate agreed amount (the “**guaranteed amount**”).

A cash deposit equal to the guaranteed amount is typically made by the Master Fund with the senior lender and is held by the senior lender for the period that the senior debt guarantee remains in place.

A senior debt guarantee may be attractive to a senior lender as it reduces the risk attached to the loans in the senior loan portfolio for the senior lender and may enable the senior lender to reduce the regulatory capital it is required to hold in relation to those loans. A senior debt guarantee may be attractive to a guarantor such as the Master Fund as the return is similar to the return on subordinated debt while the risk of a call on the guarantee may be considered to be relatively low.

**5. The benefits associated with debt investments in PFI transactions**

Investments in PFI transactions provide, in the opinion of the Directors and the Investment Adviser, generally secure and predictable returns to Project Companies and their lenders.

The risk of default in relation to the debt financing of Project Companies is considered by the Directors and the Investment Adviser to be relatively low as the Project Agreement in relation to a PFI infrastructure project typically provides for relatively predictable cash flows to the Project Company and the counterparty to the Project Agreement is typically a quasi-government entity.

Furthermore, the recent reduction in the availability of debt from banks to finance PFI projects has resulted in more attractive pricing, in the opinion of the Directors and the Investment Adviser, on debt investments than has been seen in the infrastructure sector for a number of years.

Therefore, the Company believes that an investment in subordinated debt advanced in relation to PFI infrastructure projects presents a highly attractive yet conservative investment opportunity. In addition, as payments under many PFI contracts are linked to the UK Retail Prices Index (or other inflation indices), such an investment may in many cases yield partially inflation-protected returns.

## **PART 4**

### **THE MASTER FUND**

#### **1. Introduction**

The Master Fund is an open-ended investment company incorporated and registered in Jersey.

The Master Fund has been established in Jersey and is regulated in Jersey as an expert fund, and was launched in July 2009. It seeks to provide its investors with long-dated, partially inflation-protected, quasi-government cash flows at substantial margins above direct UK government debt.

As at 15 June 2010 (being the date of the most recent valuation of the Master Fund), the Master Fund had total assets of approximately £33.6 million (using valuation balances not adjusted for IFRS), net assets of approximately £30.6 million and had made investments totalling approximately £23.7 million. As at 25 June 2010 (being the latest practicable date prior to the publication of this document), the Master Fund had 30,003,176.51 shares in issue, of which 9,346,842.66 were Master Fund Accumulation Shares and 20,656,333.85 were Master Fund Income Shares. It is expected that by the end of July 2010, the Master Fund will have made further investments of £9.25 million in aggregate.

#### **2. Investment objective and policy of the Master Fund**

The Master Fund seeks to provide investors with regular long term distributions and to preserve the capital value of its investment portfolio.

The Master Fund invests, and will seek to continue to make investments, in subordinated debt instruments issued by infrastructure Project Companies, their owners, or their lenders, and assets with a similar economic effect. The Master Fund may also acquire (or acquire interests in) the senior debt of infrastructure Project Companies, or their owners.

The Master Fund, when fully invested, is targeting an ongoing dividend for holders of Master Fund Income Shares of 8 per cent. per annum (by reference to the initial offer price of the Master Fund Income Shares of £1.00 per share).

The total annual dividend (in relation to Master Fund Income Shares) and reinvested income (in relation to Master Fund Accumulation Shares) for the Company's first full financial period to 30 September 2010 is expected by the Investment Adviser to be approximately 5 pence per share on the initial subscription price of £1.00 per share, reflecting the investment of the Master Fund's cash having taken place on an ongoing basis since the launch of the Master Fund.

#### **3. The Master Fund's target investments**

The Master Fund makes infrastructure investments, typically by acquiring interests in subordinated 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 public infrastructure projects and by investing in other assets with a similar economic effect to such instruments. Such projects are often structured and financed under the UK private finance initiative.

Background information in relation to the PFI industry and the classes of debt investment opportunities relating to the PFI industry that are targeted by the Master Fund is set out in Part 3 of this document.

It is the view of the Directors and the Investment Adviser that, once a public infrastructure asset has been constructed and the contracted cash flows relating to the project have commenced, many of the risks associated with investments in such assets are significantly reduced. Therefore, the Master Fund primarily targets PFI investments after the design and build phases have been completed and the relevant asset is operational.

The capital structure of a typical PFI Project Company is outlined in paragraph 1 of Part 3 of this document. The position within the capital structure of a Project Company of the subordinated debt instruments in which the Master Fund typically seeks to invest is outlined in paragraph 3 of Part 3 of this document.

In general, any losses suffered by investors in a Project Company will be suffered first by the equity investors in the Project Company itself. Typically, only once the equity investors in the Project Company have suffered a complete loss of their investment will debt investors stand to make a loss. However, any subordinated debt will rank behind senior debt, so the holders of subordinated debt will typically stand to make a complete loss on their investment before holders of senior debt experience any losses.

In addition to acquiring subordinated debt and senior debt issued directly by Project Companies, the Master Fund will also seek to provide debt to the equity owners of and lenders to Project Companies. Therefore, in addition to performance at the Project Company level, such debt interests could also be adversely affected should, for example, the equity owner or lender default on its arrangement with the Master Fund. The provision of debt to these equity owners and lenders introduces a further element of counterparty risk, as further explained in Section D of the Risk Factors section. In addition, the debt interests acquired from the equity owner or lender will generally be structured such that they relate to a portfolio of Project Companies. As a result, it may be the case that the performance of one debt related interest may impact upon the performance of other interests within that portfolio.

In the case of the investment structure outlined in paragraph 4 of Part 3 of this document (a senior debt guarantee), the provider of a senior debt guarantee will essentially rank ahead of the equity investors in the relevant individual underlying Project Companies but behind the senior lender (save that the senior lender may have a relatively small initial exposure to default before the guarantee can be relied upon), although it should be noted that the provider of the guarantee is exposed to defaults in relation to each of the loans within the guaranteed portfolio.

In the view of the Directors and the Investment Adviser, the capital structures of the Project Companies to which the Master Fund seeks to generate exposure include sufficient equity so that any losses are likely, in all reasonable scenarios, to be borne by the equity investors in the Project Companies themselves rather than by the providers of debt finance.

#### **4. The Master Fund's investment strategy and intentions regarding the proceeds of the Subscription**

The Master Fund focuses primarily on taking debt exposure (typically on a subordinated basis, but with no restriction upon senior positions) to projects which have:

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

It is intended that the Master Fund will invest in further projects which meet these criteria and it will endeavour to secure additional assets similar to those of the Current Portfolio. Such investments may be made directly or indirectly, and it is intended that they will make up a minimum of 75 per cent. of the Master Fund's total assets (when the Master Fund is substantially fully invested).

It should be noted that (in the context of the strategy referred to above):

- (a) the Master Fund views as "public sector-backed" all revenues arising from UK central government or local authorities, or from entities themselves substantially funded by UK central government or local authorities, and will include obligations of NHS Trusts, UK registered social landlords and universities in this classification; and
- (b) where the Master Fund provides a senior debt guarantee in relation to a portfolio of loans (or enters into a similar arrangement), the exposure of the Master Fund to projects that are not within its primary focus ("**Outside Scope Projects**") shall be deemed to be:

$$\frac{A}{B} \times C$$

Where:

A is the principal amount of the loans within the portfolio advanced in relation to Outside Scope Projects;

B is the principal amount of the guaranteed loan portfolio as a whole; and

C is the total amount guaranteed by the Master Fund.

In any analogous situation, the same principle will be applied.

The Master Fund may also consider, in respect of up to an absolute maximum of 25 per cent. of its total assets (at the time the relevant investment is made), taking exposure to Outside Scope Projects, which will include projects involving:

- (a) Project Companies which have started but not yet completed the construction phases of their concessions;
- (b) Project Companies in the regulated utilities sector; and
- (c) Project Companies 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:
  - (i) the likely level of demand; and
  - (ii) the stability of the resulting revenue.

The proceeds of the Subscription will be applied by the Master Fund as quickly as possible in the making of investments which follow the investment strategy outlined above.

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

## **5. Diversification and further capital raising**

It is the objective of the Master Fund, within a reasonable timeframe, to generate a diversified portfolio of subordinated debt infrastructure assets and to maintain its portfolio so that not more than 10 per cent. in value of the Master Fund’s total assets from time to time consist of securities or loans relating to any one individual infrastructure asset or counterparty (having regard to the risks relating to any cross-default or cross-collateralisation provisions). This objective is subject to the Master Fund having a sufficient level of investment capital from time to time and the ability of the Master Fund to invest its cash in suitable investments.

The Master Fund may seek to raise additional capital from time to time to the extent the Master Fund Directors and the Investment Adviser believe the Master Fund will be able to make suitable investments. This will enable the Master Fund to achieve greater diversification of risk and to benefit from economies of scale in relation to the operational costs of the Master Fund. As outlined in paragraph 10 of Part 1 of this document, it is currently expected that if the Master Fund raises material additional capital in the future, any such fundraising will be structured as an equity fundraising by the Company, the net proceeds of which will be subscribed by the Company for Master Fund Income Shares.

## **6. Investment process of the Master Fund**

### ***Asset origination***

The partners of the Investment Adviser have a long background 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 PFI market, including equity investors and lenders. The Investment Adviser is therefore well placed to identify potential investment opportunities for the Master Fund, as is evidenced by the portfolio of investments that have been made to date and the pipeline of future investments that have been identified, in each case as described in Part 5 of this document.

### ***Preliminary review***

The Master Fund has a selective approach to investing in PFI Project Companies, and focuses primarily on identifying investment opportunities with the following target characteristics:

- *availability-based* – there is no demand risk;
- *completed* – there is no construction risk;
- *inflation linkage* – there is sufficient inflation linkage in the unitary charge payment to enable the Investment Adviser to structure loan assets with acceptable inflation protection;
- *competent and financially stable facilities manager* – the facilities manager to which the operation of the asset is sub-contracted has a proven track record and robust financial position;
- *excellent operational history* – the underlying projects have a good operational history with minimal unitary charge deductions;
- *project simplicity* – the infrastructure asset is relatively simple in terms of construction, operation, maintenance and technology;
- *good credit quality* – the underlying obligor has an excellent credit profile;
- *sufficient equity* – there is sufficient equity in the project to allow, in the view of the Investment Adviser, additional leverage without undue risk; and
- *fit within existing portfolio* – the investment adds balance and diversification to the existing portfolio of the Master Fund with regards to credit risk, asset sector, investment term and income return.

### ***Investment offer and heads of terms***

The Investment Adviser agrees heads of terms in relation to any potential investment. The Investment Adviser keeps the Master Fund Board of Directors informed during this process. Typically, the Investment Adviser will deliver a preliminary review of each potential investment at least one month prior to the date on which a Master Fund Board decision is required.

### ***Due diligence procedures***

The Investment Adviser evaluates all project risks it believes are material to making an investment decision and assesses how those risks are mitigated. Where appropriate, it will complement its analysis through the use of professional third party advisers, including technical built asset consultants, 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 approval***

The Investment Adviser presents an "Investment Proposal" to the Master Fund Board of Directors. The Master Fund Board of Directors makes the investment decision.



### ***Investment monitoring***

Information flows to the Investment Adviser and Master Fund will vary depending on the investment. Generally, the Investment Adviser will receive a project-by-project technical adviser's report as frequently as these are delivered to the senior lender to the project. This is typically semi-annually or annually but in addition, in certain circumstances, such as in the event of a material unitary charge deduction or an unremedied event of default in a loan agreement, project agreement or operating sub-contract, further information is provided and a site visit arranged.

### **7. The Master Fund's Current Portfolio and pipeline of future assets**

Details of the Master Fund's current portfolio and pipeline of future potential assets is set out in Part 5 of this document.

### **8. Valuation and valuation methodology**

The Valuation Agent is responsible for carrying out the fair market valuation of the Master Fund's investments on a monthly basis.

The current Valuation Agent is Navigant Consulting, Inc., a US based, independent consulting firm specialising in advising on conflict, performance and risk. It has a global team of nearly 1,900 consultants, 300 of whom are based in Europe.

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 Master Fund is calculated by applying a discount rate (determined by the Valuation Agent) to the cash flow expected to arise from each such asset.

The Valuation Agent determines the discount rate that it believes the market would reasonably apply to each investment taking, *inter alia*, the following into account:

- sterling interest rates;
- movements of comparable credit markets;
- the performance of the underlying assets, including any actual or potential event in relation to the underlying asset that may be expected to have a material impact on the ability of the borrower to meet its obligations to its lenders, such as operating performance failures, or the credit impairment of the PFI contract obligor;
- general infrastructure market activity and investor sentiment, which the Valuation Agent assesses by taking into account its knowledge of the infrastructure market gained from discussions with market participants and from publicly-available information on relevant transactions and publicly-traded infrastructure funds; and
- changes to the economic, legal, taxation or regulatory environment.

The Valuation Agent exercises its judgment in assessing the expected future cash flows from each investment. Given that the investments of the Master Fund will be fixed income debt instruments (in some cases with elements of inflation protection), 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.

### **9. Monthly net asset valuation of the Master Fund**

The Administrator is responsible for calculating the Net Asset Value of the Master Fund on a monthly basis. The fair valuations of the Master Fund's investments are submitted by the Valuation Agent to the Administrator. The Administrator calculates the Master Fund Net Asset Value by taking the total of the fair valuations of all investments and making such adjustments as are required to reflect the cash held by the Master Fund, accrued liabilities and expenses, prepayments and any other creditors and debtors.

For the purpose of calculating the Master Fund's NAV, the costs of establishing the Master Fund are amortised over five years.

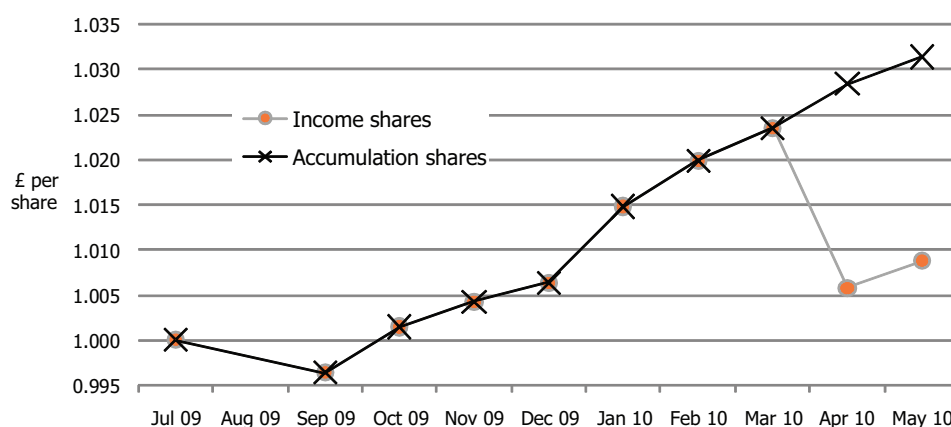
As at 15 June 2010, the NAV of the Master Fund Income Shares was £1.0118 per share.

## 10. Performance of the Master Fund

### *Master Fund NAV*

The historic NAV per share of the Master Fund Income Shares and Master Fund Accumulation Shares is shown in the graph below. The reduction in NAV to 30 September 2009 reflects the initial amortisation of a portion of the formation costs. There is no NAV shown for 31 August 2009 because the Master Fund originally calculated its NAV on a quarterly basis, but from September 2009 this was amended to monthly.

Formation costs of approximately £175,000 are being amortised for the purposes of calculating the NAV over the Master Fund's first five annual accounting periods.



From launch on 31 July 2009 to 15 June 2010, the NAV per share of the Master Fund Accumulation Shares increased by 3.44 per cent and the NAV per share of Master Fund Income Shares increased by 1.18 per cent. The discount rates used by the Valuation Agent to value the investments of the Master Fund changed only once during the period to 15 June 2010, and that was a minor (0.023 per cent. p.a.) reduction applied to the GPFI Loans in December 2009. The reduction in NAV of the Master Fund Income Shares at 30 April 2010 reflects the declared dividend of 2.25p per share to shareholders as at 31 March 2010.

### *Dividend paid and outlook on dividends*

On 14 May 2010, the Master Fund paid a dividend of 2.25 pence per Master Fund Income Share for the period to 31 March 2010.

The total dividend (in relation to the Master Fund Income Shares) for the Master Fund's first full financial period to 30 September 2010 is expected by the Investment Adviser to be approximately 5 pence per share on the initial subscription price of £1.00 per Master Fund Income Share, which reflects the fact that the Master Fund is not fully invested and has raised additional capital on an ongoing basis and will raise further capital pursuant to the Subscription which will take time to invest in assets generating income. The Master Fund intends that the total dividends payable will rise thereafter in order to generate a return of 8 per cent. per annum (by reference to the initial offer price of the Master Fund Income Shares of £1.00 per share).

The returns outlined above compare with a 10 Year Gilt yield as at 24 June 2010 of 3.39 per cent. p.a. (source: Bloomberg.)

The Master Fund seeks to provide its investors with as full a degree of inflation protection as possible. Therefore, assets are, wherever possible, generated by the Master Fund with a linkage to UK RPI or to another index that is or may reasonably be expected to be positively correlated to inflation (such as CPI, RPIx or Libor) so that in the event that inflation rises beyond a certain point the dividend yield will also rise. This reflects the fact that, in general, cash flows payable under PFI contracts are linked to UK inflation.

However, the level of inflation linkage achieved by the Master Fund varies from asset to asset, and in some cases there will be no inflation linkage whatsoever.

## **11. Classes of shares in the Master Fund**

The share capital of the Master Fund is divided into three classes of shares: non-redeemable shares of £1.00 each, ordinary redeemable income shares of £1.00 each and ordinary redeemable accumulation shares of £1.00 each.

### ***Non-redeemable shares in the Master Fund***

There are 100 non-redeemable shares in the Master Fund in issue. These shares were issued at par (fully paid) and are all held by the Administrator. The non-redeemable shares in the Master Fund were created for technical legal reasons to enable the Master Fund Income Shares and the Master Fund Accumulation Shares to be capable of being redeemed. The non-redeemable shares in the Master Fund cannot be redeemed.

The rights attaching to the non-redeemable shares in the Master Fund extend to the right to receive notice of, attend and vote at a general meeting of the Master Fund and the right in a winding up to repayment of the par value attaching to such shares. The non-redeemable shares in the Master Fund do not otherwise confer a right to participate in the profits, assets or dividends of the Master Fund.

### ***Master Fund Income Shares***

There were, as at 25 June 2010 (being the latest practicable date prior to the date of this document), 20,656,333.85 fully paid Master Fund Income Shares in issue. The rights attaching to this class of share in the Master Fund extend to the right to receive notice of, attend and vote at a general meeting of the Master Fund, the right in a winding up to repayment of the par value attaching to such shares and the right to participate in the surplus assets of the Master Fund on a liquidation by reference to the relevant Class Fund after the payment of all creditors and the return of the par value of the non-redeemable shares in the Master Fund. The Master Fund Income Shares carry the right to dividends out of the profits of the Master Fund available for distribution attributable to such Master Fund Income Shares, if any, as determined by the Master Fund Directors.

### ***Master Fund Accumulation Shares***

There were, as at 25 June 2010 (being the latest practicable date prior to the date of this document), 9,346,842.66 fully paid Master Fund Accumulation Shares in issue. The rights attaching to these shares are the same as for the Master Fund Income Shares described above save that the Master Fund Accumulation Shares do not carry a right to dividends and any income attributable to the Master Fund Accumulation Shares is reinvested for the benefit of such Accumulation Shares.

## **12. Cash awaiting investment**

Cash awaiting investment is held on behalf of the Master Fund in interest-bearing bank accounts (at banks carrying a minimum rating of A-1, P-1 or F-1 from Standard & Poor's, Moody's or Fitch respectively), or in one or more similarly-rated money market or short-dated gilt funds.

## **13. Gearing**

The Master Fund does not have any structural gearing. The Master Fund may use borrowings for short-term purposes as may be necessary for the settlement of transactions, to facilitate share redemptions (where applicable) or to meet ongoing expenses. The Master Fund's borrowings shall not in any event exceed 10 per cent. of the Master Fund's Net Asset Value at the time any such borrowings are drawn down.

The Master Fund is indirectly exposed to gearing to the extent that the underlying investments are themselves geared, which is generally the case.

## **14. Currency and hedging policy**

The Master Fund will engage in currency hedging only with a view to protecting the level of sterling dividends and other distributions to be paid by the Master Fund. It is not currently the intention of the Master

Fund to invest in non-sterling denominated assets, or raise non-sterling denominated liabilities, and such currency hedging is therefore not currently envisaged.

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 Master Fund in line with its investment policy and strategy.

## **15. Management of the Master Fund**

The Master Fund Board of Directors is comprised of three Master Fund Directors, all of whom act in a non-executive capacity. The Master Fund Directors meet on a regular basis to review and assess the investment policy and performance of the Master Fund and generally to supervise the conduct of its affairs.

The Master Fund Directors and their business experience are as follows:

### ***Mr. Clive Spears (56) (chairman)***

Clive Spears, a Jersey resident, was a corporate banker until his retirement in 2003. He spent 32 years with the Royal Bank of Scotland Group, of which the last 18 years were spent in Jersey. Mr. Spears has experience in corporate finance, treasury products, global custody, trust and fund administration and audit and compliance.

Mr. Spears retired as Deputy Director of Jersey Corporate Banking in Jersey in 2003 where he was responsible for a £30 million profit centre. Since that time he has engaged in the provision of consultancy and non-executive director services in both the funds industry and commerce locally.

Mr. Spears has a Class G licence with the local regulator, the JFSC, to facilitate the level of engagements held.

Mr. Spears' key local appointments have been with the Nordic Capital Group, Nomura Bank and with a variety of funds such as property, private equity and mezzanine debt funds.

### ***Mr. Paul de Gruchy (38)***

Paul de Gruchy, a Jersey resident, is a qualified lawyer currently working as Head of Legal at a global financial services business in Jersey. He has extensive experience in the financial services sector, in particular in the area of offshore funds.

From 2004 to 2007, Mr. de Gruchy was chief adviser to the Minister for Economic Development on legislative changes for the benefit of the finance industry, where he advised and represented the Minister in discussions with Jersey Finance, the Jersey Financial Services Commission, Scrutiny Panels and the Attorney General. Prior to this, he was a senior manager at the JFSC, where he drafted and oversaw the implementation of the expert funds regime.

### ***Mr. Trevor Hunt (57)***

Mr. Hunt is also a director of the Company. Background information in relation to Mr. Hunt is set out in paragraph 1 of Part 2 of this document.

## **16. The Investment Adviser**

Gravis Capital Partners LLP is the Investment Adviser of the Master Fund pursuant to the terms of the Master Fund Investment Advisory Agreement.

The Investment Adviser receives an investment advisory fee equal to 0.9 per cent. per annum of the Net Asset Value of the Master Fund, net of cash holdings. This fee is calculated and payable in arrears at each half year end. The Investment Adviser may also receive an acquisition fee of 1 per cent. (at the discretion of the Investment Adviser) of the cost of each asset acquired by the Master Fund. This fee is calculated and payable within one month of the settlement of each acquisition. The Investment Adviser did not charge the Master Fund an acquisition fee in relation to the GPFI Loans or the GEM Loans (as defined in Part 5 of this Document), but would normally expect to charge such fees, where relevant, in the future. The Investment Adviser will seek to charge the acquisition fee to borrowers rather than the Master Fund where possible but, in any event, the fee will not exceed 1 per cent.

Under the terms of the Master Fund Investment Advisory Agreement, the Investment Adviser's appointment may be terminated, *inter alia*, by either the Master Fund or the Investment Adviser giving 12 months' notice in writing to the other party. Such notice may not be served until the fifth anniversary of Admission.

The partners of the Investment Adviser hold (directly or indirectly, and together with their family members) in aggregate 5,135,701 Master Fund Income Shares and Master Fund Accumulation Shares. The majority of these shares were acquired at the initial launch of the Master Fund in July 2009. The partners of the Investment Adviser have given an undertaking to the Master Fund not to reduce their aggregate holding to less than 3.5 million shares in the Master Fund for a minimum period of 18 months from the date of Admission, except that shares in the Master Fund may be sold by the partners of the Investment Adviser without such restriction provided that the sale proceeds are reinvested in Ordinary Shares of the Company and such Ordinary Shares are subject to the same restriction as described above.

The partners of the Investment Adviser have undertaken, pursuant to a commitment given on their behalf by the Investment Adviser, to subscribe for a minimum of 1 million Ordinary Shares in the Company pursuant to the Issue, a proportion of which may be funded by sales of shares in the Master Fund.

## **17. Potential conflicts of interest**

### *Key individuals*

It is a provision of the Master Fund Investment Advisory Agreement that Stephen Ellis, Rollo Wright and Ronan Kierans dedicate substantially all their time to the provision of investment advisory services to the Master Fund except at such times as the Master Fund is at least 75 per cent. invested in its target assets.

### *Partnership interest of the shareholders of Grosvenor PFI Holdings Limited in the Investment Adviser*

As more fully set out in Part 5 of this document, the shareholders of Grosvenor PFI Holdings Limited hold a 15 per cent. non-voting partnership interest in the Investment Adviser.

### *Exclusivity, non-compete and dealing with conflicts*

Under the terms of the Master Fund Investment Advisory Agreement, the Investment Adviser has agreed that neither it nor any of its employees, agents or affiliates shall, for so long as the Master Fund Investment Advisory Agreement remains in force, and except with the express prior written consent of the Master Fund, act as the adviser, manager or sponsor of any fund or other entity that may invest in assets within the scope of the Master Fund's investment policy and strategy or engage in any activity which may compete in the same or substantially similar investment areas as the Master Fund's investment policy and strategy. To the extent that any conflicts may arise, the Investment Adviser will seek to ensure that any conflicts of interest are resolved fairly.

## **18. Corporate Governance**

The Master Fund is committed to complying, and currently complies, with the corporate governance obligations which apply to Jersey registered companies. The Master Fund will have regard to the AIC Code, where appropriate.

Pursuant to the CISX Listing Rules, the Master Fund Directors are required to comply with a code of securities dealing in terms no less exacting than those of the Model Code set out in the CISX Listing Rules (which is substantially similar to the Model Code contained in the Listing Rules published by the UK Listing Authority).

## **19. Audit committee**

The Master Fund has not established an audit committee. The functions that would customarily be performed by an audit committee will instead be carried out by the Master Fund Board as a whole. These functions include responsibility for:

- the Master Fund's accounting and financial reporting processes;

- the integrity and audits of the Master Fund’s financial statements;
- the Master Fund’s compliance with legal and regulatory requirements;
- reviewing the qualifications, performance and independence of the Master Fund’s independent accountants and the effectiveness of the audit process, taking into account relevant professional requirements; and
- reviewing the qualifications, performance and independence of any third party that provides valuations for the Master Fund’s investments.

The Master Fund has not, so far, established a remuneration or nomination committee as the Master Fund Directors are satisfied that any relevant issues can be properly considered by the Master Fund Directors as a whole.

## **20. Administrator of the Master Fund**

Capita Financial Administrators (Jersey) Limited has been appointed as administrator, secretary and registrar of the Master Fund pursuant to the Master Fund Administration Agreement.

Details of the Master Fund Administration Agreement are contained in paragraph 8.1 of Part 10 of this Prospectus.

## **21. Custodian**

Capita Trust Company (Jersey) Limited has been appointed as custodian of the Master Fund pursuant to the Master Fund Custodian Agreement.

A summary of the Master Fund Custodian Agreement is contained in paragraph 8.2 of Part 10 of this Prospectus.

## **22. Fees and expenses**

The Master Fund is responsible for its ongoing operational costs and expenses which include (but are not limited to) the fees payable under the Master Fund Investment Advisory Agreement, the fees and expenses of the Master Fund Administrator, the Master Fund Directors and the Master Fund Auditors, as well as CISX listing fees, regulatory fees, expenses associated with any purchases of or tender offers for its shares, printing and legal expenses and other expenses (including insurance and irrecoverable VAT).

The total operational costs and expenses incurred by the Master Fund for the period commencing on incorporation and ending on 28 May 2010, including a monthly charge of c.£3,000 relating to the amortisation of set up costs over five years, was approximately £225,000.

## **23. Distribution policy**

In respect of the Master Fund Income Shares only, the Master Fund will distribute the income it receives to the fullest extent that is deemed prudent by the Master Fund Directors. For UK tax purposes it is currently intended that the Master Fund will seek to obtain certification from HMRC that the Master Fund Income Share class is a “Distributing Fund” for the Master Fund’s period of account to 30 September 2010. In order to qualify for distributing fund status, the Master Fund will need to pursue a full distribution policy, which means distributing at least 85 per cent. of its income as shown by its accounts, and not less than 85 per cent. of its “United Kingdom Equivalent Profit” (being the amount that would be the total profits of the Master Fund, after allowing for any available deductions, on which corporation tax would be chargeable if the Master Fund were a UK resident company).

As a result of the recent changes in law in respect of the offshore funds legislation and the introduction of the Offshore Funds (Tax) Regulations 2009, it is intended that the Master Fund will apply for “Reporting Fund” status under the new regime pursuant to those regulations in respect of all periods of account from 1 October 2010. As a Reporting Fund, the Master Fund would not be required to make any distributions, but

would instead be required to make a report to UK investors, and to HMRC, of the fund's reportable income for each reportable period, and of the proportionate share of each UK investor in that income. The Master Fund Directors intend, nonetheless, to continue to distribute the income of the Master Fund to the fullest extent that is prudent.

#### **24. Life of the Master Fund**

The Master Fund has been established with unlimited life.



## PART 5

### THE MASTER FUND'S CURRENT PORTFOLIO, EXPECTED IMMINENT INVESTMENTS AND PIPELINE OF FUTURE ASSETS

The tables below show the Master Fund's current portfolio and expected imminent investments and pipeline of future assets. None of the investments shown are directly made to Project Companies. As further explained in Part 4 paragraph 3, in addition to direct investment, the Master Fund also seeks to provide debt to the equity owners of, and lenders to, Project Companies. This introduces a further element of counterparty risk as explained in Section D of the Risk Factors under Other Counterparty Risks.

