GCP

INFRA

GCP INFRASTRUCTURE INVESTMENTS LIMITED

Annual report and financial statements 2020

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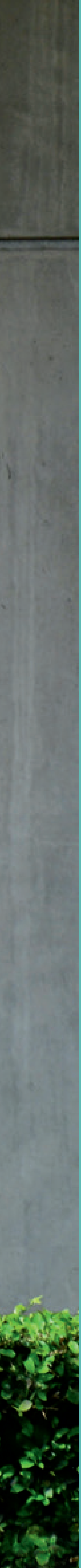

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ABOUT THE COMPANY

GCP Infrastructure Investments Limited ("GCP Infra" or the "Company") is the only UK listed fund focused primarily on investments in UK infrastructure debt.

The Company seeks to provide shareholders with regular, sustained, long-term dividend income and preserve the capital value of its investments over the long term by generating exposure to infrastructure debt and/or similar assets. It is currently invested in a diversified, partially inflation-protected portfolio of investments, primarily in the renewable energy, social housing and PFI sectors.

The Company is a FTSE 250, closed-ended investment company incorporated in Jersey. It was admitted to the Official List and to trading on the London Stock Exchange's Main Market in July 2010. Since then it has grown to a market capitalisation of c.£1.0 billion at 30 September 2020.

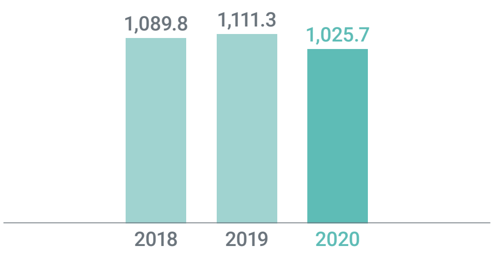
www.gcpinfra.com

PREMIUM MAIN MARKET LONDON STOCK EXCHANGE

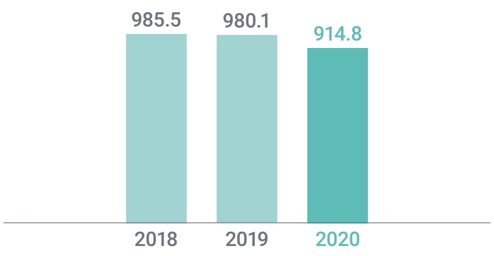
GREEN ECONOMY LONDON STOCK EXCHANGE

AT A GLANCE – 30 SEPTEMBER 2020

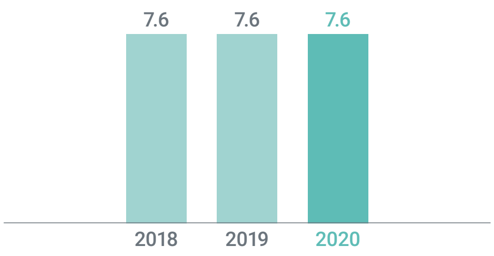
MARKET CAPITALISATION £m



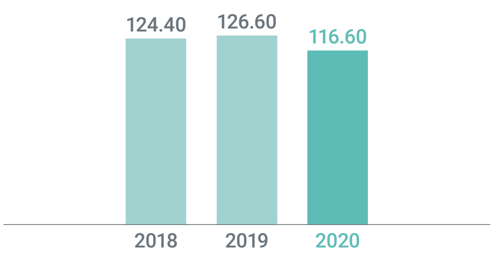
NET ASSETS £m



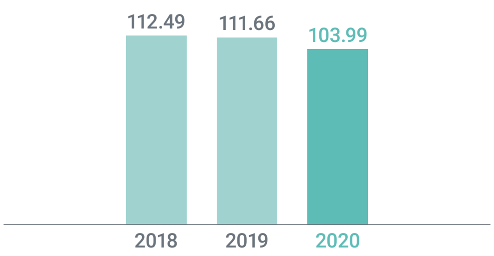
DIVIDENDS FOR THE YEAR p



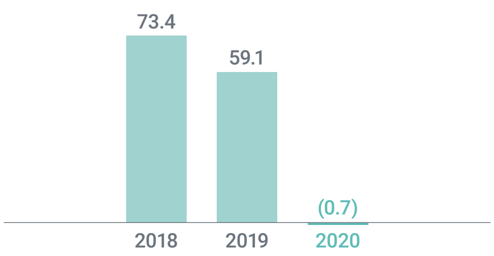
SHARE PRICE p



NAV PER SHARE p



PROFIT/(LOSS) FOR THE YEAR £m



HIGHLIGHTS FOR THE YEAR

- Dividends of 7.6 pence per share for the year to 30 September 2020 (30 September 2019: 7.6 pence). For the forthcoming financial year, the Company has set a dividend target[2] of 7.0 pence per share
- Total shareholder return[1] for the year of -2.0% (30 September 2019: 8.0%) and total shareholder return[1] since IPO in 2010 of 119.6%
- Loss for the year of £0.7 million (30 September 2019: profit of £59.1 million) primarily due to downward revaluations in respect of lower long-term electricity price forecasts. For information on financial performance for the year, refer to the financial review on pages 14 to 19
- Loans advanced totalling £116.5 million, secured against UK renewable energy, social housing and PFI projects
- Company NAV per ordinary share at 30 September 2020 of 103.99 pence (30 September 2019: 111.66 pence)
- Third party independent valuation of the Company's partially inflation-protected investment portfolio at 30 September 2020 of £1.0 billion (30 September 2019: £1.1 billion)
- Post year end, the Company made its first investment exposed to the deep geothermal sector, in support of a project to supply heat to the Eden Project in Cornwall, for the amount of £8.0 million, of which £4.0 million has been advanced to date. The Company also made further advances of £5.6 million and received repayments of £3.6 million

1. Alternative performance measure ("APM"); for definition and calculation methodology, refer to the APMs section on pages 116 and 117.
2. The dividend target set out above is a target only and not a profit forecast or estimate and there can be no assurance that it will be met.

INVESTMENT OBJECTIVES AND KPIs

The Company's purpose is to primarily invest in UK infrastructure debt and/or similar assets to meet the following key objectives:

DIVIDEND INCOME

To provide shareholders with regular, sustained, long-term dividends.

DIVERSIFICATION

To invest in a diversified portfolio of debt and/or similar assets secured against UK infrastructure projects.

CAPITAL PRESERVATION

To preserve the capital value of its investments over the long term.

KEY PERFORMANCE INDICATORS

The Company paid a dividend of 7.6 pence for the eighth consecutive year. A dividend target[1] of 7.0 pence has been set for the forthcoming financial year.

7.6p
Dividends paid in 2019/20

£0.7m
Loss for the year ended 30 September 2020

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

47
Number of investments at 30 September 2020

11.9%[2]
Size of largest investment as a percentage of total portfolio

The Company's ordinary shares have predominantly traded at a premium to their NAV since IPO in 2010.

103.99p
NAV per share at 30 September 2020

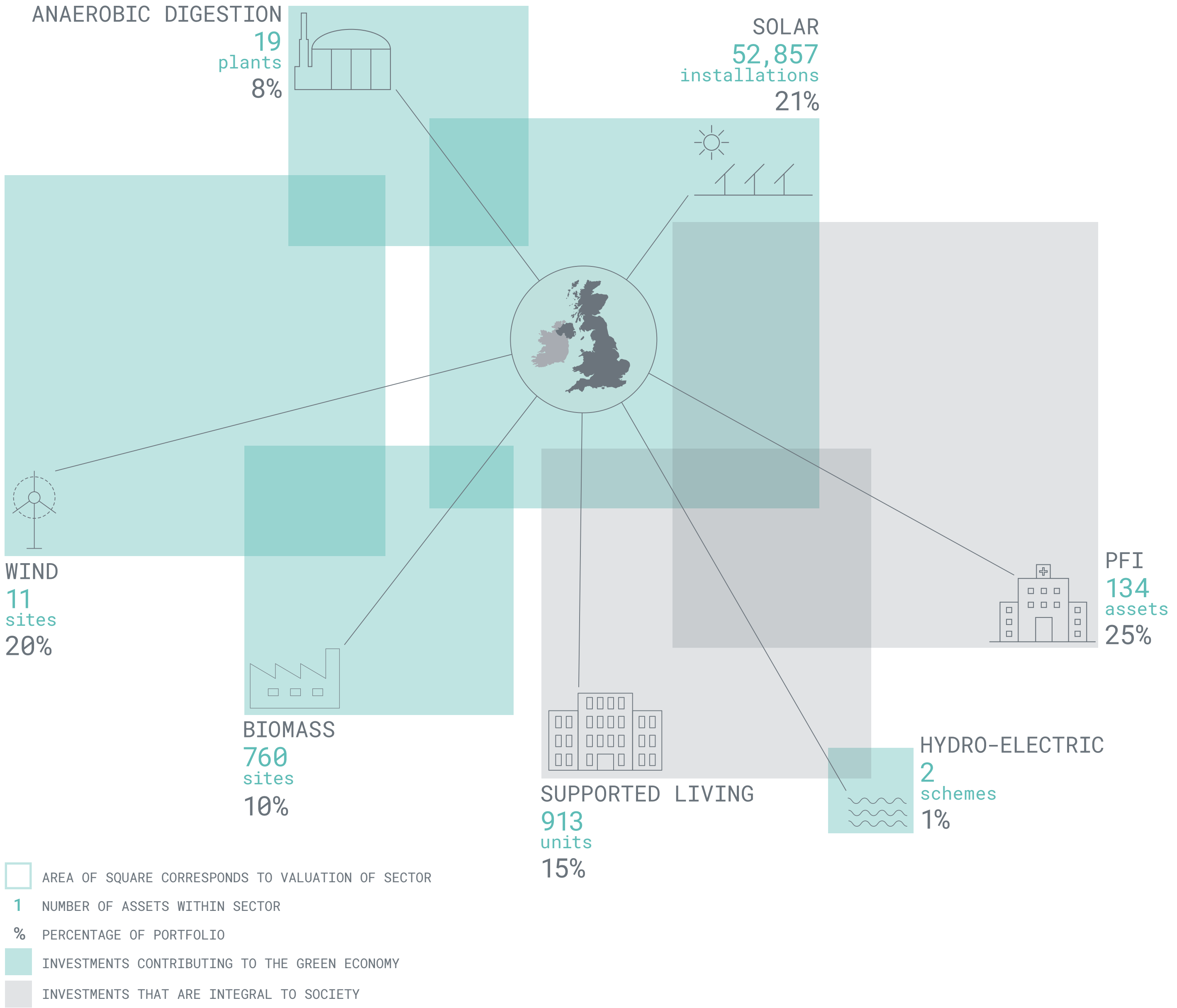
116.60p
Share price at 30 September 2020

Further information on Company performance can be found in the financial review on pages 14 to 19.

1. The dividend target set out above is a target only and not a profit forecast or estimate and there can be no assurance that it will be met.
2. The size of the largest investment (the Cardale PFI loan) is calculated by reference to the percentage of total portfolio. The Cardale PFI loan is secured on a cross-collateralised basis against 14 separate operational PFI projects, with no exposure to any individual project being in excess of 10% of the total portfolio.

PORTFOLIO AT A GLANCE

The Company's portfolio comprises underlying assets across the UK falling under the following classifications:



SENIOR RANKING SECURITY
44%

WEIGHTED AVERAGE ANNUALISED YIELD[1]
8.1%

AVERAGE LIFE
15 years

PARTIALLY INFLATION PROTECTED
39%

1. Alternative performance measure ("APM"); for definition and calculation methodology, refer to the APMs section on pages 116 and 117.

CHAIRMAN'S STATEMENT

I am pleased to present the annual report of GCP Infrastructure Investments Limited for the year ended 30 September 2020.

Ian Reeves CBE
Chairman

This year marks the Company's ten year anniversary, having listed on the London Stock Exchange in July 2010. Over this ten year period, it has invested in a portfolio valued at c.£1 billion and delivered a total shareholder return[1] of 119.6%. This achievement has been against a backdrop of falls in central bank interest rates, the rapid development of infrastructure as an alternative asset class, the maturing of certain technologies associated with significant growth in installed renewable generation capacity, and more recently the Covid-19 pandemic. To have provided shareholders with regular and stable income notwithstanding these changes is a significant achievement, of which everyone involved in the Company's success should be very proud.

It has been a challenging year for the Company, with a reduction in net asset value of 7.7 pence (6.9%) over the period, principally from the downward revaluation of renewable investments due to lower long-term electricity price forecasts. These revaluations are reflected by way of a total comprehensive loss of £0.7 million for the year. Notwithstanding this financial underperformance, the Company has been able to continue to deliver an attractive full-year dividend of 7.6 pence per share. The Company's shares at the year end were trading at a c.12% premium[1] to NAV. The Board remains grateful to the Company's shareholders for their ongoing support.

As well as reflecting on past achievements, this milestone is an opportune time to consider the future. As part of the publication of the interim results in 2020, the Company announced a dividend target[2] for the financial year commencing on 1 October 2020 of 7.0 pence per share. The dividend target[2] is reconfirmed as part of this annual report. Establishing a dividend target[2] at a lower level than the historic dividend is a reflection of the very different environment in which the Company now finds itself, and is borne from a desire not to increase the risk profile of the investment portfolio by changing, or stretching, the Company's existing investment policy.

The period under review has been defined by the impacts of Covid-19, which has seen unprecedented restrictions on travel, work and social activities. The economic consequences are likely to be significant in the years that follow. The Company has continued its operations effectively, and the investment portfolio has been served well by its focus on assets benefiting from availability-based cash flows. The most significant impacts from Covid-19 have been reduced short-term electricity prices resulting from a fall in demand of c.15%, and the short-term reduction in the availability of waste wood on the Company's biomass exposures, which has been resolved at the time of publication.

Looking forward to the medium to long term, infrastructure investment is likely to be a key fiscal tool that is used by the UK Government to support the economic recovery. The UK recently published its first Infrastructure Strategy, setting out ambitious plans to support economic recovery, levelling up regions of the UK and achieving net zero. These plans are likely to support future opportunities for private sector capital and the Company is well placed to benefit from these opportunities.

Financial performance

The Company generated a loss of £0.7 million for the year primarily due to a number of downward revaluations of the Company's exposure to shareholder interests impacted by electricity prices and by revaluations on a number of loans impacted by performance and contractual challenges. These downward revaluations totalled 8.6 pence per share and were offset by upward valuations contributing 1.1 pence per share. Further information on valuation movements can be found on page 36.

The net asset value ("NAV") of the Company decreased to £914.8 million (103.99 pence per share) from £980.1 million the previous year (111.66 pence per share). At the year end, the Company's share price was 116.60 pence, representing a 12.1% premium[1] to NAV.

1. Alternative performance measure ("APM"); for definition and calculation methodology, refer to the APMs section on pages 116 and 117.
2. The dividend target set out above is not a profit forecast or estimate and there can be no assurance that it will be met.

The dividend of 7.6 pence per share for the year was -0.1 times covered on an earnings cover[1] basis (under IFRS) and 1.0 times covered on an adjusted net earnings cover[1] basis, calculated on the Investment Adviser's assessment of adjusted net earnings[1] in the period.

The third and fourth interim dividends were paid out of capital, as a result of significant downward revaluation movements on investments, which under IFRS are recognised through the statement of comprehensive income. The basis for the dividend cover[1] metrics is further described in the financial review section on pages 18 to 19.

Investment activity

Investments made in the year totalled £116.5 million, of which c.£73 million was the result of the refinancing of a portfolio of existing onshore wind assets. The remainder financed additional commitments to existing borrowers in the anaerobic digestion, rooftop solar, social housing and biomass sectors.

The Company has a significant investment pipeline which is stronger than that seen in recent years. A number of attractive opportunities have been identified in new and existing sectors. Post year end, the Company completed its first investment exposed to the deep geothermal sector, in support of a project to supply heat to the Eden Project in Cornwall.

The Board remains supportive of future growth where it is expected that the new investment activity will be accretive to the attractiveness of the underlying risk-adjusted returns of the investment portfolio and brings with it the associated benefits of additional portfolio diversification.

Financing

The Company made a net repayment of £27 million under its revolving credit arrangements in the period. These facilities are due to expire in March 2021. The Company, through its Investment Adviser, is well progressed in a process to refresh its financing arrangements through replacement with flexible, short-term (three year) credit facilities that may include some existing and new lenders. These arrangements are anticipated to provide the Company with continued access to flexible debt finance, enabling it to take advantage of investment opportunities as they arise, and may also be used to manage the Company's working capital requirements from time to time.

Market outlook

The UK is at a critical juncture in determining its future infrastructure development. Without seeking to understate the adverse impacts the Covid-19 pandemic has had on those affected and the economy generally, the need to generate an economic recovery is likely to prompt government policies that create opportunities for private sector investment. Furthermore, the UK has left the EU and, at the time of writing, has no clear route to a comprehensive trade deal to replace the transitional period arrangements. Binding emissions reduction targets that commit England to net zero by 2050 (2045 in Scotland) require significant action to be taken now, to ensure any real prospect of achieving these ambitious goals.

The recent publication of the National Infrastructure Strategy, in response to the National Infrastructure Commission's 2018 assessment, points to an ambitious plan for the UK's infrastructure across a number of areas. Further, the conclusion of the Treasury's Infrastructure Finance Review highlighted a number of opportunities and challenges for the private sector to participate in the financing of such strategy. As part of this, the Government confirmed it will not re-introduce the PFI or PF2 procurement models, and expressed support for the Contract for Difference ("CfD") and Regulated Asset Base ("RAB") models, highlighting the potential for these to be applied in new sectors. The recently published Energy White Paper proposes an overhaul of our energy systems to support the path to net zero emissions and provides a framework for the significant investment that will be required.

Ofgem are proposing to significantly lower the rate of return used in the next electricity transmission price control, a process by which the regulator determines a target rate of return for a monopoly company. Brexit, and more recently Covid-19, have both imposed significant demands on government resources and have created a moving target for policy and budgetary considerations. Delays have, understandably, been the result.

The clear need for infrastructure investment, whether to support the transition to net zero, maintain and upgrade existing infrastructure, or satisfy the need for investment to drive economic recovery, all provide reasons for optimism over the medium term.

Clarity over the policy framework and role of the private sector is needed sooner rather than later. In the meantime, the Company has maintained an attractive pipeline of investment opportunities and continues to review investments in existing and new sectors to reinvest capital and to support modest growth. Significant future growth, however, remains dependent on the emergence of new policy support for infrastructure.

The Board

David Pirouet will retire after the conclusion of the Company's AGM in February 2021. The Board would like to extend its thanks for his valuable contribution to the Company, having served on the Board since the Company's IPO in 2010. We wish David well in all his future endeavours.

Steven Wilderspin will replace David Pirouet upon his appointment to the Board, subject to regulatory approval. It was stated in last year's annual report that it was intended that Dawn Crichard would assume the role of Chair of the Audit and Risk Committee. After consideration of her new responsibilities, detailed below, and the relevant infrastructure experience of Steven Wilderspin it was concluded that he would assume the role following his appointment.

Environmental, social, governance ("ESG")

The Company considers best practice application of ESG principles as paramount in its operations, the assets within its investment portfolio and the operations of its advisers. Dawn Crichard has been allocated specific responsibility for consideration of broader ESG themes and ensuring the Company continues its strong commitment to sustainability. In October 2020, the Company was recognised by the London Stock Exchange and was awarded the Green Economy Mark. This classification was created to highlight companies that are driving the global green economy. Further details can be found on pages 46 to 49.

Risks

The principal risks of the Company include (but are not limited to) execution risk, portfolio risk, financial risk and other risks. Further details can be found on pages 50 to 57.

Ian Reeves CBE
Chairman

16 December 2020

10 YEARS OF GCP INFRA

Since the Company's IPO in 2010, the infrastructure sector has evolved considerably, becoming a better understood and more mainstream asset class.

KEY EVENTS

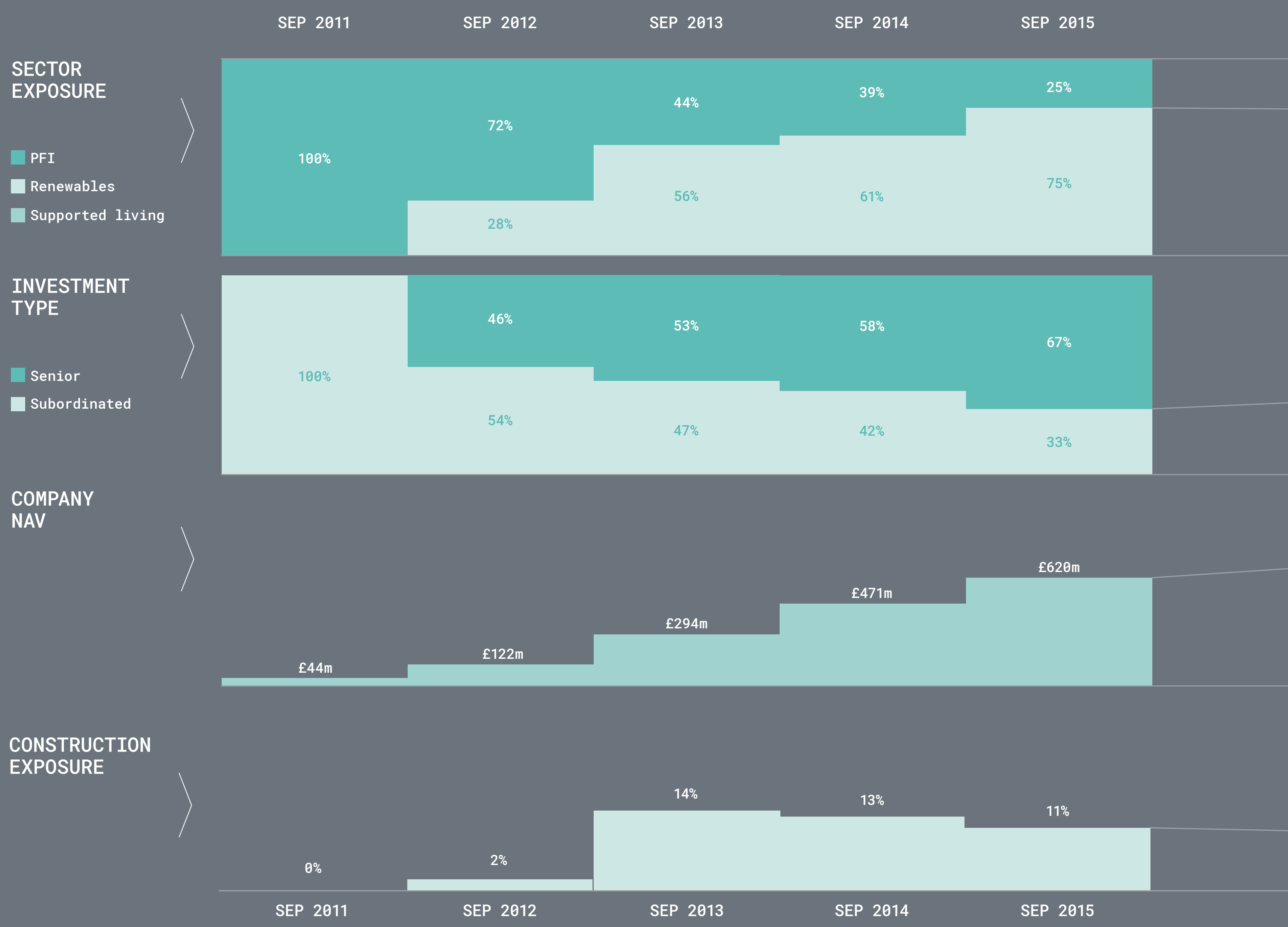
2011
The Company's portfolio at IPO in July 2010 was 100% subordinated PFI

2012
The Company made its first renewable energy investment in the rooftop solar sector

2013
First investment in the anaerobic digestion, biomass and wind sectors

2014
Company reorganisation and first investment in the hydro-electric sector

2015
The Company entered the FTSE 250 index and merged with the subsidiary



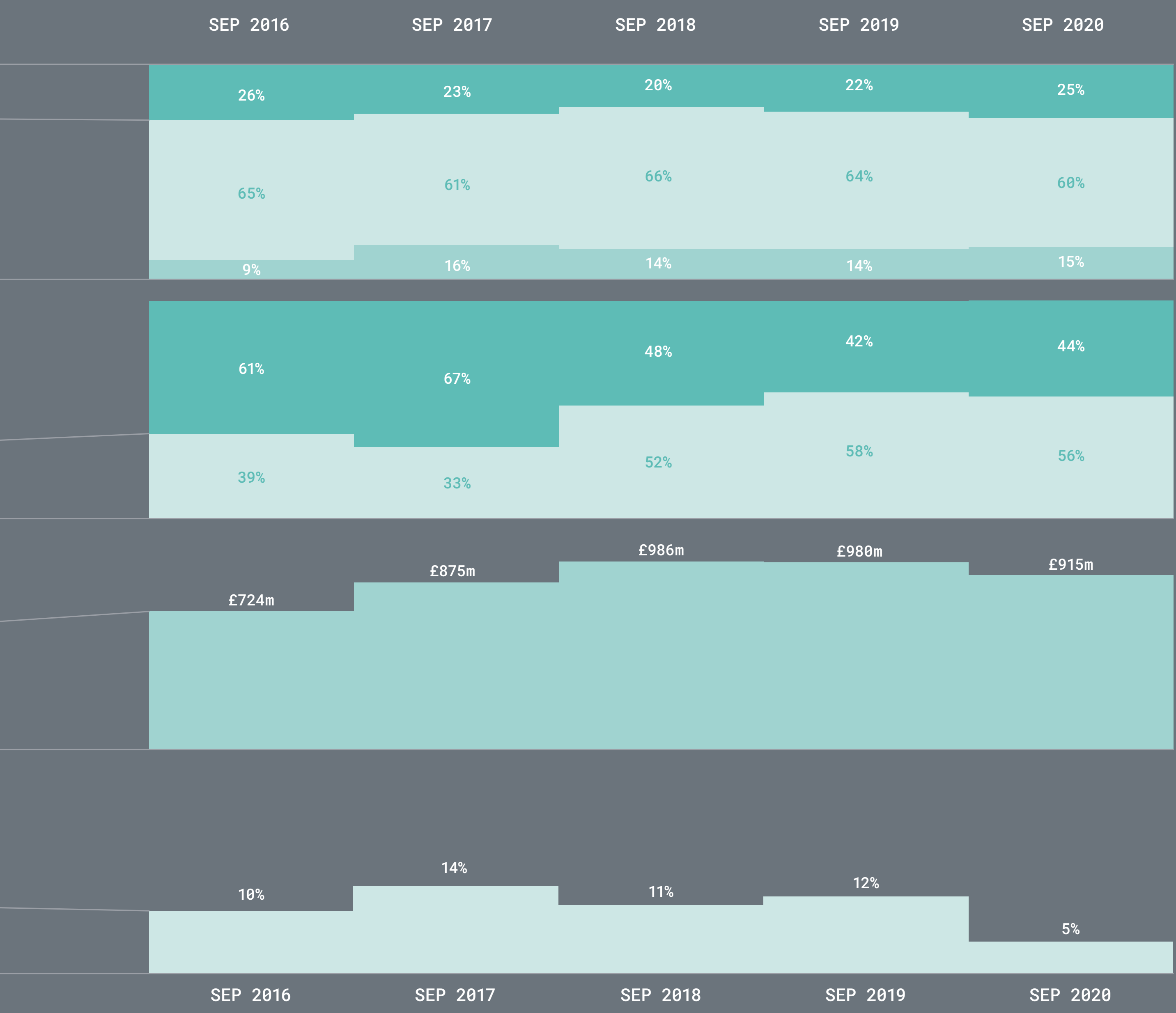
2016
The Company made its first social housing investment in the supported living sector

2017
The Company participated in the consortium acquisition of the GIB

2018
The Company's first investment in the offshore wind sector

2019
Further secondary transactions across all sectors

2020
The Company commenced due diligence on the deep geothermal sector[1]



1. Transaction completed post year end.

STRATEGIC REPORT

WHAT'S IN THIS SECTION

STRATEGIC OVERVIEW

The Company seeks to provide shareholders with regular, sustained, long-term dividends and preserve the capital value of its investments through exposure to a diversified portfolio of UK infrastructure projects.