#### CURRENT PORTFOLIO\*:

<i>Description of current investments</i>	<i>Size of investment</i>	<i>Expected investment term</i>	<i>IRR* (%)</i>	<i>Completed date</i>	<i>Inflation protected</i>
Subordinated loan to Grosvenor PFI Holdings Ltd in relation to South Essex Partnership NHS Trust Project	£3,000,000	29 years	9.83	Oct 2009	Yes
Subordinated loan to Grosvenor PFI Holdings Ltd in relation to Tees, Esk and Wear Valleys NHS Trust Project	£3,000,000	29 years	9.83	Oct 2009	Yes
Subordinated loan to Grosvenor PFI Holdings Ltd in relation to County Durham Primary Care Trust Project	£3,000,000	29 years	9.83	Oct 2009	Yes
Subordinated loan to Grosvenor PFI Holdings Ltd in relation to Mid Essex Primary Care Trust Project	£3,000,000	29 years	9.83	Feb 2010	Yes
Loan to Gem Infrastructure – Tranche B1	£3,012,947	10 years	10.07	June 2010	Yes
Loan to Gem Infrastructure – Tranche B2	£3,024,403	10 years	10.07	June 2010	Yes
Loan to Gem Infrastructure – Tranche B3	£3,001,034	10 years	10.07	June 2010	Yes
Loan to Gem Infrastructure – Tranche B4	£2,634,156	10 years	10.07	June 2010	Yes
Total	£23,672,540				

#### EXPECTED IMMINENT INVESTMENTS\*\*:

<i>Description of imminent investments</i>	<i>Expected Size of investment</i>	<i>Expected investment term</i>	<i>Expected IRR* (%)</i>	<i>Expected completion</i>	<i>Inflation protected</i>
Loan to Leisure Infrastructure Investors Ltd in relation to Project A	£4,000,000	31 years	10.00	June 2010	No
Loan to Leisure Infrastructure Investors Ltd in relation to Project B	£2,000,000	25 years	10.00	June 2010	No
Loan to Leisure Infrastructure Investors Ltd in relation to Project C	£3,250,000	30 years	10.00	July 2010	No
Total	£9,250,000				

\* Internal Rate of Return: the annualised compounded rate of return, including any up-front fees.

## **Additional details on the Current Portfolio**

### **A. *The Grosvenor PFI Holdings Limited group of companies (“GPFI”) loans***

#### **(i) *Overview of Grosvenor House Group plc and GPFI***

Grosvenor House Group plc (“GHG”) has, over the last 12 years, delivered approximately £410 million of UK PFI projects, primarily in the healthcare and student accommodation sectors. Its facilities management arm, Grosvenor Facilities Management (“GFM”) manages 27 PFI contracts, employs approximately 450 staff and has an annual turnover of over £14.3 million.

The shareholders of GHG are the 100 per cent. shareholders of GPFI. GPFI is the 100 per cent. shareholder (through four intermediate holding companies) of four PFI Project Companies that have each been contracted by a different NHS Trust to design, finance, construct and maintain a medical facility. Brief details of the four projects are set out below:

- GH Runwell Limited has entered into a concession to design, construct, finance and maintain a new 96 bed forensic and low security mental health facility at the Runwell Community Hospital for the South Essex Partnership NHS Trust. The hospital was completed in August 2009 and the concession ends in 2037. The project involved capital expenditure of approximately £32.5 million. Facilities management is being undertaken by GFM.

GPFI holds 100 per cent. of GH Runwell Limited’s holding company, GH Runwell Holdings Limited.

- GH Lanchester Limited has entered into a concession to design, construct, finance and maintain a new 72 bed mental health facility at the Lanchester Road Children’s Primary Healthcare Unit for the Tees, Esk and Wear Valleys NHS Trust. The facility was completed in October 2009 and the concession ends in 2038. The project involved capital expenditure of approximately £21.5 million. Facilities management is being undertaken by GFM.

GPFI holds 100 per cent. of GH Lanchester Limited’s holding company, GH Lanchester Holdings Limited.

- GH Stanley Limited has entered into a concession to design, construct, finance and maintain a new children’s primary health care unit at the Stanley Primary Care Centre for the County Durham Primary Care Trust. The facility was completed in October 2009 and the concession ends in 2038. The project involved capital expenditure of approximately £14.5 million. Facilities management is being undertaken by GFM.

GPFI holds 100 per cent. of GH Stanley Limited’s holding company, GH Stanley Holdings Limited.

- GH Braintree Limited has entered into a concession to design, construct, finance and maintain the new Braintree Community Hospital for the Mid Essex Primary Care Trust. The facility was completed in January 2010 and the concession ends in 2040. The project involved capital expenditure of approximately £18.5 million. Facilities management is being undertaken by GFM.

GPFI holds 100 per cent. of GH Braintree Limited’s holding company, GH Braintree Holdings Limited.

#### **(ii) *Transaction background***

In June 2008, the shareholders of GPFI granted to the Investment Adviser an option for a period of 18 months to make (or arrange for its nominee to make) a series of subordinated loans to GPFI. This option allowed the Investment Adviser the certainty of the availability of “seed assets” for the launch of the Master Fund. In respect of this option, the Investment Adviser granted to the owners of GPFI a 15 per cent. non-voting partnership interest in the Investment Adviser.

In October 2009, the Master Fund committed to acquire from GPFI under the option arrangement described above four £3 million subordinated loan notes issued by GPFI (the “**GPFI Loans**”). The final advance of monies due under the GPFI Loans was made on 2 February 2010 following completion of the last of the four facilities.

(iii) *Overview of the commercial terms of the GPFI Loans*

The four GPFI Loans each have a face value of £3 million. The GPFI Loans have a coupon of 9.42 per cent. p.a. which is paid semi-annually, and the principal is repaid in two equal annual payments of £6,000,000 (in aggregate) on 31 October 2037 and 31 October 2038. GPFI paid the Master Fund an arrangement fee of £250,000.

The loan principal outstanding will increase by the amount (if any) by which RPI exceeds 5 per cent. in any given year.

(iv) *Overview of legal and security structure of GPFI Loans*

The GPFI Loans are structured as CISX-listed Eurobonds. They are secured against the shares held by GPFI in the holding company for each of the four relevant Project Companies. However, this security ranks subordinate to that of the senior lender to GPFI. The four GPFI Loans are in effect cross-collateralised, thus on an event of default no action may be taken by the Master Fund to enforce such security without the consent of the senior lender and any sum recovered pursuant to such security would be applied first in the satisfaction of the claims of the senior lender. Therefore, a default by any one of the four Project Companies is likely to have an adverse impact on all of the four GPFI Loans.

GPFI has paid the sum of £2,816,000 to the Master Fund as cash collateral for the GPFI Loans. Such cash collateral is currently held by the Master Fund in a segregated bank account, and it is not subject to any security arrangements for the benefit of any party other than the Master Fund. A proportion of the cash collateral will be released to GPFI over the course of the first ten years of the life of the GPFI Loans, provided that the GPFI Loans are fully performing and the financial performance of each of the four Project Companies is in line with expectations, as set out in the detailed financial models prepared by the Investment Adviser and agreed with GPFI. An amount of £1,000,000 of the cash collateral will be retained by the Master Fund as security for the GPFI Loans until the GPFI Loans are fully repaid.

(v) *Performance of GPFI Loans to date*

There have been no operational issues reported on any of the four medical facilities and only non-material unitary charge deductions, liability for which has been passed to GFM.

GPFI paid the Master Fund its first interest payment of £512,500 in aggregate, on time and in full, on 30 April 2010 in accordance with the terms of the four GPFI Loans.

Subsequent interest payments of £565,200 are due to be paid half-yearly in April and October in each year until the principal repayments are made.

**B. *The Gem Infrastructure Senior PFI Debt Portfolio Guarantee loans***

In June 2010, White Rock Insurance (SAC) Ltd, an insurance company incorporated as a Bermudan cell company and acting solely in respect of its segregated account, T26 - GEM Infrastructure (“**GEM**”), issued four notes (the “**GEM Notes**”) to the Master Fund with an aggregate size of £11.67 million. White Rock Insurance (SAC) Ltd is a member of the Aon Group, and GEM is in effect controlled by the Investment Adviser. The reason for the participation of GEM as issuer of the GEM Notes is that in certain jurisdictions the guarantee described below may be considered an insurance contract, which may only be entered into by the guarantor if the guarantor is regulated by an appropriate regulator for the provision of insurance services. GEM is so regulated.

GEM has entered into a contract with a leading international bank (identified by Global Finance magazine in 2009 as a top 25 bank globally, ranked by assets, and rated Aa2/P-1 by Moody’s Investors

Services) (the “**Bank**”) which is active in the making of senior loans secured against UK PFI projects. The contract provides for a guarantee (the “**Guarantee**”) to be issued by GEM in favor of the Bank in relation to any losses in excess of £2.33 million, up to a maximum of £14 million, that may be incurred by the Bank on a portfolio of senior loans advanced by the Bank against 14 UK PFI projects (operational assets of which ten are in the education sector and the remaining four relate to hospital, housing, leisure and street lighting projects) (the “**Reference Loans**”). The Reference Loans have an aggregate face value of £233 million. The Guarantee is secured by a deposit of £14 million placed by GEM with the Bank, funded to the extent of £11.67 million by the loans advanced to GEM by the Master Fund pursuant to the GEM Notes, with the balance provided by a third party investor.

Under the Guarantee, the Master Fund may move the monies held on deposit to another bank if the S&P/Moody’s rating of the Bank falls below BBB-/Baa3 respectively.

Each of the GEM Notes identifies a number of the Reference Loans. Losses on any individual Reference Loan will entail a loss on the GEM Note which identifies that Reference Loan. It is possible, however, that in the event that the loss is larger than the face value of the relevant GEM Note, a single Reference Loan loss will cause a loss on each of the other GEM Notes.

The GEM Notes pay a rate of 9.5 per cent. p.a. for the first five years and 9.75 per cent. p.a. thereafter plus (on a cumulative basis, and where such amounts are positive) (a) Libor minus 2.85 per cent. p.a. for the first ten years and (b) Libor thereafter.

The GEM Notes have a legal final maturity of 35 years, but are expected by the Investment Adviser to be cancelled after 10 years, as the contractual amortisation of the Reference Loans renders the transaction uneconomic for the Bank from year 10.

The first payments of interest on the GEM Notes are due on 10 August 2010.

#### **Additional details on the Expected Imminent Investments**

Negotiations and legal documentation in relation to the investments described below are at a very advanced stage and these investments are expected (but are not certain) to be completed shortly after the publication of this document.

### **C. *The Leisure Infrastructure Investors Limited (“LIIL”) loans***

#### **(i) *Overview of LIIL***

LIIL, a UK special purpose company, will, at the date of the anticipated investments by the Master Fund (as set out below), own 100 per cent. of the economic interest (through three holding companies) of three PFI Project Companies that have each been contracted by a Local Authority to design, finance, construct and maintain leisure facilities. Brief details of the three projects are set out below:

- Project Company A has entered into a concession with a UK Borough Council to design, construct, finance and maintain four leisure facilities.

The facilities have been fully operational since February 2010 and have a concession that lasts until 2041. The project involved capital expenditure of approximately £39.3 million.

- Project Company B has entered into a concession with a UK City Council to design, construct, finance and maintain one leisure facility.

The facility has been fully operational since December 2006 and has a concession that lasts until November 2036. The project involved capital expenditure of approximately £14.5 million.

- Project Company C has entered into a concession with a UK Borough Council to design, construct, finance and maintain three leisure facilities.

The facilities have been fully operational since October 2009 and have a concession that lasts until January 2040. The project involved capital expenditure of approximately £26.7 million.

(ii) *Overview of the expected commercial terms of Loan A, Loan B and Loan C*

In June and July 2010, the Master Fund expects to acquire three fixed rate loan notes issued by LIIL, referred to as Loan A, Loan B and Loan C.

Loan A will have a face value of approximately £4.0 million, with a coupon paid semi annually of approximately 10.0 per cent. per annum. The principal will be repaid in four equal semi-annual payments in 2040 and 2041. Loan A will be serviced from the cash flows receivable by LIIL from Project Company A and its holding company.

Loan B will have a face value of approximately £2.0 million, with a coupon paid semi annually of approximately 10.0 per cent. per annum. The principal will be repaid in four equal semi-annual payments in 2035 and 2036. Loan B will be serviced from the cash flows receivable by LIIL from Project Company B and its holding company.

Loan C will have a face value of approximately £3.25 million, with a coupon paid semi annually of approximately 10.0 per cent. per annum. The principal will be repaid in four equal semi-annual payments in 2039 and 2040. Loan C will be serviced from the cash flows receivable by LIIL from Project Company C and its holding company.

LIIL is expected to pay the Master Fund an arrangement fee of approximately £100,000, in aggregate, in respect of Loan A, Loan B and Loan C.

Loan A, Loan B and Loan C are structured as CISX-listed Eurobonds.

Loan A, Loan B and Loan C are technically senior obligations of LIIL, but as a first ranking charge over the assets of each of Project Company A, Project Company B and Project Company C has been granted to the senior lender in each case, in effect each of Loan A, Loan B and Loan C ranks subordinate to claims of the senior lender.

However, as Loan A, Loan B and Loan C will be serviced by cash flows relating to Project Company A, Project Company B and Project Company C respectively, the default of Project Company A will have an adverse impact only on Loan A, the default of Project Company B will have an adverse impact only on Loan B, and the default of Project Company C will have an adverse impact only on Loan C.

By way of additional security, a reserve account will be established by LIIL and charged in favour of the Master Fund, into which LIIL will be required to pay not less than £1,000,000 in aggregate during the first 15 years of the terms of the loans.

**Pipeline of future assets**

The Master Fund intends to continue to pursue further potential investment opportunities that meet its investment objective and policy as set out in Part 4 of this document.

The Master Fund is currently in various stages of negotiations on potential acquisitions, two of which have terms agreed, one of which is in formal discussions, with the remainder in preliminary discussions. The pipeline of potential investments totals in excess of £65 million. In addition, the Investment Adviser expects to see a steady stream of further opportunities.

The acquisition by the Master Fund of any of these potential investments is subject, among other things, to the Investment Adviser completing satisfactory due diligence in relation to such potential investments, and any such acquisitions will be subject to agreement having been reached between the Master Fund and the relevant counterparty as to the terms of such acquisitions.

A breakdown of the interests comprising the potential investments currently under consideration is set out in the table below.

**\*PIPELINE ASSETS:**

<i>Description of pipeline investments</i>	<i>Estimated Master Fund investment</i>	<i>Expected investment term (years)</i>	<i>Deal status</i>
Subordinated debt investment in five schools in Northern England	£2m	28	Terms/Documents agreed
Senior PFI loan portfolio guarantee	£2m	10	Terms/Documents agreed
Senior PFI debt portfolio guarantee	£14m	4-10	Documents substantially agreed/terms under discussion
Subordinated debt investment in a portfolio of healthcare projects	£12m	25	Preliminary discussions
Subordinated debt investment in a RSL affordable housing portfolio	£3m	35	Preliminary discussions
Subordinated debt investment in a mature waste disposal project**	£14m	30	Preliminary discussions
Subordinated debt investment in a local authority leisure facility**	£3m	31	Preliminary discussions
Subordinated debt investment in two student accommodation projects	£3m	28	Preliminary discussions
Subordinated debt investment in three education facilities	£8m	20	Preliminary discussions
Subordinated debt investment in a defence facility	£4m	26	Preliminary discussions
Senior PFI loan portfolio guarantee	<b><i>Not yet decided</i></b>	<b><i>Not yet decided</i></b>	Preliminary discussions

\* The estimated investment amount, expected investment term and deal status for each project referred to in the table reflects the Investment Adviser's estimate of each of these matters as at the date of this document.

\*\* Outside Scope Projects, as defined in paragraph 4 of Part 4 of this document.



## PART 6

### THE INVESTMENT ADVISER AND ITS EXPERIENCE

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

The partners of the Investment Adviser formed Gravis Capital Partners LLP in May 2008 with a view to developing a specialist infrastructure advisory boutique. This business model was amended to focus specifically on fund management, principally in the area of UK PFI, with the launch of the Master Fund in July 2009. The Investment Adviser expects by the end of 2010 to be managing up to three non-PFI funds (in the fields of student accommodation, commodities and real estate reversions). However, the primary focus of four of the existing partners of Gravis Capital Partners LLP (as detailed below) is, and is expected to remain, the delivery of investment advisory services to the Company and the Master Fund.

In the last six years, the partners of the Investment Adviser have provided capital structuring advice on infrastructure projects with a value in excess of £1 billion, of which a significant proportion involved the provision of subordinated debt. The partners in 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 PFI market, including equity investors and lenders.

The partners of the Investment Adviser have advised extensively on debt structures in a wide variety of infrastructure sectors over the last six years, including healthcare, education, court buildings, specialised offices, registered social landlord accommodation and transport. They have primarily advised Project Companies or their owners.

The personnel responsible for delivering investment advice to the Master Fund on behalf of the Investment Adviser are as follows:

#### ***Stephen Ellis (51)***

Stephen Ellis has overall responsibility for the provision of investment advice to the Master Fund and the Company.

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

#### ***Rollo Wright (33)***

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

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



***Nick Parker (40)***

Nick Parker is responsible for the negotiation and documentation of the Master Fund's financing and hedging arrangements.

Nick holds a degree in Economics from Cambridge University. After 10 years in investment banking, focused on rate structured products and asset-backed securities, he became a Director of Structured Finance at DTZ where he advised on the financing of long-dated cash flows underlying property and infrastructure assets, particularly in respect of their documentation and hedging.

***Ronan Kierans (31)***

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

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

***Tom Ward (32)***

Tom Ward assists with the assessment of the operational competence of an investment target, focusing on the track record of the associated facilities manager.

Tom graduated with a degree in Economics from the University of Birmingham. He qualified as a chartered accountant with Arthur Andersen and went on to join the corporate finance division of Ernst and Young specialising in the origination of asset-backed securities. He joined DTZ Corporate Finance as an associate director in the structured finance team where he advised on structuring and funding student accommodation, education and healthcare corporate transactions.

## **PART 7**

### **THE PLACING AND OFFER FOR SUBSCRIPTION**

#### **1. Introduction**

The Company is seeking to raise approximately £50 million (before expenses) through the Placing and Offer for Subscription.<sup>4</sup>

The Issue is not being underwritten and will not proceed if the Net Proceeds of the Issue would be less than the Minimum Net Proceeds. If the issue does not proceed, subscription monies received will be returned without interest at the risk of the applicant.

The Directors intend to invest the Available Net Proceeds of the Placing and Offer for Subscription in Master Fund Income Shares pursuant to the Subscription, in accordance with the Company's investment policy, details of which are set out in paragraph 2 of Part 1 of this Prospectus.

In the event that the Net Proceeds of the Issue would be less than the Minimum Net Proceeds, the Company could only proceed with the Issue if it published a supplementary prospectus that waived the condition to raise the Minimum Net Proceeds.

#### **2. The Issue**

Application will be made for the Ordinary Shares to be admitted to the Official List and to trading on the Main Market of the London Stock Exchange.

It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence at 8.00 a.m. on 22 July 2010.

On the basis that the Issue is fully subscribed as to £50 million, it is expected that the Company will receive approximately £48.9 million from the Issue, net of fees and expenses associated with the Issue.

The Issue, which is not underwritten, is conditional upon:

- (a) Admission occurring on or before 8.00 a.m. (London time) on 22 July 2010 or such time and/or date as the Company and the Placing Agent may agree, being not later than 20 August 2010;
- (b) the Placing Agreement having become unconditional in all respects (save for conditions relating to Admission) and not having been terminated in accordance with its terms before Admission; and
- (c) not less than the Minimum Net Proceeds (or such lesser number as the Company and the Placing Agent may agree) being subscribed for pursuant to the Issue.

If these conditions are not met, the Issue will not proceed.

#### **3. Investor profile**

The Placing will primarily be marketed to institutional and sophisticated investors. Typical investors pursuant to the Offer are expected to be UK based asset and wealth managers regulated or authorised by the FSA and some private individuals (some of whom may invest through brokers).

---

<sup>4</sup> In the event of excess demand, the Company may raise up to £70 million, in the absolute discretion of the Directors.

#### **4. The Offer for Subscription**

The Offer for Subscription will open on 28 June 2010 and the latest time for receipt of Application Forms will be 1.00 p.m. on 15 July 2010. Admission to the Official List is expected to occur and unconditional dealings in the Ordinary Shares are expected to commence at 8.00 a.m. on 22 July 2010.

The terms and conditions of applications under the Offer for Subscription and an Application Form are set out at the end of this Prospectus. These terms and conditions should be read carefully before an application is made. Investors should consult their respective stockbrokers, bank managers, solicitors, accountants or other independent financial advisers if they are in doubt. Application Forms, accompanied by a cheque or duly endorsed banker's draft, should be returned by post, or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 1.00 p.m. on 15 July 2010.

Applications under the Offer for Subscription must be for a minimum subscription amount of £50,000 and thereafter in multiples of £1,000.

#### **5. The Placing**

The Company, the Investment Adviser, the Directors and the Placing Agent have entered into the Placing Agreement, pursuant to which the Placing Agent has agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers for the Ordinary Shares made available in the Placing at the Offer Price in return for the payment by the Company of placing commissions to the Placing Agent. Placing commitments should be received no later than 4.30 p.m. on 16 July 2010.

Details of the terms of the Placing Agreement are set out in paragraph 7 of Part 9 of this document.

The terms and conditions which shall apply to any subscriber for Ordinary Shares pursuant to the Placing are set out at the end of this document.

Applications under the Placing must be for a minimum subscription amount of £50,000.

#### **6. Issue expenses**

The costs of the Issue will be borne out of the proceeds of the Issue. The total costs of the Issue (including any commissions) are expected to be approximately 2 per cent. of the gross proceeds of the Issue, assuming the Company raises £50 million pursuant to the Issue.

#### **7. Settlement**

Payment for the Ordinary Shares applied for under the Placing should be made in accordance with the terms and conditions of the Placing set out at the end of this document. Payment for Ordinary Shares applied for under the Offer for Subscription should be made in accordance with the settlement instructions contained in the Application Form set out at the end of this document. To the extent that any application or subscription for Ordinary Shares is rejected in whole or in part, or the Directors determine in their absolute discretion that the Issue should not proceed, monies will be returned to each relevant applicant by crossed cheque in favour of the applicant(s) at its risk and without interest.

The Company does not propose to accept multiple subscriptions. Financial intermediaries who are investing on behalf of clients should make separate applications or, if making a single application for more than one client, provide details of all clients in respect of whom the application is being made. Multiple applications or suspected multiple applications on behalf of a single client are liable to be rejected.

#### **8. Certificates and CREST**

The Ordinary Shares will be issued in registered form and may be held in certificated or uncertificated form. Applicants under the Offer who wish their Ordinary Shares to be held in uncertificated form (that is, in CREST) should ensure that they complete the details in Box 2B of the Application Form. Temporary documents of title will not be issued pending the despatch of definitive certificates for Ordinary Shares.

Dealings in the Ordinary Shares in advance of the crediting of the relevant CREST account or the issue of share certificates will be at the risk of the persons concerned.

## **9. Money Laundering**

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK and/or Jersey, the Company and its agents, the Administrator, the Investment Adviser and the Placing Agent may require evidence in connection with any application for Ordinary Shares, including further identification of the applicant(s) before any Ordinary Shares are issued.

The Company and its agents, the Administrator, the Investment Adviser and the Placing Agent reserve the right to request such information as is necessary to verify the identity of the prospective Shareholder and (if any) the underlying prospective beneficial owner of the Ordinary Shares. In the event of delay or failure by the prospective Shareholder to produce any information required for verification purposes, the Directors, in consultation with the Placing Agent and the Investment Adviser, may refuse to accept a subscription for Ordinary Shares.

## **10. Scaling back and allocation**

In the event that aggregate applications for Ordinary Shares under the Placing and the Offer for Subscription were to exceed a level that the Directors determine, in their absolute discretion at the time of closing the Issue, to be the appropriate maximum size of the Issue, it would be necessary to scale back applications under the Issue. The Placing Agent reserves the right after consultation with the Company, to scale back applications in such amounts as it considers appropriate. The Company reserves the right to decline in whole or in part any application for Ordinary Shares pursuant to the Issue.

Accordingly, applicants for Ordinary Shares may, in certain circumstances, not be allotted the number of Ordinary Shares for which they have applied.

The Company will notify investors of the number of Ordinary Shares in respect of which their application has been successful, and the result of the Issue will be announced by the Company, on or around 19 July 2010 by way of an announcement through a Regulated Information Service.

Monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned without interest at the risk of the applicant to the applicant from whom the money was received.

## **PART 8**

### **TAXATION**

#### **1. Taxation**

##### **1.1 General**

The statements on taxation below are intended to be a general summary of certain tax consequences that may arise in relation to the Company and Shareholders. This is not a comprehensive summary of all technical aspects of the structure and is not intended to constitute legal or tax advice to investors. Prospective investors should familiarise themselves with, and where appropriate should consult their own professional advisers on, the overall tax consequences of investing in the Company. The statements relate to investors acquiring Ordinary Shares for investment purposes only, and not for the purposes of any trade. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely. The tax consequences for each investor of investing in the Company may depend upon the investor's own tax position and upon the relevant laws of any jurisdiction to which the investor is subject.

##### **1.2 Jersey Taxation**

The following summary of the anticipated treatment of the Company and holders of its Ordinary Shares is based on Jersey taxation law and practice as it is understood to apply at the date of this document. It does not constitute legal or tax advice and does not address all aspects of Jersey tax law and practice (including such tax law and practice as it applies to any land or building situated in Jersey). Prospective investors in the Ordinary Shares should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of Ordinary Shares in the Company under the laws of any jurisdiction in which they may be liable to taxation.

###### **1.2.1 Taxation of the Company**

The Company will be regarded as resident for tax purposes in Jersey and will be subject to income tax in Jersey at a current rate of zero per cent.

###### **1.2.2 Holders of Ordinary Shares**

Dividends on Ordinary Shares and all redemption proceeds may be paid by the Company without withholding or deduction for or on account of Jersey income tax and holders of Ordinary Shares will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such Ordinary Shares. The attention of any holder of Ordinary Shares who is resident in Jersey is drawn to the provisions of Article 134A of the Income Tax (Jersey) Law 1961, as amended, which may in certain circumstances render such a resident liable to Jersey income tax on undistributed income or profits of the Company.

###### **1.2.3 Goods and Services Tax**

Jersey has introduced a tax on goods and services supplied in the Island ("GST"). On the basis that the Company has obtained international services entity status, GST is not chargeable on supplies of goods and/or services made by the Company. The Directors intend to conduct the business of the Company such that no GST will be incurred by the Company.

###### **1.2.4 Stamp Duty**

In Jersey, no stamp duty is levied on the issue or transfer of the Ordinary Shares except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer Ordinary Shares on the death of a holder of such Ordinary Shares. In the case of a grant of probate or letters of administration, stamp duty is levied

according to the size of the estate (wherever situated in respect of a holder of Ordinary Shares domiciled in Jersey, or situated in Jersey in respect of a holder of Ordinary Shares domiciled outside Jersey) and is payable on a sliding scale at a rate of up to 0.75 per cent. of such estate. The rules for joint holders and holdings through a nominee are different and advice relating to this form of holding should be obtained from a professional adviser.

Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there otherwise estate duties.

#### 1.2.5 *European Union Directive on the Taxation of Savings Income*

On 1 July 2005, agreements on the taxation of savings income which were entered into between Jersey and each of the EU Member States came into effect. These agreements provided the same provisions as the EU Savings Tax Directive and required, in certain circumstances, the retention of tax from payments made by certain Jersey collective investment vehicles to EU resident individuals. The Company has taken advice and received confirmation from the Comptroller of Jersey Income Tax acting as the competent authority that administers these agreements that the Company is currently outside the scope of the agreements.

### 1.3 ***United Kingdom***

1.3.1 The statements below relate to the UK tax implications of a UK resident, ordinarily resident and domiciled individual investing in the Company (unless expressly stated otherwise). The tax consequences may differ for investors who are not resident or ordinarily resident in the UK or are not domiciled in the UK for tax purposes. Investors and prospective investors should seek their own professional advice as to this, as well as to any other relevant laws and regulations in the jurisdiction in which they are resident or domiciled for tax purposes. The statements are based on current tax legislation and HMRC practice, both of which are subject to change at any time, possibly with retrospective effect.

#### 1.3.2 *UK taxation of the Company*

The Directors intend to conduct the affairs of the Company in such a manner as to minimise, so far as they consider reasonably practicable, taxation suffered by the Company. This will include conducting the affairs of the Company to seek to ensure that it does not become resident in the UK for taxation purposes. Accordingly, and provided the Company does not carry on a trade in the UK (whether or not through a permanent establishment situated therein) and is not centrally managed and controlled in the UK, the Company should not be subject to UK income tax or corporation tax other than on UK source income.

#### 1.3.3 *UK taxation of individuals*

This paragraph provides general guidance for individual Shareholders who are UK resident and ordinarily resident for UK tax purposes and who hold Ordinary Shares as investments and not as trading stock.

Individual Shareholders resident, ordinarily resident and domiciled in the UK will be liable to UK tax at their applicable marginal rates on dividend distributions made by the Company, and on any gain arising from a disposal or part disposal of the Ordinary Shares in the Company. Shareholders holding minority interests in the Company (being less than 10 per cent. of the issued share capital) should be entitled to a non-refundable tax credit in respect of the dividend equal to one ninth of the dividend received.

UK resident individual Shareholders who are not domiciled in the UK should benefit from the remittance basis of taxation in respect of dividends received from the Company, provided that they satisfy the relevant criteria to qualify for the remittance basis. If so, they should not be subject to tax in the UK on those dividends, provided that the dividends are not remitted to the UK.

The Directors consider that the Company should not constitute an “offshore fund” for the purposes of Part 8 Taxation (International and Other Provisions) Act 2010, as the Company is closed-ended with an unlimited life. However, as the law and practice in relation to offshore funds has recently changed, the Directors will monitor the Company’s status in this regard. If the Company were to be treated as an offshore fund, disposals of Ordinary Shares would give rise to an offshore income gain taxable as income (rather than capital) unless the Company were to apply to be a “reporting fund” in accordance with the Offshore Funds (Tax) Regulations 2009, as amended.

Individual Shareholders should be aware of the provisions of section 720 Income Taxes Act 2007, which may in certain circumstances render them liable to UK income tax in respect of undistributed income of the Company.

Individual Shareholders should be aware that, if they hold or are treated as holding more than 10 per cent. of the Ordinary Shares in the Company and the Company would be treated as a “close” company if it were resident in the UK, gains which are capital gains for the purposes of UK tax accruing to the Company may be attributed to them if such gains are not distributed, pursuant to Section 13 Taxation of Chargeable Gains Act 1992.

#### 1.3.4 *UK taxation of UK companies*

Companies resident in the UK for tax purposes will generally be exempt from corporation tax on dividends received from the Company in respect of their shareholdings. Such UK companies will, however, be subject to UK corporation tax on chargeable gains in respect of any gains arising on a disposal of Ordinary Shares in the Company.

Shareholders subject to UK corporation tax should be aware that, if the Company is or becomes controlled by persons resident in the UK, the Company may be treated as a controlled foreign company for the purposes of UK taxation pursuant to Sections 747 to 756 Income and Corporation Taxes Act 1988. Accordingly, such a Shareholder which has an interest in the Company of 25 per cent. or more, may be taxable on any undistributed profits of the Company, as calculated on a UK basis, which are attributable to its interests in the Company.

The provisions of Part 8 of the Taxation (International and Other Provisions) Act 2010 and section 13 of the Taxation of Chargeable Gains Act 1992 as set out above apply equally to shareholders subject to UK corporation tax as they do to UK resident individuals. As stated above, the Directors do not consider the Company to constitute an “offshore fund”.

#### 1.4 ***Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)***

- 1.4.1 The following comments are intended as a guide to the current general stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply. No UK stamp duty or SDRT will be payable on the issue of the Ordinary Shares. UK stamp duty (at the rate of 0.5 per cent. of the amount of the value of the consideration for the transfer rounded up where necessary to the nearest £5) is payable on any instrument of transfer of Ordinary Shares executed within, or in certain cases brought into, the UK. Provided that the Ordinary Shares are not registered in any register of the Company kept in the UK, any agreement to transfer Ordinary Shares should not be subject to UK stamp duty or SDRT.

If you are in any doubt as to your tax position you should consult your professional adviser.



## **PART 9**

### **ADDITIONAL INFORMATION ON THE COMPANY**

#### **1. Incorporation and Status of the Company**

- 1.1 The Company was incorporated in Jersey on 21 May 2010 under the provisions of the Jersey Companies Law with registered number 105775 with the name GCP Infrastructure Investments Limited.
- 1.2 The principal legislation under which the Company operates, and under which the Ordinary Shares have been created, is the Jersey Companies Law.
- 1.3 The Company's legal and commercial name is GCP Infrastructure Investments Limited.
- 1.4 The registered and head office of the Company is at 12 Castle Street, St. Helier, Jersey JE2 3RT. The Company is domiciled in Jersey. The telephone number of the Company's registered office is +44 (0)1534 847000.
- 1.5 The Directors confirm that the Company has not traded and that no accounts of the Company have been made since the Company's incorporation on 21 May 2010. The Company's accounting period will end on 30 September of each year, with the first such financial period commencing on incorporation of the Company and ending on 30 September 2011.
- 1.6 Save for its entry into the material contracts summarised in paragraph 9 of this Part 9 and certain non-material contracts, the Company has not carried on business or incurred borrowings since its incorporation.
- 1.7 Ernst & Young LLP has been the only auditor of the Company since its incorporation. Ernst & Young LLP is a member of the Institute of Chartered Accountants in England and Wales. The annual report and accounts of the Company will be prepared according to IFRS as adopted by the EU and Jersey Companies Law.

#### **2. Share Capital of the Company**

- 2.1 As at the date of incorporation of the Company, the authorised share capital of the Company was £1,000,000 divided into 1,000,000 ordinary shares of £1.00 each and the issued share capital of the Company was £100 divided into 100 fully paid ordinary shares of £1.00 each which were held by Capita Financial Administrators (Jersey) Limited. On 24 June 2010, these shares were transferred as to 50 fully paid ordinary shares of £1.00 each to Capita Nominees Limited and as to 50 fully paid ordinary shares of £1.00 each to Capita Secretaries Limited. As at the date of this document, the authorised share capital of the Company is £2,000,000 divided into 200,000,000 Ordinary Shares and the issued share capital of the Company is £100 divided into 10,000 Ordinary Shares which are held as to 5,000 Ordinary Shares by Capita Nominees Limited and as to 5,000 Ordinary Shares by Capita Secretaries Limited. If Admission had taken place on the date of incorporation (and assuming that 50 million Ordinary Shares had been issued pursuant to the Placing and Offer for Subscription and no Switching had occurred), the Placing and Offer for Subscription would have increased the net assets of the Company by £48.9 million and would have been earnings neutral.
- 2.2 The issued share capital of the Company immediately following Admission will constitute the 10,000 Ordinary Shares referred to in paragraph 2.1 above together with:
  - 2.2.1 the Ordinary Shares (which will not exceed 70,000,000 Ordinary Shares) issued pursuant to the Issue; and
  - 2.2.2 any Ordinary Shares issued to shareholders of the Master Fund who elect, prior to Admission, to swap their shares in the Master Fund for Ordinary Shares pursuant to the arrangements for Switching described in paragraph 13 of Part 1 of this document.

2.3 By a resolution passed on 28 June 2010, it was resolved:

- 2.3.1 to adopt the Articles as the new articles of association of the Company;
- 2.3.2 that each of the existing issued and authorised ordinary shares of £1.00 each in the capital of the Company be sub-divided and converted into 100 Ordinary Shares, each having the rights and being subject to the restrictions set out in the Articles;
- 2.3.3 that the authorised share capital of the Company be increased from £1,000,000 to £2,000,000;
- 2.3.4 that the Directors be generally and unconditionally authorised to allot equity securities (as defined in the Articles) up to a maximum aggregate nominal amount of £1,999,900, such authority to expire, unless previously revoked or varied, at the conclusion of the next annual general meeting of the Company or, if earlier, 20 November 2011, but so that the Company may, before such expiry, make an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry and the Directors may allot Ordinary Shares pursuant to such an offer or agreement as if such authority had not expired;
- 2.3.5 that the directors be empowered to allot or make offers or agreements to allot equity securities (as defined in the Articles) for cash pursuant to the authority described in paragraph 2.3.3 above as if the pre-emption rights contained in the Articles in respect of such equity securities did not apply to any such allotment, provided that this power shall be limited to:
  - (a) the allotment of up to 70,000,000 Ordinary Shares pursuant to the Placing and the Offer for Subscription;
  - (b) the allotment of equity securities in connection with an offer of such securities by way of a rights issue; and
  - (c) otherwise than pursuant to the authorities described in sub-paragraphs 2.3.4 (a) and (b) above, the allotment of equity securities up to a maximum nominal amount equal to 9.99 per cent. of the nominal value of the Company's issued share capital immediately following Admission,

and such authority will, unless previously revoked or varied, expire at the conclusion of the next annual general meeting of the Company, or, if earlier, 20 November 2011, save that the Company may, before such expiry, make an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if this power had not expired;

- 2.3.6 that the Company be generally and unconditionally authorised to make market purchases of up to 14.99 per cent. of the Ordinary Shares in issue immediately following Admission, such authority to expire, unless previously revoked or varied, at the conclusion of the next annual general meeting of the Company or, if earlier, 20 November 2011 (except in relation to the purchase of Ordinary Shares the contract for which was concluded before the expiry of said authority or which will or may be executed wholly or partly after such expiry). The maximum price payable, exclusive of any expenses, for each Ordinary Share shall be an amount equal to the higher of (i) 105 per cent. of the average of the middle market quotations for an Ordinary Share (as derived from the Official List) for the five Business Days immediately preceding the day of purchase and (ii) the latest independent trade and the highest current independent bid on the Official List. The minimum price payable shall be one pence per Ordinary Share; and
- 2.3.7 that the Directors be authorised, in accordance with Article 114 of the Articles, to offer holders of Ordinary Shares, to the extent and in the manner determined by the Directors, the right to elect (in whole or in part) to receive Ordinary Shares, credited as fully paid, instead of cash, in respect of any dividend as may be declared by the Directors from time to time, provided that such authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2015.

- 2.4 As at 25 June 2010 (being the latest practicable date prior to the date of this document) the Company does not hold any Ordinary Shares in treasury and no Ordinary Shares are held by or on behalf of the Company itself or by subsidiaries of the Company.
- 2.5 Other than the issue of Ordinary Shares pursuant to the Placing and the Offer for Subscription and Ordinary Shares to be issued pursuant to the arrangements for Switching described in paragraph 13 of Part 1 of this document, the Company has no present intention to issue any of the authorised but unissued new Ordinary Shares in the share capital of the Company.
- 2.6 The Company does not have in issue any securities not representing share capital.
- 2.7 No Ordinary Shares are currently in issue with a fixed date on which entitlement to a dividend arises or with a time limit after which entitlement to a dividend lapses and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 2.8 Save as disclosed in this paragraph 2, there has been no issue of share or loan capital of the Company since the Company's incorporation and (other than pursuant to the Placing, the Offer for Subscription and other than any Ordinary Shares to be issued pursuant to the arrangements for Switching described in paragraph 13 of Part 1 of this document) no such issues are proposed.
- 2.9 Save pursuant to the Placing Agreement (which is summarised in paragraph 7 of this Part 9 of this document), no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company since the Company's incorporation.
- 2.10 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option, nor will any such share or loan capital be under option or agreed, conditionally or unconditionally, to be put under option at Admission.
- 2.11 Other than pursuant to the Placing and the Offer for Subscription and the arrangements for Switching described in paragraph 13 of Part 1 of this document, none of the Ordinary Shares have been sold or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to the Official List.
- 2.12 The Ordinary Shares will be in registered form. No temporary documents of title will be issued and prior to the issue of definitive certificates transfers will be certified against the register. It is expected that definitive share certificates for the Ordinary Shares not to be held through CREST will be posted to allottees by the week commencing 2 August 2010. Ordinary Shares to be held through CREST will be credited to CREST accounts on Admission.
- 2.13 No convertible securities, exchangeable securities or securities with warrants have been issued by the Company.
- 2.14 No person has voting rights that differ from those of other Shareholders.

### **3. Articles of Association**

The Articles contain, *inter alia*, the following material provisions:

#### **3.1 *Objects***

The Memorandum and Articles do not limit the objects of the Company.

#### **3.2 *Voting rights***

Subject to the rights or restrictions referred to in paragraph 3.3 below, and subject to any special rights or restrictions as to voting for the time being attached to any shares, on a show of hands (a) every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative shall have one vote; and (b) every proxy appointed by a member shall have one vote save that every proxy appointed by one or more members to vote for the resolution and by one or more other members to vote against the resolution, has one vote for and one vote against.

### 3.3 ***Restrictions on voting***

Unless the Board otherwise decides, a member of the Company shall not be entitled to vote, either in person or by proxy, at any general meeting of the Company in respect of any share held by him unless all calls and other amounts presently payable by him in respect of that share have been paid.

A member of the Company shall not, if the Directors determine, be entitled to be present or to vote at general meetings of the Company or to exercise any other rights of membership if he, or another person appearing to be interested in the relevant shares, has failed to comply with a notice requiring disclosure of interests in shares given under Article 42 of the Articles within 14 days.

### 3.4 ***Dividends***

The Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests in the profit. The Board may pay such interim dividends as appear to the Board to be justified by the financial position of the Company. No dividend or other monies payable by the Company on or in respect of any Ordinary Share shall bear interest as against the Company unless otherwise provided by the rights attaching to the Ordinary Share.

The Directors may, if authorised by an ordinary resolution of the Company, offer the holders of any particular class of shares in the Company the right to elect to receive further shares (whether or not of that class), credited as fully paid, instead of cash in respect of all or part of any dividend specified by the ordinary resolution.

The Company or the Board may fix a date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared.

A dividend unclaimed for a period of 12 years after having been declared or became due for payment shall be forfeited and cease to remain owing by the Company.

### 3.5 ***Return of capital***

If the Company is in liquidation, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the members *in specie* the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the same sanction, vest the whole or any part of the assets in trustees on trusts for the benefit of the members as the liquidator, with the same sanction, thinks fit but no member shall be compelled to accept any assets on which there is any liability.

### 3.6 ***Variation of rights***

Any rights attaching to a class of shares in the Company may be varied in such manner (if any) as may be provided by those rights or with the written consent of the holders of three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the relevant class. The quorum for the separate general meeting shall be two persons holding, or representing by proxy, not less than one-third in nominal amount of the issued shares of the relevant class (excluding any shares of that class held as treasury shares).

### 3.7 ***Transfer of shares***

Subject to the restrictions set out in this paragraph, any member may transfer all or any of his shares in the Company in any manner which is permitted by the Statutes (as defined in the Articles) or in any other manner which is from time to time approved by the Board.

The instrument of transfer of any share in the Company shall be in writing in any usual common form or in any other form permitted by the Statutes (as defined in the Articles) or approved by the Board. The transferor is deemed to remain the holder of the shares concerned until the name of the transferee

is entered in the register of members in respect of those shares. All transfers of uncertificated shares shall be made by means of the relevant system or in any other manner which is permitted by the Statutes or the Regulations (each as defined in the Articles) and is from time to time approved by the Board.

The Directors have a discretion to refuse to register any transfer of a certificated share of any class which is not fully paid provided that, where any shares are admitted to the Official List or to trading on AIM, this does not prevent dealings in the shares of that class from taking place on an open and proper basis. The Directors may also decline to register any transfer of shares in certificated form unless (a) the instrument of transfer, duly stamped, is deposited at the office of the Company or such other place as the Board may appoint, accompanied by the certificate for the shares to which it relates if such a certificate has been issued, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; (b) the transfer is in respect of only one class of shares and is in favour of no more than four transferees.

The Directors may, pursuant to the provisions of the Articles relating to disclosure of interests, decline to register a transfer in respect of shares which are the subject of a notice under Article 42 and in respect of which the required information has not been received by the Company within 14 days after service of the notice.

The registration of transfers of shares or of transfers of any class of shares may be suspended at such times and for such periods as the Directors may determine.

In respect of any allotment of any share the Directors shall have the same right to decline to approve the registration of any renouncee of any allottee as if the application to allot and the renunciation were a transfer of a share under the Articles.

Save as aforesaid, the Articles contain no restrictions as to the free transferability of fully paid shares.

### 3.8 *Pre-emption rights*

There are no provisions under Jersey Companies Law equivalent to section 561 of the UK Companies Act 2006 which confer pre-emption rights on existing shareholders in connection with the allotment of equity securities for cash or otherwise, but similar pre-emption rights (with certain exceptions) are contained within the Articles.

The Articles provide that, unless otherwise authorised by a special resolution, the Company shall not allot equity securities (as defined in the Articles) on any terms unless (i) the Company has first made an offer to each person who holds ordinary shares in the Company to allot to him, on the same or more favourable terms, such proportion of those equity securities that is as nearly as practicable (fractions being disregarded) equal to the proportion in nominal value held by the relevant person of the ordinary shares in the Company; and (ii) the period, which shall not be less than 21 clear days, during which any offer referred to in (i) above may be accepted has expired or the Company has received notice of the acceptance or refusal of every offer made. A reference to the allotment of equity securities includes the grant of a right to subscribe for, or to convert any securities into, equity securities in the Company but does not include the allotment of any equity securities pursuant to such a right.

The pre-emption rights set out above shall not apply to:

- (a) a particular allotment of equity securities if these are, or are to be, wholly or partly paid up or allotted otherwise than in cash or are allotted in whole or in part otherwise than for cash; or
- (b) the allotment of equity securities which would, apart from a renunciation or assignment of the right of their allotment, be held under an employee share scheme; or
- (c) the allotment of bonus shares in the Company.

### 3.9 *Disclosure of interests in shares*

The provisions of Chapter 5 of the Disclosure and Transparency Rules (as amended from time to time) (“**DTR 5**”) of the UK Financial Services Authority Handbook apply to the Company on the basis that the Company is a “non-UK issuer”, as such term is defined in DTR 5. As such, a person is required to notify the Company of the percentage of voting rights it holds as a shareholder or holds or is deemed to hold through the direct or indirect holding of financial instruments falling within DTR 5 if, as a result of an acquisition or disposal of shares (or financial instruments), the percentage of voting rights reaches, exceeds or falls below the relevant percentage thresholds being, in the case of a non-UK issuer, 5, 10, 15, 20, 25 30, 50 and 75 per cent. Pursuant to the Articles, DTR 5 is deemed to apply to the Company as though the Company were a “UK issuer”, as such term is defined by DTR 5. As such, the relevant percentage thresholds that apply to the Company are 3, 4, 5, 6, 7, 8, 9, 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. notwithstanding that in the absence of the Articles such thresholds would not apply to the Company.

There are no provisions under Jersey Companies Law equivalent to those contained in Part 22 of the UK Companies Act 2006 (Disclosure of Interests in Shares). Accordingly, in order to make provision for the disclosure of interests, the Articles contain provisions which require members, in certain circumstances, to disclose interests in the shares of the Company.

The Company has the right, by service of notice in writing, to require a registered member to disclose to the Company the nature of his interest in shares in the Company held at such time or at any time in the previous three years including the identity of any person, other than the member, who has any interest in the shares held by the member, and the nature of such interest.

A member will be required to respond within 14 days of receipt of the notice. The sanctions applicable if a member is in default of his obligation to respond to such notice include the member being no longer entitled to exercise voting rights attaching to the shares held by that member, dividends payable on the member’s shares being withheld and transfers of shares being refused registration, in each case, until such time as the member complies with the obligation to respond.

### 3.10 *Alteration of capital and purchase of own shares*

The Company may alter its share capital in any way that is permitted by the Statutes (as defined in the Articles).

### 3.11 *General meetings*

#### *Annual general meetings*

The requirement for the Company to hold an annual general meeting may be dispensed with if all of the members agree in writing and any such agreement remains valid in accordance with the Jersey Companies Law. Otherwise, the Company shall in each calendar year hold a general meeting as its annual general meeting at such time and place outside the UK as may be determined by the directors provided that, so long as the Company holds its first annual general meeting within eighteen months of its incorporation, the Company need not hold an annual general meeting in the year of its incorporation or in the following year.

#### *Convening of general meetings*

All meetings, other than annual general meetings, shall be called general meetings. The Board may convene a general meeting whenever it thinks fit. All general meetings shall take place outside the UK. A general meeting shall also be convened by the Board on the requisition of members not later than two months after the receipt of the requisition pursuant to the provisions of Jersey Companies Law or, in default, may be convened by such requisitions, as provided by the Statutes. The Board shall comply with the provisions of the Statutes regarding the giving and the circulation, on the requisition of members, of notices of resolutions and of statements with respect to matters relating to any resolution to be proposed or business to be dealt with at any general meeting of the Company.



### *Notice of general meetings*

At least fourteen clear days' notice shall be given of every annual general meeting and of every general meeting of the Company, including without limitation, every general meeting called for the passing of a special resolution.

Notwithstanding that a meeting is called by less than fourteen clear days' notice, any such meeting shall be deemed to have been duly called if it is so agreed (a) in the case of an annual general meeting by all the members entitled to attend and vote thereat and (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting being a majority together holding not less than ninety-five per cent. in nominal value of the shares giving that right.

Every notice shall specify the place outside the UK, the day and the time of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.

Subject to the provisions of the Articles, and to any restrictions imposed on any shares, notice of every general meeting shall be given to all members, to all persons entitled to a share in consequence of the death, bankruptcy or incapacity of a member, to the auditors (if any) and to every Director who has notified the secretary in writing of his desire to receive notice of general meetings.

In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote at that meeting instead of him and that a proxy need not also be a member of the Company.

### *Quorum*

No business shall be transacted at any general meeting, except the adjournment of the meeting, unless a quorum of members is present at the time when the meeting proceeds to business.

A quorum of members shall consist of not less than two members present but so that not less than two individuals will constitute the quorum, provided that, if at any time all of the issued shares in the Company are held by one member such quorum shall consist of that member present.

If within 15 minutes from the time appointed for the holding of a general meeting a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to a day 10 clear days after the original meeting (or, if that day is not a business day, to the next business day) and the same time and place, as the original meeting, or to such later business day, and at such other time and place outside the UK, as the Board may decide and in the latter case not less than seven clear days' notice of the adjourned meeting shall be given in any manner in which notice of a meeting may lawfully be given for the time being. If at an adjourned meeting a quorum is not present within 15 minutes from the time fixed for holding the meeting, the meeting shall be dissolved.

### *Chairman*

At each general meeting, the chairman of the Board or, if he is absent or unwilling, the deputy chairman (if any) of the Board or (if more than one deputy chairman is present and willing) the deputy chairman who has been longest in such office or, if no deputy chairman is present and willing, then one of the other Directors who is appointed for the purpose by the Board or (failing appointment by the Board), by the members present, shall preside as chairman of the meeting, but if no Director is present within 15 minutes after the time fixed for holding the meeting or, if none of the Directors present is willing to preside, the members present and entitled to vote shall choose one of their number to preside as chairman of the meeting.



#### *Directors entitled to attend and speak*

Whether or not he is a member, a Director shall be entitled to attend and speak at any general meeting of the Company and at any separate general meeting of the holders of any class of shares of the Company.

#### *Adjournment*

With the consent of any meeting at which a quorum is present, the chairman of the meeting may (and if so directed by the meeting shall) adjourn the meeting from time to time or sine die and from place to place outside the UK.

In addition, the chairman of the meeting may at any time, without the consent of the meeting, adjourn the meeting (whether or not it has commenced or a quorum is present) to another time and/or place outside the UK if, in his opinion, it would facilitate the conduct of the business of the meeting to do so, notwithstanding that by reason of such adjournment some members may be unable to be present at the adjourned meeting.

#### *Method of voting and demand for poll*

At a general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of the meeting;
- (b) not less than five members having the right to vote on the resolution;
- (c) a member or members representing in aggregate not less than 10 per cent. of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to any shares in the Company held as treasury shares),

and a demand for a poll by a person as proxy for a member shall be as valid as if the demand were made by the member himself.

#### *Taking a poll*

If a poll is demanded (and the demand is not withdrawn), it shall be taken at such time (either at the meeting at which the poll is demanded or within 30 days after the meeting), at such place outside the UK and in such manner as the chairman of the meeting shall direct and he may appoint scrutineers (who need not be members).

#### *Proxies*

A proxy need not be a member of the Company and a member may appoint more than one proxy in relation to a meeting to attend and to speak and to vote on the same occasion provided that each proxy is appointed to exercise the rights attached to a different share or shares held by a member.

### **3.12 Directors**

#### *Number and residence*

Unless otherwise determined by ordinary resolution of the Company, the number of Directors (other than alternate directors) shall be not less than two but there shall be no maximum number of Directors. A majority of the directors (including alternate directors) must be resident for tax purposes outside the UK.

#### *Remuneration*

The Directors (other than any Director who for the time being holds an executive office of employment with the Company or a subsidiary of the Company) shall be paid out of the funds of the Company by way of remuneration for their services as Directors. The aggregate of such fees shall not

exceed £100,000 per annum (or such larger sum as the Company may, by ordinary resolution, determine) as the Directors may decide to be divided among them in such proportion and manner as they may agree or, failing agreement, equally. Any fee payable to the Directors under the Articles shall be distinct from any remuneration or other amounts payable to a Director under other provisions of the Articles and shall accrue from day to day.

The Directors may be paid all travelling, hotel and other expenses properly incurred in connection with the exercise of their powers and discharge of their duties as Directors including expenses incurred in travelling to and from meetings of the Board, committee meetings, general meetings and separate meetings of the holders of any class of securities of the Company.

#### *Retirement of Directors*

At each annual general meeting, any Director who has been appointed by the Board since the previous annual meeting and any Director selected to retire by rotation pursuant to the Articles shall retire from office.

#### *Retirement of Directors by rotation*

At each annual general meeting of the Company, one-third of the Directors (excluding any Director who has been appointed by the Directors since the previous annual general meeting) or, if their number is not an integral multiple of three, the number nearest to one-third, but not exceeding one-third, shall retire from office. In addition, each Director shall retire from office at the third annual general meeting after he was appointed or reappointed, if he would not otherwise fall within the Directors to retire by rotation.

The Directors to retire shall be those Directors who, at the date of the notice of the meeting, have been longest in office since their last appointment or re-appointment but, as between persons who became or were last re-appointed Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The Directors to retire on each occasion shall be determined (both as to number or identity) by the composition of the Board on the day which is 14 days prior to the date of the notice convening the annual general meeting and no Directors shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the Directors after that time but before the close of the meeting.

A retiring Director shall be eligible for re-appointment and (unless he is removed from office or his office is vacated in accordance with the Articles) shall retain office until the close of the meeting at which he retires or (if earlier) when a resolution is passed at that meeting not to fill the vacancy or to appoint another person in his place or the resolution to re-appoint him is put to the meeting and lost.

If at any meeting at which the appointment of a Director ought to take place the office vacated by a retiring Director is not filled, the retiring Director, if willing to act, shall be deemed to be re-appointed, unless at the meeting a resolution is passed not to fill the vacancy or to appoint another person in his place or unless the resolution to re-appoint him is put to the meeting and lost.

#### *Executive Directors*

The Board may appoint one or more Directors to hold any executive office or employment under the Company for such period and on such terms as the Board may determine.

A Director appointed to any executive office or employment shall automatically cease to hold that office if he ceases to be a Director.

#### *Directors' interests*

A Director shall not be entitled to vote on a resolution (or attend or count in the quorum at those parts of a meeting regarding such resolution) relating to a transaction or arrangement with the Company in

which he is interested, save where the other Directors resolve that the Director concerned should be entitled to do so where they are satisfied that the Director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest or save in any of the following circumstances:

- (a) the giving of any guarantee, security or indemnity in respect of (i) money lent or obligations incurred by such Director or by any other person at the request of or for the benefit of the Company (or any of its subsidiary undertakings) or in respect of (ii) a debt or obligation of the Company (or any of its subsidiary undertakings) for which such Director has assumed responsibility, in whole or in part, under a guarantee or an indemnity or by the giving of security;
- (b) any contract concerning an offer of shares, debentures or other securities of or by the Company (or any of its subsidiary undertakings) for subscription or purchase in which offer such Director is or may be entitled to participate as a holder of securities or such Director is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (c) any contract in which such Director is interested by virtue of his interest in shares, debentures or other securities of the Company or otherwise in or through the Company;
- (d) any contract concerning any other company in which such Director is interested, directly or indirectly, in 1 per cent. or more either of its equity share capital or of its voting rights;
- (e) any contract relating to an arrangement for the benefit of the employees of the Company (or any of its subsidiary undertakings) which does not award such Director any privilege or benefit not generally awarded to the employees to whom the arrangement relates;
- (f) any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to both Directors and employees of the Company and/or any of its subsidiary undertakings;
- (g) any contract concerning the adoption, modification or operation of an employees' share scheme; and
- (h) any proposal concerning the purchase or maintenance of insurance for the benefit of persons including Directors.

Subject to the Statutes and to the interest of a Director being duly declared, a contract entered into by or on behalf of the Company in which any Director is any way interested shall not be avoided nor shall any Director be liable to account to the Company for any benefit realised as a result of the contract.

A Director shall not vote, or be counted in the quorum at a meeting, in respect of any resolution of concerning his own appointment (including fixing or varying its terms), or the termination of his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested.

Where proposals are under consideration concerning the appointment (including fixing or varying its terms) or the termination of the appointment of two or more Directors to offices or places of profit with the Company or any other company which the Company is interested, a separate resolution may be put in relation to each Director and in that case, each Director concerned (if not otherwise debarred from voting) is entitled to vote.

#### *Authorisation of conflicts of interest*

Where a situation occurs or is anticipated to occur which gives rise or may give rise to a conflict of interest (excluding a conflict of interest arising in relation to a transaction or arrangement with the Company) on the part of any Director ("**Conflicted Director**") (other than a situation which cannot reasonably be regarded as likely to give rise to a conflict of interest), the matter shall be referred to the Directors other than the Conflicted Director (the "**Non-Conflicted Directors**").

The Non-Conflicted Directors shall meet to consider the matter as soon as possible after the matter is referred to them and they have received all relevant particulars relating to the situation. The quorum for a meeting of the Non-Conflicted Directors shall be the same as for a meeting of the Board.

The Non-Conflicted Directors have authority to authorise any matter which gives rise to the conflict of interest concerned on such terms as they think fit.

#### *Benefits*

The Board may exercise all the powers of the Company to pay, provide or procure the grant of pensions or other retirement or superannuation benefits and death, disability or other benefits, allowances or gratuities to any person who is or who has at any time a director of the Company or of any Associated Company (as defined in the Articles) or in the employment or service of the Company or any Associated Company or of the predecessors in business of the Company or any Associated Company (or the relatives or dependants of any such person).

#### *Powers of the Board*

The business of the Company shall be managed by the Board which may exercise all the powers of the Company, subject to the provisions of the Statutes, the Memorandum and the Articles. No special resolution or alteration of the Memorandum or of the Articles shall invalidate any prior act of the Board which would have been valid if the resolution had not been passed or alteration had not been made.

#### *Borrowing powers*

Subject to the provisions of the Statutes and of the Articles, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property, assets (both present and future) and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board shall not, without the previous sanction of the Company in general meeting, incur any financial indebtedness (“**New Borrowings**”) if the aggregate liabilities of the Company in relation to such financial indebtedness (as defined in the Articles) immediately following the draw down of such New Borrowings would exceed an amount equal to 20 per cent. of the value of the net assets of the Company immediately following such draw down.