Investment strategy

The Company's investment strategy is set out in its investment objective, policy and strategy below. It should be considered in conjunction with the Chairman's statement and the strategic report which provide an in-depth review of the Company's performance and future strategy. Further information on the business model and purpose is set out on pages 12 and 13.

Investment objective

The Company's investment objective is to provide shareholders with regular, sustained, long-term dividends and to preserve the capital value of its investment assets over the long term.

Investment policy and strategy

The Company seeks to generate exposure to the debt of UK infrastructure Project Companies, their owners or their lenders and related and/or similar assets which provide regular and predictable long-term cash flows.

Core projects

The Company will invest at least 75% of its total assets, directly or indirectly, in investments with exposure to infrastructure projects with the following characteristics (core projects):

— pre-determined, long-term, public sector backed revenues;

— no construction or property risks; and

— benefit from contracts where revenues are availability based.

In respect of such core projects, the Company focuses predominantly on taking debt exposure (on a senior or subordinated basis) and may also obtain limited exposure to shareholder interests.

Non-core projects

The Company may also invest up to an absolute maximum of 25% of its total assets (at the time the relevant investment is made) in non-core projects, taking exposure to projects that have not yet completed construction, projects in the regulated utilities sector and projects with revenues that are entirely demand based or private sector backed (to the extent that the Investment Adviser considers that there is a reasonable level of certainty in relation to the likely level of demand and/or the stability of the resulting revenue).

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

Diversification

The Company will seek to maintain a diversified portfolio of investments and manage its assets in a manner which is consistent with the objective of spreading risk. No more than 10% in value of its total assets (at the time the relevant investment is made) will consist of securities or loans relating to any one individual infrastructure asset (having regard to risks relating to any cross default or cross-collateralisation provisions). This objective is subject to the Company having a sufficient level of investment capital from time to time, the ability of the Company to invest its cash in suitable investments and the investment restrictions in respect of 'outside scope' projects described above.

It is the intention of the Directors that the assets of the Company are (as far as is reasonable in the context of a UK infrastructure portfolio) appropriately diversified by asset type (e.g. PFI healthcare, PFI education, solar power, social housing, biomass etc.) and by revenue source (e.g. NHS Trusts, local authorities, FiT, ROCs etc.).

Non-financial objectives of the Company

The key non-financial objectives of the Company are:

— to build and maintain strong relationships with all key stakeholders of the Company, including (but not limited to) shareholders and borrowers;

— to continue to focus on creating a long term, sustainable business relevant to our stakeholders; and

— to develop and increase the understanding of the investment strategy of the Company and infrastructure as an investment class.

Key policies

Distribution

The Company seeks to provide its shareholders with regular, sustained, long-term dividend income. The Company has previously offered a scrip dividend alternative and anticipates that it will continue to do so whilst the shares typically trade at a premium to NAV.

Leverage and gearing

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

BUSINESS MODEL

The Company's purpose is to invest in UK infrastructure debt and/or similar assets to provide regular, sustained, long-term dividends and to preserve the capital value of its investments over the long term.

INVESTMENT SECTOR

INFRASTRUCTURE PROJECTS

PRE-DETERMINED, LONG-TERM, PUBLIC SECTOR BACKED CASH FLOWS

INVESTMENT OBJECTIVES

GENERATE DIVIDEND INCOME

To provide shareholders with regular, sustained, long-term dividends

PRESERVE CAPITAL

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

PROVIDE DIVERSIFICATION

To invest in a diversified portfolio of debt and/or similar assets secured against UK infrastructure projects

IMPLEMENTATION OF INVESTMENT STRATEGY

BOARD OF DIRECTORS

INVESTING

The Company seeks to generate exposure to infrastructure debt and/or similar assets.

OPERATING

The Company pays careful attention to the control and management of the portfolio and its operating costs.

FINANCING

The Company raises capital on a highly conservative basis, with consideration given to scheduled repayments.

STAKEHOLDERS

STRONG GOVERNANCE

Read more on pages 58 to 83.

The Company is currently invested in a diversified, partially inflation-protected portfolio of investments in the renewable energy, social housing and PFI sectors.

The day-to-day provision of investment advice and administration to the Company is provided by the Investment Adviser and the Administrator respectively, whose roles are overseen by the Board.

The Company only raises capital when it has an advanced pipeline of investment opportunities. It also makes prudent use of leverage to finance the acquisition of investments and enhance returns.

Read more about stakeholders on pages 40 to 45.

KPI MEASUREMENT

The Company has paid a dividend of 7.6 pence for the eighth consecutive year.[1]

7.6p
Dividends per share paid in 2019/20

The valuation of the Company's investment portfolio was c.£1.0 billion at the year end.

103.99p
NAV per share at 30 September 2020

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

47
Number of investments at 30 September 2020

SUSTAINABILITY

ENVIRONMENTAL AND SOCIAL

Read about how the Company's activities benefit the environment and contribute to society in the sustainability section on pages 46 to 49.

GOVERNANCE

Read how the Company is governed and the activities of the Board during the year in the governance section on pages 58 to 83.

FINANCIAL

Read about the Company's financial performance and dividend cover in the financial review on pages 14 to 19 and its long-term viability on page 57.

1. A dividend target of 7.0 pence has been set for the forthcoming financial year. The dividend target is a target only and not a profit forecast or estimate and there can be no assurance that it will be met.

FINANCIAL REVIEW

The Company made investments of £116.5 million during the year. Dividends of 7.6 pence per share were paid and the Company's total shareholder return[1] for the year was -2.0%.

Financial performance

It has been a challenging year for the Company, with downward revaluations impacting profitability and resulting in a total comprehensive loss of £0.7 million for the year (30 September 2019: total comprehensive income of £59.1 million).

Total income generated by the Company was £16.0 million (30 September 2019: £75 million), comprising loan interest of £81.1 million (refer to note 3), offset by net unrealised valuation losses of £65.1 million, predominantly attributable to material reductions in electricity price forecasts (refer to page 36 for further details).

Total income is offset by operating costs for the year of £12.1 million (30 September 2019: £11.5 million) which include the Investment Adviser's fee and other third party service provider costs.

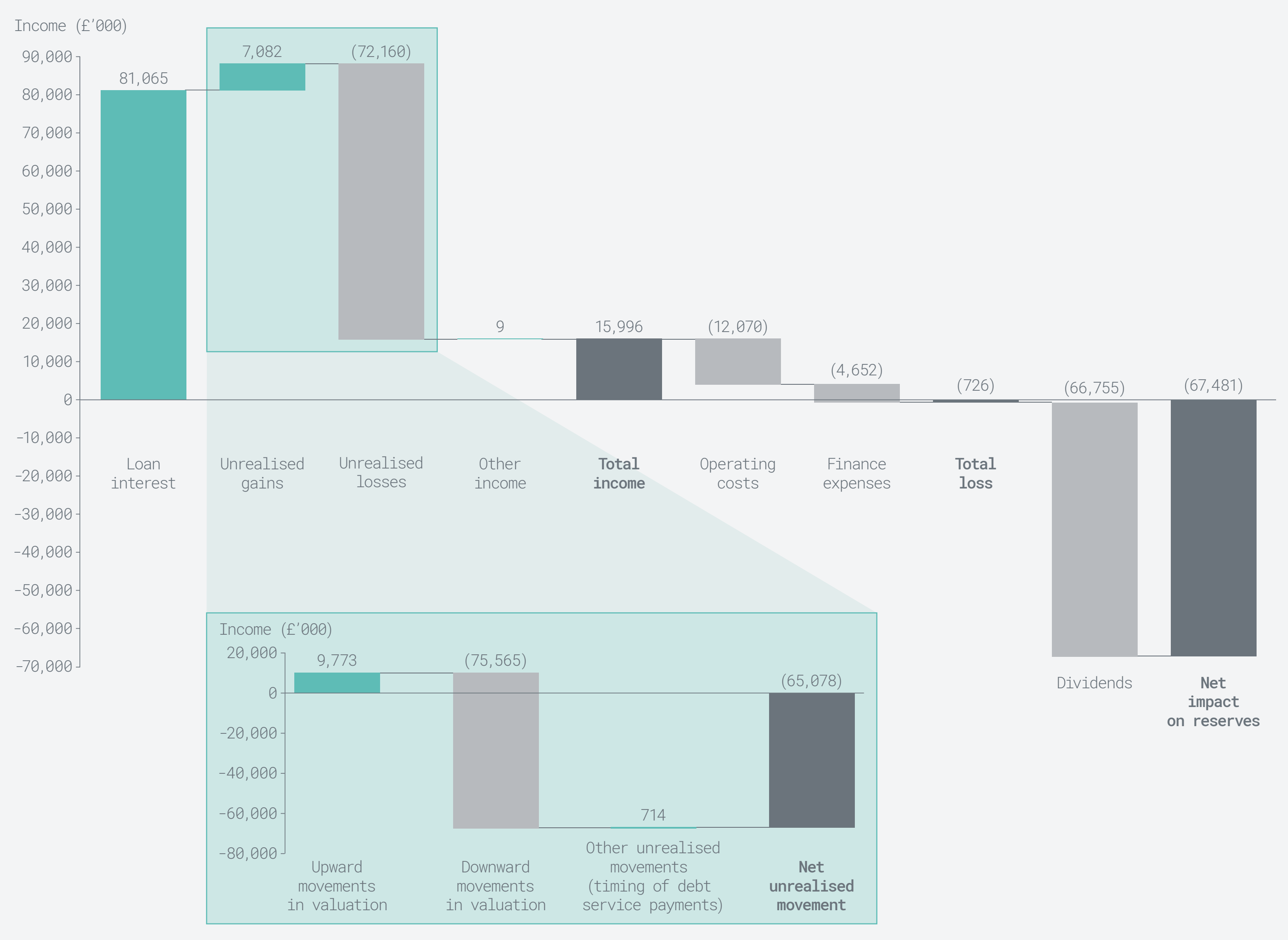
These, and other, operating costs have remained broadly in line with previous years, with the exception of increased professional fees associated with ongoing audits being carried out by Ofgem in respect of a portfolio of renewable assets (refer to page 35 for further details).

The Company remains modestly geared at the year end, with £138 million drawn on its revolving credit facilities, representing a loan to value[1] (borrowings as a percentage of net assets) of 15%. Finance costs have remained broadly consistent at £4.7 million (30 September 2019: £4.4 million).

Total profit/(loss) and comprehensive income/(loss) has decreased from a profit of £59.1 million in the prior year to a loss of £0.7 million primarily due to downward revaluations in respect of lower long-term electricity price forecasts.

The Company's performance is summarised in the chart below, with unrealised gains and losses disaggregated. For further information, refer to the investment portfolio section on page 36 and note 3 to the financial statements.

INCOME ANALYSIS – YEAR ENDED 30 SEPTEMBER 2020



1. Alternative performance measure ("APM"); for definition and calculation methodology, refer to the APMs section on pages 116 and 117.

FINANCIAL REVIEW CONTINUED

Ongoing charges

The Company's ongoing charges ratio[1], calculated in accordance with the AIC methodology as detailed below, was 1.1% for the year ended 30 September 2020 (30 September 2019: 1.1%).

Ongoing charges	30 Sep 20 £'000	30 Sep 19 £'000
Investment Adviser	**8,420**	8,789
Directors' fees	**392**	376
Administration expenses	**3,258**	2,286
Total expenses	**12,070**	11,451
Non-recurring expenses	**(1,420)**	(576)
Total	**10,650**	10,875
Average NAV	**955,434**	983,333
Ongoing charges ratio[1]	**1.1%**	1.1%

Revolving credit facilities

The Company had credit arrangements of £165 million in place at year end across three lenders, RBSI, ING and NIBC, of which £138 million was drawn. The terms in place at year end are summarised below:

Facility	Size	Margin	Expiry
Fixed tranche	£50m	190 bps	March 2021
Revolving tranche	£88m	190 bps	March 2021

The Company, through the Investment Adviser, is well progressed with a process to refinance the Company's existing credit arrangements with similar, three year flexible arrangements, involving existing and potential new parties. The Company is on track to complete this process ahead of the expiry of the current facilities in March 2021.

The sources and uses of the Company's financing during the year are summarised in the chart below.

Net assets

The net assets of the Company have decreased from £980.1 million at 30 September 2019 to £914.8 million at 30 September 2020. The Company's NAV per share has decreased from 111.66 pence at the prior year end to 103.99 pence at 30 September 2020, a fall of 6.9%.

Cash generation

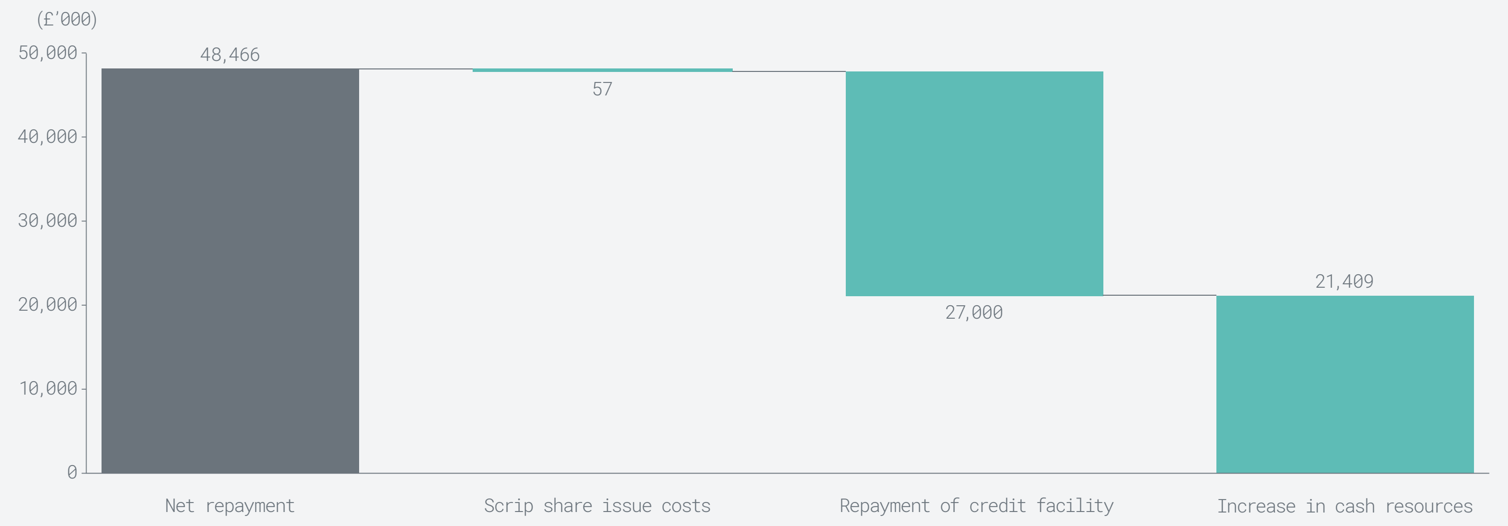
The Company received debt service payments of £215.2 million (30 September 2019: £167.5 million) during the year, comprising £50.2 million of interest payments and £165.0 million of loan principal repayments (30 September 2019: £52.7 million and £114.8 million). The Company paid cash dividends of £64.5 million during the year (30 September 2019: £64.5 million). The Company aims to manage its cash position effectively by minimising cash balances, while maintaining the financial flexibility to pursue a pipeline of investment opportunities. This is achieved through active monitoring of cash held, income generated from the portfolio and efficient use of the Company's revolving credit facilities.

Share price performance

The Company's total shareholder return[1] was -2.0% (30 September 2019: 8.0%) for the year and 119.6% since IPO in 2010. The Company has continued to trade at a premium to NAV, with an average of 7.7% for the year and 12.1% at the year end. The share price at 30 September 2020 was 116.60 pence per share, being the last trading day of the financial year.

Further details on share movements are disclosed in note 16.

FINANCING ANALYSIS – YEAR ENDED 30 SEPTEMBER 2020



1. Alternative performance measure ("APM"); for definition and calculation methodology, refer to the APMs section on pages 116 and 117.

Dividends

The Company aims to provide shareholders with regular, sustained, long-term dividends. For the year ended 30 September 2020, the Company paid a dividend of 7.6 pence (30 September 2019: 7.6 pence) per ordinary share in line with prior years. The third and fourth interim dividends were paid out of capital, as a result of downward revaluation movements on investments; which under IFRS are recognised through the statement of comprehensive income.

Following an extensive review of the sustainability of the Company's dividend, which considered information provided by the Investment Adviser including financial projections and sensitivity analysis of projected income over the next five years in order to assess the Company's forecast financial performance, the Directors determined that the Company will target[1] an annual dividend of 7.0 pence per share with effect from the financial year commencing on 1 October 2020. The dividend target[1] has been based on two key drivers described below which the Investment Adviser and the Directors have considered in combination.

Macro environment

Since the Company's IPO in 2010, the yield on a UK 15 year gilt has decreased significantly by c.350 bps. This is considered a 'risk-free' instrument with a similar duration to the Company's investment portfolio and therefore forms the basis of the determination of discount rates by the Investment Adviser in evaluating and structuring investments, and Mazars as the Company's independent Valuation Agent in valuing the investments. In maintaining the dividend level over the previous eight years, the Company has effectively increased the marginal return over the risk-free rate it has invested at by an equivalent amount. This is not sustainable in an environment where interest rates continue to be at all-time lows, and the Investment Adviser's expectation is that a low interest rate environment will endure over at least the medium term.

Investment pipeline

The Company relies on investments in public sector backed UK infrastructure to meet its objective of delivering 'regular, long-term and sustained' dividends to shareholders. The evolution of government policy, and the availability of public sector support, have a direct impact on the Company's ability to source new investments. As has been previously identified by the Company, the historic mechanisms that the Company has benefited from have largely closed to new projects (including, for example, PFI, PF2 and the RO). The material investment activity achieved by the Company over recent years has therefore been focused on secondary markets. At the same time, over the last ten years infrastructure as an alternative asset class has significantly matured. Preqin estimates that in 2019, $98 billion was invested into the sector, compared with c.$40 billion in 2010. Infrastructure assets are long term, have high upfront capital costs and benefit from a high cash yield associated with the repayment of these costs, and come with the security of physical assets delivering an essential service.

These characteristics have been made more attractive to investors given more traditional sources of income deliver less yield on a risk-adjusted basis (including owing to the low interest rate environment discussed above). As a result, the Company is faced with a reducing pool of assets in the primary and secondary markets, and increased appetite for, and capital chasing, the same pool of assets.

The inevitable result, which is being experienced across each sector the Company is exposed to, is a decrease in the returns available from new investments. Historically the Company has been able to target new sectors early and capture enhanced returns before such sectors mature. Whilst it will continue to seek to do so in those sectors that are available, new public sector support is required to generate such opportunities.

In the two year period from 1 October 2018 to 30 September 2020, the Company received c.£300 million in capital repayments from its investment portfolio. Of this, c.£220 million has been received earlier than anticipated.

Notwithstanding the factors above, the Company has been able to invest such amounts into attractive opportunities in both existing sectors and new ones, such as offshore wind. Whilst early prepayments remain difficult to forecast (and in some cases have resulted from the Company proactively refinancing or making disposals), it is seen as prudent to ensure the Company is able to reinvest any capital it receives in investment opportunities that match the risk profile anticipated in its investment policy and the historic investments made by the Company.

The Investment Adviser has reviewed whether any tangential change to the investment policy could be proposed to shareholders that would enable the Company to maintain dividends at historic levels over the long term and not materially change the Company's risk profile. No geographical, structural or sector-based shift has been identified that would, in the view of the Investment Adviser and the Board, represent an acceptable change in the risk profile of the Company.

The Board continues to evaluate the sustainability of the Company's dividends. In doing so, the Board assesses loan interest accrued (an alternative performance measure further detailed on pages 116 and 117) as one of the principal metrics in determining sustainability.

1. The dividend target set out above is a target only and not a profit forecast or estimate and there can be no assurance that it will be met.

FINANCIAL REVIEW CONTINUED

Dividend cover

In determining the dividend target[1] of 7.0 pence per share for the forthcoming financial year, the Investment Adviser and the Board reviewed the sustainability of the dividend level against a number of metrics, most notably the alternative performance measure based on interest income accruing to the benefit of the Company from the underlying investment portfolio; loan interest accrued[2].

The Board recognises there are a number of methods of assessing dividend coverage. The Board and the Investment Adviser consider this metric to be a key measure of dividend cover[2] during the applicable year alongside earnings cover[2] under IFRS. The loan interest accrued[2] metric adjusts for the impact of pull-to-par, which is a feature of measuring dividend coverage through earnings as presented under IFRS, which is explained further on page 19.

		30 SEPTEMBER 2020		30 SEPTEMBER 2019	
EARNINGS COVER	NOTES	£'000	PPS	£'000	PPS
Total (loss)/profit and comprehensive (loss)/income		**(726)**	**(0.08)**	59,112	6.74
Dividends in respect of the year	9	**66,755**	**7.60**	66,641	7.60
EARNINGS COVER[2] (TIMES COVERED)			**(0.01)**		0.89

		30 SEPTEMBER 2020		30 SEPTEMBER 2019	
ADJUSTED EARNINGS COVER	NOTES	£'000	PPS	£'000	PPS
Loan interest accrued[2]		**83,950**	**9.56**	81,975	9.35
Other income[3]	3	**9**	**–**	11,300	1.29
Total expenses	5, 19	**(12,070)**	**(1.37)**	(11,451)	(1.31)
Finance costs	6	**(4,652)**	**(0.53)**	(4,399)	(0.50)
Adjusted net earnings		**67,237**	**7.65**	77,425	8.83
Dividends in respect of the year	9	**66,755**	**7.60**	66,641	7.60
ADJUSTED EARNINGS COVER[2] (TIMES COVERED)			**1.01**		1.16

		30 SEPTEMBER 2020		30 SEPTEMBER 2019	
CASH EARNINGS COVER	NOTES	£'000	PPS	£'000	PPS
Loan interest received	3	**50,219**	**5.72**	52,736	6.01
Repayment of financial assets		**165,002**	**18.78**	114,762	13.09
Total expenses paid[2]		**(11,791)**	**(1.34)**	(11,116)	(1.27)
Finance costs paid		**(4,280)**	**(0.49)**	(3,684)	(0.42)
Total net cash received[2]		**199,150**	**22.67**	152,698	17.41
Dividends in respect of the year	9	**66,755**	**7.60**	66,641	7.60
CASH EARNINGS COVER[2] (TIMES COVERED)			**2.98**		2.29

	NOTES	30 SEPTEMBER 2020 SHARES	30 SEPTEMBER 2019 SHARES
Weighted average number of shares	10	**878,496,776**	876,989,267

1. The dividend target set out above is a target only and not a profit forecast or estimate and there can be no assurance that it will be met.
2. Alternative performance measure ("APM"); for definition and calculation methodology, refer to the APMs section on pages 116 and 117.
3. Other income above includes unscheduled (early) prepayment fees for the repayment of certain loans.

The ‘pull-to-par’ effect

The valuation principles used by the Valuation Agent are based on a discounted cash flow methodology. The fair value of an investment is calculated by applying a discount rate (determined by the Valuation Agent) to the cash flows expected to arise from each asset. The income recognised against such asset (i.e. the change in fair value over time) is therefore a function of this discount rate.

At the time of investment, the discount rate is typically the same as the interest rate given new investments are made at market value. Where the discount rate changes due to the Valuation Agent determining such change is appropriate either for market or project-specific reasons, this results in a revaluation of the investment, reflected through fair value movements in the income statement.

The income recognised in future periods also changes as a result of the application of a new discount rate; this is a characteristic often referred to as ‘pull-to-par’.