#### *Indemnity of officers*

Insofar as the Statutes allow, each current or former officer of the Company or any Associated Company shall be indemnified out of the assets of the Company against any loss or liability incurred by him by reason of being or having been such an officer.

The Board may, without sanction of the Company in general meeting, authorise the purchase or maintenance by the Company for any officer or former officer of the Company of any such insurance as is permitted by the Statutes in respect of any liability which would otherwise attach to such officer or former officer.

#### *Board meetings*

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit provided that no meetings of Directors shall be held in the UK. Any decision reached or resolution passed by the Directors at any meeting which is held in the UK shall be invalid and of no effect.

#### *Quorum*

The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two. Subject to the provisions of the Articles, any

Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of the Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

There shall be no quorum unless a majority of Directors in attendance at a Board meeting (including any alternate Director) are resident for tax purposes outside the UK and are not attending the meeting from the UK by telephone or other means.

#### *Voting*

Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote, unless he is not, in accordance with the Articles, to be counted as participating in the decision-making process for quorum, voting or agreement purposes.

### 3.13 **CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted, and accordingly enabled for settlement in CREST, as soon as practicable after Admission has occurred.

## **4. Directors' Interests**

- 4.1 It is not expected that any of the Directors will have any interest in any Ordinary Shares immediately following Admission.
- 4.2 No Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Company and which were effected by the Company in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.
- 4.3 The Directors currently hold, and have during the five years preceding the date of this document held, the following directorships, partnerships or have been a member of the senior management:

<i>Name</i>	<i>Name of company/partnership</i>	<i>Position still held (Y/N)</i>
Ian Reeves CBE	Constructing Excellence Limited	Y
	FSI Worldwide Limited	Y
	Zigmaney Consulting Limited	Y
	London Greenways Limited	Y
	New Airport Limited	Y
	Synaps Limited	Y
	Dealpride Limited	Y
	Griffiths-McGee Demolition Company Limited	Y
	McGee (Haulage) Limited	Y
	McGee Asbestos Removal Limited	Y
	McGee Environmental Ltd	Y
	McGee Group (Holdings) Limited	Y
	McGee Group Limited	Y
	A. McGee & Co. Limited	Y
	Caddington Golf Club Limited	Y
	McGee Bedrock Limited	Y
	Bedrock Tipping Company (UK) Limited	Y
	G4S FSI Limited	Y
	FSI Europe Limited	Y
	Tomorrow's People Limited	N

<i>Name</i>	<i>Name of company/partnership</i>	<i>Position still held (Y/N)</i>
Ian Reeves CBE (continued)	Tomorrow's People (Services) Limited	N
	Carlton Corporate Finance Limited	N
	Carlton Financial Group Limited	N
	Verbus Systems Limited	N
	Zigmaney Limited	N
	Plantray Limited	N
	Fantastic Solutions Marketing Limited	N
	PrideDeal Limited	N
	International Construction Systems & Technologies Limited	N
	Carlton Partners LLP	Y
	Carlton Financial Partners LLP	Y
	Linscap LLP	Y
	W1 Design LLP	N
David Pirouet	D.L.R.S Advisory Services	Y
	Emperor Marine Ltd	Y
	CRG Fund Management (Jersey) Ltd	Y
	Aegon Target Healthcare General Partner Limited	Y
	PwC Channel Islands Ltd	N
	Sept Up Ltd	N
	Harle Syke Ltd	N
	PwC Properties (Jersey ) Limited	N
	PwC Pension Scheme Trustees Limited	N
	PwC Tax and Treasury Services Limited	N
	PwC Properties (Guernsey ) Limited	N
	Midhurst Properties Limited	N
	Pembroke House Limited	N
	Pricewaterhouse Coopers CI LLP	N
Trevor Hunt	GCP Infrastructure Fund Limited	Y
	CF IM Offshore Funds Limited	Y
	Purissima Investment Fund (CI) Limited	Y
	Ruffer International Funds Limited	Y
	Hero Funds PCC Limited	Y
	Hero Captive Fund PC	Y
	Hero Income Fund PC	Y
	Hero Portfolio Fund PC	Y
	Hero Liquid Reserve Fund PC	Y
	SIPP Residential Income Choice PCC Limited	Y
	SIPP Residential Income Choice (First Cell) PC Limited	Y
	Ukraine Liberty Fund Limited	Y
	Golden Gate Real Estate Company Limited	Y
	Merebis Master Fund Limited	Y
	Merebis International Fund Limited	Y
	Merebis Capital Management (Jersey) Limited	Y
	GEM Capital Diamond Fund Limited	Y
	KIC Fund Managers (Guernsey) Limited	Y
	KIC Global Strategy Fund Limited	Y
	Wellington Partners Ventures Special (GP) Limited	Y
	Wellington Partners Management Limited	Y
	KIC Delta Limited	N
	Capita Financial Administrators (Jersey) Limited	N
	Capita Registrars (Guernsey) Limited	N
	Capita Registrars (Jersey) Limited	N
	ACP Capital Limited	N

<i>Name</i>	<i>Name of company/partnership</i>	<i>Position still held (Y/N)</i>
Trevor Hunt (continued)	Class Solutions Limited	N
	Leebrook Total Return Fund Limited	N
	Leebrook Total Return Master Fund Limited	N
	Leebrook Limited	N
	Capita Fiduciary Group Limited	N
	Concerto Private Markets IC Limited	N
	Arch Sustainable Strategies IC Limited	N
	Arch Private Finance Strategies IC Limited	N
	Arch Multi Strategy ICC Limited	N
	Arch Keystone IC Limited	N
	Arch Foundations Property Opportunities IC Limited	N
	Concord Misr Investments (Guernsey) Limited	N
4.4	The business address of all of the Directors is 12 Castle Street, St. Helier, Jersey JE2 3RT.	
4.5	Save as disclosed in paragraph 4.6, none of the Directors has at any time within the last five years preceding the date of this Document:	
4.5.1	been a member of the administrative, management or supervisory bodies or a partner of any company or partnership;	
4.5.2	had any convictions (whether spent or unspent) in relation to offences involving fraud or dishonesty;	
4.5.3	been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;	
4.5.4	been a director or senior manager of a company which has been put into receivership, compulsory liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors; or	
4.5.5	been the subject of any bankruptcy or been subject to an individual voluntary arrangement or a bankruptcy restrictions order.	
4.6	Ian Reeves CBE was appointed non-executive director of Carlton Financial Group Limited on 26 October 2004, a position from which he resigned in September 2006. Carlton Financial Group Limited was subsequently put into creditors' voluntary liquidation and was wound up on 30 July 2009.	
4.7	There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Director was selected.	
4.8	There are no restrictions agreed by any Director on the disposal within a certain period of time of their holdings in the Company's securities.	
4.9	There are no outstanding loans or guarantees provided by the Company for the benefit of any of the Directors nor are there any loans or any guarantees provided by any of the Directors for the Company.	
4.10	Trevor Hunt is a director of the Master Fund and may therefore face a conflict of interests in the event that the Company and the Master Fund are in dispute or the interests of the Company and the Master Fund otherwise diverge in relation to any matter. Otherwise, no Director or principal has any potential conflicts of interests between any duties the Director or principal owes to the Company and any private interests and/or other duties.	



- 4.11 The Company will maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company to the extent that the Company is able to obtain such insurance.

## **5. Directors' Remuneration and Service Agreements**

- 5.1 All the Directors are non-executive directors. The aggregate remuneration (including contingent or deferred compensation and benefits in kind but excluding bonuses) of the Directors in respect of the current financial year (being the period from incorporation of the Company to 30 September 2011) under the arrangements in force at the date of this document) is expected to be approximately £90,000.
- 5.2 Each of the Directors has entered into a letter of appointment with the Company. The annual fees payable to each Director are as follows:

<i>Name</i>	<i>Annual fee</i> £
Ian Reeves CBE	30,000
Trevor Hunt	20,000
David Pirouet	20,000

Each of the Directors has been appointed for an initial period ending on the first anniversary of Admission. The appointment of each of the Directors may be terminated on not less than three months' notice, such notice to expire not before the first anniversary of Admission. The Directors will not be entitled to any benefits upon termination of their appointment under the terms of their agreements with the Company.

- 5.3 None of the Directors is entitled to any pension, retirement or similar benefits.

## **6. Subsidiary**

Immediately following the completion of the Subscription, the Company will hold the majority of the issued shares of the Master Fund and the Master Fund will therefore be a subsidiary of the Company.

## **7. Placing arrangements**

Under the Placing Agreement, the Placing Agent has agreed (conditional, *inter alia*, on Admission becoming effective not later than 8.00 a.m. on 22 July 2010 (or such other date as the Company and the Placing Agent agree (not being later than 20 August 2010)) as agent for the Company to use its reasonable endeavours to procure subscribers for Ordinary Shares pursuant to the Placing.

Under the Placing Agreement:

- (a) the Company has agreed to pay the Placing Agent an advisory fee of £100,000 on the date of Admission; and
- (b) the Company has agreed to pay the Placing Agent a commission equal to 1.25 per cent. of the total Offer Price of all of the Ordinary Shares issued under the Placing and the Offer for Subscription,

together in each case with any applicable VAT.

The Company will pay certain other costs and expenses (including any applicable VAT) of, or incidental to, the Placing and the Offer for Subscription including all fees and expenses payable in connection with Admission, expenses of the registrars, printing and advertising expenses, postage and all other legal, accounting and other professional fees and expenses.

The Placing Agreement contains warranties given by the Company, the Investment Adviser and (in respect of certain matters only) the Directors to the Placing Agent as to the accuracy of the information contained in this document and other matters relating to the Company and its business, and also contains indemnities given by the Company to the Placing Agent in a form customary for this type of agreement. The Placing Agent is entitled to terminate the Placing Agreement in certain specified circumstances prior to Admission.

## **8. The City Code**

### ***Mandatory takeover bids***

The City Code applies to all takeover and merger transactions in relation to the Company and operates principally to ensure that shareholders are treated fairly, are not denied an opportunity to decide on the merits of a takeover and to ensure that shareholders of the same class are afforded equivalent treatment. The City Code provides an orderly framework within which takeovers are conducted and the Panel on Takeovers and Mergers has now been placed on a statutory footing.

The City Code is based upon a number of general principles which are essentially statements of standards of commercial behaviour. General Principle One states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment and if a person acquires control of a company, the other holders of securities must be protected. This is reinforced by Rule 9 of the City Code which requires a person, together with persons acting in concert with him, who acquires shares carrying voting rights which amount to 30 per cent. or more of the voting rights to make a general offer. "Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting. A general offer will also be required where a person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights, acquires additional shares which increase his percentage of the voting rights. Unless the Panel consents, the offer must be made to all other shareholders, be in cash (or have a cash alternative) and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50 per cent. of the voting rights.

## **9. Material Contracts**

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company since its incorporation or which are expected to be entered into prior to Admission and which are, or may be, material to the Company:

### **9.1 *Placing Agreement***

The Placing Agreement, as described in paragraph 7 above.

### **9.2 *Subscription Agreement***

Under the Subscription Agreement, the Company has agreed (conditional on Admission taking place not later than 8.00 a.m. on 22 July 2010 (or such later time or date as the Company and the Master Fund may agree)) to subscribe for, and the Master Fund has agreed to issue and allot, Master Fund Income Shares. The amount to be subscribed shall be notified to the Master Fund once the total amount to be raised pursuant to the Placing and Offer for Subscription is determined. The Company intends to use the Available Net Proceeds to subscribe for Master Fund Income Shares pursuant to the Subscription Agreement. The valuation at which the Company will subscribe for Master Fund Income Shares pursuant to the Subscription Agreement will be the Net Asset Value per Master Fund Income Share calculated by the Administrator as at the Business Day immediately preceding the date on which the result of the Issue is announced by the Company.

### **9.3 *The Company Investment Advisory Agreement***

The Investment Adviser has been appointed by the Company with effect from Admission to provide investment advisory services to the Company pursuant to the terms of the Company Investment Advisory Agreement.

The Investment Adviser will advise the Directors to enable them to make informed decisions for the Company, advise on funding requirements of the Company (including advice and assistance in any equity/further fund raising process), oversee and arrange borrowings for the Company within the gearing limits set out in this document and will provide other investment advisory services as detailed in the Company Investment Advisory Agreement. The fee payable by the Company to the Investment

Adviser for such services is £20,000 per annum payable by two semi-annual instalments in advance on each of 31 March and 30 September each year.

The Investment Adviser will also, upon request by the Company, provide advice to the Company which is similar in scope and/or nature to advice already provided or in the course of being provided to the Master Fund pursuant to the Master Fund Investment Advisory Agreement for no additional charge or fee.

If the Investment Adviser is requested by the Company to provide advice to the Company (subject to the Investment Adviser being competent to provide such advice) that falls outside the advisory services specifically listed in the Company Investment Advisory Agreement, or outside of advice being already provided or in the course of being provided to the Master Fund pursuant to the Master Fund Investment Advisory Agreement, then such additional advice will be provided on a time-cost basis to be agreed between the Investment Adviser and the Company from time to time.

The appointment of the Investment Adviser is not exclusive and the Company may appoint a third party adviser to provide it with investment advisory services at its discretion (including such services already provided by the Investment Adviser pursuant to the Company Investment Advisory Agreement).

#### *Termination*

The Company Investment Advisory Agreement shall commence on Admission and, save for in certain circumstances, will terminate on the same date as the date on which the Master Fund Investment Advisory Agreement terminates or expires.

If, prior to the fifth anniversary of Admission, two or more of Stephen Ellis, Rollo Wright and Ronan Kierans (each a “**Key Person**”) should die or otherwise become incapacitated or shall retire, resign or cease to be able to devote sufficient time to provide the Company with the investment advisory services under the Company Investment Advisory Agreement (a “**Key Person Event**”), the Company Investment Advisory Agreement may, if the Company has declined (or is deemed to have declined) a nomination made under the Company Investment Advisory Agreement to appoint a replacement Key Person be terminated by the Company on giving 60 Business Days written notice to the Investment Adviser.

The Company Investment Advisory Agreement shall also terminate automatically on the occurrence of certain specified events including if the Company and/or the Investment Adviser enter into liquidation or by the Company giving 12 months’ written notice to the Investment Adviser (any such notice not to be given earlier than on the expiry of five years of Admission).

#### *Indemnity and extent of liability*

The Investment Adviser shall not, in the absence of fraud, negligence or wilful default on its part or on the part of its employees, liable for any loss, damage, cost, claim or expenses sustained or suffered by the Company as a result, or in the course of, the discharge of its duties pursuant to the Company Investment Advisory Agreement. In addition, the Company has agreed to indemnify the Investment Adviser and its employees from and against any and all liabilities, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from fraud, negligence, or wilful default on the part of the Investment Adviser or its employees) incurred in performing its obligations or duties pursuant to the Company Investment Advisory Agreement.

#### *Conflicts of Interest*

The Directors do not currently envisage a conflict arising between the duties of the Investment Adviser to the Company and to the Master Fund respectively. However, in the event that any such conflict does arise, the Board will, if required, obtain advice from an independent third party adviser

in place of the Investment Adviser in relation to the relevant matter. The Investment Adviser will seek to ensure that any such conflict is resolved fairly and in good faith.

#### *Professional Indemnity Insurance*

The Investment Adviser will, subject to such insurance being available in the market at commercial rates, maintain, at the cost of the Company, professional indemnity insurance to cover each and every professional liability which may arise under the Company Investment Advisory Agreement, with a limit of indemnity not less than £1,000,000 in respect of each and every claim. This professional indemnity insurance will be maintained for a period expiring not less than 6 years after the winding up of the Company or the termination of the Company Investment Advisory Agreement, whichever is the earlier.

#### **9.4 *The Company Administration Agreement***

The Administrator has been appointed, pursuant to the Company Administration Agreement between the Company and the Administrator, to provide accounting, company secretarial and administration services to the Company.

The Company Administration Agreement provides for the payment by the Company of the fees and charges of the Administrator.

An administration fee is payable by the Company and which is charged on the Company's Net Asset Value calculated and accrued on the last Business Day of each month and payable quarterly in arrears. The administration fee is subject to a minimum annual fee of £40,000. An establishment fee of £12,500 is also payable.

The Company Administration Agreement contains provisions whereby the Company indemnifies and holds harmless the Administrator from and against any and all Claims (as defined in the Company Administration Agreement) against the Administrator resulting or arising from the Company's breach of the Company Administration Agreement and, in addition, any third party Claims relating to or arising from or in connection with the Company Administration Agreement or the services contemplated therein except to the extent that any such Claims have resulted from the negligence, fraud or wilful default of the Administrator. Further, the liability of the Administrator to the Company under the Company Administration Agreement is limited (with certain exceptions) to the lesser of (a) £1,000,000 or (b) an amount equal to ten times the annual fee paid to the Administrator thereunder.

The Company Administration Agreement is terminable, *inter alia*, (a) upon six months' written notice or (b) immediately upon the occurrence of certain events including the insolvency of the Company or the Administrator, the Administrator ceasing to be resident in Jersey for fiscal purposes or a party committing a material breach of the Company Administration Agreement (where such breach has not been remedied within thirty days of written notice being given).

#### **9.5 *The Company Share Registration Services Agreement***

The Company Registrar has been appointed pursuant to the Company Share Registration Services Agreement to provide certain share registration and online services to the Company.

The Company Share Registration Services Agreement provides for the payment by the Company of the fees and charges of the Company Registrar.

Fees payable by the Company pursuant to the Company Share Registration Services Agreement include (a) a basic registration fee of £2.00 per holder of Ordinary Shares appearing on the register during the fee year, with a minimum charge per annum of £10,000; (b) £0.20 for any inter-CREST and £5.00 for non-CREST transfers over an initial allowance of 200 transfers; (c) a charge for corporate portal services of £1,200 per annum; and (d) a charge for share portal services of £500 per annum.

The Company Share Registration Services Agreement contains provisions whereby the Company indemnifies the Company Registrar, its affiliates and their directors, officers, employees and agents from and against any and all losses, damages, liabilities, professional fees (including but not limited to legal fees), court costs and expenses resulting or arising from the Company's breach of the Company Share Registration Services Agreement. In addition, any third-party claims, actions, proceedings, investigations or litigation relating to or arising from or in connection with the Company Share Registration Services Agreement or the services contemplated therein are included, except to the extent such losses as set out in this paragraph are determined to have resulted solely from the negligence, fraud or wilful default of the indemnified party seeking the indemnity.

The Company Share Registration Services Agreement is terminable, *inter alia* (a) upon three months' written notice in the event of a disagreement over fees; (b) upon service of written notice if the other party commits a material breach of its obligations under the Company Share Registration Services Agreement which that party has failed to remedy within 45 days of receipt of a written notice to do so from the first party; or (c) upon service of written notice if a resolution is passed or an order made for the winding-up, dissolution or administration of the other party.

#### **9.6 The Company Receiving Agent Services Agreement**

The Company Receiving Agent has been appointed pursuant to the Company Receiving Agent Services Agreement to provide certain receiving agent services to the Company.

The Company Receiving Agent Services Agreement provides for the payment by the Company of the fees and charges of the Company Receiving Agent.

Fees payable by the Company pursuant to the Company Receiving Agent Services Agreement include (a) professional advisory fees of £175 per hour, subject to a minimum of £1,750; (b) processing fees per item processed, subject to a minimum aggregate processing fee of £5,750; and (c) various other fees in relation to certain matters including with regard to opening of premises on non-business days (£5,000 per day).

The Company Receiving Agent Services Agreement contains provisions whereby the Company indemnifies the Company Receiving Agent, its affiliates and their directors, officers, employees and agents from and against any and all losses, damages, liabilities, professional fees (including but not limited to legal fees), court costs and expenses resulting or arising from the Company's breach of the Company Receiving Agent Services Agreement. In addition, any third-party claims, actions, proceedings, investigations or litigation relating to or arising from or in connection with this Agreement or the services contemplated therein are included, except to the extent such losses as set out in this paragraph are determined to have resulted solely from the negligence, fraud or wilful default of the indemnified party seeking the indemnity.

The Company shall also indemnify the Company Receiving Agent for any liabilities it may suffer in connection with any change to the application criteria or to the terms of the Offer for Subscription after this document is published.

The Company Receiving Agent Services Agreement is terminable, *inter alia* (a) if the other party commits a material breach of its obligations under the Company Receiving Agent Services Agreement which that party has failed to remedy within 14 days of receipt of a written notice to do so from the first party; or (b) if a resolution is passed or an order made for the winding-up, dissolution or administration of the other party.

### **10. Related Party Transactions**

The Company has not entered into any related party transactions since its incorporation.

## **11. Working Capital**

The Company is of the opinion that, taking into account the Minimum Net Proceeds, the working capital of the Company is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

## **12. Property, Plant and Equipment**

The Company has no existing or planned material tangible fixed assets.

## **13. Litigation**

The Company is not and has not been involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Company's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company.

## **14. Investment restrictions**

The Company is required to manage and invest its assets in accordance with its investment objective and policy which is set out in paragraph 2 of Part 1 of this document. The Company is not subject to any other investment restrictions.

## **15. Third party information**

Where third party information has been referenced in this document, the source of that third party information has been disclosed. Where information contained in this document has been sourced from the London Stock Exchange, the Partnerships UK website or Bloomberg, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **16. General**

- 16.1 There has been no significant change in the financial or trading position of the Company since incorporation.
- 16.2 The estimated costs and expenses relating to the Issue payable by the Company are estimated to amount to £1.1 million. The total Net Proceeds of the Issue, after settling fees and assuming that the Company raises a target gross amount in the sum of £50 million, will be approximately £48.9 million.
- 16.3 In the opinion of the Directors, the minimum amount which must be raised by the allotment of Ordinary Shares pursuant to the Placing and the Offer for Subscription is £35 million, which will be applied as follows:
  - 16.3.1 subscription for Master Fund Income Shares £33.6 million;
  - 16.3.2 costs and expenses payable under the Placing and the Offer for Subscription £0.9 million; and
  - 16.3.3 an amount equal to £0.5 million in order to provide sufficient funds to meet the Company's ongoing expenses and running costs.
- 16.4 Oriel Securities Limited is registered in England and Wales under number 04373759 and its registered office is at 125 Wood Street, London EC2V 7AN. Oriel Securities Limited is regulated by the Financial Services Authority and is acting in the capacity of Sponsor and Placing Agent to the Company.



- 16.5 Oriel Securities Limited has given, and has not withdrawn, its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 16.6 There are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 16.7 As described in paragraph 2.1 above, as at 25 June 2010 (being the latest practicable date prior to the date of this document) the issued and fully paid share capital of the Company was £100 representing 10,000 Ordinary Shares of £0.01 par value. If the Issue proceeds, the Company will issue not less than 35,000,000 new Ordinary Shares and not more than 70,000,000 new Ordinary Shares and the holders of the existing Ordinary Shares will be diluted accordingly.
- 16.8 The Ordinary Shares are not listed on any other market for securities.
- 16.9 The ISIN for the Ordinary Shares is JE00B6173J15.
- 16.10 As at 25 June 2010 (being the latest practicable date before the publication of this document) there have been no public takeover bids in respect of the Company's share capital since its incorporation.
- 16.11 The Company is not aware of any person or persons who, immediately following Admission, directly or indirectly, jointly or severally, could exercise control over the Company, nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

## **17. Documents Available For Inspection**

Copies of the following documents will be available for inspection during normal business hours on any day (except Saturdays, Sundays, bank and public holidays) free of charge to the public at the offices of the Company and at the offices of Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA from the date of this document until the first anniversary of Admission:

- 17.1 the Memorandum and the Articles;
- 17.2 the memorandum of association of the Master Fund and the Master Fund Articles;
- 17.3 each of the material contracts set out in paragraph 9 of this Part 9 and in paragraph 8 of Part 10 of this document; and
- 17.4 the statutory accounts of the Master Fund that are reproduced in Part 11 of this document.



## PART 10

### ADDITIONAL INFORMATION ON THE MASTER FUND

#### 1. Incorporation and Status of the Master Fund

- 1.1 The Master Fund is a public company incorporated and registered in Jersey on 20 May 2009 under the Jersey Companies Law with registered number 103257 with the name of GCP Infrastructure Fund Limited.
- 1.2 The principal legislation under which the Master Fund operates, and under which the Master Fund Accumulation Shares and the Master Fund Income Shares have been created, is the Jersey Companies Law.
- 1.3 The Master Fund's legal and commercial name is GCP Infrastructure Fund Limited.
- 1.4 The registered and head office of the Master Fund is at 12 Castle Street, St. Helier, Jersey JE2 3RT. The Master Fund is domiciled in Jersey. The telephone number of the Master Fund's registered office is +44 (0)1534 847000.
- 1.5 Ernst & Young LLP has been the only auditor of the Master Fund since its incorporation. Ernst & Young LLP is a member of the Institute of Chartered Accountants in England and Wales. The annual report and accounts of the Master Fund will be prepared according to IFRS as adopted by the EU.

#### 2. Share Capital of the Master Fund

- 2.1 As at 25 June 2010 (being the latest practicable date prior to the date of this document) the authorised and issued share capital of the Master Fund was:

<i>Class of shares</i>	<i>Nominal value</i>	<i>Authorised</i>		<i>Issued<sup>(i)</sup></i>	
		<i>£</i>	<i>number</i>	<i>£</i>	<i>number</i>
Non-redeemable shares	£1	100	100	100	100
Ordinary redeemable accumulation shares	£1	250,000,000	250,000,000	9,356,851.13	9,346,842.66
Ordinary redeemable income shares	£1	250,000,000	250,000,000	20,903,506.98	20,656,333.85

(i) All shares in the Master Fund are fully paid.

- 2.2 Since 31 March 2010, being the date to which the last audited accounts of the Master Fund were prepared, there have been, in aggregate, the following issues and redemptions in the shares of the Master Fund:

	<i>Number of shares</i>	
	<i>Issues</i>	<i>Redemptions</i>
Master Fund Accumulation Shares	2,022,098.69	Nil
Master Fund Income Shares	10,381,751.69	4,817

- 2.3 The issued share capital of the Master Fund immediately following completion of the Subscription will consist of the issued shares referred to in paragraph 2.1 above, together with the Master Fund Income Shares to be issued to the Company pursuant to the Subscription and any other shares issued by the Master Fund between 25 June 2010 and the date of the Subscription, less any shares in the Master Fund that are redeemed between 25 June 2010 and the date of the Subscription.
- 2.4 As at 25 June 2010 (being the latest practicable date prior to the date of this document), the Master Fund is aware of the following existing Master Fund Shareholders who were at such time interested, directly or indirectly, in 3 per cent. or more of the Master Fund's issued share capital:

<i>Name</i>	<i>Number of shares</i>	<i>Percentage of voting rights</i>
Nortrust Nominees Limited	5,868,313.86	19.559%
Vidacos Nominees Limited Designation DUBSEI	5,395,978.69	17.985%
Giltspur Nominees Ltd	3,121,903.00	10.405%
Smith & Williamson Nominees Limited	2,884,317.79	9.613%
Pershing Nominees Limited	1,831,364.77	6.104%
Brewin Nominees Ltd	1,407,698.72	4.692%
J M Finn Nominees Limited	1,049,658.29	3.498%
CMI Insurance Company Limited	913,280.40	3.044%

2.5 Save as disclosed in paragraph 2.4 above and save, following completion of the Subscription, for the Company, the Master Fund is not aware of any person or persons who, directly or indirectly, jointly or severally, exercises or could exercise control over the Master Fund nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Master Fund.

2.6 No person has voting rights that differ from those of other Master Fund Shareholders.

2.7 The Master Fund and the Master Fund Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Master Fund.

2.8 As at 25 June 2010 (being the latest practicable date prior to the date of this document) the Master Fund does not hold any Master Fund Accumulation Shares or any Master Fund Income Shares in treasury and no Master Fund Accumulation Shares or Master Fund Income Shares are held by or on behalf of the Master Fund itself.

2.9 The Master Fund does not have in issue any securities not representing share capital.

2.10 No shares of the Master Fund are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

2.11 Save as disclosed in paragraph 2.13 below, no commissions, discounts, brokerages or other special terms have been granted by the Master Fund in connection with the issue or sale of any share or loan capital of the Master Fund in the three years immediately preceding the date of this document.

2.12 No share or loan capital of the Master Fund is under option or has been agreed conditionally or unconditionally to be put under option, nor will any such share or loan capital be under option or agreed conditionally or unconditionally to be put under option at Admission.

2.13 No convertible securities, exchangeable securities or securities with warrants have been issued by the Master Fund.

### **3. Master Fund Articles of Association**

The Master Fund Articles of Association contain, *inter alia*, the following material provisions:

#### **3.1 *Objects***

The memorandum of association of the Master Fund and the Master Fund Articles do not limit the objects of the Master Fund.

#### **3.2 *Voting rights***

The holders of shares in the Master Fund have the right to receive notice of, attend and vote as a member at any general meeting of the Master Fund.

Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any shares in the Master Fund as may be specified in the terms of issue thereof or the Master Fund Articles, (a) on a show of hands, every member of the Master Fund present otherwise than by proxy shall have one vote; and (b) on a poll, every member of the Master Fund present (including by proxy) shall have one vote for each share in the capital of the Master Fund of which he is a holder. A member of the Master Fund may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting.

A member of the Master Fund shall not be entitled to vote, either in person or by proxy, at any general meeting of the Master Fund unless such person is registered as a member of the Master Fund on the record date for such general meeting and unless all calls or other sums presently payable by such member in respect of shares in the Master Fund have been paid.

### 3.3 *Dividends*

Subject to the Jersey Companies Law, the Master Fund Articles and the special rights attaching to the Master Fund Income Shares or the Master Fund Accumulation Shares (as appropriate), the Master Fund Directors may, in their absolute discretion, declare dividends on the Master Fund Income Shares and/or the Master Fund Accumulation Shares in issue and authorise payment of the dividends out of the relevant Class Fund (if any) in respect of those shares. Dividends are not payable in respect of the non-redeemable shares in the Master Fund.

Subject to any particular rights or limitations as to dividend for the time being attached to any shares in the Master Fund as may be specified in the Master Fund Articles or upon which the shares in the Master Fund were issued and any determination of the Master Fund Directors to the contrary, all dividends shall be declared, apportioned and paid *pro rata* according to the Net Asset Value of the shares of the Master Fund on which the dividend is paid provided that, if any share is issued on terms providing that it shall rank for dividend as from a particular date (either past or future), such share in the Master Fund shall rank for dividend accordingly.

No dividend shall bear interest against the Master Fund. Any dividend which has remained unclaimed for a period of ten years from the date of its declaration shall, if the Master Fund Directors so resolve, be forfeited and cease to remain owing by the Master Fund and shall henceforth belong to the Master Fund absolutely.

### 3.4 *Return of capital*

If the Master Fund is wound up, the Master Fund may divide the whole or any part of the assets of the Master Fund among the members of the Master Fund *in specie* (a) with sanction (where all the assets of the Master Fund are to be so divided) of a resolution adopted by simple majority of votes cast at a meeting of all holders of the ordinary redeemable shares of the Master Fund or (otherwise) of resolutions adopted in respect of each affected Class Fund; (b) with any other sanction required by Jersey Companies Law; and (c) whether or not the assets shall consist of property of one kind or of different kinds.

The liquidator or, where there is no liquidator, the Master Fund Directors may value any assets and determine how the division shall be carried out as between the members of the Master Fund or different classes of members and with the like sanction invest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator or the Master Fund Directors (as the case may be) with the like sanction determine but no member of the Master Fund shall be compelled to accept any assets upon which there is a liability.

### 3.5 *Variation of class rights*

The special rights attached to any class of shares of the Master Fund may be varied or abrogated with the consent in writing of the holders of two-thirds in number of the issued shares of that class or with the sanction of a resolution passed by a majority of at least two-thirds of the votes cast at a separate meeting of the holders of shares of that class. The Master Fund Directors may treat two or more, or all of the classes of shares in the Master Fund, as forming one class if they consider that such classes would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes.

Any special rights conferred upon the holders of any class of shares in the Master Fund shall (unless otherwise expressly provided by the conditions of issue of such shares) be deemed not to be varied by:

- (a) the creation, allotment or issue of (i) any shares ranking *pari passu* therewith or *pari passu* therewith except in respect of the fees charged in respect of such shares or (ii) any shares of any other class;
- (b) the variation or abrogation of the rights attached to any other class of shares;
- (c) the repurchase or redemption of any shares of the same or any other class;
- (d) any increase in or reduction of the fees charged in respect of any class of share, including where such increase or reduction in respect of one class results in a greater or lesser differential between the fees charged on that class when compared with the fees charged on any other class;
- (e) any waiver or modification of the terms applicable to any subscriber's subscription for or a Master Fund Shareholder's holding of shares of the same or any other class of shares (including, without limitation, those relating to management and investment advisory fees, redemption terms and the provision of information relating to the Master Fund and its business) and the Master Fund Directors may agree any such waiver or modification with such subscriber or Master Fund Shareholder without the consent of any other member of the Master Fund; or
- (f) any increase in the benefits to which any other class of shares is or may become entitled or reduction in the liability of any other class to the Master Fund.

### 3.6 *Issue of shares in the Master Fund*

The Master Fund Directors may from time to time allot and issue shares of any class in the Master Fund at the relevant subscription price (although no shares which rank ahead of shares as to rights to vote or receive dividends or rights upon a winding up of the Master Fund may be issued). The Master Fund Directors may, in their discretion, refuse to allot and issue any shares in the Master Fund and shall not issue any shares to or for the account of a person who is not an expert investor. If the Master Fund Directors have declared a suspension of the determination of the Net Asset Value of shares of any class, no shares of that class shall be issued until the suspension has ended. The authorised share capital of the Master Fund may be amended with the consent of a special resolution of the members.

### 3.7 *Compulsory transfer and redemption of shares and expert investor provisions*

No redemption of part of a Master Fund Shareholder's holding of shares may be made if such redemption would result in that Master Fund Shareholder holding shares which have an aggregate value which is less than the minimum holding specified herein. In such cases, the Master Fund Directors may, in their discretion, elect to compulsorily redeem such Master Fund Shareholder's entire holding of shares. The Master Fund Directors may also require a Master Fund Shareholder to transfer his or her shares if it transpires that such Master Fund Shareholder is not an expert investor.

The Master Fund Directors may, on such terms and subject to such restrictions as they may think necessary or desirable for the purpose of ensuring that a member or, any or each person who holds any interest (directly or indirectly) in Master Fund Income Shares or Master Fund Accumulation Shares and/or any proposed transferee of Master Fund Income Shares or Master Fund Accumulation

Shares is or remains an expert investor, impose regulations (“**Expert Investor Provisions**”) from time to time which may, *inter alia* (a) impose any restrictions and/or require the member to take any action (including to provide any evidence); (b) require the member to indemnify the, Master Fund and/or any other person; (c) impose a penalty on the member (including without limitation a fine); or (d) require the member to repay the amount of any distributions paid with respect to the relevant share.

### 3.8 ***Pre-emption rights***

There are no provisions under Jersey Companies Law equivalent to section 561 of the UK Companies Act 2006 which confer pre-emption rights on existing shareholders in connection with the allotment of equity securities for cash or otherwise. As such, the Master Fund Articles contain no right of pre-emption or of first refusal attached to the shares of the Master Fund.

### 3.9 ***Alteration of capital***

The Master Fund may, by special resolution, alter its Memorandum so as to increase or reduce the number of shares which it is authorised to issue or consolidate or divide all or any part of its shares (whether issued or not) into fewer shares and may generally make such other alteration to its share capital as is from time to time permitted by the Jersey Companies Law. The Company may reduce its capital accounts in any way permitted by the Jersey Companies Law.

### 3.10 ***General meetings of the Master Fund***

At least fourteen clear days’ notice shall be given to the Master Fund Shareholders of every general meeting including, without limitation, every general meeting called for the passing of a special resolution. However, a meeting may be called by shorter notice if this is agreed by all members entitled to attend and vote thereat. All general meetings of the Master Fund shall be held outside of the UK.

The quorum for general meetings of the Master Fund shall be two holders of shares in the Master Fund present by attorney or by proxy or, in the case of a corporate holder, by representative. If, within half an hour from the time appointed for the meeting, a quorum is not present or if, during the meeting a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other time and place as the Master Fund Directors shall determine.

At any general meeting, a resolution put to the vote of the meeting shall be decided in the first instance on a show of hands unless, before or on the declaration of the result of the show of hands, a poll is demanded. On a show of hands, every holder of shares present otherwise than by proxy shall have one vote and, on a poll, every holder of shares present (including by proxy) shall have one vote for each share of which it is the holder. A poll may be demanded by the chairman or by a member or members representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.

A resolution in writing (including a special resolution but excluding a resolution removing an Auditor) signed by all members who would be entitled to receive notice of and to attend and vote at a general meeting at which such a resolution would be proposed or by their duly appointed attorneys shall be as valid and effectual as if it had been passed at a general meeting of the Master Fund duly convened and held. Any such resolution may consist of several documents in the like form each signed by one or more of the members or their attorneys.

### 3.11 ***Appointment of Master Fund Directors, number of Master Fund Directors and Master Fund Directors’ interests***

The Master Fund Directors shall have power, at any time and from time to time, to appoint any person (other than a person who is disqualified or ineligible by law to act as a director of a company) to be a Master Fund Director either to fill a casual vacancy or as an addition to the existing Master Fund Directors provided that the appointment does not cause the number of Master Fund Directors to exceed any number fixed by or in accordance with the Master Fund Articles as the maximum number of Master Fund Directors. The members may, by special resolution, appoint any person (other than a person who is disqualified or ineligible by law to act as a director of a company) as a Master Fund Director.

The members may, by ordinary resolution, determine the maximum and minimum number of Master Fund Directors and, unless and until otherwise so determined, and subject to the provisions of the Jersey Companies Law, the minimum number of Master Fund Directors shall be three. A Master Fund Director need not be a member. All Master Fund Directors (other than alternate Master Fund Directors) must be resident for tax purposes outside the United Kingdom.

A Master Fund Director who has, directly or indirectly, an interest in a transaction entered into or proposed to be entered into by the Master Fund or by a subsidiary of the Master Fund which, to a material extent, conflicts or may conflict with the interests of the Master Fund and of which he is aware, shall disclose to the Master Fund the nature and extent of his interest.

Subject to the provisions of the Jersey Companies Law, and provided that he has made such a disclosure, a Master Fund Director notwithstanding his office:

- (a) may be counted in the quorum present at any meeting of the Master Fund at which any contract or arrangement in which he is interested is considered and may vote in respect of any such contract or arrangement, except those concerning his own terms of appointment;
- (b) may be a party to or otherwise interested in any transaction or arrangement with the Master Fund or in which the Master Fund is otherwise interested;
- (c) may be a director or other officer of or employed by or a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Master Fund or in which the Master Fund is otherwise interested;
- (d) shall not by reason of his office be accountable to the Master Fund for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and
- (e) may act by himself or his firm in a professional capacity for the Master Fund and he or his firm shall be entitled to remuneration for professional services as if he were not a Master Fund Director.

### **3.12 *Powers of Master Fund Directors***

The business of the Master Fund shall be managed by the Master Fund Directors who may pay all expenses incurred in or about the formation, promotion and operation of the Master Fund, including the expenses of registration and the offering of shares. The Master Fund Directors may exercise all such powers of the Master Fund as are not by the Jersey Companies Law or the Master Fund Articles required to be exercised by the Master Fund in general meeting. Except to the extent expressly provided otherwise, any discretion vested in the Master Fund Directors shall be absolute and unfettered. The Master Fund Directors may exercise all the powers of the Master Fund to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Master Fund or of any third party. Notwithstanding the foregoing, the Master Fund Directors shall not exercise such powers in breach of any limits or restrictions specified in the investment policy and strategy. The Master Fund Directors may not delegate or allow any other person to exercise their powers or decisions relating to the management or control of the Master Fund or its investments. The Master Fund Directors shall be entitled to such remuneration as the Master Fund Directors may determine and such remuneration shall accrue from day to day.

### **3.13 *Proceedings of Master Fund Directors***

The Master Fund Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. No meetings of Master Fund Directors shall be held in the United Kingdom and no Master Fund Director shall attend any meeting from the United Kingdom by



telephone or other means. Any decision reached or resolution passed by the Master Fund Directors at any meeting which is held in the United Kingdom or which any Master Fund Director attends from the United Kingdom by telephone or other means shall be invalid and of no effect. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote. A Master Fund Director may, and the Master Fund secretary at the request of a Master Fund Director shall, at any time summon a meeting of the Master Fund Directors.

### 3.14 *Resignation, disqualification and removal of Master Fund Directors*

The office of a Master Fund Director shall be vacated if the Master Fund Director:

- (a) resigns his office by notice to the Master Fund;
- (b) ceases to be a Master Fund Director by virtue of any provision of the Jersey Companies Law or he becomes prohibited or disqualified by law from being a director of a company;
- (c) becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (d) becomes of unsound mind;
- (e) is removed from office by a special resolution of members; or
- (f) is removed from office by a resolution of all the other Master Fund Directors (being not less than two in number).

There is no upper age limit for Master Fund Directors.

### 3.15 *Indemnity*

To the extent permitted by the Jersey Companies Law, the Master Fund may provide indemnity cover for its officers and former officers. To the fullest extent permitted by law (a) no Master Fund Director shall be liable to any Master Fund Shareholder or to the Master Fund for any decision taken by such Master Fund Director, or as a result of his position as a Master Fund Director, provided that he has acted in good faith with a view to the best interests of the Master Fund and had no reasonable cause to believe that his conduct was unlawful and (b) the determination of the Master Fund Directors in this respect shall be, in the absence of fraud, conclusive unless a question of law is involved.

## 4. **Redemption of shares in the Master Fund**

Master Fund Shareholders may redeem all or part of their holding of shares in the Master Fund on the last Business Day of each calendar month (or such other or additional days as the Master Fund Directors may determine) (each a “**Redemption Date**”).

Any application to redeem shares in the Master Fund must be in writing (a “**Redemption Notice**”) and made to and received by the Administrator at least four weeks prior to the intended Redemption Date (or at such other date and time as may be determined by the Master Fund Directors in their absolute discretion). The amount of shares in the Master Fund which may be redeemed must be an amount equal to or greater than the then current minimum redemption amount set by the Master Fund Directors from time to time (currently £10,000 or equivalent in value). A Redemption Notice, once received, may not be withdrawn except in certain limited circumstances set out in the Master Fund Articles.

Shares will normally be redeemed at a price equal to the NAV per Master Fund Income Share or Master Fund Accumulation Share (as applicable) (the “**Redemption Price**”), less any fee (typically £25) that the Master Fund Directors may determine is payable to the Master Fund and any other amount as the Master Fund Directors consider an appropriate allowance to reflect any fiscal and sale charges which may be incurred by the Master Fund in meeting a redemption request.



Redemptions may be delayed or refused by the Master Fund Directors in certain circumstances. These include, for example, where there are insufficient subscription proceeds and/or insufficient cash available to a Class Fund to meet the redemption request (including normal expenses) or where the NAV of a Class Fund cannot be fairly calculated.

**5. Master Fund Directors' interests and other**

- 5.1 The Master Fund Directors do not hold shares in the Master Fund. It is not expected that any of the Master Fund Directors will have any interest in any shares in the Master Fund immediately following Admission.
- 5.2 No Master Fund Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Master Fund and which were effected by the Master Fund in the current financial year.
- 5.3 The Master Fund Directors currently hold, and have during the five years preceding the date of this document held, the following directorships, partnerships or have been a member of the senior management:

<i>Name</i>	<i>Name of company/partnership</i>	<i>Position still held (Y/N)</i>
Trevor Hunt	GCP Infrastructure Fund Limited	Y
	CF IM Offshore Funds Limited	Y
	Purissima Investment Fund (CI) Limited	Y
	Ruffer International Funds Limited	Y
	Hero Funds PCC Limited	Y
	Hero Captive Fund PC	Y
	Hero Income Fund PC	Y
	Hero Portfolio Fund PC	Y
	Hero Liquid Reserve Fund PC	Y
	SIPP Residential Income Choice PCC Limited	Y
	SIPP Residential Income Choice (First Cell) PC Limited	Y
	Ukraine Liberty Fund Limited	Y
	Golden Gate Real Estate Company Limited	Y
	Merebis Master Fund Limited	Y
	Merebis International Fund Limited	Y
	Merebis Capital Management (Jersey) Limited	Y
	GEM Capital Diamond Fund Limited	Y
	KIC Fund Managers (Guernsey) Limited	Y
	KIC Global Strategy Fund Limited	Y
	Wellington Partners Ventures Special (GP) Limited	Y
	Wellington Partners Management Limited	Y
	KIC Delta Limited	N
	Capita Financial Administrators (Jersey) Limited	N
	Capita Registrars (Guernsey) Limited	N
	Capita Registrars (Jersey) Limited	N
	ACP Capital Limited	N
	Class Solutions Limited	N
	Leebrook Total Return Fund Limited	N
	Leebrook Total Return Master Fund Limited	N
	Leebrook Limited	N
	Capita Fiduciary Group	N
	Concerto Private Markets IC Limited	N
	Arch Sustainable Strategies IC Limited	N
	Arch Private Finance Strategies IC Limited	N

<i>Name</i>	<i>Name of company/partnership</i>	<i>Position still held (Y/N)</i>
Trevor Hunt (continued)	Arch Multi Strategy ICC Limited	N
	Arch Keystone IC Limited	N
	Arch Foundations Property Opportunities IC Limited	N
	Concord Misr Investments (Guernsey) Limited	N
Clive Spears	EPE Special Opportunities plc	Y
	Meridian Asset Management (C.I.) Limited	Y
	Nordic Capital II Limited	Y
	Nordic Capital III Limited	Y
	Nordic Capital IV Limited	Y
	Nordic Capital V Limited	Y
	Nordic Capital VI Limited	Y
	Nordic Capital VII Limited	Y
	Nordic Capital III Limited	Y
	Warner Advisors Limited	Y
	Warner Estates GLO Limited	Y
	Warner Estates AIF Limited	Y
	Nomura Fund of Funds GP Limited	Y
	Nomura European Mezzanine Fund GP 1 Limited	Y
	Lema Fund Limited	Y
	Moor Park Real Estate Fund III G.P. Limited	Y
	GCP Infrastructure Fund Limited	Y
	Gorey Investments Limited	Y
	Jersey Finance Limited	Y
	Zero Dividend Recovery Fund Limited	N
	Warner Funds Limited	N
	EPIC 2007 NO.1 Single Property Real Estate Company Limited	N
	Jersey Post Limited	N
	Jersey Post International Limited	N
5.4	The business address of all the Master Fund Directors is 12 Castle Street, St. Helier, Jersey JE2 3RT.	
5.5	None of the Master Directors has at any time within the last five years:	
	(a)	been a member of the administrative, management or supervisory bodies or partner of any companies or partnerships;
	(b)	had any convictions (whether spent or unspent) in relation to offences involving fraud or dishonesty;
	(c)	been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
	(d)	been a director or senior manager of a company which has been put into receivership, compulsory liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors; or
	(e)	been the subject of any bankruptcy or been subject to an individual voluntary arrangement or a bankruptcy restrictions order.
5.6	There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Master Fund Director was selected.	

- 5.7 There are no restrictions agreed by any Master Fund Director on the disposal within a certain period of time of their holdings in the Master Fund's securities.
- 5.8 There are no outstanding loans or guarantees provided by the Master Fund for the benefit of any of the Master Fund Directors nor are there any loans or any guarantees provided by any of the Master Fund Directors for the Master Fund.
- 5.9 Trevor Hunt is a director of the Company. Otherwise, no Master Fund Director has any potential conflicts of interests between any duties the Master Fund Director owes to the Master Fund and any private interests and/or other duties.

## **6. Master Fund Directors' Remuneration and Service Agreements**

- 6.1 In the financial year ended 31 March 2010, the aggregate remuneration (including contingent or deferred compensation and benefits in kind) of the Master Fund Directors was £19,479.45. The aggregate remuneration (including contingent or deferred compensation and benefits in kind but excluding bonuses) of the Master Fund Directors in respect of the current financial year (under the arrangements in force at the date of this document) is expected to be £26,321.52.
- 6.2 Each of the Master Fund Directors has entered into a letter of appointment with the Master Fund. The annual fees payable to each Master Fund Director are currently as follows:

<i>Name</i>	<i>Annual fee</i> £
Clive Spears	17,500
Paul de Gruchy	7,500
Trevor Hunt	7,500

The fees payable by the Master Fund to each of Paul de Gruchy and Trevor Hunt may rise to £12,500 per annum depending on the NAV of the Master Fund.

- 6.3 Each of the Master Fund Directors has been appointed on terms which may be terminated by either party on three months' notice. The non-executive Master Fund Directors will not be entitled to any benefits upon termination of their appointment with the Master Fund.

## **7. The City Code**

The Master Fund is not subject to the City Code. Accordingly, Master Fund Shareholders (including the Company) will not benefit from the protections of the City Code, including, in particular, Rule 9 of the City Code.

## **8. Material Contracts**

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Master Fund since incorporation or which are expected to be entered into prior to Admission and which are, or may be, material or which have been entered into at any time by the Master Fund and which contain any provision under which the Master Fund has any obligation or entitlement which is, or may be, material to the Master Fund as at the date of this document:

### **8.1 Master Fund Administration Agreement**

The Administrator has been appointed, pursuant to the Master Fund Administration Agreement between the Master Fund and the Administrator, to provide accounting, company secretarial and administration services to the Master Fund.

The Master Fund Administration Agreement provides for the payment by the Master Fund of a minimum annual fee of £48,000, payable quarterly in arrears which, conditional upon Admission, will increase to £110,000. In addition, the Master Fund Administration Agreement also provides for the payment by the Master Fund of certain administration fees to be charged on the NAV of the Master

Fund calculated and accrued on the last Business Day of each month and payable quarterly in arrears. The administration fee is subject to a minimum annual fee of 0.15 per cent. of the Net Asset Value of the Master Fund per annum where the Net Asset Value of the Master Fund is not greater than £50 million, 0.125 per cent. of Net Asset Value of the Master Fund per annum where the Net Asset Value of the Master Fund is greater than £50 million but less than £100 million and 0.11 per cent. of the Net Asset Value of the Master Fund per annum where the Net Asset Value is over £100 million. In addition, certain registrar and transfer agency fees will be payable by the Master Fund.

The Master Fund Administration Agreement contains provisions whereby the Master Fund indemnifies and holds harmless the Administrator from and against any and all Claims (as defined in the Master Fund Administration Agreement) against the Administrator resulting or arising from the Master Fund's breach of the Master Fund Administration Agreement and, in addition, any third party Claims relating to or arising from or in connection with the Master Fund Administration Agreement or the services contemplated therein except to the extent that any such Claims have resulted from the negligence, fraud or wilful default of the Administrator. Further, the liability of the Administrator to the Master Fund under the Master Fund Administration Agreement is limited (in the absence of fraud) to the lesser of (a) £1,000,000 or (b) an amount equal to ten times the annual fee paid to the Administrator thereunder.

The Master Fund Administration Agreement is terminable, *inter alia*, (a) upon six months' written notice or (b) immediately upon the occurrence of certain events including the insolvency of the Master Fund or the Administrator, the Administrator becoming resident in the UK for tax purposes or a party committing a material breach of the Master Fund Administration Agreement (where such breach has not been remedied within thirty days of written notice being given).

## 8.2 ***Master Fund Custodian Agreement***

The Custodian has been appointed, pursuant to the Master Fund Custodian Agreement between the Master Fund and the Custodian, to act as custodian of the Master Fund. The Master Fund Custodian Agreement contains provisions whereby the Master Fund indemnifies the Custodian out of the assets of the Master Fund in certain circumstances save where such circumstances arise as a result of some act of negligence, fraud or wilful default on the part of the Custodian. The fees payable by the Master Fund pursuant to the Master Fund Custodian Agreement accrue daily at an agreed annual rate of 0.03 per cent. per annum of the NAV of the Master Fund subject to a minimum annual fee of £10,000. Such fees are payable quarterly in arrears on the last Business Day of each quarter.

The Master Fund Custodian Agreement is terminable, *inter alia*, (a) upon six months' written notice and (b) immediately upon the occurrence of certain events including the insolvency of the Master Fund or the Custodian, the Custodian becoming resident in the UK for tax purposes or a party committing a material breach of the Master Fund Custodian Agreement (where such breach has not been remedied within thirty days of written notice being given).

## 8.3 ***Master Fund Investment Advisory Agreement***

The Investment Adviser was appointed as the investment adviser of the Master Fund on 3 June 2009 pursuant to an investment advisory agreement dated 3 June 2009 and entered into between the Master Fund and the Investment Adviser. This agreement was amended and restated on 28 June 2010. The Master Fund Investment Advisory Agreement will become effective from Admission.

Under the Master Fund Investment Advisory Agreement, the Investment Adviser will provide or procure the provision of certain investment advisory services, including recommending and regularly reviewing the Master Fund's investment policy and strategy, making investment recommendations to the Master Fund Board, identifying potential Master Fund investments and performing and/or procuring all due diligence in relation to potential Master Fund investments. The Master Fund will be under no obligation to follow any advice of the Investment Adviser.

In addition, the Investment Adviser will be responsible, *inter alia*, for the following:

- (a) maintaining a website showing, *inter alia*, the Net Asset Value from time to time of the Master Fund Income Shares and Master Fund Accumulation Shares;
- (b) presenting to meetings of the Master Fund Board in relation to:
  - (i) performance of existing assets; and
  - (ii) opportunities in relation to new investments;
- (c) monitoring the financial and infrastructure markets generally;
- (d) maintaining, in conjunction with the Administrator, complete, up to date and accurate accounting records of the Master Fund and submitting such to the Master Fund on a quarterly basis in such form so as to enable the Administrator to calculate the Net Asset Value per share of the Master Fund; and
- (e) conducting investor relationship management activities, including making presentations to existing and potential investors and intermediaries.

The Master Fund Investment Advisory Agreement is for an initial term of five years, thereafter being terminable upon twelve months' written notice and at any time in the event of the insolvency of the Master Fund or the Investment Adviser. In addition, the Master Fund Investment Advisory Agreement may be terminated by the Master Fund giving 60 Business Days' written notice to the Investment Adviser upon the occurrence of a Key Person Event.

A Key Person Event occurs if, prior to the fifth anniversary of Admission, (a) two or more of the Key Persons (being initially Stephen Ellis, Rollo Wright and Ronan Kierans) are unable to dedicate substantially all of their working time to acting as Investment Adviser to the Master Fund and (b) suitable replacement Key Persons have not been approved by the Master Fund.

#### *Indemnity and extent of liability*

The Investment Adviser will not, in the absence of fraud, negligence or wilful default on its part or on the part of its employees, be liable for any loss, damage, cost, claim or expenses sustained or suffered by the Master Fund as a result, or in the course of, the discharge of its duties pursuant to the Master Fund Investment Advisory Agreement. In addition, the Master Fund has agreed to indemnify the Investment Adviser and its employees from and against any and all liabilities, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from fraud, negligence, or wilful default on the part of the Investment Adviser or its employees) incurred in performing their obligations or duties pursuant to the Master Fund Investment Advisory Agreement.

#### *Conflicts of Interest*

The Investment Adviser or any Associate (as defined in the Master Fund Investment Advisory Agreement) or any directors, officers, employees, agents and affiliates of any of them (each an "**Interested Party**") may be involved in other financial, investment or other professional activities which may, on occasion, give rise to conflicts of interest with the Master Fund, including with regard to the allocation of investment opportunities to different clients. Whenever such conflicts arise, the Investment Adviser shall endeavour to ensure that they are resolved, and any relevant investment opportunities allocated, fairly. Each such conflict will be fully disclosed to the Master Fund by the Investment Adviser provided that such disclosure does not breach the rules of the FSA.

It is a provision of the Master Fund Investment Advisory Agreement that Stephen Ellis, Rollo Wright and Ronan Kierans dedicate substantially all their working time to the provision of investment advisory services to the Master Fund, except at such times as the Master Fund is at least 75 per cent. invested in its target assets, following which Stephen Ellis, Rollo Wright and Ronan Kierans will dedicate approximately 60 per cent. of their working time to the provision of investment advisory services to the Master Fund.

### *Exclusivity and Non-Compete*

Neither the Investment Adviser nor, *inter alia*, any employee of the Investment Adviser, may (while the Master Fund Investment Advisory Agreement is in force) without the express prior written consent of the Master Fund act as the adviser, manager or sponsor of any fund or entity that may invest in assets within the scope of the Master Fund's investments or engage in any activity which may compete in the same or substantially similar investment area as the Master Fund.

### *Professional Indemnity Insurance*

The Investment Adviser will, subject to such insurance being available in the market at commercial rates, maintain, at the cost of the Master Fund, professional indemnity insurance to cover each and every professional liability which may arise under the Master Fund Investment Advisory Agreement, with a limit of indemnity not less than £1,000,000 in respect of each and every claim. This professional indemnity insurance will be maintained for a period expiring not less than 6 years after the winding up of the Master Fund or the termination of the Master Fund Investment Advisory Agreement, whichever is the earlier.

## **8.4 Master Fund Valuation Agreement**

The Valuation Agent has been appointed by the Master Fund pursuant to the Master Fund Valuation Agreement. The Valuation Agent is responsible for the following:

- (a) providing a monthly valuation report to the Master Fund updating the monthly valuation of each Class Fund's portfolio of investments; and
- (b) valuing assets acquired as at acquisition.

The Valuation Agent was appointed for an initial period of one year from 24 March 2010 terminable thereafter by six months' notice given by either party.

## **8.5 Subscription Agreement**

The Master Fund has entered into the Subscription Agreement, which is summarised in paragraph 9.2 of Part 9 of this document.

## **8.6 Master Fund Deed**

The Master Fund has entered into a deed with the Placing Agent pursuant to which the Master Fund has given certain warranties to the Placing Agent as to the accuracy of the information contained in this document and other matters relating to the Master Fund and its business.

The Master Fund has also agreed to pay to the Placing Agent a commission equal to 1.25 per cent. of the aggregate amount invested direct into the Master Fund by investors who were introduced to the Company and/or the Master Fund by the Placing Agent.

## **9. Related Party Transactions**

For details of related party transactions relating to the Master Fund, please refer to the notes to the audited financial statements of the Master Fund for the period ended 31 March 2010 in Part 11 of this document. There are no other related party transactions that the Master Fund has entered into since its incorporation.

## **10. Property, Plant and Equipment**

The Master Fund has no existing or planned material tangible fixed assets.

## **11. Litigation**

The Master Fund is not and has not been involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Master Fund's financial position or profitability and, so far as the Master Fund Directors are aware, there are no such proceedings pending or threatened against the Master Fund.

## **12. Investment restrictions**

The Master Fund is required to manage and invest its assets in accordance with its published investment policy and strategy. The investment policy and strategy of the Master Fund is summarised in paragraphs 2 and 4 of Part 4 of this document. The investment policy and strategy of the Master Fund may be amended from time to time by an ordinary resolution of the Master Fund Shareholders. The Master Fund is not subject to any other investment restrictions.

## **13. General**

- 13.1 There has been no significant change in the financial or trading position of the Master Fund, apart from the cash investments in the GEM Notes of £11.67 million and the additional net capital raised of £12,560,008.68 resulting from net subscriptions, since 31 March 2010, the date to which the last audited accounts of the Master Fund were prepared.
- 13.2 Ernst & Young LLP has been the auditors of the Master Fund since incorporation and have given an unqualified audit report on the accounts of the Master Fund for its first financial period, ended 31 March 2010. This report did not contain any statement under Article 111(2) of the Jersey Companies Law. The audited accounts of the Master Fund for the period ended 31 March 2010 have been delivered to the Jersey Registrar of Companies.
- 13.3 Save as otherwise disclosed in this document there are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Master Fund's business or profitability.
- 13.4 As at 25 June 2010 (being the latest practicable date prior to the date of this document), there have been no public takeover bids by third parties in respect of the Master Fund's share capital since incorporation.
- 13.5 The Master Fund has no subsidiaries.