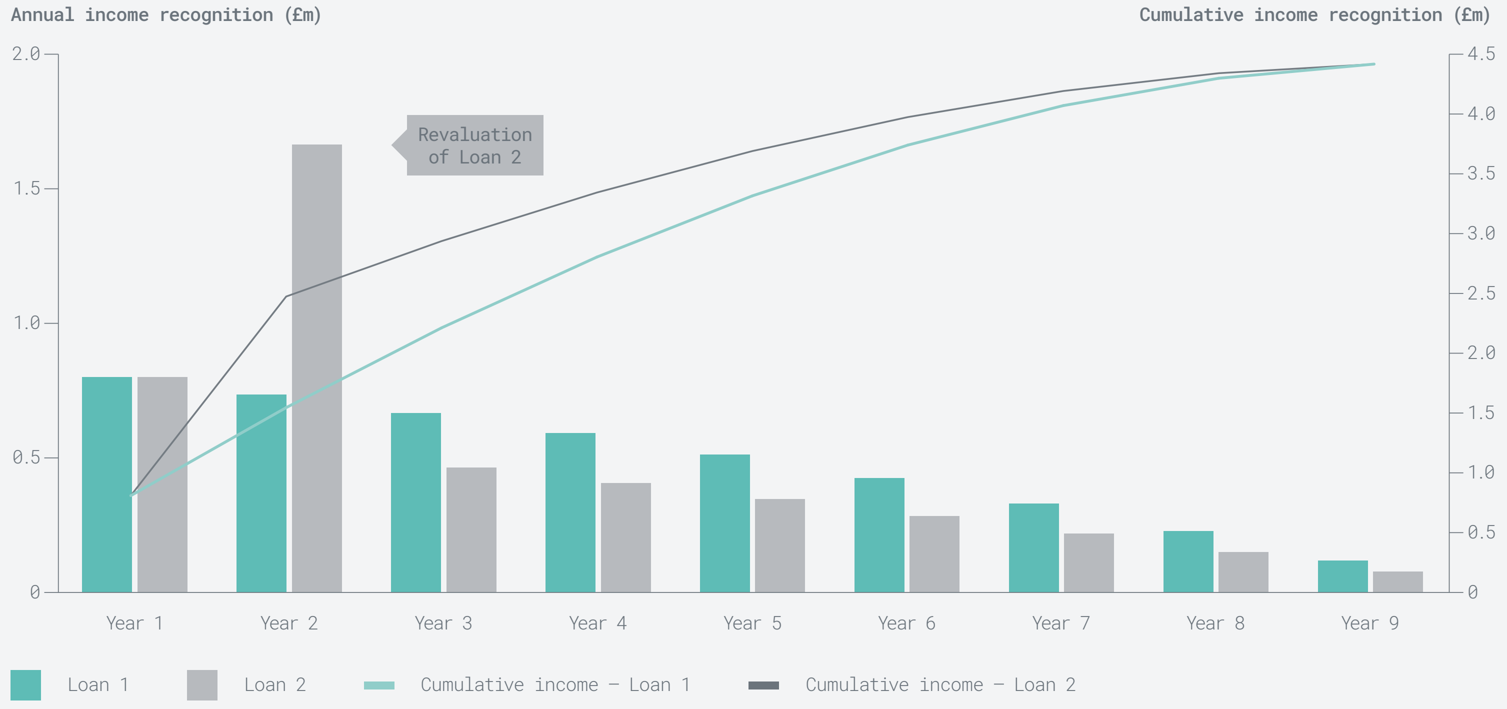
This effect is illustrated in the chart below for two loans: Loan 1, in which the discount rate is maintained at equal to the interest rate for the life of the investment; and Loan 2, in which there is an upward revaluation resulting from a reduction in the discount rate in year 2.

The Company has historically benefited from a number of its investments being revalued upwards in this way. As a result, the income recognition in future periods is lower than actual interest accruing on the loan.

This leads to a reduction in dividend cover on an earnings cover[1] basis in future years, given recognition has already occurred in prior years, which the Company estimates at c.£1.5 million per annum. Recognising this effect, the Company has presented an alternative analysis of dividend cover on page 18 which considers loan interest accrued[1] (independent of the discount rate). The Board and the Investment Adviser consider this to be an important metric and use it in the process of evaluating and declaring dividends.

Further analysis on dividends is shown in note 9 to the financial statements.

PULL-TO-PAR ILLUSTRATION



1. Alternative performance measure (“APM”); for definition and calculation methodology, refer to the APMs section on pages 116 and 117.

INVESTMENT ADVISER'S REPORT

Net zero emissions targets require an unprecedented change to the way in which we generate electricity and heat, travel and manage carbon stores.

UK infrastructure market

The Company invests in UK infrastructure that benefits from public sector support. This support for new infrastructure development through availability-based revenue mechanisms, which the Company has historically benefited from, remains at a two-decade low. Pockets of opportunity continue to exist in the devolved administrations, where regional governments seek to leverage central government budget allocations through attracting private sector funding, such as through the mutual investment model operational in Wales and being developed in Scotland. Further opportunity comes from the CfD, which has historically principally benefited offshore wind, but is being amended and broadened as part of the fourth bidding round due in 2021 to include established technologies and segregate offshore wind as part of a separate pot of less-established technologies. Alongside the Energy White Paper, the Government are consulting on changes to the CfD post 2021 and are seeking to extend this model to other areas, such as carbon capture utilisation and storage. This is seen as a positive development which is likely to create opportunities for the Company.

Significant components of UK infrastructure continue to be financed by the private sector, such as telecommunications, airports, ports, electricity distribution and transmission and water infrastructure. The Government's involvement in these sectors is principally regulating these activities to a greater or lesser extent. In certain monopoly sectors, price controls determine (as part of such regulation) a target rate of return for investors in those sectors.

In one such sector, electricity transmission, Ofgem has proposed to reduce the baseline rate of return from the current 7-8% to 4.3% from April 2021, demonstrating significant pressure on returns available to investors. In addition, the UK Government has set out its intentions to publish a policy paper on economic regulation during 2021. Those, and other sectors in this category, have significantly more demand-based risk than the Company has historically exposed itself to. Elsewhere, infrastructure is being funded directly by the public sector. Roads, new schools, hospitals and community infrastructure are now predominantly financed by central or local government. Significant investments are being made; the Budget in March 2020 allocated an investment of £27 billion to road building and maintenance.

There will always exist a mix between private and public sector involvement in the financing of infrastructure, driven by considerations that include cost of capital and efficiencies. However, the role of the public sector is essential in sectors that need investment, but this investment is not taking place. The need, in this context, may be driven by macro-level policies (such as net zero emissions targets), concerns such continuation of or ensuring security of supply, or responding to society's evolving needs, such as an increased elderly population or digitalisation. The UK is not lacking in such needs. Net zero emissions targets by 2050 (2045 in Scotland) require an unprecedented change to the way in which we generate electricity and heat, travel and manage carbon stores.

A fleet of ageing nuclear power stations will need to be replaced, against a backdrop of electricity demand which is likely to rise as a result of the electrification of transport and heating, and their digitalisation. The electricity grid needs to adapt to support more distributed and intermittent generation. Covid-19 has highlighted demands on the health and social care sectors. The UK's population is getting older and is increasing, placing additional demands on existing infrastructure, which needs to be maintained and upgraded.

The UK's National Infrastructure Strategy, published recently, is a positive step in setting out the UK Government's plans for achieving these, and other, infrastructure needs. Further detail has been provided in a long-awaited Energy White Paper, setting out how the energy system needs to adapt to achieve the UK's decarbonisation targets. Further detail, including in relation to private sector financing opportunities, are expected as part of a policy paper on economic regulation, and strategy documents on hydrogen, biomass, industrial and transport decarbonisation all due in 2021. The UK Government has also announced the establishment of a National Infrastructure Bank, to replace the European Investment Bank's role post Brexit. In the same way as the UK Green Investment Bank does, this may promote co-investment opportunities for the Company.

The UK is at a critical juncture: either our infrastructure will adapt to the evolving needs of society and continue to be a driver and enabler of economic growth together with supporting the UK's legally binding commitment to climate change targets; or deteriorating infrastructure will be a barrier to growth and achieving such targets. In the optimistic scenario, it is expected that more private sector investors such as the Company will have an important role to play.

INVESTMENT ADVISER'S REPORT CONTINUED

Key investment activity in the year
During the period under review, the Company made investments totalling £116.5 million. Of this, c.£73 million related to the refinance of existing onshore wind projects to which the Company had existing subordinated and equity exposures. Two existing senior debt packages were replaced with a single senior debt investment, optimising the third party leverage in these projects.

The remaining advances focused on investments in existing loans in the biomass, anaerobic digestion and social housing sectors. In certain cases this resulted from pre-existing commitments and in others was the result of enforcement action taken by the Company in relation to two loans; or undertaking proactive capital investment to improve performance.

Post year end, the Company completed a £8.0 million loan commitment to finance the development of a deep geothermal heat project that, once complete, will supply renewable heat and electricity to the Eden Project in Cornwall.

Current portfolio exposures
The chart below shows a representation of the Investment Adviser's view of the current asset risk characteristics for each of the sectors to which the Company has exposure. Whilst this picture changes over time as the asset classes mature, it is intended to provide a snapshot at the year end of the current relative risk across asset classes. The changes in risk below are further explained in the table on page 23.

PORTFOLIO EXPOSURES

Investment risk

The Company continues to monitor the investment risk of the asset classes to which it has exposure. An updated summary of the key investment risks specific to the portfolio measured against likelihood and magnitude is presented on pages 22. The table below shows the Investment Adviser's view of the changes to the risk ratings for sectors where changes have been observed in the past year.

RISK	SECTOR	CHANGE IN PERIOD	DESCRIPTION
Market risk The risks of an investment being exposed to changes in market prices, such as electricity prices or inflation.	**Renewables**	Increase	The Company has experienced significant reductions in long-term electricity price forecasts over the year. Further, short-term reduced demand for electricity as a result of Covid-19 has contributed to increased curtailment for large projects located in Northern Ireland.
Operational risk The risks of being exposed to the construction and/or operations of a project, associated with the failure of people, processes and/or systems required to monetise an asset.	**Biomass**	Increase	Covid-19 has significantly impacted the supply chain for waste wood, resulting in reduced output at three waste wood biomass projects to which the Company has exposure.
Legal/regulatory risk The risks associated with changes to laws and/or regulations. This covers UK-wide, non-specific risks, such as changes to the tax regime, and specific risks such as the change to a subsidy regime that a project relies on.	**Renewables**	Increase	The Company continues to be exposed to a portfolio of commercial solar projects that are the subject of ongoing audits by Ofgem in relation to the projects' accreditation and ongoing compliance with the renewables obligation.

INVESTMENT ADVISER'S REPORT CONTINUED

SECTOR BACKGROUND AND UPDATE

RENEWABLES

Projects that generate renewable energy across the heat, electricity and transport sectors and that benefit from long-term government subsidies.

60%
Percentage of portfolio by value

£612.3m
Valuation of sector within the portfolio

Background
A significant investment in renewable energy is required if the UK is to achieve its legally binding net zero emissions target by 2050 (2045 in Scotland). Whilst good progress has been made (renewable generation accounted for c.37% of total electricity generation in 2019), there remains a significant way to go in decarbonising the heating and transport sectors. The Company has exposure to a wide range of renewable technologies that principally benefit from historic support mechanisms that are now closed to new entrants.

Current position
The CfD is the principal support mechanism through which developers of renewable projects of specified technologies can bid for a subsidy, which provides a 15 year, CPI-linked income stream. The last auction round (September 2019) saw winning bids for offshore wind projects at strike prices lower than the prevailing long-term electricity price forecast. Whilst the CfD has historically principally supported offshore wind projects, It was recently announced that the next contract round, due in 2021, will include a wider range of technologies (notably the inclusion of solar PV and onshore wind) and consider offshore wind in a separate budget pot to other less established technologies. This is seen as a positive development that is likely to create investment opportunities for the Company. In addition, the Investment Adviser is increasingly seeing solar and onshore wind projects being developed and financed on a subsidy-free basis, in response to continued reductions in the levelised cost of generation for these technologies.

The renewable heat incentive ("RHI") is the principal support mechanism for promoting renewable heat projects. In April, the Government published proposals to extend the domestic RHI until March 2022, introduce a third allocation of flexible tariff guarantees and extend commissioning deadlines for projects with an existing tariff guarantee under the non-domestic RHI. The RHI has not promoted the scale of investment required to decarbonise the UK's heating sector and under these amendments is unlikely to in the future.

Future outlook
The Energy White Paper published in December sets out plans for the significant transformation of the energy system that will be required to achieve the UK's decarbonisation targets. The central scenario sees electricity demand double in the period to 2050, as a result of the electrification of transport, heating and digitalisation.

Also included is reference to a consultation on the CfD post 2021, confirmation of the RAB model for financing of new nuclear; confirmation Parliament will seek a final investment decision on one new nuclear power station; competitive tendering for onshore electricity grids; support for bioenergy with carbon capture and storage and biomethane through a Green Gas Support Scheme. Further, a UK Emissions Trading Scheme has been announced to replace the EU ETS, with the potential to increase this to cover additional sectors over time.

Further detail in a number of areas are expected during 2021. The paper sets out ambitious plans for a material transformation of the electricity, heating and transport sectors, which could result in potential investment opportunities for the Company.

FEATURED ASSET

GREENCO ALPHA HOLDINGS LIMITED

A loan secured against an offshore wind farm located in England.

£58.3m
Valuation

Subordinated
Security

Project information
The Company has invested in Race Bank, an operational 573 MW offshore wind farm covering a total area of 75 km^2, located c.20 km from the coast of Norfolk. The Company invested through the subscription to a series of loan notes issued by an SPV company, GreenCo Alpha Holdings Limited.

The wind farm comprises 91 turbines which produce c.2,500 GWh of renewable electricity annually, enough to power over half a million average UK homes. The project achieved commercial operation in February 2018 after a three year construction period and benefits from Government support under the renewables obligation ("RO"). This is the largest individual project to which the Company has an exposure. The UK is the world leader in the offshore wind market in terms of capacity, with 10 GW installed at the end of 2019.

INVESTMENT ADVISER'S REPORT CONTINUED

SECTOR BACKGROUND AND UPDATE

SUPPORTED LIVING

Supported living projects create long-dated cash flows supported by the UK Government through the secured pledge of centrally funded benefits.

15%
Percentage of portfolio by value

£157.3m
Valuation of sector within the portfolio

Background

The Company has historically targeted a sub-set of the social housing sector provision referred to as 'supported living' through the financing of development or conversion of accommodation to suit specific care needs for individuals with learning, physical or mental disabilities. The Company has provided debt finance to entities that own and develop properties, which are then leased under a long-term fully repairing and insuring lease to Registered Providers ("RPs") who operate and manage the properties. The RPs receive housing benefit for individuals housed in such properties. The budget for housing benefit in this sector is funded by central government and has historically been, and remains, highly protected.

Current position

As has been previously reported, a number of the RPs to which the Company is exposed have been graded as non-compliant in respect of governance and financial viability by the Regulator of Social Housing ("RSH"). In the period under review, these RPs have focused on improving processes, people and systems in seeking to address the RSH's governance concerns. The Company and its borrowers continue to work with RPs to determine whether the long-lease model can be developed to address the RSH's financial viability concerns.

It is the Investment Adviser's view that the fundamentals of the sector, underpinned by a well-protected housing benefit budget and a care model that has demonstrated healthcare and financial benefits for the recipients, remains attractive. The RSH has itself noted its desire to see higher deployment of care under a supported living model and for this to be financed by the private sector. The Company therefore remains positive about its existing positions in this sector.

Future outlook

The Company has maintained for some time that it does not intend to grow its exposure to the social housing sector in any new projects as a result of concerns raised by the RSH, in respect of the governance and financial viability of RPs. The Investment Adviser also notes increased competition in this sector, which has put pressure on potential returns. The Board and Investment Adviser will continue to review this position in light of the RSH's approach.

FEATURED ASSET

GCP SOCIAL HOUSING 1 LIMITED

A series of loans secured against a portfolio of supported social housing assets across the UK.

£85.2m
Valuation

Senior
Security

Project information
To date the Company has invested in senior debt secured against cash flows arising from a portfolio of supported living properties located across England and Wales. This investment has helped fund the addition of 170 supported living properties across the UK, with over 910 individual tenancies created. The properties are a mix of specially adapted residential stock and purpose-built new properties.

Notable investments made this year include the construction of 12 specially adapted supported living flats in Wigan. The purpose-built development offers high quality accommodation for adults with special needs. The project is an excellent example of the quality of supported living properties that can be created through effective partnerships.

INVESTMENT ADVISER'S REPORT CONTINUED

SECTOR BACKGROUND AND UPDATE

PFI

Public-private partnerships ("PPP") enable the procurement of infrastructure through access to long-term, public sector backed, availability-based payments.

25%

Percentage of portfolio by value

£261.5m

Valuation of sector within the portfolio

Background

Partnerships between the public and private sectors to develop, build, own and operate (or a combination thereof) infrastructure have taken a number of forms, with the best known being the private finance initiative ("PFI"), which originated in the UK in the mid-1990s. Since this time, over £60 billion has been invested in the development of new projects across the healthcare, education, leisure, transport and other sectors under such schemes. The design and implementation of revenue support mechanisms such as PFI has been devolved to the Scottish, Welsh and Northern Irish administrations. The Company has exposure to a number of sectors within PPP including education, healthcare, waste, leisure and housing.

Current position

The Government announced in 2018, and restated as part of the Infrastructure Finance Review consultation published in March 2019, that it no longer wishes to utilise PFI, or variants thereof, to procure new infrastructure in England. The Welsh government has adopted a mutual investment model ("MiM"), under which a handful of transport and health projects are being procured, and the Scottish government is currently reviewing their own version of the MiM.

The Company does not see material new deal flow in this sector, with this being limited to a small number of discrete secondary market opportunities arising from minority owners of PPP assets seeking to monetise their investment.

Future outlook

It remains unclear whether there will be an availability-based, or other, mechanism that attracts private sector finance into the types of asset (such as schools, hospitals, community infrastructure) that PFI and its various derivatives successfully supported. The 2019 Infrastructure Finance Review consulted on possible future alternatives, including the RAB model that has historically been used to regulate monopoly utilities, and more recently in the finance of the Thames Tideway sewer.

It was further confirmed by the Government that PFI/PF2 will not be reintroduced as procurement models, and expressed support for the CfD and RAB models, with the potential to apply these to new sectors. A possible alternative is that the Government involves the private sector in the delivery of this type of infrastructure, but does not require private sector finance in the provision of equity or debt capital to finance these projects.

FEATURED ASSET

GCP BRIDGE HOLDINGS LIMITED

A loan exposed to a number of assets in the PPP and renewables sectors, including UBB Waste.

£87.4m
Valuation

Senior
Security

Project information
The Company subscribed for a series of loan notes with a value of up to c.£140 million, in aggregate, secured against 23 UK-based projects, arising from the acquisition of the Green Investment Bank ("GIB") by a Macquarie-led consortium.

The projects involve developments across multiple sectors including waste to energy, onshore wind, hydro, landfill gas and building retrofit schemes.

A PPP scheme is a co-operative arrangement between two or more public and private sectors, typically of a long-term nature. PPP and renewable energy schemes generate long-dated public sector backed cash flows.

Each of the projects is in receipt of revenues arising from either Government-backed PPP schemes or Government-sponsored mechanisms for promoting energy efficiency or renewable electricity generation in the UK.

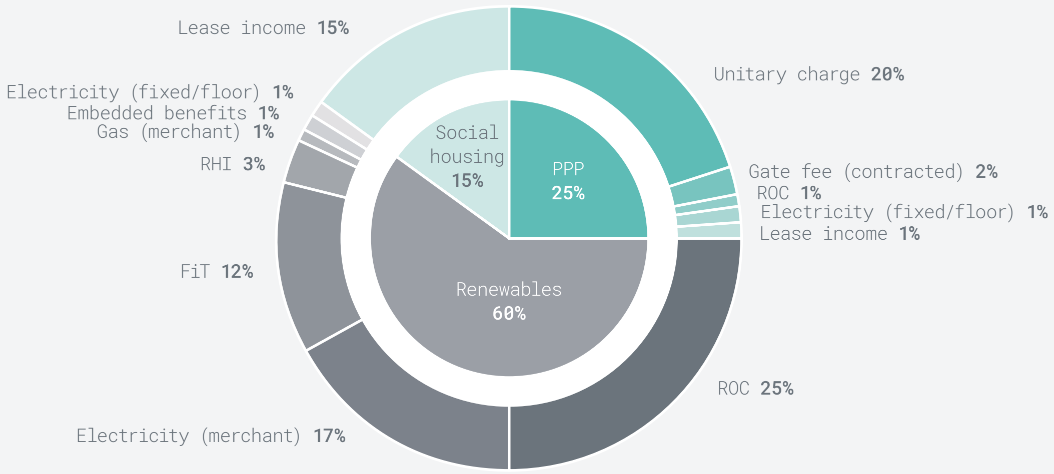
INVESTMENT PORTFOLIO

The Company is exposed to a portfolio of 47 investments with a weighted average annualised yield[1] of 8.1% and average life of 15 years.

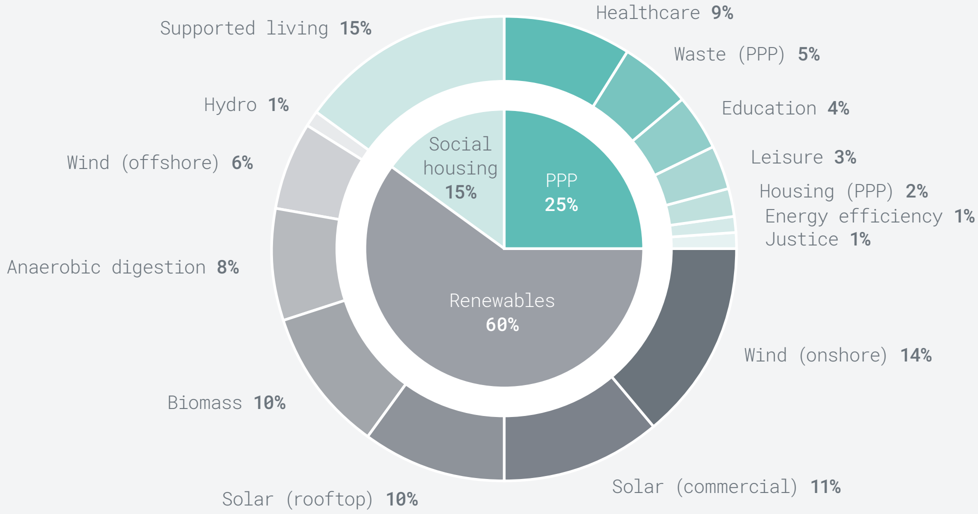
PORTFOLIO SUMMARY

The Company's investment portfolio remained broadly stable during the year with cash from repayments being reinvested to provide further advances to existing borrowers and to repay amounts on the Company's credit facilities. The refinancing of two third party senior loans secured against four onshore wind farms was completed, replacing the historic senior debt arrangements with a credit facility with more competitive terms. The valuation of the Company's investments at 30 September 2020 was £1.03 billion (2019: £1.14 billion).

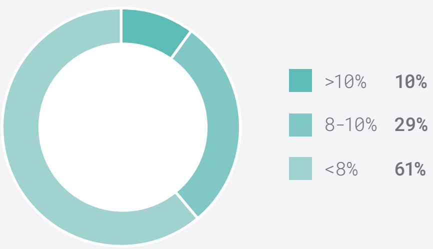
PORTFOLIO BY INCOME TYPE



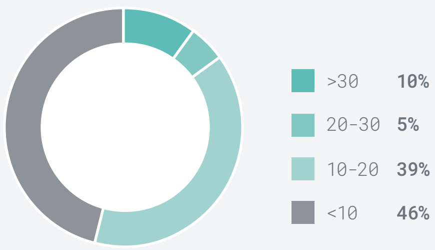
PORTFOLIO BY SECTOR TYPE



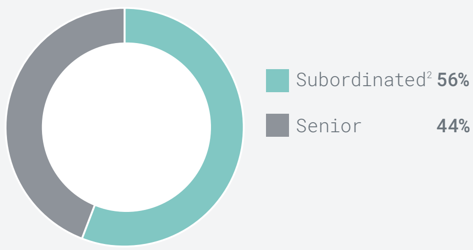
PORTFOLIO BY ANNUALISED YIELD[1]



PORTFOLIO BY AVERAGE LIFE (YEARS)



PORTFOLIO BY INVESTMENT TYPE



1. Alternative performance measure ("APM"); for definition and calculation methodology, refer to the APMs section on pages 116 and 117.
2. Includes exposure to shareholder interests of c.3%.

INVESTMENT PORTFOLIO CONTINUED

PORTFOLIO SUMMARY CONTINUED

TOP TEN INVESTMENTS

Key
1 Project type
2 % of total portfolio
3 Cash flow type

1 Cardale PFI Investments[1]
1 PFI/PPP
2 11.9%
3 Unitary charge

2 GCP Bridge Holdings[2]
1 Various
2 8.5%
3 ROC/FiT/Lease/PPA

3 GreenCo Alpha Holdings
1 Offshore wind
2 5.7%
3 ROC/PPA

4 Gravis Asset Holdings[4]
1 Renewables
2 5.6%
3 ROC/PPA

5 Gravis Solar 1
1 Commercial solar
2 5.6%
3 ROC/FiT

6 GCP Programme Funding[3]
1 Supported living
2 4.9%
3 Rental income

7 GCP Social Housing 1[5]
1 Supported living
2 4.0%
3 Rental income

8 GCP Rooftop Solar Finance
1 Rooftop solar
2 3.9%
3 FiT

9 GCP Biomass 1
1 Anaerobic digestion
2 3.6%
3 ROC/FiT/RHI

10 GCP Green Energy 1
1 Commercial solar/Onshore wind
2 3.6%
3 ROC/PPA

TOP TEN REVENUE COUNTERPARTIES	% OF TOTAL PORTFOLIO
Power NI Energy Limited	11.4%
The Renewable Energy Company Limited (Ecotricity)	9.4%
Bespoke Supportive Tenancies Limited	7.5%
Statkraft Markets GmbH	5.8%
Ørsted Salg & Service A/S	5.7%
SmartestEnergy Limited	5.4%
Gloucestershire County Council	4.8%
Office of Gas and Electricity Markets	4.5%
British Gas Trading Limited	4.0%
Good Energy Limited	3.9%

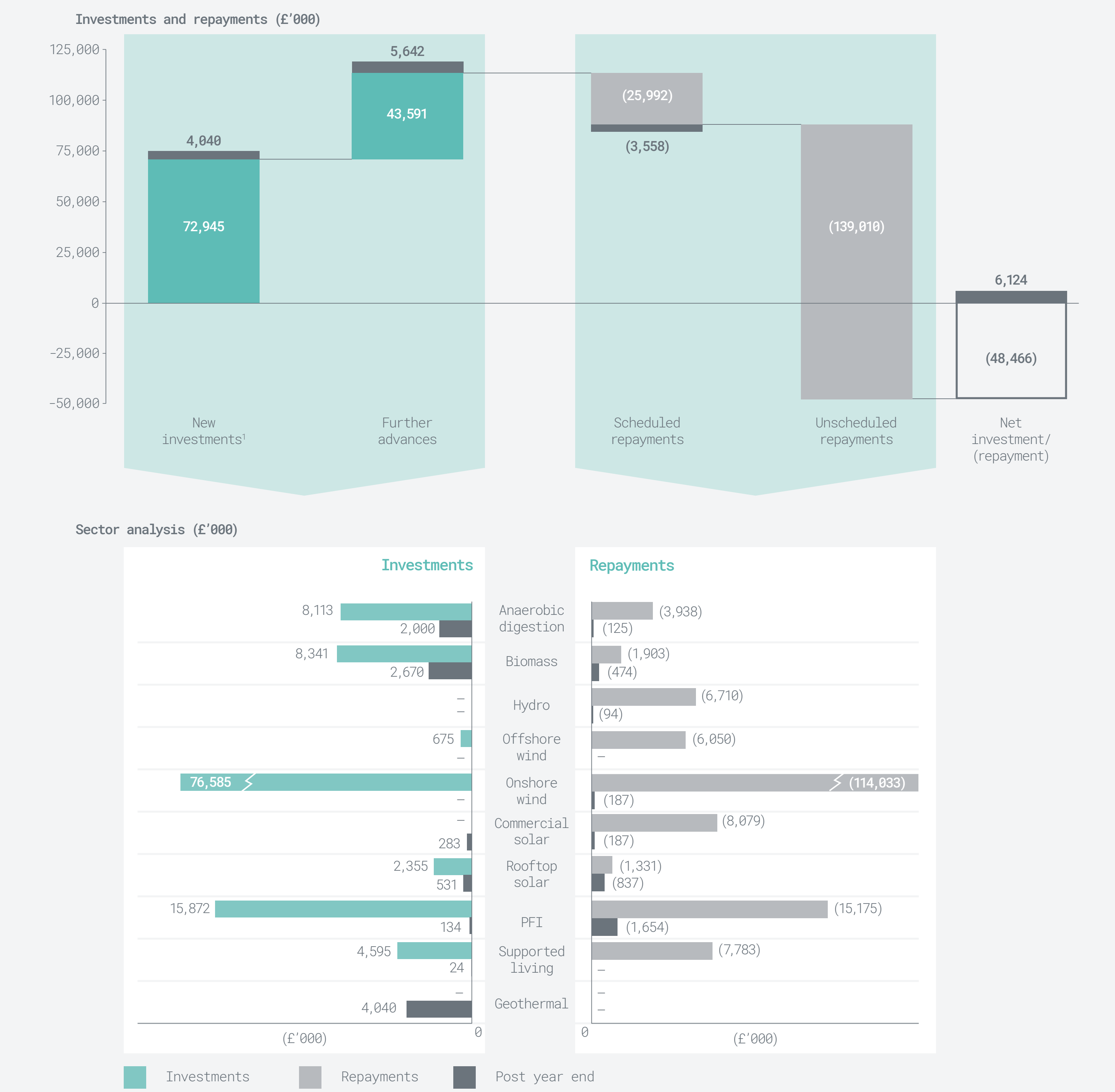
TOP TEN PROJECT SERVICE PROVIDERS	% OF TOTAL PORTFOLIO
A Shade Greener Maintenance Limited	9.8%
Vestas Celtic Wind Technology Limited	9.6%
Solarplicity Services Limited	9.1%
Burmeister and Wain Scandinavian Contractor AS	6.6%
Ørsted Salg & Service A/S	5.7%
Urbaser Limited	4.8%
Agrikomp (UK) Limited	3.6%
Engie	3.4%
Robertson Facilities Management Limited	3.1%
Atlantic Biogas Ltd	2.9%

1. The Cardale loan is secured on a cross-collateralised basis against 14 individual operational PFI projects.
2. GCP Bridge Holdings is secured against a portfolio of seven infrastructure investments in the renewable energy and PPP sectors.
3. GCP Programme Funding 1 Ltd Series 1 Notes.
4. Gravis Asset Holdings Senior H Notes.
5. GCP Social Housing 1 Ltd D Notes.