## **PART 11**

### **FINANCIAL INFORMATION**

The financial information on the Master Fund set out below represents the financial statements of the Company as published and the audit opinion thereon for the period ended 31 March 2010. The financial statements were audited by Ernst & Young LLP for the period ended 31 March 2010. The Auditors' reports for this period was unqualified and did not contain a statement under Article 111(2) of the Jersey Companies Law.

# **GCP Infrastructure Fund Limited**

## **REPORT AND AUDITED INTERIM FINANCIAL STATEMENTS**

**For the period ended 31 March 2010**

## **GCP INFRASTRUCTURE FUND LIMITED**

---

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
Company Information	2
Directors' Report	3 -4
Investment Adviser's Report	5 - 6
Independent Auditor's Report	7
Statement of Financial Position	8
Statement of Comprehensive Income	9
Statement of Changes in Net Assets attributable to holders of Redeemable Participating Shares	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 23

## GCP INFRASTRUCTURE FUND LIMITED

---

### COMPANY INFORMATION

**Company**

GCP Infrastructure Fund Limited  
12 Castle Street  
St Helier  
Jersey JE2 3RT

**Investment Adviser**

Gravis Capital Partners LLP  
32 Curzon Street  
London W1J 7WS

**Administrator, Secretary & Registrar**

Capita Financial Administrators (Jersey) Limited  
12 Castle Street  
St Helier  
Jersey JE2 3RT

**Custodian**

Capita Trust Company (Jersey) Limited  
12 Castle Street  
St Helier  
Jersey JE2 3RT

**CISX Listing Sponsor**

Carey Olsen Corporate Finance Limited  
47 Esplanade  
St. Helier  
Jersey JE1 0BD

**Advisors on English Law**

Berwin Leighton Paisner LLP  
Adelaide House  
London Bridge  
London EC4R 9HA

**Advisors on Jersey Law**

Carey Olsen  
47 Esplanade  
St. Helier  
Jersey JE1 0BO

**Directors**

Mr. Clive Spears  
Mr. Paul de Gruchy  
Mr. Trevor Hunt

**Auditor of the Company**

Ernst & Young LLP  
Liberation House  
Castle Street  
St Helier  
Jersey JE1 1EY

**Principal Bankers**

AIB Bank (CI) Limited  
AIB House  
25 Esplanade  
St Helier  
Jersey JE1 2AB

**Valuation Agent**

Navigant Consulting, Inc  
Centurion House  
24 Monument Street  
London EC3R 8AJ

**Legal Due Diligence Advisors**

Allen & Overy LLP  
40 Bank Street  
London E14 5OU

**Built Asset Due Diligence Advisors**

EC Harris LLP  
ECHQ  
Regent Quarter  
34 York Way  
London N1 9AB

**Financial Model Due Diligence Advisors**

PKF (UK) LLP  
Farringdon Place  
20 Farringdon Road  
London EC1M 3AP

# **GCP INFRASTRUCTURE FUND LIMITED**

---

## **DIRECTORS' REPORT**

**For the period from 20 May 2009 to 31 March 2010**

The Directors are pleased to present the audited interim financial statements for the period ended 31 March 2010.

### **INCORPORATION AND ORGANISATION**

GCP Infrastructure Fund Limited (the "Company") is a public company incorporated in Jersey with registration number 103257 on 20 May 2009. The Company is governed by the provisions of the Companies (Jersey) Law, 1991. The Company commenced operations on 30 July 2009, and its financial year end is 30 September.

The Company is an open-ended investment company incorporated under the laws of Jersey. The shares of the Company are listed on the Channel Islands Stock Exchange.

### **INVESTMENT OBJECTIVE AND POLICY**

The Company seeks to provide investors with long-term distributions, at levels that are sustainable, and to preserve the capital value of its investment portfolio over the long term.

The Company makes infrastructure investments, typically through acquiring (or acquiring interests in) subordinated debt instruments issued by infrastructure project companies (or by their existing lenders or holding vehicles) that are contracted by the public sector to design, finance, build and operate public infrastructure assets. Such projects are typically structured and financed under the UK private finance initiative.

### **RESULTS, ACTIVITIES AND FUTURE DEVELOPMENTS**

The results of operations are set out on page 9. A detailed review of activities and future developments is contained in the Investment Adviser's report.

### **DIRECTORS, DIRECTORS' INTERESTS AND EMOLUMENTS**

The current Directors of the Company are listed on page 2. The Directors' interests are disclosed in note 9 to the financial statements.

### **STATEMENT OF THE DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the interim financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

The Directors prepare interim financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The financial statements of the Company are prepared to give a true and fair view of the state of affairs of the Company at the interim period end and of the profit or loss of the Company for the interim period then ended. In preparing these interim financial statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- specify which generally accepted accounting principles have been adopted in their preparation; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## GCP INFRASTRUCTURE FUND LIMITED

---

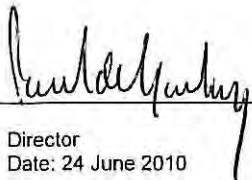
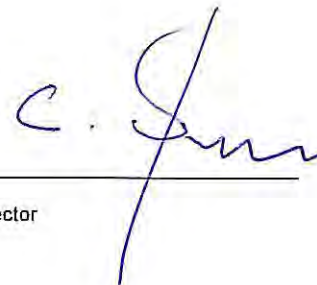
### DIRECTORS' REPORT (continued)

For the period from 20 May 2009 to 31 March 2010

#### DIVIDEND POLICY

The Directors have absolute discretion as to the payment of dividends. On 30 April 2010 there was a dividend of 2.25p per share proposed for the period ended 31 March 2010. The dividend was paid on 14 May 2010.

On behalf of the Board of Directors

  
\_\_\_\_\_  
Director  
Date: 24 June 2010  
\_\_\_\_\_  
Director



## **GCP INFRASTRUCTURE FUND LIMITED**

---

### **INVESTMENT ADVISER'S REPORT**

For the period from 20 May 2009 to 31 March 2010

#### **Background to the UK Private Finance Initiative ("PFI")**

PFI was introduced in the UK in the mid 1990's to provide the Government with a way of funding major capital investments in infrastructure assets such as schools, hospitals, prisons and court buildings, without immediate use of public sector capital.

In a typical UK PFI project, a private company (the "Project Company") is contracted by a public sector entity (for example, a local authority in the case of schools, an NHS Trust in the case of hospitals) to design, finance, build and manage new infrastructure assets.

Once the infrastructure asset is built, the management contract between the public sector entity and the Project Company typically last for 20 to 50 years, during which time:

- (i) the Project Company operates the asset for the relevant public sector entity, and
- (ii) the public sector entity pays the Project Company a fixed series of payments (in many cases these payments are linked to inflation).

#### **Investment opportunity**

Disruption in the financial markets since mid-2007 has significantly restricted the availability of debt financing for PFI-related infrastructure Project Companies in the UK. This has primarily been as a result of:

- (i) reduced investor confidence in securitised transactions, which has had a significant negative impact on the ability of PFI Project Companies to access debt funding through the debt capital markets; and
- (ii) the reduction in banks' appetite to provide debt, due to the banks' capital constraints and their concerns in relation to long-term liquidity.

For those who have funds available to invest, these circumstances have given rise to a wider range and greater number of opportunities to provide debt financing for PFI-related infrastructure Project Companies, and the potential for higher returns than were previously available. The Directors and the Investment Adviser believe that the available levels of returns are attractive having regard to the risks attached to such investments. In particular, investments of the type targeted by the Company relate to projects backed by long-dated, secure, quasi-UK government contracts, yet have yields priced at significant margins above UK government debt.

#### **Company investment strategy**

The Company makes infrastructure investments, typically through acquiring (or acquiring interests in) subordinated debt instruments issued by infrastructure Project Companies (or by their existing lenders or holding vehicles) that are contracted by the public sector to design, finance, build and operate public infrastructure assets. The Company targets projects structured and financed under the UK private finance initiative.

It is the view of the Directors and the Investment Adviser that once a public infrastructure asset has been constructed and the contracted cash flows relating to the project have commenced, many of the risks associated with investments in such assets are significantly reduced. Therefore, the Company primarily targets PFI investments after the design and build phases have been completed and the asset is operational.

## **GCP INFRASTRUCTURE FUND LIMITED**

---

### **INVESTMENT ADVISER'S REPORT (continued)**

**For the period from 20 May 2009 to 31 March 2010**

#### **Investment in the period ended 31 March 2010**

In September 2009 the Company subscribed for £12,000,000 of loan notes (the "GPFI Loans"). The GPFI Loans have an annual equivalent return of 9.83%, increasing in the event that the UK Retail Prices Index rises above 5% in any year, and are listed on the Channel Islands Stock Exchange.

The GPFI Loans are advanced on a subordinated basis against the cash flows payable by four NHS Trusts under PFI contracts for the use of the following four non-acute healthcare facilities:

- Runwell Community Hospital (South Essex Partnership NHS Trust),
- Stanley Primary Care Centre (Tees, Esk and Wear Valleys NHS Trust),
- Lanchester Road Children's Primary Healthcare Unit (County Durham Primary Care Trust), and
- Braintree Community Hospital (Mid Essex Primary Care Trust).

All four facilities are fully operational and have performed as expected throughout the period ended 31 March 2010 without any operational issues.

#### **Investment pipeline**

The Investment Adviser continues to conduct due diligence on a wide range of other potential transactions, including opportunities relating to student accommodation, municipal leisure assets, secondary schools and senior PFI debt portfolios.

Gravis Capital Partners LLP  
Investment Adviser  
24 June 2010

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GCP INFRASTRUCTURE FUND LIMITED**

We have audited the company's interim financial statements for the period ended 31 March 2010 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares, the Statement of Cash Flows and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors are responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the International Financial Reporting Standards. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report and the investment adviser's report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the company's affairs as at 31 March 2010 and of its results for the period then ended.

A handwritten signature in dark ink, appearing to read 'G. Davies'.

Geraint Davies  
For and on behalf of Ernst & Young LLP  
Jersey, Channel Islands

Date *24 June 2010*



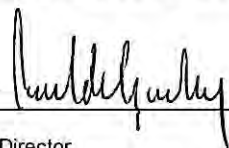
# GCP INFRASTRUCTURE FUND LIMITED

## STATEMENT OF FINANCIAL POSITION

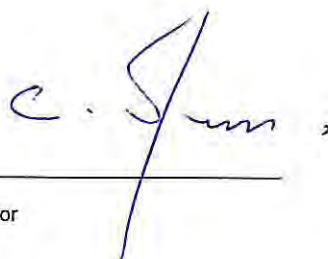
As at 31 March 2010

		31 March 2010
	Notes	£
<b>Assets</b>		
Cash and cash equivalents		7,560,399
Amounts held in Security Account	11	536,000
Other receivables and prepayments	5	121,153
Amounts receivable on subscription of shares		513,285
Financial assets at fair value through profit or loss	8	12,199,551
<b>Total Assets</b>		<u>20,930,388</u>
<b>Equity</b>		
Non redeemable shares	7	<u>100</u>
<b>Total Equity</b>		<u>100</u>
<b>Liabilities</b>		
Investment advisory fees payable	9	40,203
Custodian and administration fees payable		5,045
Other payables and accrued expenses	6	56,208
Amounts payable to Security Account on redemption of shares	11	2,402,112
Amounts held in Security Account	11	<u>536,000</u>
<b>Total liabilities</b>		<u>3,039,568</u>
<b>Total equity and liabilities (excluding net assets attributable to holders of redeemable participating shares)</b>		<u>3,039,668</u>
<b>Net assets attributable to holders of redeemable participating shares</b>		<u><u>17,890,720</u></u>

On behalf of the Board of Directors



Director  
Date: 24 June 2010



Director

The accompanying notes on pages 12 to 23 form an integral part of these audited financial statements.

# GCP INFRASTRUCTURE FUND LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

For the period from 20 May 2009 to 31 March 2010

		Period ended 31 March 2010
	Notes	£
<b>Income</b>		
Interest Income	3	69,790
Net gain on financial assets and liabilities at fair value through profit or loss		449,551
		<u>519,341</u>
<b>Expense</b>		
Investment advisory fees	9	40,203
Custodian and administration fees	9	36,874
Directors' fees	9	19,479
Other general expenses		210,162
Interest on amounts held in Security Account	11	35,360
<b>Total operating expenses</b>		<u>342,078</u>
Other comprehensive income		<u>-</u>
<b>Increase in net assets attributable to holders of redeemable participating shares from operations</b>		<u><u>177,263</u></u>

The accompanying notes on pages 12 to 23 form an integral part of these audited financial statements.

## **GCP INFRASTRUCTURE FUND LIMITED**

### **STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES**

For the period from 20 May 2009 to 31 March 2010

<b>Ordinary redeemable participating shares</b>	<b>Number of shares</b>	<b>Net assets attributable to holders of redeemable participating shares</b>
Issue of redeemable shares	19,967,926	20,132,519
Redemption of redeemable shares	(2,363,783)	(2,419,062)
Increase from transactions in shares	17,604,143	17,713,457
Increase from operations		177,263
<b>Balance at 31 March 2010</b>	<b>17,604,143</b>	<b>17,890,720</b>

The accompanying notes on pages 12 to 23 form an integral part of these audited financial statements



## GCP INFRASTRUCTURE FUND LIMITED

### STATEMENT OF CASH FLOWS

For the period from 20 May 2009 to 31 March 2010

	Period ended 31 March 2010
	£
<b>Cash flows from operating activities</b>	
Cash flows from operations	177,263
<b>Net Increase in net assets attributable to holders of redeemable participating shares</b>	<u>177,263</u>
<b>Net changes in operating assets and liabilities</b>	
(Increase) in other receivables	(121,053)
(Increase) in amounts receivable on subscriptions of shares	(513,285)
(Increase) in financial assets designated as fair value through profit or loss	(449,551)
Increase in management fees payable	40,203
Increase in custodian and administration fees payable	5,045
Increase in other payables	56,208
<b>Net cash used by operating activities</b>	<u>(982,433)</u>
<b>Cash flows from investment activities</b>	
Purchase of investments	(12,000,000)
Arrangement fee	250,000
<b>Net cash used in investment activities</b>	<u>(11,750,000)</u>
<b>Cash flows from financing activities</b>	
Proceeds from issue of redeemable shares	20,132,519
Payments for liquidation of redeemable shares	(16,950)
<b>Net cash flows provided by financial activities</b>	<u>20,115,569</u>
Net increase in cash and cash equivalents	7,560,399
<b>Cash and cash equivalents at 20 May 2009</b>	-
<b>Cash and cash equivalents at 31 March 2010</b>	<u>7,560,399</u>
<b>Non cash items:</b>	
Increase in amounts payable on redemption of shares	2,402,112
Payments for liquidation of redeemable shares	(2,402,112)
(Increase) in amounts held on security receivable	(536,000)
Increase in amounts held on security payable	536,000

The accompanying notes on pages 12 to 23 form an integral part of these audited financial statements

# GCP INFRASTRUCTURE FUND LIMITED

---

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the period from 20 May 2009 to 31 March 2010

### 1. GENERAL INFORMATION

GCP Infrastructure Fund Limited (the "Company") is a public company incorporated in Jersey with registration number 103257 on 20 May 2009.

The registered office of the Company is located at 12 Castle Street, St. Helier, Jersey JE2 3RT. The Company has had no employees during the period ended 31 March 2010.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

These interim financial statements (the "financial statements") are prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the International Financial Reporting Interpretations Committee of the International Accounting Standards Boards ("IASB") in force on 31 March 2010 as required by IFRS 1 and as adopted by the European Union.

The Statement of Financial Position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current assets.

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

The following standards, amendments and interpretations are not effective and are not expected to have material impact on the financial position or performance of the Fund:

#### (a) IFRS 3 (Revised 2008) Business Combinations and IAS 27(Revised 2008) Consolidated and Separate Financial Statements

The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3 (Revised 2008) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27 (Revised 2008) requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Application of the revised standards will become mandatory for the Fund's 2010 financial statements.

#### (b) Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

This amendment to IAS 39 Financial Instruments: Recognition and Measurement was issued on 31 July 2008 and is applicable for annual periods beginning on or after 1 July 2009 with early application permitted. The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations.

#### (c) IFRS 1 First Time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters

The revised standard was issued in July 2009 and become effective for financial years beginning on or after 1 January 2010. The amendment provides relief from the full retrospective application of IFRS in certain circumstances.

#### (d) IFRS 2 Share-based Payments – Group cash-settled share-based payment transactions

The revised standard was issued in July 2009 and is effective for annual periods beginning on or after 1 January 2010. It provides guidance on that to be in the scope of IFRS 2, an award must be a 'share-based payment transaction,' and part of a 'share-based payment arrangement'.

#### (e) IFRIC Interpretation 17 Distributions of Non-Cash Assets to Owners

The IFRIC issued IFRIC Interpretation 17 in November 2008. IFRIC 17 provides guidance on how to account for distributions of non-cash assets to its owners and distributions that give owners a choice of receiving either non-cash assets or a cash alternative. An entity shall apply this Interpretation prospectively for annual periods beginning on or after 1 July 2009.



## NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

For the period from 20 May 2009 to 31 March 2010

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Improvements to IFRSs

In April 2009 the IASB has issued a second omnibus of amendments to its standards and interpretations. The following amendments are not expected to have any impact on the accounting policies, financial position or performance of the Fund:

- IFRS 2 Share-based Payment: Scope of IFRS 2 and revised IFRS 3
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations
- IFRS 8 Operating Segments: Disclosure of information about segment assets
- IAS 1 Presentation of Financial Statements: Current/non-current classification of convertible instruments
- IAS 7 Statement of Cash Flows: Classification of expenditures on unrecognised assets
- IAS 17 Leases: Classification of leases of land and buildings
- IAS 36 Impairment of Assets: Unit of accounting for goodwill impairment test
- IAS 38 Intangible Assets: Additional consequential amendments arising from revised IFRS 3
- IAS 38 Intangible Assets: Measuring the fair value of an intangible asset acquired in a business combination
- IAS 39 Financial Instruments: Recognition and Measurement: Treating loan prepayment penalties as closely related embedded derivatives
- IAS 39 Financial Instruments: Recognition and Measurement: Scope exemption for business combination contracts
- IAS 39 Financial Instruments: Recognition and Measurement: Cash flow hedge accounting
- IFRIC 9 Reassessment of Embedded Derivatives: Scope of IFRIC 9 and revised IFRS 3
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation: Amendment to the restriction on the entity that can hold hedging

#### 2.2 Significant accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires the Directors to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. Please refer to Note 8 for details of significant estimates.

#### 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 the going concern basis.

#### 2.3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

##### (a) Financial assets and financial liabilities

###### (i) Classification

The Company classifies its financial assets and financial liabilities into the categories below in accordance with IAS 39.

###### Financial assets and liabilities at fair value through profit or loss

This category consists of financial instruments designated as at fair value through profit or loss upon initial recognition. These include equity securities and debt instruments that are not held for trading. These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company, as set out in the Company's Information Memorandum document. The financial information about these financial assets is provided by the Investment Adviser to the Directors with the valuation model being supplied by the Valuation Agent.

###### Loans and receivables

Loans and receivables are non-derivative financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. The Company includes in this category amounts relating to short-term receivables and payables.

## GCP INFRASTRUCTURE FUND LIMITED

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

For the period from 20 May 2009 to 31 March 2010

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (ii) Recognition

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.

##### (iii) Derecognition

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; or
- 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 transferred 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 expires.

##### (iv) Initial measurement

Financial assets and 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.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself classified as held for trading or designated as at fair value through profit or loss. Embedded derivatives separated from the host are carried at fair value with changes in fair value recognised in profit or loss.

Loans and receivables are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

##### (v) Subsequent measurement

After initial measurement, the Company measures financial assets and liabilities at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Statement of Comprehensive Income'.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in the Statement of Comprehensive Income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.



## **GCP INFRASTRUCTURE FUND LIMITED**

---

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)**

For the period from 20 May 2009 to 31 March 2010

#### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **(b) Determination of fair value**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

For all 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, reference 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 8.

##### **(c) Functional and presentation currency**

The primary objective of the Company is to generate returns in sterling, its capital-raising currency. The Company's performance is evaluated in sterling. Therefore, the Directors consider sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

##### **(d) Redeemable participating shares**

Redeemable participating shares are redeemable at the shareholders' option and are classified as financial liabilities.

The liabilities arising from the redeemable shares are carried at the redemption amount being the net asset value calculated in accordance with IFRS.

The net asset value of the Company for the purpose of calculating the net assets attributable to shareholders in accordance with the Company's redemption requirements is calculated in accordance with the provisions of the Information Memorandum dated June 2009. This valuation of net asset value is different from the IFRS valuation requirements. The difference between the two valuations is disclosed in note 10.

The Company issues shares at the net asset value of the existing shares. The holder of participating shares can redeem them on the last business day of each calendar month (or additional days as the Directors may determine), giving four weeks notice prior to the last business day, for cash equal to a proportionate share of the Company's net asset value (calculated in accordance with redemption requirements). The Company's net asset value per share is calculated by dividing the net assets attributable to shareholders (calculated in accordance with redemption requirements) by the number of shares in issue.

##### **(e) Distributions to shareholders**

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

Distributions are payable at the end of each half year, payable in May and November.

##### **(f) Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position 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.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

##### **(g) Interest revenue and expense**

Interest revenue and expense are recognised in the Statement of Comprehensive Income for all interest-bearing financial instruments using the effective interest method.

## GCP INFRASTRUCTURE FUND LIMITED

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

For the period from 20 May 2009 to 31 March 2010

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (h) Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities designated upon initial recognition as 'held at fair value through profit or loss' and excludes interest and dividend income and expense.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

#### 3. SEGMENT 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 table below analyses the Company's operating income per geographical location for the period ended 31 March 2010. The basis for attributing the operating income is the place of incorporation of the investments counterparty.

	£
Channel Islands	69,790
United Kingdom	449,551
<b>Total</b>	<b>519,341</b>

The table below analyses the Company's operating income for the period ended 31 March 2010 per investment type.

	£
Cash and cash equivalents	69,790
Net gain on financial assets and liabilities at fair value through profit and loss	449,551
<b>Total</b>	<b>519,341</b>

#### 4. TAXATION

Profits arising in the Company for the 2009 year of assessment will be subject to tax at the rate of 0%.

#### 5. OTHER RECEIVABLES AND PREPAYMENTS

	£
Other receivables and prepayments	121,153
<b>Total</b>	<b>121,153</b>

#### 6. OTHER PAYABLES AND ACCRUED EXPENSES

	£
Accrued expenses	56,208
<b>Total</b>	<b>56,208</b>



## GCP INFRASTRUCTURE FUND LIMITED

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

For the period from 20 May 2009 to 31 March 2010

#### 7. REDEEMABLE PARTICIPATING SHARES

The authorised share capital of the Company is £500,000,100 divided into 100 non-redeemable Shares of £1 par value each and 500,000,000 redeemable participating shares of £1 par value each.

The 100 non-redeemable shares are issued and fully paid, and are all held by Capita Financial Administrators (Jersey) Limited. The non-redeemable shares confer upon the holders thereof rights in a winding-up to repayment of its par value but do not confer other rights to participate in the profits or assets or dividends of the Company.

All issued redeemable participating shares are fully paid. The Company's capital is represented by these redeemable participating shares. Quantitative information about the Company's capital is provided in the Statement of Changes in Net Assets Attributable to Shareholders.

The redeemable participating shares are divided into two classes, ordinary redeemable income shares and ordinary redeemable accumulation shares. The ordinary redeemable income shares carry the right to dividends out of the profits available for distribution attributable to such ordinary redeemable income shares, if any, as determined by the Directors. No dividends will be payable in respect of the ordinary redeemable accumulation shares, and any income attributable to such ordinary redeemable accumulation shares will be reinvested for the benefit of the such ordinary redeemable accumulation shares.

Except for the right to dividends, the rights, obligations and restrictions attached to each class of share are identical in all respects.

Each holder of a redeemable participating share is entitled to attend meetings of shareholders and, on a poll, to one vote for each share held. In a winding-up of the Company, the assets of each class available for distribution shall be applied in repayment of the nominal amount paid up on the shares of the relevant class and any surplus assets then remaining shall be distributed among the holders of the shares of the relevant class pro rata to their respective holdings. A fraction of a share will rank pari passu and proportionately with a whole share.

A redeemable participating share does not confer any interest in any particular asset or investment of the Company.

Shareholders have the right to have their shares redeemed at a proportionate share based on the Company's net asset value per share on the redemption date. For the purpose of calculating the net assets attributable to shareholders in accordance with Company's constitution, the Company's valuation of net asset value is different from the IFRS valuation requirements. Reconciliation between the Company's NAV under IFRS and the NAV calculated per the Company's constitution is provided in note 10.

Ordinary redeemable share transactions for the period ended 31 March 2010 were as follows;

Ordinary redeemable participating income shares	Number of Shares	Proceeds £
At beginning of period	-	-
Subscriptions	12,640,706	12,789,484
Redemptions	(2,361,307)	(2,416,549)
At end of period	10,279,399	10,372,935

Ordinary redeemable participating accumulation shares	Number of Shares	Proceeds £
At beginning of period	-	-
Subscriptions	7,327,220	7,343,035
Redemptions	(2,476)	(2,513)
At end of period	7,324,744	7,340,522

The Company's capital is represented by the redeemable shares outstanding. The investment objective of the Company is outlined in note 1. The Company strives to invest the subscriptions of redeemable shares in investments that meet the Company's investment objectives while maintaining sufficient liquidity to meet shareholder redemptions. As at 31 March 2010 contributed capital amounted to £17,713,457.

## GCP INFRASTRUCTURE FUND LIMITED

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

For the period from 20 May 2009 to 31 March 2010

#### 7. REDEEMABLE PARTICIPATING SHARES (continued)

##### Capital Management

As a result of the ability to issue, repurchase and resell shares, the capital of the Company can vary depending on the demand for redemptions and subscriptions to the Company. The Company is not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase or resale of redeemable shares.

The Company's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in its prospectus.
- To achieve consistent returns while safeguarding capital.
- To maintain sufficient liquidity to meet the expenses of the Company, and to meet redemption requests as they arise.
- To maintain sufficient size to make the operation of the Company cost-efficient.

Refer to 'Financial risk management objectives and policies' (Note 8) for the policies and processes applied by the Company in managing its capital and its obligation to repurchase the shares.

#### 8. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

The Company has an investment policy and strategy as summarised in the Information Memorandum dated June 2009 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 review undertaken by the Investment Adviser to ensure that the Company's policies are adhered to as it is the Company's Investment Adviser's responsibility to identify and control risks. The Investment Adviser report regularly to the Directors as ultimate responsibility for the overall risk management approach lies with the Directors.

The Investment Adviser and the Directors ensure that all investment activity is performed in accordance with investment guidelines. The Company's investment activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring. The financial risks to which the Company is exposed include market risk, credit risk and liquidity risk.

##### Fair Value

The Company's current financial assets are the GPFI Loans (as described in the Investment Adviser's Report) designated as financial assets at fair value through profit or loss, and are listed on the Channel Islands Stock Exchange ('CISX'). These financial instruments are held at fair value.

The Directors have appointed an independent Valuation Agent (Navigant Consulting, Inc) that carries out monthly fair valuations of the financial assets of the Company. These valuations are reviewed by both the Investment Adviser and the Directors. The valuation methodology is outlined in the Information Memorandum dated June 2009, and in the section below entitled '*Fair Valuation Methodology of Financial assets at fair value through profit or loss*'.

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:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- 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) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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's 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 judgment and is specific to the investment.



## GCP INFRASTRUCTURE FUND LIMITED

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

For the period from 20 May 2009 to 31 March 2010

#### 8. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

The table below summarises the securities held by the Company based on inputs used to establish the fair values at the period end.

	Period ended 31 March 2010			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	£	£	£	£
<i>Financial assets designated at fair value through profit or loss</i>				
Subordinated loan notes	-	12,199,551	-	12,199,551
	-	12,199,551	-	12,199,551

During the period ended 31 March 2010 there were no transfers of investments between levels therefore no further disclosure is considered necessary by the Directors. No level 3 reconciliation has been disclosed as it is the first reporting period of the Company and there have been no assets classified or transferred requiring reconciliation to the level 3 hierarchy.

#### *Fair Valuation Methodology of Financial assets at fair value through profit or loss*

An independent third party valuer, Navigant Consulting, Inc (the "Valuation Agent"), is responsible for carrying out the fair market valuation of the Company's investments (classified as financial assets at fair value through profit or loss) on a monthly basis.

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 what the Valuation Agent believes at the relevant time to be a market discount rate to the cash flow expected to arise from each such asset.

The Valuation Agent believes that a discount rate driven solely by publicly-available electronic feeds is not possible or appropriate when valuing the investments of the Company due to the lack of publicly-disclosed financial information relating to UK infrastructure transactions, and the fact that it is often in the detail of each individual infrastructure project that the value or areas of concern are to be found.

The Valuation Agent therefore exercises its judgement in assessing the discount rate used for valuing each investment taking, inter alia, the following into account:

- sterling interest rates;
- movements of comparable credit markets;
- the performance of the underlying assets, specifically any actual or potential event in relation to the underlying asset that may be expected to have a material impact on the ability of the borrower to meet its obligations to the Company, such as operating performance failures, or the credit impairment of the PFI contract obligor;
- general infrastructure market activity and investor sentiment, which the Valuation Agent assesses by taking into account its knowledge of the infrastructure market gained from discussions with all forms of market participants and from publicly-available information on relevant transactions and publicly-traded infrastructure funds; and
- changes to the economic, legal, taxation or regulatory environment.

The Investment Adviser exercises its judgment in assessing the expected future cash flows from each investment. Given that the investments of the Company will typically be fixed income debt instruments (with elements of inflation protection), the focus of the Valuation Agent is on assessing the likelihood of any interruptions to the debt service payments given the operational performance of the underlying asset.