Portfolio overview

In the reporting year, the valuation of the portfolio decreased by £113.5 million to a total value of £1.03 billion. The valuation of the portfolio was impacted by net valuation losses of £65.1 million, predominantly attributable to material reductions in electricity price forecasts. Investments made and repayments received during the year are summarised in the chart below:

INVESTMENT ANALYSIS FOR YEAR ENDED 30 SEPTEMBER 2020



1. Investment of c.£72.9 million made in the wind sector through the refinancing of existing onshore wind projects and issue of new loans.

INVESTMENT PORTFOLIO CONTINUED

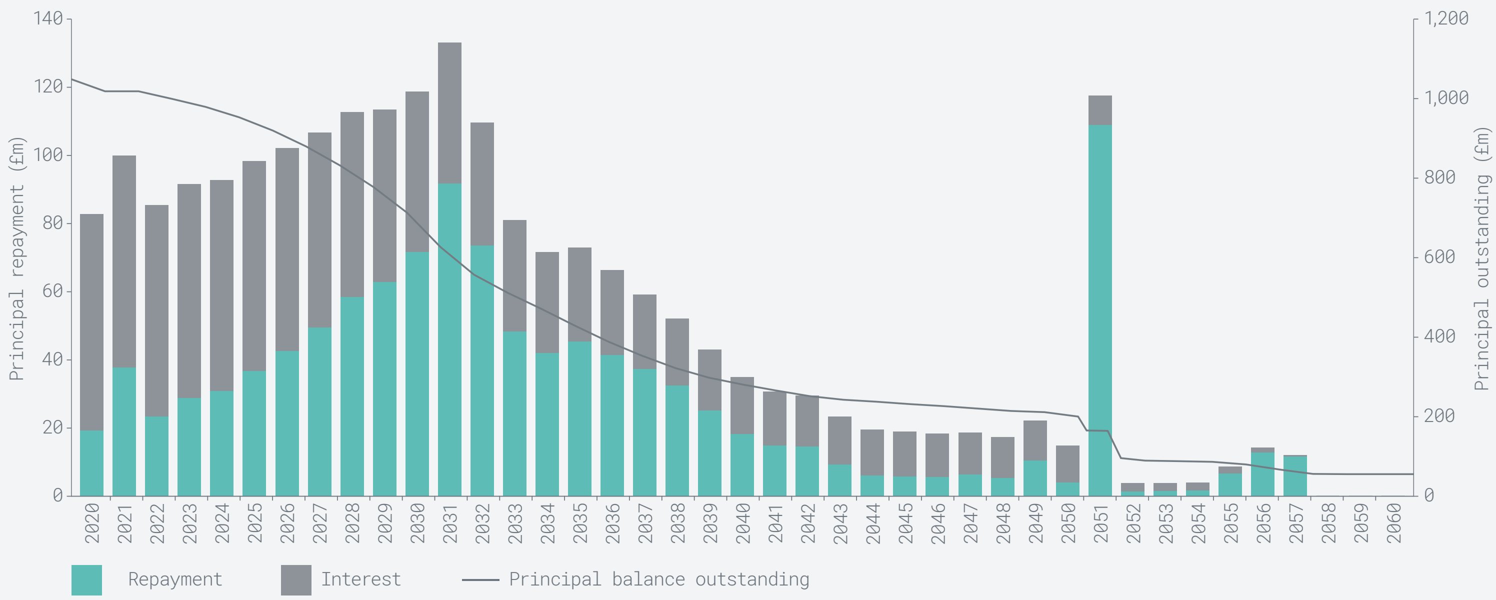
PORTFOLIO SUMMARY CONTINUED

Portfolio overview continued

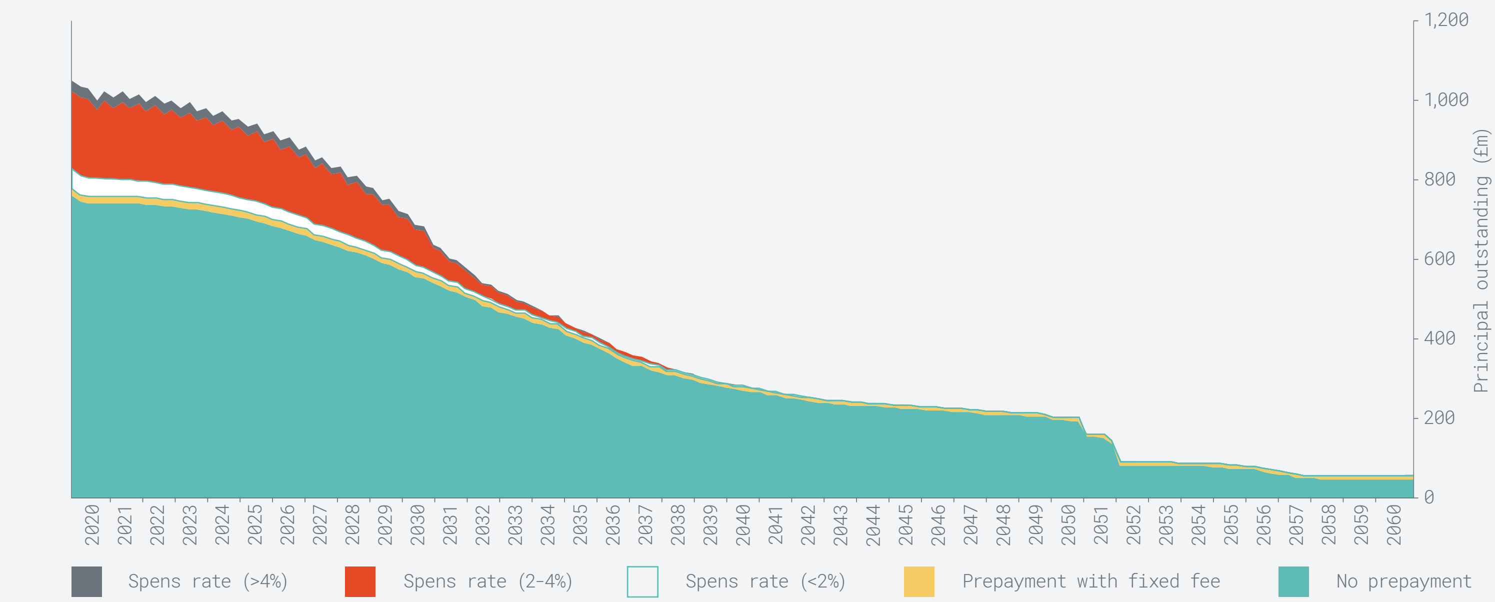
The Covid-19 pandemic has delayed the early prepayment of a number of senior loans in the renewables sector, as reported in the previous annual report as potential prepayment targets. It is possible that these loans, with a total principal value of c.£10 million, will be prepaid in financial year 2020/21. The Company does not currently see material risks of early prepayment elsewhere in the portfolio.

The charts below show the projected cash flows from the investment portfolio and the principal outstanding by prepayment penalty type.

PROJECTED INVESTMENT PORTFOLIO CASH FLOW PROFILE



PROJECTED PRINCIPAL OUTSTANDING BY PREPAYMENT PENALTY TYPE

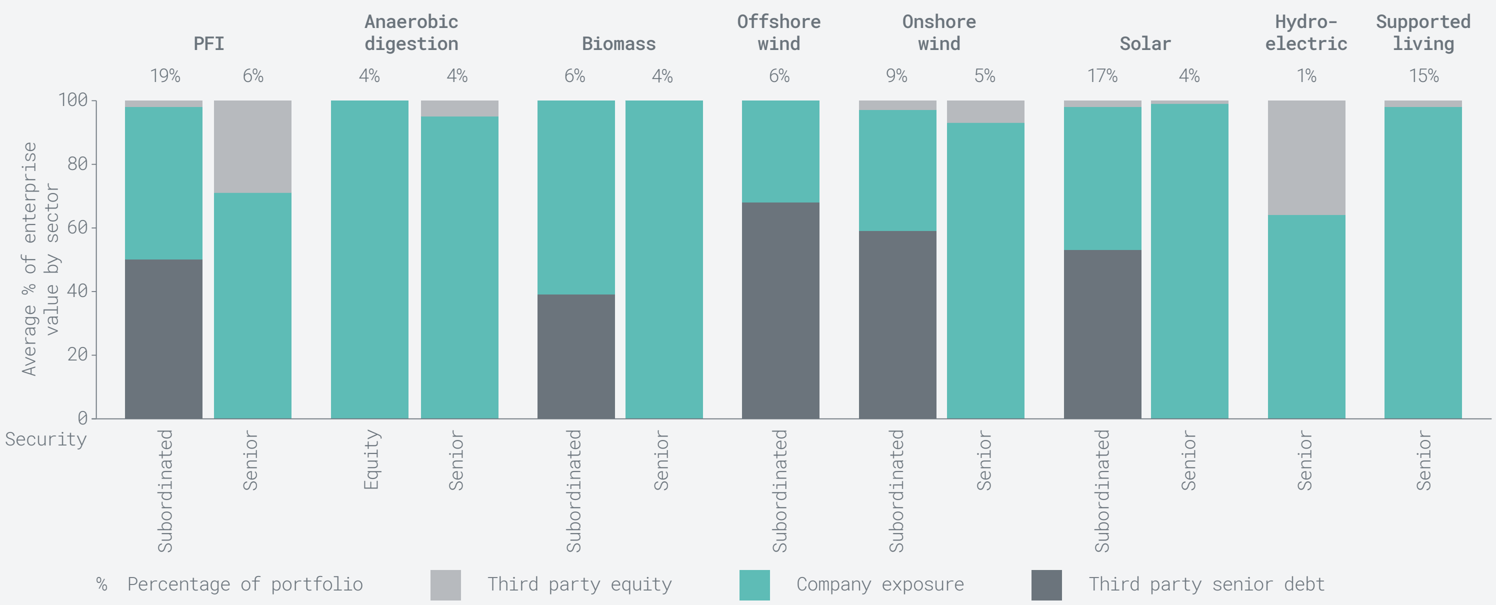


Capital structure

As part of its investment portfolio, the Company has targeted investments across a number of asset classes and within different elements of the capital structure.

The chart below shows, through the position of the coloured blocks, the average portion of the capital structure (expressed as a percentage of enterprise value) to which the Company has exposure. The light grey areas represent third party equity (first loss) positions, the dark grey areas represent third party senior debt positions in each sector, with the green areas representing the Company's exposure.

AVERAGE CAPITAL STRUCTURE BY SECTOR



Portfolio performance update

The Company's Valuation Agent, Mazars LLP, carries out a fair market valuation of the Company's investments on behalf of the Board on a quarterly basis. The valuation principles used by the Valuation Agent are based on a discounted cash flow methodology. A fair value of each asset acquired by the Company is calculated by applying an appropriate discount rate (determined by the Valuation Agent) to the cash flow expected to arise from each asset. The weighted average discount rate used across the Company's investment portfolio at 30 September 2020 was 7.44%, compared to 7.58% at 30 September 2019. The valuation of investments is sensitive to changes in discount rates and sensitivity analysis detailing this is presented in note 18.

From an operational perspective, the investment portfolio is materially performing in line with expectations. At 30 September 2020, c.5% (30 September 2019: 12%) of the investment portfolio was exposed to construction stage assets.

The Company continues to be exposed to ongoing audits by Ofgem relating to the accreditation and ongoing compliance of 14 ground-mounted commercial solar projects accredited under the renewables obligation. Permission to seek judicial review has been granted in respect of Ofgem's decision to revoke ROCs on one project which is due to be heard in early 2021 and audit processes are ongoing in relation to the remaining assets. The Company remains confident that it will be able to either or cumulatively: (i) address Ofgem's queries to prevent or mitigate negative impact; (ii) successfully challenge any adverse decision by Ofgem; or (iii) recover losses it incurs from third parties in relation to a breach of investment documentation. A further judicial review has been granted in respect of decisions made by Ofgem relating to a portfolio of 757 domestic wood pellet boilers to which the Company is exposed.

INVESTMENT PORTFOLIO CONTINUED

PORTFOLIO PERFORMANCE UPDATE

Performance updates

The specific factors that have impacted the valuation in the reporting period are summarised in the table below.

Valuation performance attribution

DRIVER	DESCRIPTION	IMPACT (£M)	IMPACT (PPS)
PPA counterparty buyout	Upside from the buyout of PPA counterparty under an underlying power purchase agreement	1.0	0.11
PPA price fixing	Fixing power prices on an underlying power purchase agreement	0.4	0.04
Discount rate reductions	Reduced discount rates on various loans	0.5	0.06
Refinancing	Implementation of amended loan terms arising from debt refinancing on a PFI loan	4.1	0.47
Low inflation	Benefits of lower actual inflation where external third party debt is index-linked on a number of solar loans	1.3	0.14
Forecast recovery assumptions	Increased long-term forecasts arising from higher recovery assumptions from a biomass asset	1.3	0.15
PFI repayment profiles	Movement in repayment profile arising from underlying PFI/PPP assets	0.2	0.02
Escrow release	Transaction-related upsides	1.0	0.11
	TOTAL UPWARD VALUATION MOVEMENTS	**9.8**	**1.10**
Actuals	Lower revenues than forecast due to lower actual performance from renewables assets	(4.5)	(0.51)
Inflation/FX/LIBOR	Lower inflation than forecast, resulting in lower longer-term projected revenues	(2.7)	(0.31)
Power prices	Impact from downward revaluation of long-term electricity price forecasts	(54.2)	(6.16)
Legal ruling	Adverse legal decision regarding a borrower in arrears	(4.3)	(0.48)
Anaerobic digestion writedown	Writedown of investment in historic gas-to-grid anaerobic digestion facilities	(3.4)	(0.39)
Corporation tax	Impact of increased long-term corporation tax rate from 17% to 19%	(4.5)	(0.51)
Ofgem audits	Downward revaluation in respect of adverse ruling from Ofgem on an underlying solar generation asset	(1.0)	(0.11)
Rent arrears	Downward revaluation for rental arrears of a social housing borrower	(1.0)	(0.12)
	TOTAL DOWNWARD VALUATION MOVEMENTS	**(75.6)**	**(8.59)**
Interest receipts	Net valuation movements attributable to the timing of debt service payments	0.7	0.08
	TOTAL OTHER VALUATION MOVEMENTS	**0.7**	**0.08**
	TOTAL NET UNREALISED MOVEMENTS	**(65.1)**	**(7.41)**

Pipeline of investment opportunities

The Company is actively reviewing a number of opportunities in existing and new sectors, with the objectives of ensuring effective reinvestment of cash repaid to the Company and continued diversification of the investment portfolio. Current opportunities can be categorised as:

- follow-on investments in existing assets to optimise the performance and/or capital structure of those assets for the Company's benefit;
- operational projects in the anaerobic digestion and biomass sectors where the Company is able to use its experience in these asset classes to identify attractive lending opportunities that support an underlying corporate action (such as a change of ownership);
- portfolios of rooftop solar projects benefiting from the feed-in tariff;
- large investments in offshore wind transactions, in which the market has recently become more competitive; and
- new sectors, such as geothermal, hydrogen and forestry infrastructure, that benefit from support mechanisms with which the Company is familiar (such as the RHI) and others.

At 30 September 2020, the Company has an active pipeline of c.£150 million of investment opportunities under consideration.

Portfolio sensitivities

This section details the sensitivity of the value of the investment portfolio to a number of the risk factors to which it is exposed. A summary of the overall investment portfolio risks, and the Investment Adviser's view of the changes in risk, can be found on pages 22 and 23.

Electricity prices

A number of the Company's investments rely on market electricity prices for a proportion of their revenues. Changes in electricity prices may therefore impact on a borrower's ability to service debt or, in cases where the Company has taken enforcement action and/or has direct exposure through its investment structure, impact on overall returns.

The Company has experienced significant changes to the electricity price forecasts over the last twelve months, contributing to reductions of 6.16 pence per share. This has been driven by a number of factors, including:

- reductions in the wholesale gas price forecast, driven by an excess of global supply over demand. Gas is typically the marginal price setter in the UK electricity market, and therefore any reductions in gas price forecasts directly flow to electricity forecasts; and
- to a lesser degree, Covid-19, which has seen a significant (15%) drop in near-term demand and an associated impact on prices. The medium-term economic impacts of Covid-19 result in lower demand forecasts, and associated forecast prices, over the next three to five years.

The Company uses a single market consultant, Afry, for its electricity price forecasts. The price forecast used is the average of the last four central price quarterly publications by Afry, updated each quarter.

The table below shows the forecast impact on NAV per share of a given percentage change in electricity prices over the full life of the forecast period.

SENSITIVITY APPLIED TO BASE CASE ELECTRICITY PRICE FORECAST ASSUMPTION	(10%)	(5%)	0%	5%	10%
NAV impact (pence per share)	(5.16)	(2.52)	—	2.71	5.01

INVESTMENT PORTFOLIO CONTINUED

PORTFOLIO PERFORMANCE UPDATE CONTINUED

Portfolio sensitivities continued

PFI nationalisation

The Investment Adviser's view is that the wide-scale nationalisation of PFI remains a low probability event. However, to provide a sense of the potential impact, it has evaluated the impact on NAV should nationalisation occur through the contractual routes available to the Government and/or local authority to do so as part of the project agreements.

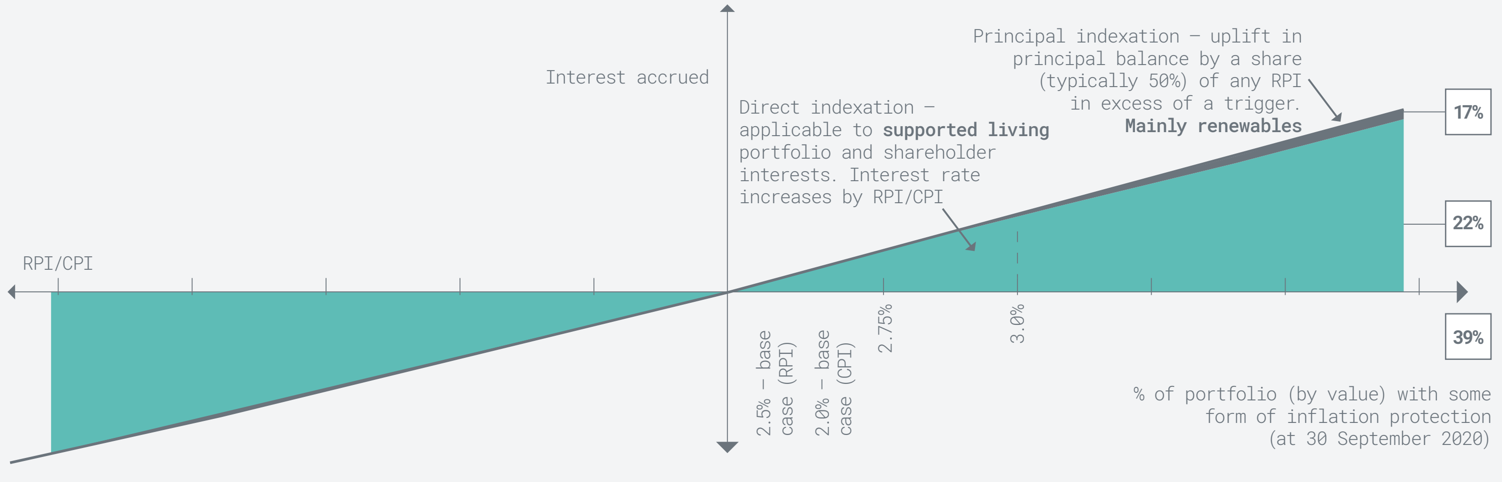
PROVISION TYPE	PERCENTAGE OF PORTFOLIO (%)	IMPACT IF EXERCISED
Assets with no right for the local authority to terminate (primarily a number of healthcare investments).	1.6	No impact – no ability to terminate.
Assets where the termination payment is based on a market test mechanism to compensate investors.	16.0	Given that the assets are held by the Company at fair value, a termination of these arrangements should not have a material impact on the valuation.
Assets where the termination payment is based on a fixed IRR target for investors.	6.4	Given that discount rates have fallen significantly as the sector has matured, it is anticipated that payments under this mechanism would not fully compensate the Company as a subordinated lender.

The Investment Adviser considers that the potential impact on the Company of the termination of all PFI contracts to which it has exposure would be a reduction in portfolio value of c.£39.8 million or 4.5 pence per share.

Inflation

A number of the Company's investments (making up c.39% of the investment portfolio by value) have some form of inflation protection. This is structured as a direct link between the return and realised inflation (relevant to the supported living assets and certain renewables) and a principal indexation mechanism which increases the principal value of the Company's loans outstanding by a share of realised inflation over a pre-determined strike level (typically 2.75-3.00%). The chart below summarises the change in interest accruals and potential NAV impact that would be associated with a movement in inflation.

ILLUSTRATIVE PORTFOLIO SENSITIVITY TO INFLATION[1]



SENSITIVITY APPLIED TO BASE CASE INFLATION FORECAST ASSUMPTION	(2.0%)	(1.5%)	(1.0%)	(0.5%)	0%	0.5%	1.0%	1.5%	2.0%
NAV impact (pence per share)	(12.79)	(9.75)	(6.48)	(3.24)	–	3.62	7.26	10.83	14.61

1. Illustrative movements of changes to interest accruals as a result of changes to actual CPI and RPI.

Covid-19 analysis

The period under review has been dominated by the impacts of Covid-19. The UK's response to the virus has seen unprecedented restrictions on the movement of people, and significant Government support for individuals and businesses. At the time of publication, the UK has since come out of its second period of lockdown and, whilst the roll-out of a vaccine is a cause for optimism, uncertainty remains over the impacts of Covid-19 over the next twelve months.

The Company has been able to continue its operations largely unaffected by Covid-19. The business continuity plans of all key suppliers have enabled ongoing service provision across all areas of the Company's activities. Further, Covid-19 has not materially impacted the Company's compliance with its revolving credit arrangements, with sufficient headroom maintained between financial covenants and performance. Whilst the Investment Adviser has observed a general tightening in credit markets, this is not expected to impact the Company's ability to refinance its facilities on their expiry in March 2021. The Company is well progressed through a process to identify and agree terms with replacement lenders.

The investment portfolio has responded well to the potential pressures of Covid-19. There have been significant downward revaluations of the investment portfolio due to reduced electricity price forecasts, however, Covid-19 has contributed to, but not been the principal driver, of such reductions. The principal impacts, which are not considered material to the Company, have been (and, to the extent lockdown measures persist, can be expected to be):

(i) the availability of waste wood for the Company's biomass portfolio, making up c.10% of total investments. The first (but not the second, more recent) lockdown saw the closure of recycling centres and a reduction in construction activity, which reduced the available supply of waste wood. The projects responded by switching off or reducing output for a period of time;

(ii) electricity prices have been depressed as a result of a fall in electricity demand of c.15% during the initial lockdown. Where electricity prices were not fixed for this period, this has led to reduced capture prices during the period of initial lockdown. Electricity prices have since recovered and the same impact is not projected from the second lockdown; and

(iii) the availability of labour and parts, and construction activity, has been impacted by the effects of lockdown on logistics chains. This has, in certain cases, resulted in delays to construction timelines and reactive maintenance activity. Overall, the impact of this across the Company's portfolio has been marginal.

The Company's continued focus on availability, rather than demand, based revenues has positioned it well to deal with the wider market volatility that has been experienced. The Company continues to review the impacts of any changes to the impacts of Covid-19 on the investment portfolio.

STAKEHOLDERS

Stakeholders are integral to the long-term success and sustainability of the Company. They include shareholders, borrowers, lenders, the public sector, suppliers and local communities.

Stakeholders

The Directors seek to understand the needs and priorities of the Company's stakeholders in accordance with section 172 of the UK Companies Act 2006. All Board discussions involve careful consideration of the longer-term consequences of any decisions and their implications for stakeholders.

The Board believes that the Company's key stakeholders comprise shareholders, borrowers, lenders, the public sector, suppliers and local communities. This section sets out why and how the Company engages with these stakeholders and the actions taken by it to ensure that their interests are considered in the Board's decision making.

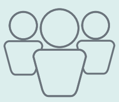
The Board always aims to be fair and balanced in its approach. The needs of different stakeholders are considered as well as the consequences of any decision in the long term.

The stakeholder model on page 42 demonstrates how the Company interacts with its stakeholders. These relationships provide the foundation for the Company's sustainability, which in return provides benefits to all parties. The Board values the importance of maintaining a high standard of business conduct and stakeholder engagement and ensuring a positive impact on the environment in which the Company operates.

The Directors recognise that, both individually and collectively, their overarching duty is to act in good faith and in a way that is most likely to promote the success of the Company and the Group as set out in section 172 of the Companies Act 2006 for the benefit of shareholders and in the interests of stakeholders as a whole, having regard, amongst other matters, to the likely consequences of any decision in the long term as set out below.

SECTION 172

THE INTERESTS OF THE COMPANY'S EMPLOYEES



The Company has no employees but has close working relationships with the employees of the Investment Adviser and the Administrator to which it outsources its main functions.

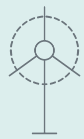
Refer to stakeholder engagement section on pages 44 and 45 and to the governance section on pages 58 to 83.

THE NEED TO FOSTER THE COMPANY'S BUSINESS RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND OTHERS

The Board has a close working relationship with all its advisers and regularly engages with all parties.

Refer to stakeholder engagement section on pages 44 and 45.

THE IMPACT OF THE COMPANY'S OPERATIONS ON THE COMMUNITY AND THE ENVIRONMENT



The Company's activities are beneficial to the environment as they comprise, in part, renewable energy investments that positively impact the environment and climate change, regulatory and UK Government targets.

Refer to sustainability section on pages 46 to 49.

THE DESIRABILITY OF THE COMPANY MAINTAINING A REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT

Under the leadership of the Chairman, the Board operates with core values of integrity and impartiality with an aim of maintaining a reputation for high standards in all areas of the business it conducts.

Refer to Board values and culture on page 67 of the corporate governance statement.

THE NEED TO ACT FAIRLY BETWEEN SHAREHOLDERS OF THE COMPANY

The Board actively engages with shareholders and considers their interests when setting the Company's future strategy.

Refer to stakeholder engagement section on page 43.

STAKEHOLDERS CONTINUED

STAKEHOLDER MODEL

The stakeholder model below demonstrates how the Company interacts with its stakeholders.

SOCIETY

Through its investments in renewables and assets such as schools and hospitals which are integral to society, the Company makes a positive impact.

GCP INFRA

Equity
Total returns

SHAREHOLDERS

All investors in the Company, be they institutional, such as pension funds or wealth managers, or retail, such as private individuals.

Interest
Capital

BORROWERS

Owners of the Project Companies to which the Company advances loans.

Interest
Debt finance
Project finance
Financial guarantees
Payment
Products

LENDERS

Financial institutions and providers of the Company's credit facilities.

PUBLIC SECTOR

Organisations owned and operated by the UK Government that exist to provide public services for society.

SUPPLIERS

Suppliers across the UK and Jersey who provide administrative services to the Company.

SHAREHOLDERS

Why engage

The Company creates earnings that benefit shareholders through dividend income.
The Board and the Investment Adviser recognise the importance of engaging with shareholders on a regular basis in order to maintain a high level of transparency and accountability, acting fairly and to inform the Company's decision making and future strategy.

How the Company engages

The Company, primarily through its Investment Adviser and Corporate Broker, engages in ongoing communication with its shareholders via market interactions and shareholder, analyst and marketing presentations and regularly provide feedback to the Board. The feedback received from shareholders during the course of these interactions is taken into consideration when setting the future strategy of the Company and any Board decisions which may impact shareholders.

The Board invites shareholders to attend and vote at general meetings of the Company in order that they may discuss governance and strategy with them and to understand their issues and concerns.

The Chairman of the Board and the Chairs of each of the committees attend general meetings of the Company to answer any questions posed by shareholders.

Further communication with shareholders is achieved through the annual and half-yearly reports, news releases via the LSE and the Company's website. This information is supplemented by the quarterly calculation and publication of the NAV of the Company's shares on the LSE and the publication of a quarterly factsheet by the Investment Adviser.

The Company's annual and half-yearly reports are dispatched to shareholders by post (where requested) and are also available to download from the Company's website.
In the annual report, the Directors seek to provide shareholders with information in sufficient detail to allow them to obtain a reasonable understanding of recent developments affecting the business and the prospects for the Company in the year ahead. The strategic report on pages 8 to 57 provides further information. Communication of up-to-date information is provided through the Company's website.

Information about the significant shareholders of the Company is set out on page 83.

Statement of voting at general meeting

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against any resolution at a general meeting, the Company will consider what, if any, actions it intends to take going forward. For these purposes, the UK Code, the AIC Code and The Investment Association consider 20% or more of votes cast against a board recommendation for a resolution as being 'significant', as opposed to Pensions and Investment Research Consultants Limited ("PIRC"), who consider 10% or more votes cast against a resolution as being significant.

At the Company's EGM which was held on 13 February 2020, c.14% of votes cast in respect of the resolution that the Directors be authorised to allot and issue up to 87,806,625 ordinary shares as if pre-emption rights in the Company's Articles did not apply, were lodged against the resolution. The majority of these votes against were from a significant shareholder. The Company has engaged with the relevant shareholder and understands the reason for their vote, being that it follows the advice of PIRC, as proxy adviser. The Company has also engaged with certain other shareholders voting against the resolution and the Board has taken account of their reasons.

KEY BOARD DECISION: THE DIVIDEND TARGET

The Company has historically maintained a stable dividend of 7.6 pence per share for the previous eight years. During the year the Investment Adviser assisted the Board with a review of the long-term sustainability of the Company's dividend.

Process:
The Board considered the following when arriving at its conclusions:

- Potential dividend strategies arising from financial projections presented by the Investment Adviser, which as part of the review, included consideration of the dividend payment level, capital reinvestment rate, and leverage.
- The impact on shareholders of any change in the dividend payment level through the consideration of various dividend strategies presented and feedback received from the Broker and the Investment Adviser.
- Any tangential changes to the investment objective, policy and strategy that would enable the Company to maintain dividends at historic levels over the long term and not materially change the Company's risk profile.
- The current pipeline of investment opportunities in new and existing sectors which would enable the Company to reinvest capital and to support modest potential growth.
- Information provided by the Investment Adviser on the macro environment, including consideration of 15 year UK gilt historic yield as a representation of the risk-free rate used in the valuation of the portfolio.

Conclusions:

- Maintaining the dividend at the historic level was not considered sustainable considering the all-time low interest rate levels which are expected to endure over at least the medium term.
- No geographical, structural or sector-based shift has been identified that would, in the view of the Investment Adviser and Board, represent an acceptable change in risk profile of the Company or that would be acceptable to shareholders.
- The review concluded that the Company will target[1] an annual dividend of 7.0 pence per ordinary share with effect from the start of its financial year commencing October 2020.

Further information on the dividend strategy can be found on page 17.

Feedback:
The Board considered shareholder feedback following the announcement of the target.
It was noted that shareholders appreciated the transparency of the announcement when it was made in the half-yearly report and financial statements.

1. The dividend target set out above is a target only and not a profit forecast or estimate and there can be no assurances it will be met.

STAKEHOLDERS CONTINUED

STAKEHOLDER ENGAGEMENT

The section below sets out why and how the Company engages with stakeholders and the actions taken to ensure that their interests are taken into account in the Board's decision making.

SUPPLIERS

Why engage

The Company's suppliers include third party service providers engaged to provide corporate or administration services, in addition to the investment advisory services provided by the Investment Adviser. These services are critical to the ongoing operational performance of the Company. It relies on the performance of third party service providers to perform its main functions.

How the Company engages

The Board has a close working relationship with all its advisers and regularly engages with all parties. The Management Engagement Committee regularly monitors the performance and reviews the terms of each service contract. This informs decision making at Board level in regard to the continuing appointment of service providers. Further information on the activities of the Management Engagement Committee can be found on page 69.

The Audit and Risk Committee also conducts an annual review of the internal controls of the Investment Adviser and the Administrator; this includes a visit to the offices of the Administrator, refer to page 77 for further detail.

PUBLIC SECTOR

Why engage

Governments and regulators play a central role in shaping the renewable energy, PFI and social housing sector policy. Changes in Government policy may adversely affect the ability of the Company to successfully pursue its investment policy and meet its investment objective or provide favourable returns to shareholders.

How the Company engages

The Company engages with local government and regulatory bodies at regular intervals and participates in focus groups and research projects about the infrastructure sector. UK infrastructure policy informs strategic decision making at Board level with consideration given to the impact the Company has on the sector.

BORROWERS

Why engage

The Company values its relationships with borrowers, ensuring time is spent building and maintaining these relationships. By engaging with borrowers and understanding their needs, the Company can build long lasting relationships beneficial to both parties. Borrower contact enables direct feedback and informs strategic decision making at Board level.

How the Company engages

The Company has been able to advance a further £43.6 million to current borrowers in the financial year under review, or by way of extensions to existing facilities. The Board takes advantage of all available opportunities to engage with borrowers. In previous years, this has included site visits led by the Investment Adviser. Due to the ongoing Covid-19 pandemic, such visits have not been possible this year.

SOCIETY

Why engage

Through its investments in renewable energy projects and assets such as schools and hospitals, which are integral to society, the Company's activities impact the lives of many thousands of people across the UK. The Company is committed to being socially responsible and the Directors consider community involvement to be an important part of that responsibility.

How the Company engages

The Company provides benefits to society through its investing activities, generating green energy and reducing greenhouse gas emissions into the atmosphere. Further information on green energy generation can be found on page 47. It also provides funding to numerous areas in the public sector, such as schools, hospitals and fire services. In addition, the Company has provided financing to operators of social housing, helping to reduce the pressure on local housing stock in the UK. As part of the investment process, ESG risk and impact assessments are completed, which are reviewed by the Investment Committee to ensure that the impact on local communities is considered in Board decision making.

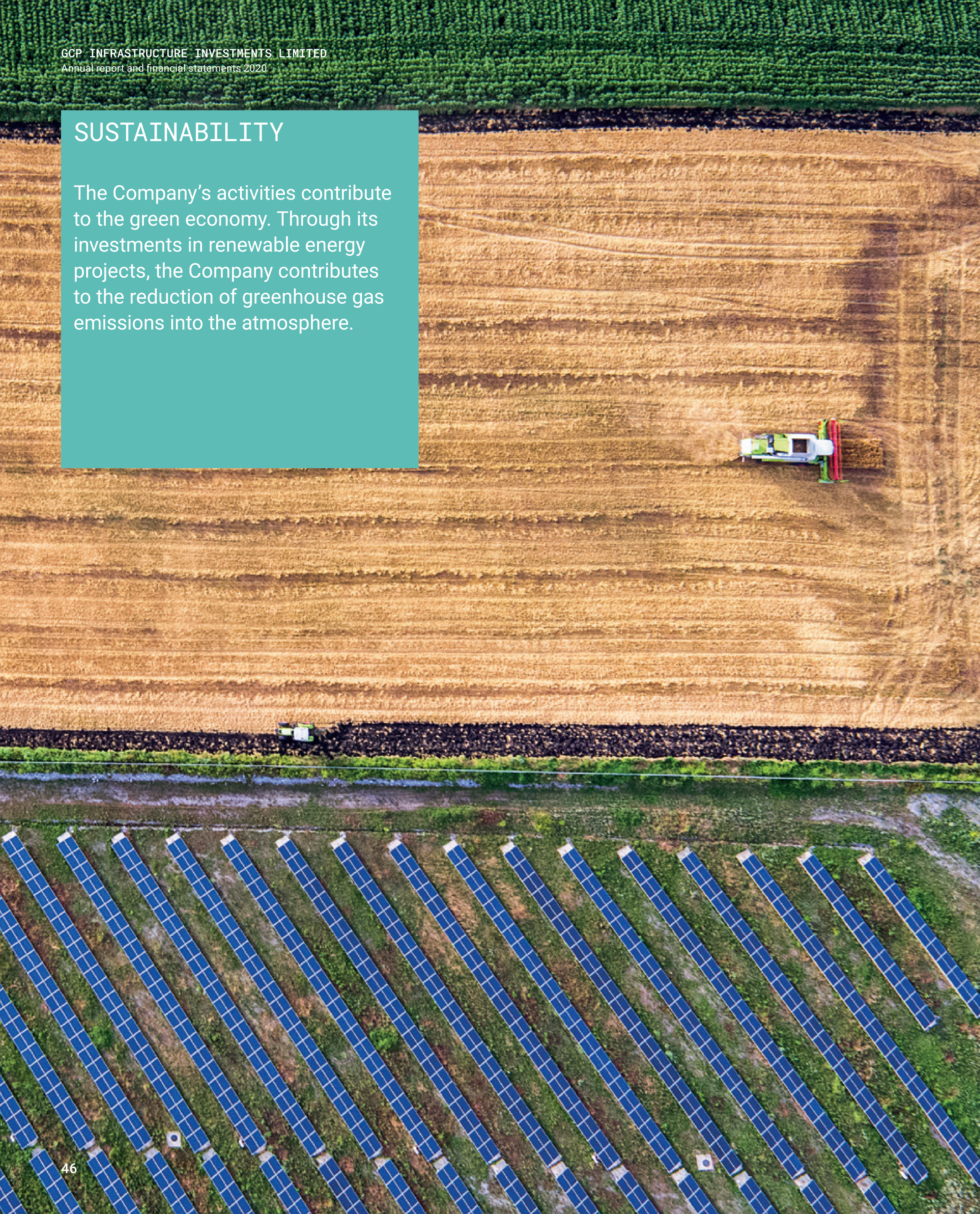
LENDERS

Why engage

Lenders are financial institutions that provide debt finance in the form of fixed and revolving credit facilities. The Company's facilities are used in the making of investments in accordance with the investment policy. These arrangements provide the Company with access to flexible debt finance, enabling it to take advantage of investment opportunities as they arise as opposed to holding cash awaiting investment. Access to these facilities is important in the efficient capital management of the Company.

How the Company engages

The Company, through its Investment Adviser, engages with its lenders on an ongoing basis. The Company is well progressed in a process to renew its current financing arrangements which expire in March 2021 through replacement with a flexible, short-term (three year) credit facility that may include some existing and new lenders. This process has involved the Investment Adviser engaging with current lenders and reaching out to potential new lenders. The Board has been kept updated of the progress at relevant Board and committee meetings and these discussions have formed the basis of decision making.



SUSTAINABILITY

The Company's activities contribute to the green economy. Through its investments in renewable energy projects, the Company contributes to the reduction of greenhouse gas emissions into the atmosphere.

RENEWABLES PROVIDING BENEFITS TO SOCIETY

The Company's activities are beneficial to the environment as they comprise, in part, investments in renewable energy projects that positively impact the environment, and climate change, regulatory and UK Government targets.

Renewables

Since its launch in 2010, the Company has facilitated the operation and/or construction of facilities with a total combined output of c.3,700 GWh per annum, enough to power almost a million average UK homes every year. These comprise eleven wind sites, 52,857 solar installations, two hydro-electric schemes, 19 anaerobic digestion plants and 760 biomass sites, with more than half of the portfolio by value comprising of green energy assets.

The Company's investments in wind and solar provide alternative energy sources to fossil fuels. Additionally, the biomass and anaerobic digestion plants use waste of many types to produce sustainable fertilisers and electricity or gas which is provided to the grid. By investing in renewable energy projects, the Company contributes to the reduction of greenhouse gas emissions into the atmosphere, contributing to the Government's target of reducing CO_2 emissions under the Climate Change Act.

Each renewable energy project is a step towards transitioning to a lower carbon economy. Investing in renewables creates job opportunities in value and supply chains to the benefit of local communities across the UK. Renewables projects require contractors and specialist staff during the labour-intensive construction and installation, operation and maintenance, and decommissioning, as well as in the supply chain manufacturing its components. The job benefits go beyond creating jobs in the renewables industry. Every project supports jobs in local communities.

Renewables projects not only have a positive impact on the environment but also have wider benefits to society, improving local communities through Community Benefit Funds, where these are implemented. These funds can be used to finance any initiative a community deems appropriate and necessary for their local area, including community-owned renewable energy projects, recreational facilities or equipment for local schools. Benefits under the protocol are negotiated directly with host communities and tailored to their needs to ensure a positive lasting legacy is achieved.

Annually, generation of power from the Company's renewables portfolio avoids the emission of nearly a million tonnes of CO_2 into the atmosphere.

Green economy

In October 2020, the Company was recognised by the London Stock Exchange as contributing to the global green economy and was awarded the Green Economy Mark. The Company is part of the 2020 cohort of issuers to receive London Stock Exchange's Green Economy Mark. This classification, first introduced in 2019, was created to highlight companies and investment funds listed on all segments of London Stock Exchange's Main Market and AIM that are driving the global green economy. To qualify for the Green Economy Mark, companies and funds must generate 50% or more of their total annual revenues from products and services that contribute to the global green economy.

At the year end, the Company's investments in renewable energy were valued at £612.3 million, representing 60% of the portfolio.

Mindful of increased awareness and focus on ESG factors and in line with the Company's historic record and purpose of delivering long-term, sustained dividends, the Board has decided to allocate specific responsibility in this area at Board level to Dawn Crichard. Her focus will be environmental and social matters, including the development of metrics and working towards meeting the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations.

c.£800m
invested in renewables projects since IPO

c.3,700
GWh annual output of renewables portfolio

c.900k
tonnes of CO_2 displaced every year

SUSTAINABILITY CONTINUED

CLIMATE CHANGE

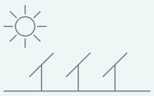
Climate change has become an increasingly important issue in the UK and globally.

Climate change impact

The Company has invested in projects which may be impacted as a direct result of climate change. The Board considers climate change as an emerging risk to the Company; refer to page 56 for further detail. The Board intends to seek to adopt the recommendations of the TCFD where appropriate and has made additional disclosures this year in regard to climate change. A summary of the potential impact on the Company's portfolio is included below:

PORTFOLIO SECTOR

RENEWABLES



Potential climate impact

Hotter global temperatures. Higher incidence of extreme weather events. More frequent floods and more intense and frequent storms placing significant pressures on energy infrastructure.

Potential portfolio impact

Short term:

Temperature impacts the efficiency of solar panels. Wind turbines are shut down during high winds. Flooding has the potential to damage hydro assets.

Long term:

Increased solar irradiation would be broadly positive for solar; however higher temperatures may negatively impact key components. More storms could be negative for hydro plants and wind energy production causing damage to parts, power lines, transmission grids and offshore infrastructure.

Climate opportunity

Through funding renewable energy projects, the Company contributes to the reduction in CO_2 emissions into the atmosphere through the production of green energy.

SUPPORTED LIVING

Potential climate impact

Hotter global temperatures leading to overheating in homes and that particularly affect vulnerable people.

Potential portfolio impact

Short term:

Higher temperatures during the summer months are likely to make the inhabitants less comfortable.

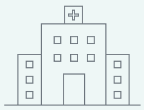
Long term:

More frequent extreme events may cause damage to buildings and pose a risk to inhabitants.

Climate opportunity

Through the construction of energy efficient homes and the retrofitting of existing stock, the Company is helping to reduce CO_2 emissions into the atmosphere.

PFI



Potential climate impact

More frequent floods, fires and other extreme weather events impacting public service infrastructure.

Potential portfolio impact

Short term:

Floods increase the risk of contaminated water and related infectious diseases; fires and other extreme weather events cause potential damage to public buildings.

Long term:

Significant impacts on this sector by putting localised strain on public services and potentially leading to closure of services. Implications for mental health amongst the local population.

Climate opportunity

Through the funding of modern energy efficient facilities, the Company is helping to reduce CO_2 emissions into the atmosphere.

RESPONSIBLE INVESTMENT

The Investment Adviser is a signatory to the UN Principles for Responsible Investment ("UNPRI"). The UNPRI, established in 2006, is a global collaborative network of investors working together to put the six Principles for Responsible Investment into practice.

Principles

The principles are a voluntary and aspirational set of investment principles for incorporating ESG issues into investment practice. The principles were developed by an international group of institutional investors reflecting the increasing relevance of ESG issues. The Investment Adviser recognises that applying these principles better align investment activities with the broader interests of society and has committed to the adoption and implementation as follows:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: We will promote acceptance and implementation of the principles within the investment industry.

Principle 5: We will work together to enhance our effectiveness in implementing the principles.

Principle 6: We will each report on our activities and progress towards implementing the principles.

More information can be found on the UNPRI website: www.unpri.org.

PRI Principles for Responsible Investment

Processes

In this financial year, the Investment Adviser enhanced its investment processes in respect of the provision of investment advice to the Company. It has developed a responsible investment process which incorporates deal screening, ESG due diligence processes, monitoring and engagement and reporting:

Deal screening

The Investment Adviser has implemented processes to positively screen for investments that promote sustainability or benefit society, including, but not limited to, the areas of climate change mitigation and adaptation, energy transition, critical infrastructure, affordable living, social housing, education and healthcare. It excludes investments which focus on animal testing; armaments; alcohol production; pornography; tobacco; coal production and power; and nuclear fuel production.

ESG due diligence processes

Prior to a new investment being approved, the investment team assess how the investment fares against key relevant ESG criteria, laid out in an ESG checklist tailored for the Company. The checklist typically covers the counterparty's commitment and capability to effectively identify, monitor and manage potential ESG-related risks and opportunities, and, to the extent applicable, the availability of relevant policies and procedures; alignment with industry or investment specific standards and ratings; and compliance to relevant ESG-related regulation and legislation.

Monitoring and engagement

Following the investment, key relevant ESG indicators are monitored on an annual basis. The Investment Adviser seeks to engage with the equity owners and/or operators of those projects to understand the ESG factors relevant to those projects and/or properties, and where relevant, use influence as a lender of capital to manage exposure to ESG risks.

Reporting

The Investment Adviser intends to report on its progress on responsible investment on an annual basis. This information will be made publicly available on its website.

The Investment Adviser believes that integrating ESG considerations into investment management processes and ownership practices can help to create more successful and sustainable businesses over the long term and generate enhanced value for clients and society at large.

The responsible investment policy can be found on the Investment Adviser's website: www.graviscapital.com. The policy sets out its commitment to responsible investment and investment processes within its organisation.

RISK MANAGEMENT

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

Approach to risk management

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

Risk review process

The Board, with the assistance of the Audit and Risk Committee, undertakes a formal risk review twice a year to assess the effectiveness of the Company's risk management process and internal control systems. The review covers the operational, compliance and financial risks facing the Company. During the course of such review, the Board has not identified, nor been advised of, any failings or weaknesses which it has determined to be of a material nature. The Company's principal risks have been reviewed as part of the risk review process and it was concluded that a number of risks, whilst still relevant to the Company, should no longer be classed as principal risks. Further information is provided on page 55.

In addition to the Audit and Risk Committee, the Company's Investment Committee and Management Engagement Committee have a key role and contribute to the overall risk management and governance structure. Consideration is given to the materiality of risks in designing systems of internal control; however, no system of control can provide absolute assurance against the incidence of risk, misstatement or loss.

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

Execution risk

— The Board and the Investment Committee have agreed clearly defined investment criteria, which specify investment characteristics, authority and exposure limits.

— The Board and the Audit and Risk Committee receive and review assurance reports on the controls of the Investment Adviser undertaken by a professional service provider.

— The contractual agreements with the Investment Adviser and other third party service providers, and their adherence to them and their ongoing performance, are regularly reviewed by the Board and at least annually by the Management Engagement Committee.

Financial risk

— The Investment Adviser and the Administrator prepare financial projections and financial information which allow the Board to assess the Company's activities and review its financial performance.

— The Company has policies and procedures in place to ensure compliance with legal and regulatory requirements which are monitored by the Board.

Portfolio risk

— The Investment Adviser prepares quarterly reports which allow the Board to assess the performance of the Company's portfolio and more general market conditions.

Other risks

— The Board monitors the outputs from the Company's and the Investment Adviser's compliance officers.

Emerging risks

— The Board of Directors is directly or indirectly addressing climate-related risks and opportunities when evaluating and approving new investments, including an ESG risk and impact assessment completed for each new investment.

— Emerging risks are a standard item on the Board agenda with continual focus and scanning of the regulatory horizon to ensure early awareness and engagement.

Risk appetite

As an investment company, the Company seeks to take investment risk. The Company's investment policy on page 11 sets out the key components of its risk appetite. The Company and the Board seek to manage investment risk within set risk/return parameters. Information on the Investment Adviser's view on current asset risk characteristics for each risk sector is included in the Investment Adviser's report on pages 22 to 23.

Role of the AIFM

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

The Investment Adviser's permanent risk management function has a primary role alongside the Board in shaping the risk policy of the Company, in addition to responsibility for risk monitoring and risk measuring in order to ensure that the risk level complies on an ongoing basis with the Company's risk profile.

RISK MANAGEMENT FRAMEWORK

RISK MANAGEMENT CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks faced by the Company include (but are not limited to) execution risk, portfolio risk, financial risk[1] and other risks.

CATEGORY 1: EXECUTION RISK

RISK	IMPACT	HOW THE RISK IS MANAGED	CHANGE IN RESIDUAL RISK OVER THE YEAR
1 Sufficiency of due diligence Investment due diligence may not reveal all the facts relevant in connection with an investment and may not highlight issues that could affect that investment's performance. Link to strategy: 1 3	If an investment underperforms, the interest and principal received on the investment may be lower than envisaged, negatively impacting the performance of the Company.	In addition to due diligence carried out by the Investment Committee of the Board and the Investment Adviser, various third party financial, technical, insurance and legal experts are engaged to advise on specific project risks.	**Stable** There have been no new issues identified during the year, with the investment portfolio materially performing in line with the Investment Adviser's expectations despite being impacted by the Covid-19 pandemic.
2 Availability of suitable investments and reinvestment risk There is no guarantee that the Company will be able to identify suitable investments with risk and return characteristics that fit within the investment strategy of the Company, or that suitable investments that can be identified will be made in a timely manner. This is a risk when raising capital and when reinvesting principal returned to the Company under existing loan agreements. Link to strategy: 1 2 3	If the Company cannot invest capital in suitable assets in a timely and appropriate manner, the uninvested cash balance will have a negative impact on the Company's returns. If the only available investments with an appropriate risk profile yield lower rates of return than have historically been achievable, the Company's overall returns may be adversely affected.	The Investment Adviser is constantly in touch with the market seeking new deals and builds a specifically identified investment pipeline before the Company seeks to raise additional finance in order to ensure that capital is deployed in a timely fashion. Consideration is also given to any scheduled capital repayments.	**Stable** The Company made investments of £116.5 million in the period and maintains a pipeline of investment opportunities to reinvest any capital it receives. The Prime Minister, Boris Johnson, has pointed to a 'green' recovery from Covid-19, committing £160 million to ports and factories to support the offshore wind supply chain, and recently repeating a pledge to increase the country's 2030 target for offshore wind from 30 GW to 40 GW.