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

Change in discount rate	0.50%	0.25%	0%	(0.25%)	(0.50%)
Valuation of financial assets at fair value	11,676,121	11,932,526	12,199,551	12,477,764	12,767,771
Change in valuation of financial assets at fair value	(523,430)	(267,025)	-	278,213	568,220

## GCP INFRASTRUCTURE FUND LIMITED

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

For the period from 20 May 2009 to 31 March 2010

#### 8. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

##### *Currency Risk*

The Company would engage in currency hedging only with a view to protecting the level of sterling dividends and other distributions to be paid by the Company in relation to the ordinary redeemable income shares. It is not currently the intention of the Company to invest in non-sterling denominated assets, or raise non-sterling denominated liabilities, and such currency hedging is therefore not currently envisaged.

##### *Interest Rate Risk*

Interest rate risk arises from the effects of fluctuations in the prevailing level of market interest rates on the fair value of financial assets and liabilities, future cash flows and borrowings.

##### *Fair value of financial assets and liabilities*

Interest rates are one of the factors which the independent third party valuer, Navigant Consulting, takes into account when valuing the financial assets. Sensitivity analysis on the discount rate used in the valuations which will be impacted by the interest rate, is included above in the section entitled '*Fair Valuation Methodology of Financial assets at fair value through profit or loss*'.

##### *Future cash flows*

The Company primarily invests in subordinated loans of infrastructure Project Companies. The Company's current 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.

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 senior debt has been hedged where appropriate.

##### *Borrowings*

The Company has made no use of borrowings to finance the acquisition of its current investments, and may only use borrowings for short-term purposes as may be necessary for the settlement of transactions, to facilitate share redemptions (where applicable) or to meet ongoing expenses. The Company's borrowings shall not in any event exceed 10 per cent. of the Company's Net Asset Value as at the time any such borrowings are drawn down.

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

##### *Credit Risk*

Credit risk is 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. Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty is not an exchange-clearing house.

The role and position within an infrastructure project structure of the Company's direct counterparty will vary from deal to deal. However, in most cases it is the credit position of the Project Company and its group companies that is of ultimate importance.

The Investment Adviser uses detailed cash flow forecasts to assess the credit worthiness of Project Companies and their ability to pay all costs as they fall due. After an investment is made the forecasts are regularly updated with information provided by the Project Companies in order to monitor ongoing financial performance.

The Project Companies will generally receive revenue from government departments, and public sector or local authority clients. Therefore a significant portion of the Project Companies' revenue is with counterparties of good financial standing.

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 exposures are reported to the Directors quarterly.

All the financial assets at fair value through profit and loss of the Company are debt instruments issued by Grosvenor PFI Holdings Limited, an unrated single purpose company that owns and manages the affairs of a portfolio of PFI assets.

As at 31 March 2010, the Company had a total of £8,096,399 in cash on deposit with AIB Bank (CI) Limited, which is a subsidiary of Allied Irish Bank Plc (rated A- by Standard & Poor's).

£536,000 of the cash on deposit, belonging to Grosvenor PFI Holdings Limited, is held as security by the Company in relation to the GPFI Loans. For further details of the security see note 11.



## GCP INFRASTRUCTURE FUND LIMITED

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

For the period from 20 May 2009 to 31 March 2010

#### 8. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

##### *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 or redeem its shares. The Company is exposed to cash redemptions of its participating redeemable shares on a regular basis. Shares are redeemable at the holder's option based on the Company's net asset value per share at the time of redemption calculated in accordance with the Company's constitution.

The Company manages its obligation to repurchase the shares when required to do so and its overall liquidity risk by requiring a four week notice period before redemptions. The Directors also have the right to declare a suspension of redemptions of shares.

The table below analyses all of the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month	1 – 3 months	3 – 12 months	No stated maturity	Total
	£	£	£	£	£
<b>Financial Assets</b>					
Cash and cash equivalents	-	-	-	7,560,399	7,560,399
Amounts held in Security Account	-	-	-	536,000	536,000
Other receivables and prepayments	-	116,408	-	4,745	121,153
Financial assets at fair value through profit or loss	-	-	-	12,199,551	12,199,551
Amounts receivable on subscription of shares	513,285	-	-	-	513,285
<b>Total financial assets</b>	<b>513,285</b>	<b>116,408</b>	<b>-</b>	<b>20,300,695</b>	<b>20,930,288</b>
<b>Financial Liabilities</b>					
Investment advisory fees payable	-	40,203	-	-	40,203
Custodian and administration fees payable	-	5,045	-	-	5,045
Other payables and accrued expenses	-	56,208	-	-	56,208
Amounts payable to Security Account on redemption of shares	2,402,112	-	-	-	2,402,112
Amounts held in Security Account	-	-	-	536,000	536,000
Net assets attributable to holders of redeemable participating shares	-	-	-	17,890,720	17,890,720
<b>Total financial liabilities</b>	<b>2,402,112</b>	<b>101,456</b>	<b>-</b>	<b>18,467,720</b>	<b>20,930,288</b>

## GCP INFRASTRUCTURE FUND LIMITED

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

For the period from 20 May 2009 to 31 March 2010

#### 9. 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 remuneration totals £19,479 in the period, and there is a balance outstanding to the Directors at the period end of £5,548 included within accrued expenses in note 6. None of the Directors hold shares in the Company.

##### *Investment Adviser*

Gravis Capital Partners LLP is entitled to receive a management and advisory fee in respect of its services. These fees amount to an aggregate of 0.9% per annum of the net assets of the Company. Total management fees amounted to £40,203, of which £40,203 is outstanding at the period end.

The partners of the Investment Adviser hold (directly or indirectly, and together with their family members) 5,135,701 shares in the Company. The majority of these investments were made at the initial launch of the Company in July 2009.

##### *Grosvenor PFI Holdings Limited*

The owners of Grosvenor PFI Holdings Limited have a 15% non-voting partnership interest in the Investment Adviser.

#### 10. RECONCILIATION OF NET ASSET VALUE

This note reconciles the Net Asset Value ("NAV") per the Financial Statements to the adjusted NAV as calculated in accordance with the Information Memorandum's rules for calculating the NAV for dealing purposes.

Establishment costs are all costs and expenses incurred in relation to the establishment of the Company

In accordance with the net asset value calculation as stipulated by IFRS, establishment costs are expensed in the period they are incurred.

In accordance with the net asset value calculation rules as stipulated in the Company's Information Memorandum, establishment costs are capitalised and subsequently amortised on a straight-line basis over a five year period for the purpose of calculating the net asset value per share class for the issuance and redemption of participating redeemable accumulation and income shares.

The Company's net asset value per accumulation and income share used for the issuance and redemptions of accumulation and income shares at 31 March 2010 can be reconciled to the net asset value per accumulation and income share class, as calculated in accordance with IFRS, as follows:

	31 March 2010	
	Total £	Per share £
Redeemable participating share reconciliation		
Valuation in accordance with the Information Memorandum	18,018,626	1.0235
Adjustment for establishment costs	(153,991)	(0.0087)
Adjustment for recoverable costs	26,085	0.0015
Valuation as per IFRS and Statement of Financial Position	17,890,720	1.0163



## GCP INFRASTRUCTURE FUND LIMITED

### NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

For the period from 20 May 2009 to 31 March 2010

#### 10. RECONCILIATION OF NET ASSET VALUE (continued)

The tables below give a breakdown by share class.

	31 March 2010	
Redeemable participating accumulation share class reconciliation	Total £	Per share £
Valuation in accordance with the Information Memorandum	7,497,520	1.0235
Adjustment for establishment costs	(63,966)	(0.0087)
Adjustment for recoverable costs	10,854	0.0015
<b>Valuation as per IFRS and Statement of Financial Position</b>	<b>7,444,408</b>	<b>1.0163</b>

	31 March 2010	
Redeemable participating income share class reconciliation	Total £	Per share £
Valuation in accordance with the Information Memorandum	10,521,106	1.0234
Adjustment for establishment costs	(90,025)	(0.0087)
Adjustments to recoverable costs	15,231	0.0015
<b>Valuation as per IFRS and Statement of Financial Position</b>	<b>10,446,312</b>	<b>1.0162</b>

#### 11. AMOUNTS HELD AS SECURITY

Under the terms of a subscription agreement and a charge over deposits, each dated 2nd October 2009, the GPFI Loans have been secured against funds belonging to GPFI held by the Company. Under the terms of an agreement on the use of charged funds, the Company may invest the funds in either:

- interest-bearing bank accounts (at banks carrying a minimum rating of A-1, P-1 or F-1 from Standard & Poor's, Moody's or Fitch respectively), or in one or more similarly-rated money market or short-dated gilt funds; or
- income or accumulation shares issued by the Company

Following the advance of the last of the GPFI Loans on 29 January 2010, and per the terms of the subscription agreement, charged funds of £2,936,000 belonging to GPFI were held by the Company in a segregated account (the "Security Account").

Under the terms of the subscription agreement, the charged funds may be used over time, with the permission of the Investment Adviser, to pay amounts due under the GPFI Loan from GPFI to the Company. The charged funds must remain above £1,000,000 for as long as the Company owns the GPFI loans.

On 23 March 2010, charged Funds of £2,400,000 were used to acquire income shares issued by the Company. The shares were redeemed on 31 March 2010, and the redemption proceeds of £2,402,112 were credited to the Security Account subsequent to the period end.

Interest earned on the Security account during the period ended 31 March 2010 totalled £35,360.

#### 12. SUBSEQUENT EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, as discussed in Note 11 above, the redemption proceeds payable to Grosvenor PFI Holdings Limited of £2,402,112 were credited to the Security Account.

On 3 June 2010, the Company acquired three loans (the "GEM Loans") in an aggregate size of £11,672,540. The GEM Loans are backed by cash flows payable under a guarantee contract protecting a leading international bank from losses of up to a £11,672,540 on a portfolio of its senior PFI loans.

There were no other significant events impacting the Company subsequent to the financial period end up to the date of approval of the financial statements.

## DEFINITIONS

The following definitions apply throughout this Prospectus unless the context otherwise requires:

<b>“Administrator”</b>	Capita Financial Administrators (Jersey) Limited or such administrator as may be appointed from time to time by the Company or the Master Fund, as the context may require
<b>“Admission”</b>	means admission of the Ordinary Shares to be issued pursuant to the Issue, and any Ordinary Shares to be issued to the Master Fund Shareholders who elect to swap their shares in the Master Fund for Ordinary Shares at Admission pursuant to the Switching arrangements described in paragraph 13 of Part 1 of this document, to the Official List and to trading on the London Stock Exchange’s main market for listed securities as the context may require
<b>“AIC”</b>	the Association of Investment Companies
<b>“AIC Code”</b>	the AIC’s Code of Corporate Governance, as amended from time to time
<b>“Application Form”</b>	the application form attached to this Prospectus for use in connection with the Offer for Subscription
<b>“Articles of Association” or “Articles”</b>	the articles of association of the Company in force from time to time
<b>“Auditors”</b>	Ernst & Young LLP or such auditor (who shall be suitably qualified under Jersey Companies Law) as may be appointed from time to time by the Company or the Master Fund, as the context may require
<b>“Available Net Proceeds”</b>	the proceeds of the Issue less the costs and expenses associated with the Issue and such sum as shall be retained by the Company in respect of its anticipated working capital requirements
<b>“Board” or “Board of Directors”</b>	the board of directors of the Company
<b>“Business Day”</b>	any day (other than a Saturday or a Sunday) on which commercial banks are open for business in London and Jersey
<b>“Capita Registrars”</b>	a trading name of Capita Registrars Limited
<b>“certificated” or “in certificated form”</b>	in certificated form, that is not in CREST
<b>“CISX”</b>	the Channel Islands Stock Exchange
<b>“City Code”</b>	the City Code on Takeovers and Mergers
<b>“Class Fund”</b>	a class fund established in respect of a class of shares in the Master Fund
<b>“Combined Code”</b>	the revised code on the principles of good corporate governance and best practice published in June 2008 by the Financial Reporting Council
<b>“Company”</b>	GCP Infrastructure Investments Limited

<b>“Company Administration Agreement”</b>	the administration agreement dated 28 June 2010 between the Company and the Administrator, details of which are set out in Part 9 of this Prospectus
<b>“Company Investment Advisory Agreement”</b>	the investment advisory agreement dated 28 June 2010 between the Company and the Investment Adviser, details of which are set out in Part 9 of this Prospectus
<b>“Company Receiving Agent”</b>	Capita Registrars Limited
<b>“Company Receiving Agent Services Agreement”</b>	the receiving agent services agreement dated 28 June 2010 between the Company and the Company Receiving Agent Registrar, details of which are set out in Part 9 of this document
<b>“Company Registrar”</b>	Capita Registrars (Jersey) Limited
<b>“Company Share Registration Services Agreement”</b>	the share registration services agreement dated 28 June 2010 between the Company and the Company Registrar, details of which are set out in Part 9 of this document
<b>“CREST”</b>	the computerised settlement system operated by Euroclear UK and Ireland Limited which facilitates the transfer of title to shares in uncertificated form
<b>“Current Portfolio”</b>	the Master Fund’s current investment portfolio, as described in Part 5 of this Prospectus
<b>“Custodian”</b>	Capita Trust Company (Jersey) Limited
<b>“Director”</b>	a director of the Company from time to time
<b>“Disclosure and Transparency Rules”</b>	the disclosure and transparency rules made by the FSA under Part VI of FSMA
<b>“equity securities”</b>	has the meaning given to that expression in the Articles
<b>“Eurozone”</b>	the 16 member states of the European Union which have adopted the euro currency as their sole legal tender
<b>“Expected Imminent Investments”</b>	the investments expected to be made by the Master Fund shortly after the publication of this document, as described in Part 5 of this document
<b>“expert fund”</b>	a fund regulated in Jersey pursuant to the Collective Investment Funds (Jersey) Law 1988 and the policies contained in the Guide to Expert Funds published by the Jersey Financial Services Commission
<b>“FSA” or “Financial Services Authority”</b>	the Financial Services Authority of the United Kingdom in its capacity as the competent authority for the purposes of FSMA
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 of the United Kingdom, as amended
<b>“IFRS”</b>	International Financial Reporting Standards (including International Accounting Standards)
<b>“Independent Directors”</b>	members of the Board of Directors of the Company not affiliated with the Master Fund being, on Admission, David Pirouet and Ian Reeves CBE

<b>“Investment Adviser”</b>	Gravis Capital Partners LLP, being the investment adviser to the Company and the Master Fund
<b>“Investment Company Act”</b>	the United States Investment Company Act of 1940, as amended
<b>“Issue”</b>	the issue of the Shares pursuant to the Placing and the Offer for Subscription
<b>“Jersey Companies Law”</b>	the Companies (Jersey) Law, 1991 (as amended)
<b>“JFSC”</b>	the Jersey Financial Services Commission
<b>“Listing Rules”</b>	the listing rules made by the UK Listing Authority under section 73A of FSMA
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Master Fund”</b>	GCP Infrastructure Fund Limited, a public company incorporated in Jersey
<b>“Master Fund Accumulation Shares”</b>	ordinary redeemable accumulation shares of £1.00 each in the Master Fund in respect of which no dividends are paid and all income is reinvested
<b>“Master Fund Administration Agreement”</b>	the administration agreement dated 9 June 2009 between the Master Fund and the Administrator, as amended pursuant to a letter dated 28 June 2010, details of which are set out in paragraph 8.1 of Part 10 of this Prospectus
<b>“Master Fund Articles” or “Master Fund Articles of Association”</b>	the articles of association of the Master Fund in force from time to time
<b>“Master Fund Board” or “Master Fund Board of Directors”</b>	the board of directors of the Master Fund
<b>“Master Fund Custodian Agreement”</b>	the custodian agreement dated 21 July 2009 between the Master Fund and the Custodian, details of which are set out in paragraph 8.2 of Part 10 of this Prospectus
<b>“Master Fund Director”</b>	a director of the Master Fund from time to time
<b>“Master Fund Income Shares”</b>	ordinary redeemable income shares of £1.00 each in the Master Fund in respect of which distributions are expected to be paid half yearly on or around 15 May and 15 November
<b>“Master Fund Investment Advisory Agreement”</b>	the investment advisory agreement dated 3 June 2009 (as amended on 28 June 2010) between the Master Fund and the Investment Adviser, details of which are set out in paragraph 8.3 of Part 10 of this Prospectus
<b>“Master Fund Valuation Agreement”</b>	the valuation agreement dated 24 March 2010 between the Master Fund and the Valuation Agent, details of which are set out in paragraph 8.4 of Part 10 of this Prospectus
<b>“Master Fund Shareholders”</b>	holders of Master Fund Income Shares and Master Fund Accumulation Shares
<b>“Master Fund Valuation Date”</b>	the last Business Day in each calendar month (or such other day as the Master Fund Directors may determine)

<b>“Memorandum”</b>	the memorandum of association of the Company or the Master Fund (as the context requires) in force from time to time
<b>“Minimum Net Proceeds”</b>	net proceeds of £34 million
<b>“NAV” or “Net Asset Value”</b>	in the case of the Company, the value of the assets of the Company less its liabilities as determined in accordance with the procedure set out in paragraph 9 of Part 1 of this Prospectus in the paragraph entitled “Valuation” and, in the case of the Master Fund, the value of the assets of the Master Fund less its liabilities determined in accordance with the procedure set out in paragraph 8 of Part 4 of this Prospectus in the paragraph entitled “Valuation”
<b>“Net Proceeds”</b>	the proceeds of the Issue less the costs and expenses associated with the Issue
<b>“Offer for Subscription” or “Offer”</b>	the offer for subscription to the public in the UK of the Ordinary Shares on the terms set out in this Prospectus
<b>“Offer Price”</b>	£1.00 per Ordinary Share
<b>“Official List”</b>	the official list of the UK Listing Authority
<b>“Ordinary Shares”</b>	ordinary shares of £0.01 each in the Company
<b>“Outside Scope Projects”</b>	has the meaning given to that expression in paragraph 4 of Part 4 of this document
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“PFI”</b>	private finance initiative
<b>“Placing”</b>	the placing of the Shares pursuant to the Placing Agreement, details of which are set out in Part 7 of this Prospectus
<b>“Placing Agreement”</b>	the placing agreement dated 28 June 2010 between, <i>inter alia</i> , the Company and the Placing Agent, details of which are set out in Part 9 of this Prospectus
<b>“Project Agreement”</b>	has the meaning given to that expression in paragraph 1 of Part 3 of this document
<b>“Project Company”</b>	has the meaning given to that expression in paragraph 1 of Part 3 of this document
<b>“Prospectus”</b>	this document, which constitutes a prospectus relating to the Company in accordance with the Prospectus Rules
<b>“Prospectus Rules”</b>	the rules made for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission of securities to trading on a regulated market
<b>“Regulated Information Service”</b>	a regulated information service approved by the FSA and on the list of Regulatory Information Services maintained by the FSA
<b>“Securities Act”</b>	the United States Securities Act of 1933 (as amended)
<b>“Shareholders”</b>	holders of Ordinary Shares in the capital of the Company
<b>“Sponsor” or “Placing Agent”</b>	Oriel Securities Limited



<b>“Subscription”</b>	the subscription by the Company for Master Fund Income Shares pursuant to the Subscription Agreement
<b>“Subscription Agreement”</b>	the subscription agreement dated 28 June 2010 between the Company and the Master Fund in relation to the Subscription
<b>“Switching”</b>	the arrangements for Master Fund Shareholders to swap their shares in the Master Fund for Ordinary Shares with effect from Admission as described in paragraph 13 of Part 1 of this document
<b>“Target Net Yield”</b>	has the meaning given to that expression in paragraph 5 of Part 1 of this document
<b>“UK Listing Authority”</b>	the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“US” or “United States”</b>	the United States of America, its states, territories and possessions, including the District of Columbia
<b>“Valuation Agent”</b>	Navigant Consulting, Inc. or such other independent valuer appointed by the Master Fund from time to time
<b>“Valuation Date”</b>	the last Business Day in each calendar month (or such other day as the Directors may determine)
<b>“VAT”</b>	value added tax
<b>“£” and “p”</b>	respectively pounds and pence sterling, the lawful currency of the United Kingdom

## TERMS AND CONDITIONS OF APPLICATIONS UNDER THE OFFER FOR SUBSCRIPTION

If you apply for the Ordinary Shares under the Offer for Subscription, you will be agreeing with the Company, the Sponsor and Capita Registrars Limited to be bound by the terms and conditions set out below.

In the case of a joint application, references to you in these terms and conditions are to each of you, and your liability is joint and several. Please ensure you read these terms and conditions in full before completing the Application Form.

In these terms and conditions, which apply to the Offer for Subscription:

**“Applicant”** means a person or persons (in the case of joint applicants) whose name(s) appear(s) on the registration details of an Application Form;

**“Application”** means the offer made by an Applicant by completing an Application Form and posting (or delivering it by hand during normal business hours only) it to the Receiving Agent at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as specified in the Prospectus;

**“Money Laundering Directive”** means the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing);

**“Money Laundering Regulations”** means the Money Laundering (Jersey) Order 2008;

**“Prospectus”** means the prospectus dated 28 June 2010 published by the Company;

**“Receiving Agent”** means Capita Registrars Limited; and

**“Registrar”** means the Capita Registrars (Jersey) Limited.

Save where the context otherwise requires, words and expressions defined in the Prospectus have the same meanings when used in these terms and conditions and in the Application Form and explanatory notes in relation thereto.

### The terms and conditions

The contract created by the acceptance of an Application under the Offer for Subscription will be conditional on:

- Admission occurring on or before 8.00 a.m. (London time) on 22 July 2010 (or such time and/or date as the Company and the Placing Agent may agree, being not later than 20 August 2010);
- the Placing Agreement becoming otherwise unconditional in all respects (save for conditions relating to Admission) and not having been terminated in accordance with its terms before Admission; and
- not less than the Minimum Net Proceeds (or such lesser number as the Company and the Placing Agent may agree) being subscribed for pursuant to the Issue.

The right is reserved by the Company to present all cheques and banker's drafts for payment on receipt and to retain Application monies and refrain from delivering an Applicant's Ordinary Shares into CREST, pending clearance of the successful Applicant's cheques and banker's drafts. The Company also reserves the right to reject in whole or part, or to scale down or limit, any Application. The Company may treat Applications as valid and binding if made in accordance with the prescribed instructions and the Company may, at its discretion, accept an Application in respect of which payment is not received by the Company prior to the closing of the Offer for Subscription. If any Application is not accepted in full or if any contract created by acceptance does not become unconditional, the Application monies or, as the case may be, the balance thereof will be returned (without interest) by returning each relevant Applicant's cheque or banker's

draft or by crossed cheque in favour of the first Applicant, through the post at the risk of the person(s) entitled thereto. In the meantime, Application monies will be retained by the Receiving Agent in a separate account.

The Directors (acting together) reserve the right, subject to the prior approval of the Sponsor, to bring forward or to postpone the closing time and date for the Placing and Offer for Subscription by up to two weeks if they conclude that this is in the best interests of the Company and/or Shareholders as a whole.

To ensure compliance with the Money Laundering Regulations, the Registrar may require, at its absolute discretion, verification of the identity of the person by whom, or on whose behalf, an Application Form is lodged with payment. If the Application Form is submitted by a UK regulated broker or intermediary acting as agent, and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Registrar.

The person lodging the Application Form with payment, and in accordance with the other terms as described above, including any person who appears to the Registrar to be acting on behalf of some other person, shall apply under the Offer for Subscription in respect of such number of offered Ordinary Shares as is referred to therein and shall thereby be deemed to agree to provide the Registrar with such information and other evidence as the Registrar may require to satisfy the verification of identity requirements.

If the Registrar determines that the verification of identity requirements apply to any Application, the relevant Ordinary Shares (notwithstanding any other term of the Offer for Subscription) will not be issued to the relevant Applicant unless and until the verification of identity requirements have been satisfied in respect of that Applicant or Application. The Registrar is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any Applicant or Application and whether such requirements have been satisfied, and neither the Registrar nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Registrar has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant Application as invalid, in which event the monies payable will be returned (at the Applicant's risk) without interest.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company and the Registrar from the Applicant that the Money Laundering Regulations will not be breached by application of such remittance. The verification of identity requirements will not usually apply:

- (a) if the Applicant is an organisation required to comply with the Money Laundering Directive; or
- (b) if the Applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (c) if the Applicant (not being an Applicant who delivers his Application in person) makes payment by way of a cheque drawn on an account in the Applicant's name; or
- (d) if the aggregate subscription price for the offered Ordinary Shares is less than £1,000.

In other cases, the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (a) if payment is made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom or the Channel Islands which is either a Settlement Member of the Cheque and Credit Cleaning Company Limited or the CHAPS Cleaning Company Limited and which bears a UK bank sort code number in the top right hand corner the following applies. Cheques should be made payable to "Capita Registrars Limited re: GCP Infrastructure Investments Limited – Offer for Subscription A/C" and crossed "A/C Payee Only". Third party cheques or banker's drafts will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the building society

cheque/banker's draft to such effect. However, third party cheques may be subject to the Money Laundering Regulations which would delay Shareholders receiving their Ordinary Shares. The account name should be the same as that shown on the Application Form; or

- (b) if the Application Form is lodged with payment by an agent which is an organisation required to comply with the Money Laundering Directive or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will, on demand, make such evidence available to the Registrar. If the agent is not such an organisation, it should contact the Placing Agent at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or the Registrar at 12 Castle Street, St. Helier, Jersey JE2 3RT.

To confirm the acceptability of any written assurance referred to in (b) above, or in any other case, the Applicant should telephone the Shareholder Helpline on 0871 664 0321 (calls to this number are charged at 10 pence per minute (including VAT) from a BT landline, other network providers' costs may vary) or +44 20 8639 3399 if calling from outside the UK. Calls to the helpline from outside the UK will be charged at applicable international rates. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Placing and Offer for Subscription nor give any financial, legal or tax advice.

If the Application Form(s) is/are in respect of Ordinary Shares is/are lodged by hand by the Applicant in person, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address. If, within a reasonable period of time following a request for verification of identity, and in any case by 1.00 p.m. on 15 July 2010, the Registrar has not received evidence satisfactory to it as aforesaid, the Registrar may, at its discretion, as agent of the Company, reject the relevant Application, in which event the monies submitted in respect of that Application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

All payments must be made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom or the Channel Islands of a bank or a building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by those companies or committees and must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual Applicant where they have sole or joint title to the funds, should be made payable to "Capita Registrars Limited re: GCP Infrastructure Investments Limited – Offer for Subscription A/C" and crossed "A/C Payee Only". Third party cheques or banker's drafts will not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the building society cheque/banker's draft to such effect. Cheques should be for the full amount payable on Application. Post dated cheques and payment via CHAPS, BACS or electronic transfer will not be accepted.

The account name should be the same as that shown on the Application.

The following is provided by way of guidance to reduce the likelihood of difficulties, delays and potential rejection of an Application Form (but without limiting the Receiving Agent's right to require verification of identity as indicated above):

- (a) Applicants should make payment by a cheque drawn on an account in their own name and write their name and address on the back of the banker's draft or cheque and, in the case of an individual, record his date of birth against his name; banker's drafts should be duly endorsed by the bank or building society on the reverse of the cheque as described above; and
- (b) if an Applicant makes the Application as agent for one or more persons, he or she should indicate on the Application Form whether he or she is a UK or EU regulated person or institution (for example, a bank or stockbroker) and specify his or her status. If an Applicant is not a UK or EU regulated person or institution, he or she should contact the Receiving Agent.

By completing and delivering an Application Form, you, as the Applicant (and, if you sign the Application Form on behalf of somebody else or a corporation, that person or corporation, except as referred to in paragraph (viii) below):

- (i) offer to subscribe for the number of Ordinary Shares specified in your Application Form (or such lesser number for which your Application is accepted) on the terms of and subject to the Prospectus, including these terms and conditions, and subject to the Memorandum and Articles of Association of the Company;
- (ii) agree that, in consideration of the Company agreeing to process your Application, your Application cannot be revoked after 1.00 p.m. on 15 July 2010 (or such later time and date as the Directors may determine if they may postpone the closing of the Offer for Subscription in accordance with the Prospectus) and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand during normal business hours only) on receipt by, the Receiving Agent of your Application Form;
- (iii) agree and warrant that your cheque or banker's draft may be presented for payment on receipt and will be honoured on first presentation and agree that, if it is not so honoured, you will not be entitled to receive the Ordinary Shares until you make payment in cleared funds for the Ordinary Shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it, the Receiving Agent and the Registrar against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the Company of such late payment, the Company may (without prejudice to its other rights) avoid the agreement to subscribe such Ordinary Shares and may issue or allot such Ordinary Shares to some other person, in which case you will not be entitled to any payment in respect of such Ordinary Shares other than the refund to you at your risk of the proceeds (if any) of the cheque or banker's draft accompanying your Application, without interest;
- (iv) agree that (a) any monies returnable to you may be retained pending clearance of your remittance and the completion of any verification of identity required by the Money Laundering Regulations; and (b) monies pending allocation will be retained in a separate account and that such monies will not bear interest;
- (v) undertake to provide satisfactory evidence of your identity within such reasonable time (in each case to be determined in the absolute discretion of the Company and the Receiving Agent) to ensure compliance with the Money Laundering Regulations;
- (vi) agree that, in respect of those Ordinary Shares for which your Application has been received and is not rejected, acceptance of your Application shall be constituted, at the election of the Company, either (a) by notification to the UK Listing Authority and the London Stock Exchange of the basis of allocation (in which case acceptance shall be on that basis) or (b) by notification of acceptance thereof to the Receiving Agent;
- (vii) authorise the Receiving Agent and/or Registrar to procure that your name (together with the name(s) of any other joint Applicant(s)) is/are placed on the register of members of the Company in Jersey in respect of such Ordinary Shares and to send a crossed cheque for any monies returnable by post



without interest, at the risk of the persons entitled thereto, to the address of the person (or in the case of joint holders, the first-named person) named as an Applicant in the Application Form;

- (viii) warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person or corporation, and such person or corporation will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained herein and undertake to enclose your power of attorney or a copy thereof duly certified by a solicitor or bank with the Application Form;
- (ix) agree that all Applications, acceptances of Applications and contracts resulting therefrom shall be governed by and construed in accordance with Jersey law, and that you submit to the jurisdiction of the Jersey Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (x) confirm that, in making such Application, neither you nor any person on whose behalf you are applying are relying on any information or representation in relation to the Company other than the information contained in the Prospectus and, accordingly, you agree that no person (responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof) shall have any liability for any such information or representation;
- (xi) irrevocably authorise the Company or any person authorised by it, to do all things necessary to effect registration of any Ordinary Shares subscribed by or issued to you into your name(s) or into the name(s) of any person(s) in whose favour the entitlement to any such Ordinary Shares has been transferred and authorise any representative of the Company to execute any document required therefor;
- (xii) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations concerning the Company and the Ordinary Shares contained therein;
- (xiii) confirm that you have reviewed the restrictions contained in these terms and conditions;
- (xiv) warrant that, if you are an individual, you are not under the age of 18;
- (xv) agree that all documents, cheques and banker's drafts sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at the risk of the person(s) entitled thereto;
- (xvi) warrant that, in connection with your Application, you have observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue or transfer or other taxes due in connection with your Application in any territory and that you have not taken any action which will or may result in the Company acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your Application;
- (xvii) save where you have satisfied the Company that an appropriate exemption applies so as to permit you to subscribe, represent and agree that you are not (a) a US Person (meaning any person who is a US Person within the meaning of Regulation S adopted under the United States Securities Act of 1933 (as amended)) and are not acting on behalf of a US Person, that you are not purchasing with a view to re-sale in the US or to or for the account of a US Person and that you are not an employee benefit plan as defined in section 3(3) of the United States Employee Retirement Income Security Act 1974 ("ERISA") (whether or not subject to the provisions of Title 1 of ERISA) or an individual retirement account as defined in section 408 of the US Internal Revenue Code or (b) a resident of Canada, Australia or Japan; and
- (xviii) agree, on request by the Company, the Receiving Agent or Registrar on behalf of the Company, to disclose promptly in writing to the Company, the Receiving Agent or the Registrar any information which the Company, the Receiving Agent or the Registrar may reasonably request in connection with

your Application and authorise the Company, or the Receiving Agent or Registrar on behalf of the Company, to disclose any information relating to your Application as it considers appropriate.