CATEGORY 2: PORTFOLIO RISK

RISK	IMPACT	HOW THE RISK IS MANAGED	CHANGE IN RESIDUAL RISK OVER THE YEAR
3 Change in laws, regulation and/or government policy Any change in the laws, regulations and/or government policy as a result of Brexit, change in Government and/or other factors, in particular those relating to the PFI and renewable energy markets. Link to strategy: 1 2 3	Potential adverse effect on the performance of the Company's investment portfolio and the returns achieved by the Company. Reduced support for private sector finance of infrastructure and/or a material change in the approach to infrastructure delivery (such as nationalisation) represent risks to the Company's ability to reinvest capital that is repaid.	Any changes in laws, regulations and/or policy are monitored by the Board on an ongoing basis. Given the UK Government's reliance on private capital for, inter alia, the funding of new social and economic infrastructure and renewable energy projects, it is the view of the Investment Adviser and the Board that the risk of any future significant changes in policy is low and is more likely to have a prospective impact rather than a retrospective effect.	**Increase** There remains considerable uncertainty over the long-term impact of Brexit on the UK's economy and changes in regulatory law. At the time of writing, it is uncertain whether the UK will agree a comprehensive trade arrangement to be in place from the end of the transition period. The Covid-19 pandemic is informing government policy, appetite and capacity for publicly financed infrastructure. Investment is likely to continue to be impacted in the short to medium term.

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

Key
1 Dividend income
2 Diversification
3 Capital preservation

CATEGORY 2: PORTFOLIO RISK CONTINUED

RISK	IMPACT	HOW THE RISK IS MANAGED	CHANGE IN RESIDUAL RISK OVER THE YEAR
4 Performance of, and reliance on, subcontractors The performance of the Company's investments is typically, to a considerable degree, dependent on the performance of subcontractors, most notably facilities managers and operation and maintenance subcontractors. The Company is heavily reliant on subcontractors to carry out their obligations in accordance with the terms of their appointment and to exercise due skill and care. Link to strategy: 1 3	If a key subcontractor was to be replaced due to the insolvency of that subcontractor or for any other reason, the replacement subcontractor may charge a higher price for the relevant services than previously paid. The resulting increase in costs may result in the Company receiving lower interest and principal payments than envisaged.	The competence and financial strength of subcontractors, as well as the terms and feasibility of their engagements, are a key focus of investment due diligence. The Board and the Investment Adviser monitor the Company's exposure to any given subcontractor, and ensure that the risk of underperformance is mitigated by diversification.	**Stable** The Company has not observed a material change in the ability of subcontractors to perform the services for which they are contracted during the period under review. Given the nature of the Company's underlying assets, the activities of subcontractors have typically fallen into a 'key worker' definition, limiting the impacts of Covid-19 on their performance.
5 Operational or construction issues The investments the Company holds are exposed to construction and/or operational risks and may not perform as expected. Over the life of a project, components of a project may need to be replaced or undergo a major refurbishment; these costs may be higher than projected. Link to strategy: 1 3	In the event of material operational or construction issues, the interest and principal payments received by the Company may be lower than expected or forecast and/or additional costs may be incurred.	The Investment Adviser undertakes extensive due diligence on all projects regarding expected performance. A full package of insurance and manufacturer guarantees is put in place to protect the Company from any unforeseen events. The Board ensures that the Company has security over the assets against which it is lending, so in an instance of borrower default it can enforce security over the assets and implement performance improvement plans. The Investment Adviser's designated portfolio management team monitors the performance of investments on an ongoing basis. Monitoring is in the form of regular interaction with borrowers, including periodic site visits to the underlying assets. The Investment Adviser reports to the Board on asset performance on a quarterly basis.	**Stable** Operational challenges remain at one biomass project to which the Company is exposed. The Company enforced against the project in the period and is undertaking rectification works targeting an improved level of performance. Performance has improved at three gas-to-grid anaerobic digestion projects which the Company took control of in the period, with ramp-up progressing largely in accordance with the Investment Adviser's budget assumptions. Construction exposure was 5% at the end of the year under review.
6 Insurance There is a risk that a project encounters issues resulting in a loss that is uninsured, either because it is not covered by the insurance that is in place or because no insurance is in place. All the projects that the Company is exposed to are required under the loan documentation to have appropriate insurance in place. Link to strategy: 1 3	The Company could lose all or part of the value of its investment if appropriate insurance is not in place.	The Investment Adviser requires confirmations and evidence from all borrowers that the insurance required by the relevant loan documentation is in place.	**Stable** The Company's investments remain adequately insured.

Key

1 Dividend income

2 Diversification

3 Capital preservation

RISK MANAGEMENT CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

CATEGORY 3: FINANCIAL RISK

RISK	IMPACT	HOW THE RISK IS MANAGED	CHANGE IN RESIDUAL RISK OVER THE YEAR
7 Assumptions The Company makes investments which rely on detailed financial models based on certain assumptions, estimates and projections of each investment's future cash flow. Such assumptions include, inter alia, inflation, power prices, feedstock cost, asset productivity, lifecycle and insurance cost. Link to strategy: 1 3	There can be no assurance that these assumptions will turn out to be accurate, and actual data could have an adverse impact on the performance of the Company's investments.	When modelling future cash flows and structuring debt profiles, the Investment Adviser uses assumptions considered to be conservative by third party experts. The Investment Adviser constantly monitors the actual performance of projects and takes action where appropriate.	**Stable** The Company's operational investments continue to perform materially in line with expectations and the Investment Adviser has confirmed it is satisfied with the assumptions used in the financial models.
8 Valuation The value of the investments made by the Company will change from time to time according to a variety of factors, including movements and expected movements in energy prices, interest rates, inflation and/or general market pricing of similar investments. Further, the potential impacts of Brexit may impact on the factors described above. A sensitivity analysis on the potential impact of PFI nationalisation is given on page 38. Link to strategy: 3	Such changes to valuations may negatively impact the value of the Company's investment portfolio.	The Company's infrastructure investments are generally low volatility investments with stable, pre-determined, very long-term, public sector backed revenues. Almost half of the Company's investment portfolio is exposed to some form of inflation protection mechanism. The Company's investments are valued with reference to duration-matched interest rates, typically between 15 and 25 year rates. The discount rates currently used to value the Company's investments include a material premium that offers protection in the event of rate rises.	**Increase** The Valuation Agent has decreased the discount rates on certain of the Company's assets during the year due to increased market pricing in those sectors. Further, the Company is exposed to a number of shareholder interests, either as a result of the specific targeting of these positions or through enforcing its security as a result of the occurrence of defaults. Such exposures are more sensitive to changes in market factors, such as electricity prices, and the operational performance of projects, and are therefore likely to result in increased volatility in the Company's valuation.
9 Borrowings The Company utilises borrowing facilities to finance and/or part-finance further acquisitions in accordance with the Company's investment policy. However, there can be no guarantee that any such facilities will be available to the Company on commercially acceptable terms or at all. Link to strategy: 1	If the Company was unable to secure borrowing facilities this may adversely affect the Company's investment returns and may have a material adverse effect on the Company's financial position and results of operations.	The facilities are in place to fund potential investments in the near term and to avoid holding material amounts of uninvested cash awaiting investment. Consideration may also be given to other forms of credit as part of the Company's future funding strategy.	**Stable** These facilities are due to expire in March 2021. The Company, through its Investment Adviser, is well progressed in a process to refresh its financing arrangements through replacement with flexible, short-term (three year) credit facilities that may include some existing and new lenders. These arrangements are anticipated to continue to provide the Company with access to flexible debt finance, enabling it to take advantage of investment opportunities as they arise, and may also be used to manage the Company's working capital requirements from time to time. The facilities are a short-term measure and the loan to value[1] (borrowings as a percentage of net assets) at year end was 15%.

1. Alternative performance measure ("APM"); for definition and calculation methodology, refer to the APMs section on pages 116 and 117.

Key
1 Dividend income
2 Diversification
3 Capital preservation

CATEGORY 4: OTHER RISKS

RISK	IMPACT	HOW THE RISK IS MANAGED	CHANGE IN RESIDUAL RISK OVER THE YEAR
10 **Covid-19** A prolonged global pandemic limiting the movement of goods and people in the UK. Link to strategy: 1 3	Substantially all of the Company's investments are availability-based infrastructure assets and therefore are not currently expected to be materially impacted by the reduced demand for goods and services that is occurring as a result of restrictions. A sustained period of restricted movement of people and goods may have a more significant impact where limited availability of labour and parts impacts on the operational performance of assets. Electricity prices may be impacted as a result of a fall in electricity demand. This was the case during the initial lockdown, the same impact is not predicted from the second lockdown. Further analysis on the potential impact of electricity price falls is presented on page 37.	The Company has been able to continue its operations largely unaffected by Covid-19. The business continuity plans of all key suppliers have enabled ongoing service provision across all areas of the Company's activities.	New risk

Risk review

As part of the Board's formal risk review, two principal risks disclosed last year, 'lifecycle and maintenance costs' and 'project company owners', have been combined this year. These are now described in the existing risk, 'operational or construction issues'. A further risk, 'compliance with laws and regulations', has been combined with 'changes in laws, regulation and/or government policy'.

In recognition of the impact the Covid-19 pandemic is having on the UK, the inclusion of a risk in relation to a prolonged global pandemic was deemed appropriate by the Board and has been considered alongside all other risks the Company is exposed to. It was also concluded that the following risks, in the view of the Board, whilst still relevant to the Company, should no longer be considered as principal risks:

RISK	RATIONALE
Reliance on the Investment Adviser and third party service providers	The Investment Adviser has continued to strengthen its team, recruiting further dedicated resource during the year. The Company's third party service providers have all performed their duties in line with expectations.
Technology risk	The Company's portfolio includes a small proportion of new or developing technologies.
Interest rates	It is expected that the low interest rate environment will continue at least in the short to medium term.
Cyber-attack risk	The Company has no dedicated IT systems and it relies on those of its service providers and subcontractors.

Key
1 Dividend income
2 Diversification
3 Capital preservation

RISK MANAGEMENT CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

CATEGORY 5: EMERGING RISKS

RISK	IMPACT	HOW THE RISK IS MANAGED	CHANGE IN RESIDUAL RISK OVER THE YEAR
1 Climate change Higher frequency and severity of extreme weather conditions. For example, intense heatwaves, storm surges and higher water levels on coasts.	Physical impact on the portfolio assets from extreme weather events. If assets are unable to connect to the grid, reduced availability of those assets would impact revenue.	The portfolio is diversified across a number of asset classes and ESG processes are embedded in investment decision making. The Investment Adviser has established a responsible investment policy and a sustainability committee to monitor and implement ESG initiatives. Environmental impact assessments are carried out as part of the due diligence process. The Investment Adviser also carries out ongoing performance monitoring, including site visits (when possible) by experienced personnel. Fortnightly updates and quarterly detailed reports on asset performance are provided to the Board.	New risk
2 Geopolitical The UK Government's increased role, whether it be through regulatory powers, Ofgem, Ofwat, control over medical supplies, protection of strategically important businesses or changes in UK infrastructure policy.	Impact on inflation, interest rates, adverse exchange rate movement against the Euro in particular for imported goods and services, particularly post Brexit. Potential adverse impact on long-term power prices affecting the Company's investments in shareholder interests. Increase in the volume of funds flowing into renewables projects, creating pressure on yields and leading to difficulty in sourcing investments within the risk and return characteristics that fit with the investment strategy. Potential for increased estimation uncertainty on valuation of investments if Government subsidy or support is unpredictable.	Engagement with the public sector through the Investment Adviser by regular communication and performance monitoring. Fortnightly updates and quarterly detailed reports on asset performance are provided to the Board. Monitoring of key emerging issues is undertaken by the Directors on an ongoing basis.	New risk

GOING CONCERN ASSESSMENT AND VIABILITY STATEMENT

Going concern

The Directors have considered the financial prospects of the Company for the next twelve months and made an assessment of the Company's ability to continue as a going concern. The Directors' assessment included consideration of the availability of the Company's credit facilities (refer to note 15 to the financial statements), cash flow forecasts and stress scenarios, including the potential downside impacts from Covid-19 (refer to page 39). The Directors are satisfied that the Company has the resources to continue in business for the foreseeable future and furthermore are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Viability statement

At least twice a year, the Board carries out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity. The Directors have considered each of the Company's principal risks and uncertainties detailed on pages 52 to 55 and, in particular, the risk and impact of changes in Government policy that could materially affect the cash flows of the underlying projects that support the Company's investments. The potential impacts from Covid-19 have been considered in the context of each project in the portfolio and other principal risks. The Directors also considered the Company's policy for monitoring, managing and mitigating its exposure to these risks.

The Directors have assessed the prospects of the Company over a longer period than the twelve months required by the going concern provision. The Board has conducted this review for a period covering the next five years as, over this period, it believes the risk of changes in Government policy that would result in retrospective adjustments to such public sector backed cash flows is low.

This assessment involved an evaluation of the potential impact on the Company of these risks occurring. Where appropriate, the Company's financial model was subject to a sensitivity analysis involving flexing a number of key assumptions in the underlying financial forecasts in order to analyse the effect on the Company's net cash flows and other key financial ratios. The assumptions used to model these scenarios included a fall in value of a number of investments, a reduction in the deployment of capital and an increase in the cost of debt and/or operating expenses, in addition to the potential impacts of Covid-19. Alongside this analysis, reverse stress testing was carried out in order to further assess the Company's viability.

The sensitivity analysis undertaken considered the impact of a significant proportion of the portfolio not yielding, which is a plausible consequence of a number of the principal risks materialising, either in isolation or in parallel. The sensitivity analysis was based on a number of assumptions, including that the Company's revolving credit facilities remain in place to provide short-term finance for further investments and that there will be sufficient liquidity in the market to raise new capital as and when required.

Given the projects that the Company's investments are secured against are all UK infrastructure projects that generate long-dated, public sector backed cash flows, the Board thus considers the revenue of the Company over that period to be dependable. This is supported by a diversified portfolio of investments, reducing exposure to risks affecting a single sector.

Additionally, the Company primarily invests in long-dated UK infrastructure debt that earns a fixed rate of interest and is repaid over time according to a pre-determined amortisation schedule. As such, assuming that the underlying projects perform as expected, the Company's cash inflows are also predictable.

Based on this assessment of the principal risks facing the Company, stress testing and reverse stress testing undertaken to assess the Company's prospects, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of assessment.

Approval

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

Ian Reeves CBE
Chairman

16 December 2020

GOVERNANCE

WHAT'S IN THIS SECTION

BOARD OF DIRECTORS

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

Ian Reeves CBE

CCMI, FCInstCES, FRSA, FINSTD

Chairman and Chair of the Nomination Committee

Ian Reeves CBE, a Jersey resident, is the CEO and co-founder of Synaps International Limited, the Senior Independent Director of Triple Point Social Housing REIT plc and a director of several other private companies. He is also visiting professor of Infrastructure Investment and Construction at The Alliance Manchester Business School. Ian was founder and Chairman of High-Point Rendel Group plc, president and CEO of Cleveland Bridge, Chairman of McGee Group, and Chairman of the London regional council of the CBI. He was made a Commander of the Most Excellent Order of the British Empire (CBE) in 2003 for his services to business and charity.

Skills and experience:
Chartered civil engineering surveyor and Companion of the Chartered Management Institute with a wealth of experience in infrastructure and construction.

Date of appointment:
15 June 2010

David Pirouet

FCA

Chair of the Audit and Risk Committee

David Pirouet, a Jersey resident, is a qualified Chartered Accountant. He was an audit and assurance partner for over 20 years with PwC CI LLP until he retired in June 2009. He specialised in the financial services sector, in particular in the alternative investment management area. Subsequent to this, he has served on the boards of a number of private and listed investment funds. David also sits on the board of AIM listed EPE Special Opportunities Limited.

Skills and experience:
Chartered Accountant with extensive audit and accounting experience with a deep knowledge of financial matters within the financial services sector.

Date of appointment:
15 June 2010

Julia Chapman

Senior Independent Director

Julia Chapman, a Jersey resident, is a solicitor qualified in England & Wales and Jersey with over 30 years' experience in the investment fund and capital markets sector. Having trained with Simmons & Simmons in London, Julia moved to Jersey to work for Mourant du Feu (now known as Mourant) and became a partner in 1999. Julia was then appointed general counsel to Mourant International Finance Administration (which provided services to alternative investment funds). Julia serves on the boards of three other Main Market listed companies, Henderson Far East Income Limited, BH Global Limited and Sanne Group PLC.

Skills and experience:
Qualified solicitor with extensive legal, governance and regulatory risk expertise in the funds and capital market sectors.

Date of appointment:
1 October 2015

Dawn Crichard
FCA

Non-executive Director

Dawn Crichard, a Jersey resident, is a Fellow of the Institute of Chartered Accountants of England and Wales with over 20 years' experience in senior Chief Financial Officer and Financial Director positions. Having qualified with Deloitte, Dawn moved into the commercial sector and was Chief Financial Officer of a large private construction group for twelve years. Following this, Dawn was appointed as Chief Financial Officer for Bathroom Brands plc. Her broad accounting and commercial experience includes establishing new group head offices, mergers, acquisitions, refinancing and restructuring.

Skills and experience:
Chartered Accountant with extensive experience, operational and financial, within the commercial and funds sectors.

Date of appointment:
16 September 2019

Paul De Gruchy

Chair of the Management Engagement Committee

Paul De Gruchy, a UK resident, is a qualified Jersey Advocate with 20 years' experience in financial services law. Paul was previously the Head of Legal for BNP Paribas Jersey within the UK offshore area. He has extensive experience in the financial services sector, in particular in the area of offshore funds. He has held senior positions at the Jersey Economic Development Department, where he was the director responsible for finance industry development, and the Jersey Financial Services Commission.

Skills and experience:
Qualified advocate, with significant experience in financial law in relation to investment funds, banking and corporate governance.

Date of appointment:
7 February 2014

Michael Gray
FCIBS, AMCT, DIP IoD

Chair of the Investment Committee

Michael Gray, a Jersey resident, is a qualified corporate banker and corporate treasurer. Michael was most recently the Regional Managing Director, Corporate Banking for RBS International, based in Jersey, but with responsibility for The Royal Bank of Scotland's Corporate Banking Business in the Crown Dependencies and British Overseas Territories.

In a career spanning 31 years with The Royal Bank of Scotland Group plc, Michael has undertaken a variety of roles, including that of an auditor, and has extensive general management and lending experience across a number of industries. He is also a non-executive director of Jersey Finance Limited, the promotional body for the finance sector in Jersey, and a Main Market listed company, JTC Plc.

Skills and experience:
Qualified corporate banker and corporate treasurer, with significant experience in banking, finance and corporate governance in both the private and public sectors.

Date of appointment:
1 October 2015

THE INVESTMENT ADVISER

Gravis

We seek to provide investors with steady returns, driven by a strong focus on delivering dependable, predictable income.

Gravis story

At Gravis we don't believe in a short-term approach to investment. We involve ourselves in long-term projects that offer a human dimension, investing in assets that will be needed by the UK for many years to come, such as hospitals, schools, student accommodation, energy generation and UK social and economic infrastructure. Our infrastructure investments are generally underpinned by obligations of UK central and local government and always by long-term predictable, contracted income, while our student accommodation investments generate non-correlated counter-cyclical income and are supported by the stable long-term demand for UK higher education facilities.

We have created funds that make infrastructure, student accommodation and asset backed investments accessible to a wide range of investors. We believe that it is vital that the characteristics of the underlying investments dictate the fund structures; LSE traded closed-ended funds for less liquid assets and open-ended investment companies for more liquid holdings. Whatever the investment sector, we seek to provide investors with steady returns, driven by a strong focus on delivering dependable, predictable income.

The Gravis team has worked together over many years to build both our investment philosophy and a practical track record of performance. We are a multi-disciplined investment team with all the capabilities to critically evaluate and execute investment opportunities. Individually, we all invest in the funds we believe in and have built as a team.

Gravis is the Investment Adviser to the Company, Investment Manager of GCP Student and GCP Asset Backed and also advises VT Gravis Clean Energy Income Fund, VT Gravis UK Listed Property Fund and VT Gravis UK Infrastructure Income Fund.

Formed in

2008

Experts in

long term

Managing assets of

c.£3bn

Gravis' senior management team have extensive specialist expertise and a demonstrable track record of originating, structuring and managing infrastructure debt investments.

INVESTMENT TEAM

Philip Kent

Director

Philip Kent is a director of the Investment Adviser and acts as lead fund adviser to the Company.

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

Skills and experience:
Extensive experience in the infrastructure sector, including energy markets, asset valuations and renewables transactions.

Rollo Wright

Director, founder

Rollo Wright is a director and co-founder of the Investment Adviser. He acts as a fund adviser providing strategic advice to the Company.

Rollo was in the audit and advisory division of Arthur Andersen and Deloitte, working with a broad range of financial markets clients. He worked in the capital markets division of Commerzbank Securities before moving to DTZ Corporate Finance, where he specialised in structuring tax and accounting driven infrastructure and property debt transactions.

Skills and experience:
Qualified Chartered Accountant with extensive experience in the infrastructure sector and infrastructure debt transactions.

Stephen Ellis

Director, founder

Stephen Ellis co-founded the Investment Adviser in 2008 and acts as a fund adviser providing strategic advice to the Company.

After a short service commission in the British Army, Stephen spent 16 years in investment banking in the City, focused on securitisation and tax-based financing. On leaving the City, he became head of structured finance at DTZ Corporate Finance, where he was primarily involved in the UK infrastructure and student accommodation sectors.

Skills and experience:
Significant experience in investment banking, UK infrastructure and student accommodation sectors.

THE INVESTMENT ADVISER CONTINUED

PORTFOLIO ADMINISTRATION AND CORPORATE AND FINANCIAL ADVISORY

Matteo Quatraro
Commercial Director

Ben Perkins
Associate Director

Beth Watkins
Associate Director

Max Gilbert
Associate

Benjamin Rider
Technical Asset Manager

Saira Johnston
Chief Financial Officer

Dion Di Miceli
Head of Investment Companies

Chloe Marlow
Head of Corporate Reporting

William Parry-Jones
Fund Financial Controller

Robyn Olsen
Analyst

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

Investment Adviser

Gravis Capital Management Limited is the appointed Investment Adviser and AIFM to the Company. The Investment Adviser was appointed upon the Company's launch in 2010 (at which time the Investment Advisory Agreement was held with Gravis Capital Partners LLP, a company under substantially the same ownership). The Investment Adviser was incorporated in England and Wales on 9 November 2016 (registered number 10471852) and is authorised and regulated by the FCA (registration number 770680).

The Directors and employees of the Investment Adviser have a long track record of working within the UK infrastructure market, particularly with regard to debt advisory work, and have established close relationships with many of the key participants in the UK infrastructure market, including equity investors and lenders.

Post year end on 4 December 2020, the Company announced that the Investment Adviser had entered into a strategic partnership with ORIX Corporation ("ORIX") whereby ORIX will acquire a 70% equity stake in the Investment Adviser, subject to regulatory approvals and customary conditions to closing. The Directors have been reassured by the Investment Adviser and ORIX that there will be no changes to the team currently providing services to the Company and that service levels will be uninterrupted by the transaction.

Investment Advisory Agreement

The Company is party to an Investment Advisory Agreement dated 28 June 2010, as amended and restated most recently on 13 December 2017, under which the Investment Adviser provides advisory services relating to the Company's assets on a day-to-day basis in accordance with the investment objectives and policies agreed by the Company and under the overall supervision and direction of the Board of Directors.

Under the terms of the Investment Advisory Agreement, the Investment Adviser receives an investment advisory fee from the Company equal to 0.9% per annum of the NAV of the Company (net of cash holdings).

This fee is calculated and payable quarterly in arrears. The Investment Adviser is also entitled to an arrangement fee of up to 1% (at the discretion of the Investment Adviser) of the initial cost of each asset acquired by the Company.

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

The Investment Adviser receives a fee of £70,000 (subject to RPI adjustments) per annum for acting as AIFM.

The Investment Advisory Agreement may be terminated by the Company or the Investment Adviser by giving 24 months' written notice.

Provision of advice

The Investment Adviser provides advice which enables the Directors of the Company to identify potential investments, monitor the performance of existing assets and the financial and infrastructure markets generally. The scope of services provided by the Investment Adviser includes, inter alia:

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

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

Potential conflicts of interest

Under the Investment Advisory Agreement, the Company's prior consent is required for the Investment Adviser to act as the adviser, manager or sponsor of any fund or entity that may invest in assets within the scope of the Company's investments or engage in any activity which may compete in the same or a substantially similar investment area as the Company.

The Company has given its consent for the Investment Adviser to act as the Investment Manager to GCP Asset Backed, a closed-ended investment company listed on the London Stock Exchange's Main Market for listed securities. GCP Asset Backed is focused predominantly on debt investments secured against physical assets and/or contracted cash flows. The Company has given its consent on the basis that where the Investment Adviser identifies an investment which, in its opinion acting reasonably and in good faith, falls within the Company's remit, the Company will have a right of first refusal.

The Directors believe that the Company's investment objectives, and the pipeline of opportunities available to it, will not be adversely affected, and that the right of first refusal agreement protects the Company's interests in the event of any conflict.

BOARD LEADERSHIP AND PURPOSE

This corporate governance statement forms part of the Directors' report.

Ian Reeves CBE
Chairman

Introduction from the Chairman

I am pleased to introduce the Company's corporate governance statement. In this statement the Company reports on its compliance with the AIC Code, sets out how the Board and its committees have operated during the past year and describes how the Board exercises effective stewardship over the Company's activities in the interests of shareholders.

The Board encourages a culture of robust governance and the Company reviews its standards of governance against the principles of the AIC Code, as published in February 2019. The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the "UK Code"), the provisions of the AIC Code, as well as setting out additional provisions that are relevant to the Company.

The Board considers that reporting against the Principles and Provisions of the AIC Code provides better information to shareholders as it addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies, and is endorsed by the FRC and supported by the Jersey Financial Services Commission ("JFSC").

A copy of the AIC Code can be found on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies. A copy of the UK Code can be obtained on the FRC website (www.frc.org.uk).

Statement of compliance with the AIC Code

During the year the Company has complied with the principles and provisions of the AIC Code, except as set out below:

Remuneration Committee (AIC Code provision 9.2)

The Company does not have a Remuneration Committee; the Board fulfils the role of the Remuneration Committee as it was agreed that the size and nature of the Board does not warrant the establishment of a separate committee. The Directors remuneration report is included on pages 78 to 81.

The Chairman of the Company (AIC Code provision 6.2.13)

The Board notes that the Chairman, Ian Reeves CBE, has served as Director of the Company for more than nine years, having been appointed at the Company's inception in 2010. In addition, he was a member of the Audit and Risk Committee until 14 October 2019 and was subsequently replaced by Paul De Gruchy, this change was made in accordance with corporate governance best practice. Mr Reeves is Chair of the Nomination Committee and a member of the Investment Committee (with effect from 14 October 2019). The Board believes it is appropriate for Ian Reeves CBE to be a member of these committees as he was independent on appointment and there are no conflicts of interest. Further information regarding the tenure of the Chairman and current succession plans is set out on page 71.

The Chair of the Audit and Risk Committee (AIC Code provision 6.2.13)

The Board notes that David Pirouet has served as Director of the Company for more than nine years, having been appointed at the Company's inception in 2010 and is the Chair of the Audit and Risk Committee and a member of the Nomination Committee. The Board continues to consider David Pirouet to be fully independent as he was independent on appointment and there are no conflicts of interest. It is intended that David Pirouet will retire after the conclusion of the Company's AGM in February 2021, as previously announced on 17 September 2019. As outlined on pages 73 and 74 the Board is actively engaged in succession planning and it is intended that, subject to regulatory approval, Steven Wilderspin will be appointed to the Board and take on the role of Chair of the Audit and Risk Committee after the conclusion of the Company's AGM in February 2021.

Purpose of the Board

The Board is responsible for the long-term success and sustainability of the Company. The Board provides overall leadership, sets the strategic aims of the Company and ensures that the necessary resources are in place for the Company to meet its objectives and fulfil its obligations to shareholders within a framework of high standard of corporate governance and effective internal controls.

Board of Directors

Under the leadership of the Chairman, the Board is responsible for the effective stewardship of the Company's affairs, including corporate strategy, corporate governance, risk assessment and overall investment policy.

The Board consists of six Directors, all of whom are non-executive and are considered to be independent. Biographical details of the Directors are shown on pages 60 to 61.

It is the Board's policy that Directors do not have service contracts. Each of the Directors has signed a letter which sets out the terms and conditions of their appointment. These letters are available for inspection at the Company's registered office. Further details as to the terms of appointment of the Directors are set out in the Directors' remuneration report on pages 78 to 81.

Appointments to the Board continue to be based on merit, regardless of gender, ethnic group or background. The Board comprises four male Directors and two female Directors. The Company has no employees. The Company's policy on diversity is set out on page 71.

Board operation

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

At the 2020 AGM, the shareholders renewed the Board's authority to allot ordinary shares and to repurchase ordinary shares on behalf of the Company subject to certain limits. Details of the authorities which the Board will be seeking at the forthcoming 2021 AGM are set out in the 2021 notice of the AGM.

At each quarterly meeting of the Board, the Directors follow a formal agenda which includes a review of the Company's investments and associated matters such as gearing, asset allocation, principal risks, marketing and investor relations, and economic and industrial issues.

The Board is also active in ensuring any regulatory developments which may affect the operations of the Company are considered. The Board regularly considers the Company's investment objectives and strategy with discussions focused on general market conditions and future investment opportunities for the Company with a focus on protecting and enhancing the value of the current portfolio.

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

The Board holds formal meetings on a quarterly basis and additional ad-hoc meetings are held when necessary. Attendance at the quarterly Board and main committee meetings is displayed in the table on page 70 under the heading 'Meetings'.

Matters reserved for the Board

The Board has approved a formal schedule of matters reserved for the Board. The schedule is available on the Company's website.

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

- the Company's dividend strategy;
- the Company's revolving credit facility;
- power prices strategy;
- Covid-19 impact and assessment;
- scrip share allotments; and
- new potential investment sectors.

Board values and culture

Under the leadership of the Chairman, the Board operates with core values of integrity and impartiality with an aim of maintaining a reputation for high standards in all areas of the business it conducts. The Board recognises the value and importance of ESG to the Company's shareholders and indeed all of the Company's stakeholders; refer to pages 46 to 49 for additional information. Mindful of increased awareness and focus on consideration of ESG factors, and in line with the Company's historic record and purpose of delivering long-term sustained dividends, the Board has decided to allocate specific responsibility in this area at Board level to Dawn Crichard.

In aligning its values with operations, the Board aims to create a culture of open dialogue, collaboration and exchange of views as evidenced by the high quality debate and the contributions made by all Directors during Board meetings and as endorsed by the feedback received from the Board's recent third party evaluation. In addition, the Board encourages a culture of robust governance and also seeks to ensure the alignment of its purpose, values and strategy with this culture of openness, debate and integrity through ongoing dialogue and engagement with its service providers.

DIVISION OF RESPONSIBILITIES

The Board is responsible for the effective stewardship of the Company's affairs, including corporate strategy, corporate governance, risk assessment and overall investment policy.

THE BOARD

PURPOSE:

Responsible for the long-term success and sustainability of the Company.

It provides overall leadership, sets the strategic aims of the Company and ensures that the necessary resources are in place for the Company to meet its objectives and fulfil its obligations to shareholders and other stakeholders within a framework of high standards of corporate governance and effective internal controls.

COMPOSITION:

Chairman:
Ian Reeves CBE

David Pirouet

Julia Chapman

Dawn Crichard

Paul De Gruchy

Michael Gray

BOARD COMMITTEES

Audit and Risk Committee

PURPOSE:
Ensures that the Company's financial performance is properly monitored, controlled and reported, including engagement with the Company's external Auditor, and reviews and monitors the Company's risks and internal controls.

Investment Committee

PURPOSE:
Approves the acquisition, monitoring and disposal of investments.

Management Engagement Committee

PURPOSE:
Reviews the performance and continuing appointments of the Investment Adviser and other service providers.

Nomination Committee

PURPOSE:
Considers appointments to the Board and its individual committees and makes recommendations in regard to changes to maintain a balanced and effective Board.

COMPOSITION AT 30 SEPTEMBER 2020

Audit and Risk Committee

Chair: David Pirouet
Dawn Crichard
Paul De Gruchy

See Audit and Risk Committee report on pages 74 to 77.

Investment Committee

Chair: Michael Gray
Ian Reeves CBE
Julia Chapman

Management Engagement Committee

Chair: Paul De Gruchy
Ian Reeves CBE
David Pirouet
Dawn Crichard
Julia Chapman
Michael Gray

Nomination Committee

Chair: Ian Reeves CBE
David Pirouet
Julia Chapman

See Nomination Committee report on page 73.

Committees

The structure includes an Audit and Risk Committee, an Investment Committee, a Management Engagement Committee and a Nomination Committee. The terms of reference for each of the committees are available on the Company's website or upon request from the Company Secretary.

Audit and Risk Committee

The membership and activities of the Audit and Risk Committee are described in its report on pages 74 to 77.

Investment Committee

At 30 September 2020, the Investment Committee, currently chaired by Michael Gray, comprised three Directors, as set out on page 68. The Board has agreed terms of reference for the committee which include meeting to consider each new investment proposal received from the Investment Adviser and reviewing advisory reports and recommendations provided. The committee met 13 times during the year. The committee is also responsible for ensuring that investment proposals have been properly prepared and include stakeholder and ESG considerations, comply with the Company's investment policy and strategy and that key conditions precedent are complied with for each transaction. The committee also approves on the release of capital advances.

Management Engagement Committee

The Management Engagement Committee comprises all the Directors of the Company in view of the wide remit of the committee and is currently chaired by Paul De Gruchy. The Board has agreed terms of reference for the committee, which reports to the Board quarterly to consider the performance of the Investment Adviser and other third party service providers, the terms of their engagement and their continued appointment. In addition, the committee formally met once during the last financial year for a workshop with a number of key service providers to the Company.

Following the committee's assessment of the Investment Adviser, and based on its performance, the continued appointment of the Investment Adviser is considered to be in the interests of shareholders as a whole, and it was recommended that Gravis be retained as Investment Adviser. In addition, the committee maintains a watching brief over all third party service providers whom the committee independently evaluates.

Nomination Committee

The membership and activities of the Nomination Committee are described in its report on page 73.

Committee changes during the year

As part of the Board's medium-term succession plan, a number of changes have been made to the Board committees. Michael Gray succeeded Clive Spears as Chair of the Investment Committee when Mr Spears retired from the Board at the conclusion of the Company's AGM held on 13 February 2020. In addition, Paul De Gruchy stepped down from the Investment Committee and joined the Audit and Risk Committee with effect from 14 October 2019 and Ian Reeves CBE stepped down from the Audit and Risk Committee and joined the Investment Committee, also with effect from 14 October 2019.

The Chairman of the Board

Ian Reeves CBE is responsible for the leadership of the Board, including organising the Board's business and setting its agenda.

Senior Independent Director

Julia Chapman succeeded Clive Spears as Senior Independent Director of the Company when Mr Spears retired from the Board at the conclusion of the 2020 AGM. The Senior Independent Director works closely with the Chairman, acting as a sounding board when necessary. Ms Chapman also meets with the other Board members annually to assess the Chairman's performance.

Directors

In addition to the Chairman and the Senior Independent Director, there are currently four independent non-executive Directors.

The Company Secretary

The Board has access to the Company Secretary to advise on corporate governance and day-to-day administrative matters.

The Company Secretary is also responsible for ensuring the timely delivery of reports and information required by the Directors and for ensuring that all statutory obligations of the Company are met.

DIVISION OF RESPONSIBILITIES CONTINUED

Meetings

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

	Quarterly Board meetings		Audit and Risk Committee		Investment Committee		Management Engagement Committee		Nomination Committee	
	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended
Ian Reeves CBE[1]	4	4	–	–	13	12	1	1	4	4
Clive Spears[2]	2	2	–	–	3	3	–	–	–	–
David Pirouet	4	4	4	4	–	–	1	1	4	4
Dawn Crichard	4	4	4	4	–	–	1	1	–	–
Julia Chapman[1]	4	4	–	–	13	11	1	1	4	4
Michael Gray[1]	4	4	–	–	13	11	1	1	–	–
Paul De Gruchy	4	4	4	4	–	–	1	1	–	–

1. Not able to attend certain meetings due to illness or unavoidable circumstances.
2. Clive Spears retired as a Director of the Company on 13 February 2020.

A total of twelve additional Board meetings and four additional ad-hoc Board sub-committee meetings were held during the year. These meetings were predominantly in respect of Board succession planning, cash management, dividend strategy, power prices strategy, Covid-19 impact and assessment, new potential investment sectors and scrip share allotments.

The Company Secretary, the Administrator and Investment Adviser regularly provide the Board with financial information, including an annual expense budget, together with briefing notes and papers in relation to changes in the Company's economic environment, statutory and regulatory changes and corporate governance best practice. A description of the Company's risk management and internal control systems are set out in the risk management section on pages 50 to 57.

Market Abuse Regulation

Following the implementation of the EU Market Abuse Regulation ("MAR") on 3 July 2016, the Board formally adopted revised procedures in relation to the management, identification and disclosure of inside information and share dealing in accordance with MAR. The Board is responsible for taking all proper steps to ensure compliance with MAR by the Directors.

AIFM Directive

The Company is classed as an externally managed AIF under the Directive. The Board appointed the Investment Adviser as the authorised AIFM to the Company and Apex Financial Services (Corporate) Limited as the Company's Depositary under the AIFM Directive on 22 July 2014.

AIFM remuneration

With effect from 20 April 2017, the Company's Investment Adviser was authorised as an AIFM by the FCA under the AIFMD regulations. The Company has provided disclosures on its website, incorporating the requirements of the AIFMD regulations.

The total annual fee paid to the Investment Adviser by the Company is disclosed in note 19 to the financial statements and further detail is provided on page 65.

Markets in Financial Instruments Directive ("MiFID")

The ordinary shares of the Company are considered as 'non-complex' in accordance with MiFID II.

Non-mainstream pooled investments

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

The Board confirms that it conducts the Company's affairs, and intends to continue to do so, in order that the Company's shares will be 'excluded securities' under the FCA's rules. This is on the basis that the Company, which is resident outside the EEA, would qualify for approval as an investment trust by the Commissioners for HM Revenue and Customs under Sections 1158 and 1159 of the Corporation Tax Act 2010 if resident and listed in the United Kingdom.

Therefore, the Company's shares will not amount to non-mainstream pooled investments. Accordingly, promotion of the Company's shares will not be subject to the FCA's restriction on the promotion of non-mainstream pooled investments.

Significant voting rights

Details of shareholders with notifiable interests in the voting rights of the Company can be found in the Directors' report on page 83.

Share repurchases

Subject to the provisions of Jersey Company Law and the Company's Articles of Association, the Company may purchase all or any of its shares of any class, including any redeemable shares, and may hold such shares as treasury shares or cancel them. Further information can be found in the Directors' report on page 83.

COMPOSITION, SUCCESSION AND EVALUATION

Board composition

The Board consists of six non-executive Directors. The Board believes the Directors provide, individually and collectively, the breadth of skills and experience required to manage the Company. Biographical details of the Directors are shown on pages 60 and 61.

The Board, via its Nomination Committee, regularly reviews the Board's composition and effectiveness with the objective of ensuring that it has an appropriate balance of skills and experience required to meet the future opportunities and challenges facing the Company. As part of this review, it considers the diversity of the Board, including, but not limited to, gender, social background and ethnicity, alongside intellectual and personal capabilities. Board appointments are made based on merit and calibre, with the most appropriate candidate, who is the best fit for the Company, being appointed.

Induction of new Directors

The Company has an established process in place for the induction of new Directors. An induction pack is provided to new Directors by the Company Secretary, containing relevant information about the Company, its constitutional documents and its processes and procedures. New appointees meet with relevant persons at the Investment Adviser. A programme of induction training is agreed with each new Director.

Diversity

Diversity, including, but not limited to, gender, social background, ethnicity, professional and industry specific knowledge, is an important consideration in ensuring that the Board and its committees have the right balance of skills, experience, independence and knowledge necessary to discharge their responsibilities. The right blend of perspectives is critical to ensuring an effective Board and a successful Company.

Following the appointment of Dawn Crichard on 16 September 2019 and the retirement of Clive Spears from the Board on 13 February 2020, the Company met the gender diversity targets set by the Hampton-Alexander review.

Succession planning, Board independence and tenure of service

The Board is mindful of the principles set out in the AIC Code regarding the independence of non-executive Directors. The Board regularly reviews the independence of its members and considers whether there are any relationships or circumstances that are likely to affect a Director's independence. The Board considers all of the Company's Directors to be independent.

The Board acknowledges that Paul De Gruchy has an indirect holding of 570,647 ordinary shares in the Company, which represents 0.06% of the total voting rights of the Company at 30 September 2020. The Board has discussed the interests in the Company held by Mr De Gruchy and is satisfied that it does not materially impact his ability to exercise independent judgement on the Board.

Board tenure

The Board's policy regarding tenure of service is that any decisions regarding tenure should balance the benefits of continuity, against the need to periodically refresh the Board composition. The Board considers that length of service will not necessarily compromise the independence or contribution of directors of an investment company. Therefore, if a Director has served more than nine years, the Board will consider their independence carefully on an annual basis as part of the Board self-evaluation and succession planning process and balance this against the benefits of maintaining continuity, knowledge and experience.

The Board pro-actively considers succession arrangements. The Chairman and the Company's broker had previously met with several of the Company's shareholders, where the Board's medium-term succession plan, including Chairman tenure, was one of the matters discussed. The Board will present further detail on its succession plan in the half-yearly report for the period ended 31 March 2021.

As stated in the 2019 annual report, David Pirouet, who has served as a Director since 2010, will retire from the Board at the conclusion of the Company's 2021 AGM. In consultation with the Nomination Committee, the Board engaged Thomas & Dessain, an independent search consultancy with no connection to the Company or its Directors, to assist it with seeking a replacement for Mr Pirouet.

The Directors considered the desired background and expertise of the new Director in order to complement the skills already on the Board and a shortlist of potential candidates was then provided by Thomas & Dessain. The Directors met with a number of these candidates, following which it is intended that, subject to regulatory approval, Steven Wilderspin will be appointed to the Board and take on the role of Chair of the Audit and Risk Committee after the conclusion of the Company's AGM in February 2021. It was stated in last year's annual report that it was intended that Dawn Crichard would take over as Chair of the Audit and Risk Committee. However, after consideration of her new responsibilities (refer to page 47) and the relevant infrastructure experience of Mr Wilderspin, it was decided that he would assume the role following his appointment to the Board.

Chairman tenure

As reported in last year's annual report, the Board's policy regarding length of service of its Chairman is that any decisions regarding tenure should factor in the need to maintain continuity and knowledge and the orderly transition of responsibilities. The Board does not consider that the independence of the Chairman should be determined solely by time served and, in order to align with its priority of ensuring continuity and stability of the Company, the Board has previously stated that it considers the 2022 AGM to be the earliest date at which the Chairman should consider stepping down.

Given the globally destabilising events of the last nine months and the Board's anticipation that the economic and social effects of the pandemic will take some time to play out, the Board is still of the view that the Chairman should continue to lead the Company until the Company's AGM in February 2022. This decision has been informed and supported by positive feedback on the Chairman's performance through the Board effectiveness review that identified one of the Chairman's strengths is that he is a leader with extensive experience.

It is the intention of the Board to present further details of the succession plan in the half-yearly report for the period ended 31 March 2021.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

Performance evaluation

The Board has decided that external reviews will be carried out every three years, and that internal evaluations, via questionnaires, will be carried out in the intervening years.

The Company engaged BoardAlpha, a specialist consultancy firm which is independent of the Company and the Investment Adviser, during 2020 to undertake an evaluation of the performance of the Board of Directors and its committees and to undertake a separate review of the Directors' remuneration. Further details of the Directors' remuneration review can be found in the remuneration section on page 79.

BoardAlpha engaged with the Chairman to set the context for the evaluation and to tailor the content to the specific circumstances of the Company. Representatives of BoardAlpha attended a number of the Company's Board and committee meetings and also conducted interviews with each Director together with representatives from the Investment Adviser, the Company Secretary and with a number of the Company's main shareholders.

The results of the performance evaluation process were reported to and discussed by both the Nomination Committee and the Board. The Board noted that the results of the review were generally positive and that BoardAlpha had concluded that the Board performs its duties with great care and diligence. The expertise of the Board, and the collaboration between Directors and the Investment Adviser, was also noted as high. The effectiveness of the Investment Adviser was rated very highly. It was also noted that the Board appears to be highly engaged, with a strong degree of oversight and independence, and a robust focus on shareholder interests.

One of the key recommendations was to continue to address the future composition and succession requirements for the Board. It is the intention of the Board to present further details of the succession plan in the half-yearly report for the period ended 31 March 2021.

The Board evaluation for 2021 will follow up on the themes and recommendations from this review to ensure that progress is assessed, measured and appropriate action taken.

Appointment and re-election of Directors

Under the provisions of the Company's Articles, the Directors retire by rotation, with one-third of the Directors submitting themselves for election at each AGM. However, the Board recognises that, as a FTSE 250 company, and in accordance with corporate governance best practice as set out in the AIC Code, all Directors should put themselves forward for re-election every year. As such, each Director is subject to annual re-election by the shareholders at the AGM.

Each of the Directors, except for David Pirouet who will be stepping down, will be offering themselves for re-election at the forthcoming AGM in February 2021.

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

Conflicts of interest

It is the responsibility of each individual Director to avoid an unauthorised conflict of interest situation arising. The Director must inform the Board as soon as he or she becomes aware of the possibility of an interest that might possibly conflict with the interests of the Company ('situational conflicts'). The Company's Articles of Association authorise the Board to approve such situations, where deemed appropriate. A register of conflicts is maintained by the Company Secretary and is reviewed at Board meetings, to ensure that any authorised conflicts remain appropriate. The Directors are required to confirm at these meetings whether there has been any change to their position.

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

Key service providers other than the Investment Adviser

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

Insurance and indemnity provisions

The Company has Directors' and Officers' liability insurance, professional indemnity insurance, and crime and property loss cover for financial institutions to cover legal defence costs. Under the Company's Articles of Association, the Directors are provided, subject to the provisions of Jersey legislation, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment.

Relations with shareholders

Further information regarding the Company's relations with shareholders is set out on page 43. Further information about the significant shareholders in the Company is set out on page 83.

Internal control review and risk management process

Details of the Company's internal control review and the risk management process are outlined in the strategic report on pages 50 to 57.

NOMINATION COMMITTEE REPORT

The function of the Nomination Committee is to consider appointments to the Board and its individual committees.

The Nomination Committee comprises Ian Reeves CBE (Chairman), David Pirouet and Julia Chapman.

Function of the Nomination Committee

The Nomination Committee is formally charged by the Board to regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any changes to the Board and its individual committees. The Nomination Committee is further charged by the Board to give full consideration to succession planning for Directors, taking into account the challenges and opportunities facing the Company, and the skills, expertise and diversity needed on the Board in the future. During the year, the Nomination Committee held four meetings. Attendance of members at those meetings is shown in the table on page 70.

Matters reviewed in the year

Performance evaluation

In accordance with the AIC Code, the Company undertakes an annual evaluation of the Board, its committees, the Chairman and its Directors. In addition, an external evaluation is undertaken every three years.

The Nomination Committee met on 22 October 2020 to review the results of the performance evaluation of the Board that was externally facilitated by BoardAlpha. The evaluation process involved an analysis of the Chairman's performance, Board performance and that of its committees and individual Directors.

The Senior Independent Director also met with the Chairman to discuss the Directors' comments on the Chairman's performance evaluation. The results of the evaluation process were reported to and discussed by the committee and subsequently by the Board, including plans for succession over time.

At this meeting, the Directors of the committee expressed an intention to continue in office for the foreseeable future with the exception of David Pirouet, who will retire at the conclusion of the Company's 2021 AGM.

Board and committee composition evaluation

The committee has undertaken succession planning to ensure that processes and plans are in place with regard to future Board appointments that deal with succession and diversity. As part of the Board's medium-term succession planning, the following changes were made to the Board and the Board's committees following recommendations from the committee:

- Paul De Gruchy stepped down from the Investment Committee and joined the Audit and Risk Committee on 14 October 2019. Additionally, Mr De Gruchy succeeded Clive Spears as Chair of the Management Engagement Committee when Clive Spears retired from the Board at the Company's 2020 AGM;
- Ian Reeves CBE stepped down from the Audit and Risk Committee and joined the Investment Committee on 14 October 2019;
- Michael Gray assumed the Chair of the Investment Committee when Clive Spears retired from the Board at the Company's 2020 AGM;
- in line with the Board's commitment to ESG factors, Dawn Crichard has been allocated specific responsibilities in this area; and
- as noted on page 66 it is intended that Steven Wilderspin will assume the role of Chair of the Audit and Risk Committee following his proposed appointment after the conclusion of the AGM in February 2021. Mr Wilderspin is a Chartered Accountant and has extensive governance experience on public and private company boards with more than ten years' experience as a non-executive director on the boards of private equity partnerships and listed investment companies. He was chair of the audit and risk committee of 3i Infrastructure plc for the majority of the period from 2007 until he retired from the Board on 31 December 2017. Steven Wilderspin is currently the chair of the audit and risk committee of HarbourVest Global Private Equity Limited, and chair of the risk committee of Blackstone/GSO Loan Financing Limited, which are both listed on the London Stock Exchange.

Based on the outcome of the Board performance evaluation process, the Nomination Committee agreed to recommend the reappointment of Ian Reeves CBE as Chairman at the 2021 AGM. Mr Reeves abstained from these deliberations. As noted on page 71, the committee believes that Mr Reeves continues to make valuable contributions to the Company using his experience and expertise in infrastructure, has exercised his judgement and expressed his opinions in an independent manner.

Terms of reference

The committee reviewed its terms of reference in October 2020 to ensure that it is still operating effectively, and no amendments were recommended to the Board.

Ian Reeves CBE
Chair of the Nomination Committee

16 December 2020

AUDIT, RISK AND INTERNAL CONTROL

AUDIT AND RISK COMMITTEE REPORT

I am pleased to present the Company's 2020 Audit and Risk Committee report.

David Pirouet FCA
Chair of the Audit and Risk Committee

Summary

The committee operates within clearly defined terms of reference, a copy of which is available from the Company's website or on request from the Company Secretary. The terms of reference require the committee to monitor the Company's financial reporting, internal controls, risk management and external audit process.

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

Composition

At 30 September 2020, the committee comprised three of the Company's Directors, David Pirouet, who is a Chartered Accountant and a former audit partner, Dawn Crichard, who is also a Chartered Accountant, and Paul De Gruchy, who was appointed on 14 October 2019 at which date Ian Reeves CBE stepped down. As part of the Board's medium-term succession plan, it is intended that, subject to regulatory approval, Steven Wilderspin will be appointed to the Board and Chair of the Audit and Risk Committee after the conclusion of the Company's AGM in February 2021. Mr Wilderspin will replace David Pirouet who will retire from the Board at the conclusion of the AGM in February 2021. It was stated in last year's annual report that it was intended that Dawn Crichard would take over as Chair of the Audit and Risk Committee. However, after consideration of her new responsibilities (refer to page 47) and the relevant infrastructure experience of Mr Wilderspin, it was decided that he would assume the role following his appointment to the Board.

The Board considers that the independence, experience and knowledge of each of the committee members is sufficient for discharging its responsibilities. Moreover, the Board takes into account the financial, audit, banking and infrastructure experience of the members of the committee historically, and the financial, audit and legal experience after the changes made to the committee on 14 October 2019. The committee formally met four times during the year ended 30 September 2020.

The committee has reviewed and evaluated its own performance as part of the Board's annual evaluation process, as explained in the Nomination Committee report page 73.

Financial reporting

The committee considered the requirements of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2013 with which it is complying voluntarily, in line with best practice reporting. The committee specifically reviewed the annual report and financial statements to conclude whether it is, when taken as a whole, fair, balanced, understandable, comprehensive and consistent with prior year reporting and how the Board assesses the performance of the Company's business during the financial year, as required under the AIC Code for companies with a Premium Listing. As part of this review, the committee considered if the annual report and financial statements provided the information necessary to shareholders to assess the Company's performance, strategy and business model and reviewed the description of the Company's key performance indicators as well as updating the governance section of the annual report.