No person receiving a copy of this Prospectus and/or an Application Form in any territory other than the UK may treat the same as constituting an invitation or an offer to him or her; nor should he or she in any event use an Application Form unless in the relevant territory such an invitation or offer could lawfully be made to him or her or the Application Form could lawfully be used without contravention of any legal or regulatory requirements. It is the responsibility of any person outside the UK wishing to apply for Ordinary Shares under the Offer for Subscription to satisfy himself as to full observance of the laws of any relevant territory in connection with any such Application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in any such territory and paying any issue, transfer or other taxes required to be paid in any such territory.

The Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, US Persons. The Company has not been and will not be registered as an “investment company” under the Investment Company Act, and investors will not be entitled to the benefits of that Act. In addition, relevant clearances have not been, and will not be, obtained from the Securities Commission of any province of Canada, Australia or Japan and, accordingly, unless an exemption under any relevant legislation or regulations is applicable, none of the Ordinary Shares may be offered, sold, renounced, transferred or delivered, directly or indirectly, in Canada, Australia or Japan. Unless the Company has expressly agreed otherwise in writing, you represent and warrant to the Company that you are not a US Person or a resident of Canada, Australia or Japan and that you are not subscribing for such Ordinary Shares for the account of any US Person or resident of Canada, Australia or Japan and that you will not offer, sell, renounce, transfer or deliver, directly or indirectly, Ordinary Shares subscribed for by you in the United States, Canada, Australia or Japan or to any US Person or resident of Canada, Australia or Japan. Subject to certain exceptions, no Application will be accepted if it bears an address in the United States, Canada, Australia or Japan unless an appropriate exemption is available as referred to above.

Pursuant to the Data Protection (Jersey) Law 2005, the Company and/or the Registrar may hold personal data relating to past and present Shareholders. Such personal data held is used by the Registrar to maintain the Company’s register of Shareholders and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when (a) effecting the payment of dividends to Shareholders and the payment of commissions to third parties and (b) filing returns of Shareholders and their respective transactions in Ordinary Shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used.

The countries referred to above include, but need not be limited to, those in the European Economic Area and any of their respective dependent territories overseas, Argentina, Australia, Brazil, Canada, Hong Kong, Hungary, Japan, New Zealand, Singapore, South Africa, Switzerland and the United States.

By becoming registered as a holder of Ordinary Shares in the Company, a person becomes a data subject and is deemed to have consented to the processing by the Company or the Registrar of any personal data relating to them in the manner described above.

The basis of allocation will be determined by Oriel Securities after consultation with the Company at their absolute discretion. The right is reserved to reject in whole or in part and/or scale down and/or ballot any Application or any part thereof. The right is reserved to treat as valid any Application not in all respects completed in accordance with the instructions relating to the Application Form, including if the accompanying cheque or banker’s draft is for the wrong amount.

## NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Applications should be returned so as to be received by Capita Registrars Limited at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 1.00 p.m. on 15 July 2010.

**HELP DESK:** If you have a query concerning the completion of this Application Form, please telephone Capita Registrars Limited between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 664 0321 from within the UK or +44 (0)20 8639 3399 if calling from outside the UK. Calls to this number are charged at 10 pence per minute (including VAT) from a BT landline (other network providers' costs may vary). Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Placing or Offer for Subscription nor give any financial, legal or tax advice.

### 1. Application

Fill in (in figures) in Box 1 the amount of money being subscribed for the Ordinary Shares. The amount being subscribed must be for a minimum of £50,000 and thereafter in multiples of £1,000. Financial intermediaries who are investing on behalf of clients should make separate Applications for each client.

### 2A. Holder details

Fill in (in block capitals) the full name(s) and addresses of each holder and the address of the first named holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference. A maximum of four joint holders is permitted. All holders named must sign the Application Form in section 3 and insert the date.

### 2B. CREST

If you wish your Ordinary Shares to be deposited in a CREST account in the name of the holders given in section 2A, enter in section 2B the details of that CREST account. Where it is requested that Ordinary Shares be deposited into a CREST Account, please note that payment for such Ordinary Shares must be made prior to the day such Ordinary Shares might be allotted and issued. It is not possible for an Applicant to request that Ordinary Shares be deposited in their CREST account on an against payment basis. Any Application Form received containing such a request will be rejected.

### 3. Signature

All holders named in section 2A must sign section 3 and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The original power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which will be returned by post at the Applicant's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

### 4. Reliable introducer declaration

Jersey money laundering legislation allows the Registrar, in certain circumstances and upon meeting certain criteria, to meet its obligations in respect of customer due diligence procedures by relying upon an reliable introducer to have applied appropriate identification procedures. This provision, while providing for an efficient process by eliminating the need to duplicate the identification process and copying of documentation, does require adherence to a formal process.

#### *Criteria/Capacity of the introducer*

Jersey legal requirements dictate that in order for the Registrar to be able to rely upon reliable introducer then that introducer must be regulated in an equivalent jurisdiction as detailed in part 4 of the application form, and acting in a capacity of either:

- (a) deposit-taking business,
- (b) collective investment fund functionary,
- (c) investment business or fund services business,
- (d) insurance business.

Confirmation of this is achieved by the completion of section 4 of the Application form.

#### ***Customer information profile***

It is necessary for the Registrar to obtain a customer information profile on the underlying investor; this is achieved by the completion of section 4 of the Application Form.

The above will provide the Registrar with the required information in order to rely on the reliable introducer process. However, in certain circumstances it may be necessary for the Registrar to require additional information.

#### ***No third party information chain***

The certification process is only allowed where the reliable introducer actually holds the customer due diligence information/documentation and the reliable introducer is not relying upon another party to hold the customer due diligence information.

If the declaration cannot be completed, and in the event that the subscription is being made by an individual, corporation, trust or designated body, in accordance with internationally recognised standards for the prevention of money laundering, the documents listed below must be provided with the completed Application Form. Notwithstanding that the declaration has been completed and signed, the Registrar reserves the right to request of you the identity documents listed below and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time your Application may be rejected or revoked. Where certified copies of documents are requested below, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

### **5. Contact details**

To ensure the efficient and timely processing of your Application Form, please provide contact details of a person the Registrar or the Receiving Agent may contact with all enquiries concerning your Application. Ordinarily this contact person should be the person signing in section 3 on behalf of the first named holder. If no details are entered here and the Registrar or the Receiving Agent requires further information, any delay in obtaining that additional information may result in your Application being rejected or revoked.

### **6A. AML documentation required for individual Applicants**

In order to invest, we require the following:

- |   | <b>Tick box</b>          |
|---|--------------------------|
| 1. A fully completed Application.   | <input type="checkbox"/> |
| 2. All money to be invested must be from the Applicant's own bank account by way of a cheque or banker's draft. We require details of the bank account, including a/c number and name, and bank name, address and contact name. | <input type="checkbox"/> |
| 3. If introduced through a Reliable Introducer, the Reliable Introducer Certificate in part 4 completed by your introducer.   | <input type="checkbox"/> |

*Either*

4.1 Reliable Introducer Certificate fully completed by your introducer. ☐

*Or*

4.2 Notarised or certified copy of the Applicant's passport/driver's licence or other form of government issued identity with photograph included, and ☐

4.3 Recent (no more than 3 months old) utility bill in the Applicant's name (original, notarised or certified) identifying the current residential address. ☐

**6B. AML documentation required for corporations (quoted on a recognised stock exchange)**

In order to invest, we require the following:

**Tick box**

1. A fully completed Application. ☐

2. All money to be invested must be from the Applicant's own bank account by way of a cheque or banker's draft. We require details of the bank account, including a/c number and name, and bank name, address and contact name. ☐

3. If introduced through a Reliable Introducer, the Reliable Introducer Certificate in part 4 completed by your introducer. ☐

4. A properly authorised mandate of the Directors to open/operate an account or establish the business relationship. ☐

5. A list of authorised signatories. ☐

*Either*

6.1 Reliable Introducer Certificate fully completed by your introducer. ☐

*Or*

6.2 The original or notarised copy of the Certificate of Incorporation or the Certificate to Trade (copies may alternatively be certified), and ☐

6.3 A list of Directors' names, occupations, residential and business addresses and dates of birth. ☐

**6C. AML documentation required for corporations, partnerships and limited liability companies (unless the company is quoted on a recognised stock exchange)**

In order to invest, we will require the following:

**Tick box**

1. A fully completed Application ☐

2. All money to be invested must be from the Applicant's own bank account by way of a cheque or banker's draft. We require details of the bank account, including a/c number and name, and bank name, address and contact name. ☐

3. Minutes, resolutions or declaration confirming the power to invest and approving the investment in the Company. ☐

4. A list of authorised signatories. ☐

5. If introduced through a Reliable Introducer, the Reliable Introducer Certificate in part 4 completed by your introducer. ☐



*Either*

- |           |   |                          |
|-----------|---|--------------------------|
| 6.1       | Reliable Introducer Certificate fully completed by your introducer.   | <input type="checkbox"/> |
| <i>Or</i> |   |                          |
| 6.2       | Notarised or certified copy of, or original Certificate of Incorporation/ partnership agreement (if any) or other agreement establishing the unincorporated business, and any Change of Name Certificate, | <input type="checkbox"/> |
| 6.3       | Notarised or certified copy of, or original Memorandum and Articles of Association (if applicable),   | <input type="checkbox"/> |
| 6.4       | In respect of 2 directors, or partners, and anyone authorised as a signatory for this transaction, as well as all beneficial owners of the Applicant (more than 10%), the following:                      | <input type="checkbox"/> |
|           | (i) Notarised or certified copy of passport/driver's licence or other form of government issued identity with photograph included   | <input type="checkbox"/> |
|           | (ii) Recent (no more than 3 months old) utility bill in your name (original, notarised or certified) identifying the current residential address  | <input type="checkbox"/> |
|           | (iii) Specimen signatures.  | <input type="checkbox"/> |
| 6.5       | Certificate of Good Standing from relevant company registrar, or equivalent document, may be required, and  | <input type="checkbox"/> |
| 6.6       | If other corporate entities own more than 25% each of the Applicant, the information as per 6.2 to 6.4 must be given for these entities.  | <input type="checkbox"/> |

**6D. AML documentation required for trusts**

In order to invest, we require the following:

**Tick box**

- |    |  |                          |
|----|--|--------------------------|
| 1. | A fully completed Application.   | <input type="checkbox"/> |
| 2. | All money to be invested must be from the Applicant's own bank account by way of a cheque or banker's draft. We require details of the bank account, including a/c number and name, and bank name, address and contact name. | <input type="checkbox"/> |

*Either*

- |           |   |                          |
|-----------|---|--------------------------|
| 3.1       | If introduced through a Reliable Introducer, the Reliable Introducer Certificate in part 4 completed by your introducer.  | <input type="checkbox"/> |
| <i>Or</i> |   |                          |
| 3.2       | Notarised or certified copy of, or original Trust Deeds, and  | <input type="checkbox"/> |
| 3.3       | In respect of the Trustees (if individuals – corporate Trustees should also provide all information required for a corporation), beneficiaries or anyone else who is the object of a power (e.g. a Protector) and are authorised to sign for this Application, the following: | <input type="checkbox"/> |
|           | (i) Notarised or certified copy of passport/driver's licence or other form of government issued identity with photograph included,  | <input type="checkbox"/> |
|           | (ii) Recent (no more than 3 months old) utility bill in your name (original, notarised or certified) identifying the current residential address, and   | <input type="checkbox"/> |
|           | (iii) Specimen signatures.  | <input type="checkbox"/> |

## 6E. AML documentation required for designated bodies

If investing as a principal, but not deemed a “Designated Body”, then the Applicant must supply the same information as requested for a Corporate Entity (see 6B above). If investing on a nominee basis, but not deemed a “Designated Body”, the Registrar will deal with each case on an individual basis, to satisfy its obligations.

A “Designated Body” (“DB”) means, in the context of this Application, a financial institution that is regulated in an equivalent jurisdiction as listed in Appendix B of the Jersey Financial Services Commission’s Anti Money Laundering Handbook (the “**Handbook**”) (see [www.jerseyfsc.org](http://www.jerseyfsc.org)).

(i) In the case of a DB acting as principal, the following must be provided:

**Tick box**

1. A fully completed Application. ☐  
All money to be invested must be from the Applicant’s own bank account by way of a cheque or banker’s draft. We require details of the bank account, including a/c number and name, and bank name, address and contact name.
2. Confirmation that the DB is a “Designated Body”, to include confirmation of membership or association with appropriate regulatory body. ☐
3. Membership/Registered Number and contact name at regulatory body. ☐
4. Confirmation that the DB is investing and is allowed to invest as principal for its own account. ☐
5. Authorised signatories list. ☐

(ii) In the case of a DB acting as Nominee, the following must be provided:

**Tick box**

1. A fully completed Application. ☐  
All money to be invested must be from the Applicant’s own bank account by way of a cheque or banker’s draft. We require details of the bank account, including a/c number and name, and bank name, address and contact name.
2. Confirmation that the DB is a “Designated Body”, to include confirmation of membership or association with appropriate regulatory body. ☐
3. Membership/Registered Number and contact name at regulatory body. ☐
4. Written confirmation that the DB will provide, within a reasonable time-frame, copies of its due diligence information on the underlying client(s) should the information be required by the Registrar. ☐
5. Authorised signatories list. ☐

## Cheque payment details

Payment must be made by either cheque or banker’s draft and must accompany your Application. All payments by cheque or banker’s draft must accompany your Application Form and be for the exact amount inserted in section 1 of your Application Form. Your cheque or banker’s draft must be made payable to “Capita Registrars Limited re: GCP Infrastructure Investments Limited – Offer for Subscription A/C” and crossed “A/C Payee Only”. If you use a building society cheque you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque and adds its stamp. Cheques should be drawn on the personal account to which you have sole or joint title to the funds. Your cheque must be drawn in pounds sterling on an account at a bank branch in the United Kingdom or the Channel Islands which is either a settlement

member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques to be cleared through the facilities provided by any of those companies or committees and must bear a United Kingdom bank sort code number in the top right hand corner. Third party cheques will not be accepted with the exception of building society cheques where the bank or building society has confirmed the name of the account holder by stamping and endorsing the cheque to such effect. Your payment must relate solely to this Application. No receipt will be issued.

**THIS PAGE IS LEFT INTENTIONALLY BLANK**

# GCP INFRASTRUCTURE INVESTMENTS LIMITED

## APPLICATION FORM

Please send this completed form by post or by hand (during normal business hours only) to Capita Registrars Limited, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received no later than 1.00 p.m. on 15 July 2010.

Important: Before completing this Application Form, you should read the accompanying notes.

To: GCP Infrastructure Investments Limited and Capita Registrars Limited

### 1. APPLICATION

I/We the person(s) detailed in section 2A below offer to subscribe the amount shown in Box 1 for Ordinary Shares subject to the Terms and Conditions set out in the Prospectus dated 28 June 2010 and subject to the Memorandum and Articles of Association of the Company.

Box 1:  
(Minimum of £50,000 and in multiples of £1,000 thereafter)

### 2A. DETAILS OF HOLDER(S) IN WHOSE NAME(S) SHARES WILL BE ISSUED (BLOCK CAPITALS)

Mr. Mrs., Miss or Title	Forenames (in full)
Surname/Company Name	
Address (in Full)	
Postcode:	
Designation (if any):	

Mr. Mrs., Miss or Title	Forenames (in full)
Surname/Company Name	
Address (in Full)	
Postcode:	
Designation (if any):	

Mr. Mrs., Miss or Title	Forenames (in full)
Surname/Company Name	
Address (in Full)	
Postcode:	
Designation (if any):	



Mr. Mrs., Miss or Title	Forenames (in full)
Surname/Company Name	
Address (in Full)	
Postcode:	
Designation (if any):	

## 2B. CREST DETAILS

**(Only complete this section if Ordinary Shares allotted are to be deposited in a CREST account, which must be in the same name as the holder(s) given in section 2A).**

CREST Participant ID: ..... CREST Participant ID: .....

## 3. SIGNATURE(S) ALL HOLDERS MUST SIGN

First holder signature:	Second holder signature:
Name (Print)	Name (Print)
Third holder signature:	Fourth holder signature:
Name (Print)	Name (Print)

Dated: 2010

## 4. RELIABLE INTRODUCER DECLARATION

Completion and signing of this declaration by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 6 of the notes on how to complete the Application Form.

The declaration below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the “**firm**”) which is itself subject in its own country to operation of “know your customer” and anti-money laundering regulations no less stringent than those which prevail in Jersey. Acceptable countries include Austria, Belgium, Canada, Denmark, Finland, France, Germany, Gibraltar, Greece, Hong Kong, Iceland, Ireland, Isle of Man, Italy, Japan, Jersey, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland, the United Kingdom and the United States of America.

### DECLARATION: To the Company and the Receiving Agent

With reference to the holder(s) detailed in section 2A, all persons signing at section 3 (collectively the “**subjects**”) **WE HEREBY DECLARE:**

*We confirm that the information provided accurately reflects the customer due diligence information that we hold.*

*We confirm that the introduced customer has an established relationship with us.*

*We confirm that we have identified and verified the identity of the underlying customer/introduced customer (and any beneficial owners and controllers) and recorded the evidence of identity according to procedures established and maintained by us.*

*We confirm that our customer due diligence procedures and record keeping procedures are consistent with the standards established in the Financial Action Task Force’s Forty Recommendations and Nine Special Recommendations.*

*We consent to the Registrar relying on our performance of these procedures.*

*We agree to provide other relevant customer due diligence information and copies of documentation establishing evidence of identity of the underlying customer/introduced customer (and any beneficial owners and controllers) upon request and without delay; we undertake to use best efforts to do so within 5 working days of the request.*

*We agree to notify the Registrar of material changes to the information provided in this certificate.*

Applicant's name (in full)	
Applicant identification information	
Applicant address	
Postcode	Country
Type of entity	

### **Relationship information**

Purpose/intended nature of business relationship
Type, volume and value of activity expected
Source of funds
Source of wealth
Details of any known existing relationships with the relevant person
Name of regulator, if applicable

Additional information:

- Ownership and control, including underlying companies
- Nature of activities and geographical sphere
- Classes of beneficiaries (for trusts only)

### **Risk factors\***

Risk factors identified (provide details)	
Is the investor or Applicant associated with a PEP? (yes/no)	Are commission/consultancy fees a source of wealth? (yes/no)
Is the investor or Applicant connected with a high risk jurisdiction? (yes/no)	Is the Applicant part of a complex corporate or trust structure? (yes/no)
Is the Applicant involved in trading? (yes/no)	Does the Applicant have any bearer shares in issue? (yes/no)

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of this firm or its officials.

Signed .....  
Name .....  
Position .....having authority to bind the firm  
Name of regulatory authority .....  
Firm's licence number .....  
Website address or telephone number of regulatory authority .....  
STAMP of firm giving full name and business address .....

## 5. CONTACT DETAILS

To ensure the efficient and timely processing of this Application please enter below the contact details of a person the Registrar or the Receiving Agent may contact with all enquiries concerning this application. Ordinarily this contact person should be the person signing in section 3 on behalf of the first named holder. If no details are entered here and the Registrar or the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Contact name..... E-mail address.....  
Contact address.....  
..... Postcode.....  
Telephone No..... Fax No.....

## **TERMS AND CONDITIONS OF APPLICATIONS UNDER THE PLACING**

In these terms and conditions, which apply to the Placing:

“**EEA States**” means the states which comprise the European Economic Area;

“**Money Laundering Regulations**” means the Money Laundering (Jersey) Order 2008;

“**Regulation S**” means Regulation S under the Securities Act;

“**Rule 144A**” means Rule 144A of the Securities Act; and

“**US Person**” means a “US Person” as defined in Regulation S of the Securities Act.

Save where the context otherwise requires, words and expressions defined in the Prospectus of which these terms and conditions form part have the same meanings where they are used in these terms and conditions.

### **The terms and conditions**

These terms and conditions apply to persons making an offer to subscribe for Ordinary Shares under the Placing (which may include the Placing Agent or its nominee(s)).

Each person to whom these conditions apply, as described above, who confirms its agreement to the Placing Agent to subscribe for Ordinary Shares (an “**Investor**”) hereby agrees with the Placing Agent and the Company to be bound by these terms and conditions as being the terms and conditions upon which Ordinary Shares will be subscribed under the Placing. An Investor shall, without limitation, become so bound if the Placing Agent confirms to the Investor its allocation.

### **Agreement to purchase Ordinary Shares**

Conditional on (i) Admission occurring on or prior to 8.00 a.m. (London Time) on 22 July 2010 (or such later time and/or date as the Placing Agent and the Company may agree (not being later than 20 August 2010)) and (ii) the Placing Agreement becoming unconditional in all respects (save for conditions relating to Admission) and not having been terminated in accordance with its terms before Admission and (iii) not less than the Minimum Net Proceeds (or such lesser number as the Company and the Placing Agent may agree) being subscribed for pursuant to the Issue, an Investor agrees to subscribe for, as more particularly described below, at the Offer Price, the number of Ordinary Shares allocated to such Investor under the Placing in accordance with the arrangements described in these terms and conditions. To the fullest extent permitted by law, each Investor acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights such Investor may have.

Applications under the Placing must be for a minimum subscription amount of £50,000.

### **Payment for Ordinary Shares**

Each Investor undertakes to pay the Offer Price for the Ordinary Shares issued to such Investor in such manner as shall be directed by the Placing Agent.

In the event of any failure by any Investor to pay as so directed by the Placing Agent, the relevant Investor shall be deemed hereby to have appointed the Placing Agent or any nominee of the Placing Agent as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the Ordinary Shares in respect of which payment shall not have been made as directed by the Placing Agent and to indemnify the Placing Agent and its respective affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales. A sale of all or any of such Ordinary Shares shall not release the relevant Investor from the obligation to make such payment for Ordinary Shares to the extent that the Placing Agent or its nominee have failed to sell such Ordinary Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, exceeds the Offer Price per Ordinary Share.

## **Representations and warranties**

By receiving this Prospectus and making the confirmation in the paragraph above entitled “The terms and conditions” each Investor who confirms its agreement to subscribe for Ordinary Shares confirms, represents, warrants and undertakes to the Placing Agent and the Company on the terms and subject to the conditions set out in this Prospectus:

- that the exercise by the Placing Agent of any rights or discretion under the Placing Agreement shall be within the absolute discretion of the Placing Agent and the Placing Agent need not have any reference to the Investor and shall have no responsibility or liability to the Investor whatsoever in connection with any decision to exercise or not to exercise any such right. Each Investor agrees that they have no rights against the Placing Agent or any of its affiliates, the Company and any of its respective directors and employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999;
- that, in agreeing to subscribe for Ordinary Shares under the Placing, each Investor is relying on this Prospectus only, and not on any other information or representation or warranty concerning the Company, any of its shares or the Placing (provided that nothing in these terms and conditions shall exclude the liability of any person for fraudulent misrepresentation);
- that the Investor and, as the case may be, its clients, acknowledge that the Placing Agent has no duties or responsibilities to the Investor similar or comparable to the duties of “best execution” and “suitability” imposed by the Conduct of Business Sourcebook contained in the Financial Services Authority’s Handbook of Rules and Guidance and that the Placing Agent is not acting for the Investor or its clients and that the Placing Agent will not be responsible to the Investor or its clients for providing the protections afforded to their respective customers;
- that, save in the event of fraud on the part of the Placing Agent (and to the extent permitted by the rules of the Financial Services Authority), neither the Placing Agent, its holding companies nor any direct or indirect subsidiary undertakings of such holding company, nor any of their respective directors, members, partners, officers and employees, shall be responsible or liable to the Investor or any of its clients for any matter arising out of the Placing Agent’s role as sponsor and bookrunner or otherwise in connection with the Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Investor and, if relevant, its clients, will immediately waive any claim against any of such persons which the Investor or any of its clients may have in respect thereof;
- that, in the case of a person who confirms to the Placing Agent on behalf of an Investor an agreement to subscribe for and/or purchase (as applicable) Ordinary Shares, that person represents and warrants that he has the authority to do so on behalf of the relevant Investor and that:
  - such person has complied with the customer due diligence measures required by the Money Laundering Regulations in relation to the Investor (and any beneficial owner);
  - such person has complied fully with his obligations pursuant to the Money Laundering Regulations; and
  - such person will provide the Placing Agent on demand with any information it might require for the purposes of verification under any applicable money laundering laws and regulations;
- that they are aware of, have complied with and will at all times comply with their obligations in connection with money laundering under the United Kingdom Proceeds of Crime Act 2002;
- that they are not and are not applying as nominee or agent for a person who is, or may be, mentioned in any of the sections 67, 70, 93 or 96 of the United Kingdom Finance Act 1986 (depository receipts and clearance services);
- that the Investor is entitled to subscribe for the Ordinary Shares in its allocation under the laws of all relevant jurisdictions which apply to such Investor and that such Investor has fully observed such



laws, obtained all governmental and other consents which may be required thereunder or otherwise and complied with all necessary formalities; and

- that the Investor, if in the UK, is a person of a kind described in paragraph 5 of Article 19 or paragraph 2 of Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

### **Supply and disclosure of information**

If the Company, the Placing Agent or any of their respective agents request any information about an Investor or its agreement to subscribe for Ordinary Shares, such Investor must promptly disclose it to them.

### **Miscellaneous**

The rights and remedies of the Placing Agent and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, each Investor may be asked to disclose, in writing or orally, to the Placing Agent:

- if he is an individual, his nationality; or
- if it is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.

All documents will be sent at the Investor's risk. They may be sent by post to such Investor at an address notified to the Placing Agent.

Each Investor agrees to be bound by the Company's articles of association (as amended from time to time) once the Ordinary Shares which such Investor has agreed to subscribe for have been issued to such Investor.

The contract to subscribe for Ordinary Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Placing Agent and the Company, each Investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of the matters referred to in these terms and conditions. This does not prevent an action being taken against an Investor in any other jurisdiction.

In the case of a joint agreement to subscribe for Ordinary Shares, references to an Investor in these terms and conditions are to each such Investor and the Investors' liability is joint and several.

Monies received from applicants pursuant to the Placing will be held in accordance with the terms and conditions of the Placing Agreement until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 20 August 2010, application monies will be returned without interest at the risk of the applicant.

### **Selling restrictions**

#### **Sales outside the United States to Non-US Persons**

Each purchaser of the Ordinary Shares offered in reliance on Regulation S will be deemed to represent and agree as follows:

- it and any person, if any, for whose account it is acquiring the Ordinary Shares, is not a US Person (as defined in Regulation S) or to a person known by us to be a US Person and is purchasing the Ordinary Shares outside the United States in an offshore transaction meeting the requirements of Regulation S (including, for the avoidance of doubt, a *bona fide* sale on a market of the London Stock Exchange for listed securities), and the transaction was not pre-arranged with a buyer in the United States or a US Person;
- it is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Ordinary Shares;

- it is aware that the Ordinary Shares have not been and will not be registered under the Securities Act and are being offered outside the United States in reliance on Regulation S;
- it is not acquiring the Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Ordinary Shares into the United States or any jurisdiction referred to above;
- it has received, carefully read and understands this Prospectus, and has not distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the Ordinary Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- that the Company and the Placing Agent, their affiliates and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations or agreements made by it, if it becomes aware that the foregoing acknowledgements, representations or agreements are no longer accurate or have not been complied with, it will immediately notify the Company and, if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make such foregoing acknowledgements, representations and agreements on behalf of each such account.

In addition, until 40 days after commencement of the Placing, an offer or sale of the Ordinary Shares within the United States by a dealer (whether or not participating in the Offer) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

Prospective investors are hereby notified that sellers of Ordinary Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act.