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

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

- reviewing the effectiveness of the internal control environment of the Company;
- reviewing and recommending to the Board significant accounting matters and accounting disclosures in the half-yearly and annual financial statements of the Company including matters of judgement in relation to the valuation of financial assets at fair value through profit or loss. This year, the areas examined included the discount rates applied in the valuation process and the performance of the investments in light of the impact of Covid-19 and the operations of the Company's borrowers. The committee discussed these matters with the Valuation Agent, the Investment Adviser and the Auditor, including the Auditor's valuation specialist;
- overseeing the Company's relations with its Auditor, including assessing the conduct and effectiveness of the audit process and the Auditor's independence and objectivity, recommending the Auditor's re-appointment and approving the Auditor's fees;
- reviewing the Company's compliance with its regulatory obligations in Jersey and listing requirements under its Premium Listing; and
- reviewing the committee's own terms of reference.

The Auditor is invited to attend the committee meetings at which the annual report and half-yearly reports are considered and at which they have the opportunity to meet with the committee without representatives of the Investment Adviser being present. The committee has direct access to the Auditor and to the key senior staff of the Investment Adviser and reports its findings and recommendations to the Board, which retains the ultimate responsibility for the financial statements of the Company. All recommendations were accepted by the Board.

External audit

The committee met with the Auditor in August 2020 to review, challenge and agree their audit plan for the audit of the financial statements, in particular their approach to the valuation of investments. The committee also met with the Auditor in December 2020 to discuss their report, after the conclusion of their audit.

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

Audit fees for the year amounted to £89,000 (30 September 2019: £80,000). Non-audit fees amounted to £24,000 (30 September 2019: £18,000) and were incurred solely in relation to the Auditor's review of the Company's half-yearly report.

KPMG has been the Auditor of the Company since their appointment at the AGM in February 2016, following an external audit tender process in October 2015. Steven Stormonth has been the audit partner for KPMG since their appointment in February 2016. As the current audit partner, Mr Stormonth, has been the audit partner of the Company for five years, he will rotate off the audit of the Company following the conclusion of the 2020 audit and be replaced by Andrew Quinn, Managing Director of KPMG Channel Islands Limited for future financial years. There are no contractual obligations restricting the choice of Auditor and the Company will consider putting the audit services contract out to tender at least every ten years. The committee reviewed the effectiveness of the audit process during the year, considering performance, objectivity, independence and relevant experience of the Auditor. Following this review, the committee has concluded the audit was effective and will be recommending the re-appointment of KPMG as the Company's Auditor at the 2021 AGM.

As with previous years, it has been decided that the Auditor would review the Company's half-year accounts, but the Auditor would not be requested to perform any other non-audit services. The Audit and Risk Committee considers KPMG to be independent of the Company and the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit. KPMG confirmed their compliance with their standard independence and objectivity procedures to the Audit and Risk Committee.

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

AUDIT AND RISK COMMITTEE REPORT CONTINUED

Significant issues considered

The significant issues relating to the financial statements, and how these issues were addressed, are noted below. After discussions with both the Investment Adviser and the Auditor, the committee determined that the key risks of material misstatement of the Company's financial statements related to the valuation of the investments.

Valuation of investments

As outlined in notes 11 and 18, the total carrying value of financial assets at fair value at 30 September 2020 was £1 billion (30 September 2019: £1.1 billion). Market quotations are not available for these financial assets, instead their valuation is undertaken using a discounted cash flow methodology where applicable. This requires a series of material judgements to be made, as further explained in note 18.

The committee discussed the valuation process and methodology with the Investment Adviser as part of the quarterly Board meetings and the review of the half-yearly and annual reports. The Valuation Agent provides a detailed valuation report to the Company quarterly. The committee, together with the rest of the Board, discusses with the Valuation Agent and Investment Adviser their views of the market and relevant discount rates of individual investments in the portfolio as part of the quarterly valuation process.

The discount rates adopted to determine the valuation are selected and recommended by the Valuation Agent. The discount rates applied to the expected future cash flows for each investment's financial forecasts are derived by adopting the assumptions explained in note 18. The resulting valuation is sensitive to the discount rate selected as well as other key assumptions which affect forecast future cash flows such as future inflation rates and forecast electricity prices. The Valuation Agent is experienced and active in the area of valuing these investments and adopts discount rates they believe are appropriate using their extensive experience.

In particular, the committee considered in detail the impact of Covid-19 on the portfolio, and the significant downward movement of electricity prices on the valuation of investments. Additional disclosures in relation to the impact of both can be seen in the Investment Adviser's report on pages 37 and 39. The committee reviewed in detail the electricity price sensitivity analysis prepared by the Investment Adviser and its potential impact on the NAV of the Company.

The committee discussed the Company's material estimates and judgements with the Investment Adviser; this also included discussions regarding the valuation of the shareholder interest elements of the investments within the portfolio. The committee was satisfied that the range of discount rates was appropriate for the valuation carried out by the Valuation Agent.

Given the increased uncertainty surrounding the potential impact of Covid-19 on the performance of investments, the committee paid particular regard to the investment valuations both as part of the half-yearly report to 31 March 2020 and the annual report and financial statements to 30 September 2020. The Investment Adviser conducted a comprehensive review of the potential impacts of Covid-19 on the investment activities of the Company, which was considered in detail by the committee and the Board. Market developments were closely monitored and their impact on the performance of investments were reviewed and discussed with the Investment Adviser and the Auditor. Further analysis on the impact of Covid-19 on the investment portfolio of the Company can be seen on page 39.

As explained in the investment portfolio section on page 36, there have been certain investments subject to upward and downward revaluations equivalent to 1.1 pence per share and 8.6 pence per share respectively during the year. These revaluations have been discussed and agreed with the Valuation Agent and Investment Adviser. The majority of the downward revaluation is a direct result of the material reductions in long-term electricity price forecasts. The committee, along with the Investment Adviser, continue to monitor the impact of changes to the electricity price forecasts on the valuation of investments closely.

Risk management

During the year, the committee:

- conducted a detailed and in-depth review of the business risk assessment in March, including consideration of the impact of Covid-19 on the Company's operations and investments and reported this to the Board, which included discussing any emerging or significant changes in key risks with the Board as a result of the updates;
- considered the presentation of risk-related matters in the half-yearly report as a result of the key changes made to the business risk assessment noted above;
- conducted a further review of the business risk assessment in September and reported this to the Board for their consideration; and
- considered the presentation of risk-related matters in the annual report and financial statements, disclosed on pages 50 to 57.

Other matters

Other matters reviewed by the committee during the year are noted below.

Going concern and viability statement

The financial statements have been prepared on a going concern basis, with the viability period of five years unchanged in the viability statement; see page 57 for further information. The committee reviewed the Company's viability statement and accompanying commentary, as well as projections, stress testing and sensitivities, including the risks associated with Covid-19, Brexit and falling electricity prices, prepared by the Investment Adviser.

The committee prepared a going concern assessment, for the Board, which included consideration of the availability of the Company's credit facilities, including the expiry of the current facilities in March 2021, cash flow forecasts and stress scenarios, including the potential downside impacts from Covid-19. In preparing their assessment, the committee considered the viability statement and the Covid-19 paper prepared by the Investment Adviser. The Auditor was provided with the assessments and relevant supporting papers as part of their audit of the annual report. The Audit Committee concluded that the going concern basis of preparation for the annual financial statements and the Company's viability statement was appropriate.

Dividend sustainability

During the year, the committee assisted the Board and the Investment Adviser with the review of the long-term sustainability of the Company's dividend. The review included an assessment of the macro environment and the Company's investment pipeline. The committee and the Board reviewed and discussed in depth the various detailed reports provided by the Investment Adviser, including a sensitivity analysis of the Company's projected income over the next five years. The review has concluded that the Company will target[1] an annual dividend of 7.0 pence per ordinary share with effect from the start of the financial year commencing October 2020. Further detail on the dividend strategy review can be seen on pages 17 to 19.

Internal controls

The committee monitored and reviewed the internal controls of the Company during the year, which included:

- review of reports on the control systems and their operation within the Investment Adviser and the Administrator to determine the effectiveness of their internal controls respectively; and
- conducting an onsite visit of the Administrator in September (Covid-19 safety guidelines were adhered to) to discuss their control systems and their operations, including a review of relevant policies and procedures.

Details of the Company's internal control review and the risk management process are outlined on pages 50 to 57.

Regulatory

The committee considered reports from the Company's Compliance Officer, Money Laundering Compliance Officer and Money Laundering Reporting Officer; and considered the Company's compliance with its regulatory requirements and obligations.

David Pirouet FCA
Chair of the Audit and Risk Committee

16 December 2020

1. The dividend target set out above is a target only and not a profit forecast or estimate and there can be no assurance that it will be met.

REMUNERATION
DIRECTORS' REMUNERATION REPORT

The Directors are pleased to present their report on remuneration for the year ended 30 September 2020.

The report is made up of two sections: the Directors' remuneration policy report and the annual report on remuneration.

The annual report on remuneration provides details on remuneration in the year. An ordinary resolution will be put to shareholders at the 2021 AGM to receive and approve the Directors' remuneration report. Although it is not a requirement under Jersey Company Law to have the remuneration report approved by shareholders, the Board believes that as a company whose shares are traded on the London Stock Exchange, it is good practice for it to do so.

This report is not subject to audit.

Directors' remuneration policy report

The Company follows the recommendation of the AIC Code that non-executive Directors' remuneration should reflect the time commitment and responsibilities of the role. The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole and be determined with reference to comparable organisations and appointments.

The fees of the non-executive Directors are determined within the limits set out in the Company's Articles of Association, and the Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

There are no performance conditions attached to the remuneration of the Directors as the Board does not consider such arrangements or benefits necessary or appropriate for non-executive Directors.

It is the Board's policy that Directors do not have service contracts but are provided with a letter of appointment as a non-executive Director.

Under the Directors' letters of appointment, there is no notice period and no compensation is payable to a Director on leaving office.

The Company is committed to ongoing shareholder dialogue and any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing the Directors' remuneration policy and in the review of Directors' fees.

Directors' fee levels

The Board has historically set a base Director fee of £45,000 with additional fees for the role of Chairman of the Board, Chair of the Audit and Risk Committee and Chair of the Investment Committee. The Board believes that the additional fees reflect the increased workload and responsibilities involved in each of these roles and in particular that of the role of the Chairman. An annual fee is also paid to the members of the Audit and Risk and Investment committees to recognise the time commitment required of these roles.

The base and additional fees payable to Directors in respect of the year ended 30 September 2020 are set out on page 79.

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

Element	Purpose	Operation
Fees	To compensate the Directors for their time commitment and level of responsibility borne.	Reviewed every three years and set to be broadly comparable to similar companies, subject to an annual cap in accordance with the Articles of Association.

The Directors' remuneration policy is put to a shareholder vote at least once every three years and in any year if there is to be a change in the Directors' remuneration policy. A resolution to approve this remuneration policy was proposed and passed at the 2018 AGM. The remuneration policy provisions set out below will apply until they are put to shareholders for renewal of that approval.

The current cumulative cap on Directors' base fees is £500,000, as approved at the 2018 AGM. Directors' annual fees for certain roles are as follows:

- Chairman: £67,500;
- Chair of Audit and Risk Committee: £55,000;
- Chair of Investment Committee: £55,000;
- member of Audit and Risk Committee: £5,000; with an increased fee of £10,000 for the Chair;
- member of Investment Committee: £10,000; and
- Director base fee: £45,000.

The last changes to the Directors' fees took effect from 1 October 2017, following the approval of the remuneration report at the 2018 AGM.

Voting at Annual General Meeting

The Directors' remuneration report for the year ended 30 September 2019 was approved by shareholders at the 2020 AGM and the votes cast by proxy were as follows:

	Directors' remuneration report	
	Number of votes cast	% of votes cast
For	454,695,381	99.93
Against	321,616	0.07
Total votes cast	**455,016,997**	**100**
Number of votes withheld	18,112	—

In 2020, the Company engaged BoardAlpha, a specialist consultancy firm which is independent of the Company, its individual Directors and its Investment Adviser, to conduct a review of the Directors' remuneration.

BoardAlpha's recommendations were for an increase in remuneration for all Board and committee roles (including a greater increase for the Chairman). The Board however considers that any increases recommended for the coming financial reporting period should be deferred and put forward for approval at the Company's 2022 AGM.

Accordingly the above remuneration policy, which has remained unchanged since 2018, will be put to shareholder vote at the Company's forthcoming Annual General Meeting to be held in February 2021.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION

Directors' remuneration for the year ended 30 September 2020

The remuneration paid to the Directors during the year ended 30 September 2020 (and prior year) is set out in the table below:

30 September 2020	Directors' fees (base fee) £'000	Audit and Risk Committee fees £'000	Investment Committee fees £'000	Total £'000
Ian Reeves CBE	68	n/a	10	78
Clive Spears[1]	19	n/a	4	23
David Pirouet	55	10	n/a	65
Dawn Crichard	45	5	n/a	50
Julia Chapman	45	n/a	10	55
Michael Gray[2]	51	n/a	10	61
Paul De Gruchy	45	5	n/a	50
Total	**328**	**20**	**34**	**382**

1. Clive Spears retired as a Director of the Company on 13 February 2020.
2. Michael Gray assumed the Chair of the Investment Committee when Clive Spears retired from the Board on 13 February 2020.

Directors' expenses for the year totalled £10,000 (30 September 2019: £11,000). No other remuneration or compensation was paid or payable by the Company during the year to any of the Directors.

30 September 2019	Directors' fees (base fee) £'000	Audit and Risk Committee fees £'000	Investment Committee fees £'000	Total £'000
Ian Reeves CBE	68	5	n/a	73
Clive Spears	55	n/a	10	65
David Pirouet	55	10	n/a	65
Dawn Crichard[1]	2	n/a	n/a	2
Julia Chapman	45	n/a	10	55
Michael Gray	45	5	n/a	50
Paul De Gruchy	45	n/a	10	55
Total	315	20	30	365

1. Dawn Crichard was appointed as a Director of the Company on 16 September 2019.

Company performance

In setting the Directors' remuneration, consideration is given to the size and long-term performance of the Company. The tables below set out total shareholder return[1] to ordinary shareholders since launch compared with the Sterling Corporate Bond Index over the same period. The Sterling Corporate Bond Index is used as a benchmark as the constituents are comparable in asset type with the Company's investments portfolio (being a portfolio of debt instruments). For the year ended 30 September 2020, total shareholder return[1] was -2.0%, compared with the Sterling Corporate Bond Index which was 4.6%.

Cumulative performance to 30 September 2020

Period	Three months	Six months	One year	Three years	Five years	Since launch
GCP Infra (share price)	5.6%	6.7%	(2.0)%	11.0%	30.8%	119.6%
GCP Infra (net asset value)	(1.7)%	(1.9)%	(0.1)%	15.6%	36.9%	109.5%
Sterling Corporate Bond Index	1.5%	10.7%	4.6%	16.2%	35.2%	93.9%

Annual performance to 30 September 2020

Period	**Year ended 30 September 2020**	Year ended 30 September 2019	Year ended 30 September 2018	Year ended 30 September 2017	Year ended 30 September 2016
GCP Infra (share price)	**(2.0)%**	8.0%	4.8%	1.9%	15.6%
GCP Infra (net asset value)	**(0.1)%**	6.3%	9.0%	8.1%	9.6%
Sterling Corporate Bond Index	**4.6%**	11.1%	–	0.2%	16.1%

Source: Bloomberg. Basis: percentage growth, total shareholder return with dividends reinvested. Past performance is not a guide to future performance.

Relative importance of the spend on pay

The table below sets out, in respect of the financial years ended 30 September 2020 and 30 September 2019, Directors' fees for the Company as a relative proportion of the Company's total expenses for the year:

	30 September 2020	30 September 2019
Percentage of expenses	**3.16%**	3.19%

No other remuneration or compensation was paid or is payable by the Company during the year to any of the Directors.

Directors' interests (audited)

At 30 September 2020, the interests of the Directors are set out below:

	As at 30 September 2020 Number of shares	As at 30 September 2019 Number of shares
Paul De Gruchy	**570,647**	535,859

Approval

This remuneration report and policy were approved by the Board and signed on its behalf by:

Ian Reeves CBE
Chairman

16 December 2020

1. Alternative performance measure ("APM"); for definition and calculation methodology, refer to the APMs section on pages 116 and 117.

DIRECTORS' REPORT

The Directors are pleased to present their report for the year ended 30 September 2020.

Principal activity and business review

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

Corporate governance

The corporate governance statement on pages 66 to 72 forms part of this Directors' report.

Directors

The Directors in office at the date of this report and their biographical details are shown on pages 60 and 61.

Clive Spears retired as a Director with effect from 13 February 2020.

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

Share capital

During the year, the Company issued 1,898,910 ordinary shares of £0.01. Details of the movements in share capital during the year are set out in the statement of changes in equity and in note 16.

At 30 September 2020, the Company's issued share capital comprised 879,666,049 ordinary shares of £0.01, none of which were held in treasury. At general meetings of the Company, every holder shall have one vote in respect of every ordinary share. Since July 2017, issuers, including the Company, have been permitted to issue up to 20% (previously 10%) of the same class of share without being obliged to publish a prospectus document, subject to certain restrictions regarding public offerings.

On 13 February 2020, the Company obtained shareholder approval permitting it to issue up to 175,613,250 ordinary shares for cash on a non-pre-emptive basis, representing 20% of the ordinary shares then in issue. This shareholder authority will expire at the 2021 AGM.

To date, the Company has benefited from such authorities as the ability to raise additional equity capital promptly has enabled it to take advantage of investment opportunities as they arise.

The Company will seek a renewal of shareholder approval at the Company's AGM in February 2021 in respect of the disapplication of pre-emption rights over 10% of its ordinary shares in issue which it may then be able to issue by way of placings in the ordinary manner. This will provide the Company with the ability to take advantage of investment opportunities as they arise and further broaden its investor base over time. Further details will be set out in the AGM notice due to be posted to shareholders on or around 8 January 2021 in which shareholders will be asked to approve the disapplication of pre-emption rights for these purposes.

Dividends

On 23 October 2020, the Company announced a fourth interim dividend of 1.9 pence per ordinary share. The fourth interim dividend was paid on 7 December 2020, to ordinary shareholders on the register on 6 November 2020. The dividend was paid out of capital, as a result of downward revaluation movements on investments; which under IFRS are recognised through the statement of comprehensive income.

The Company offered a scrip dividend alternative under which shareholders elected to receive new ordinary shares in lieu of the cash dividend.

The price of a new ordinary share to be issued under the scrip dividend alternative was calculated by taking the average of the Company's closing middle market quotations of an ordinary share for the ex-dividend date and the four subsequent dealing days.

The Company publishes a single shareholder circular on an annual basis in respect of its scrip dividend facility and this is made available for viewing on the Company's website.

The annual circular contains all relevant information for shareholders, including an expected timetable for the quarterly scrip dividends in respect of the upcoming financial year. The Company currently expects to publish the scrip dividend circular in respect of the financial year ending 30 September 2021 on or around 22 January 2021.

Greenhouse gas emissions reporting

The Company has no employees or property, and it does not purchase electricity, heat, steam or cooling for its own use and is therefore exempt from the new streamlined energy and carbon reporting disclosure requirements (Scope 1 and Scope 2 emissions). The Company outsources all services on a fee basis and, as such, it is not practical to attempt to measure or quantify emissions in respect of any outsourced energy use (Scope 3 emissions).

The Company funds renewable energy projects which seek to reduce the UK's greenhouse gas emissions. The combined output of the renewables portfolio was c.3,700 GWh for the year ended 30 September 2020 which is the equivalent of nearly a million tonnes of CO_2 being removed from the atmosphere every year. Any reportable greenhouse gas emissions arising from electricity usage in the operation and maintenance of assets in the portfolio (Scope 3 emissions) is not considered material for disclosure purposes.

Therefore, the Directors believe the Company has no reportable emissions for the year ended 30 September 2020.

Significant voting rights

At 30 September 2020, the Company had been informed of the following holdings representing more than 3% of the voting rights of the Company:

Name	Shares held	% of total voting rights
Rathbone Investment Management	59,746,513	6.79
Insight Investment Management	56,107,507	6.38
Investec Wealth & Investment	46,774,504	5.32
Value-Trac Investment Management	40,567,678	4.61
West Yorkshire Pension Fund	38,344,860	4.36
Close Brothers Asset Management	31,132,843	3.54
Transact	30,713,018	3.49

The table of significant shareholders disclosed above forms part of note 2.2 ('segmental information') in the financial statements.

The Company has not been informed of any changes to the interests between 30 September 2020 and the date of this report.

Share repurchases

No shares have been bought back in the year. The latest authority to purchase ordinary shares for cancellation was granted to the Directors on 13 February 2020 and expires on the date of the 2021 AGM.

The Directors are proposing that their authority to buy back shares be renewed at the forthcoming 2021 AGM.

Treasury shares

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

Political donations

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

Auditor

The Directors holding office at the date of this annual report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware. Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

KPMG has expressed its willingness to continue in office as Auditor of the Company and resolutions for its re-appointment and to authorise the Board to determine its remuneration will be proposed at the forthcoming 2021 AGM.

Financial risk management

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

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to include specified information in a single identifiable section of the annual report or a cross reference table indicating where the information is set out. Interest income capitalised during the year is disclosed in note 3 to the audited financial statements. The information required under Listing Rule 9.8.4 (7) in relation to allotments of shares is set out on page 103. The Directors confirm that there are no other disclosures required in relation to Listing Rule 9.8.4.

Approval

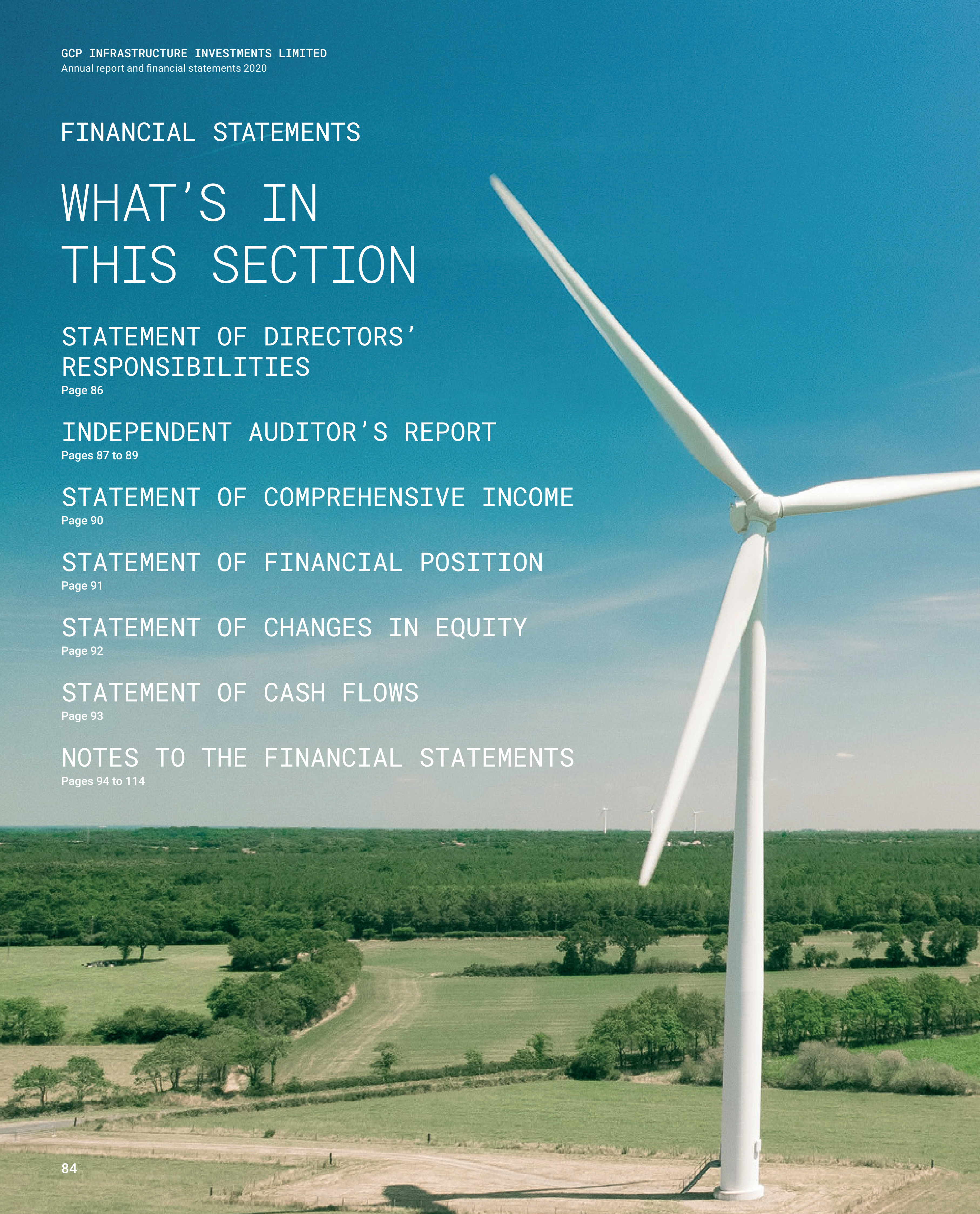
This Directors' report was approved by the Board and signed on its behalf by:

Ian Reeves CBE
Chairman

16 December 2020

FINANCIAL STATEMENTS

WHAT'S IN THIS SECTION



STATEMENT OF DIRECTORS' RESPONSIBILITIES

In respect of the annual report and financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under Jersey Company Law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and applicable law.

Under Jersey Company Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

— select suitable accounting policies and then apply them consistently;

— make judgements and estimates that are reasonable and prudent;

— state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

— assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

— use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

Directors' responsibility statement

In accordance with the FCA's Disclosure Guidance and Transparency Rules, each of the Directors, whose names are set out on pages 60 and 61, confirms that to the best of his or her knowledge:

— the financial statements have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

— the strategic report, including the Directors' report, includes a fair, balanced review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

The annual report and financial statements, taken as a whole, are considered by the Board to be fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Ian Reeves CBE
Chairman

16 December 2020

INDEPENDENT AUDITOR'S REPORT

To the members of GCP Infrastructure Investments Limited

Our opinion is unmodified

We have audited the financial statements of GCP Infrastructure Investments Limited (the "Company"), which comprise the statement of financial position as at 30 September 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

— give a true and fair view of the financial position of the Company as at 30 September 2020, and of the Company's financial performance and cash flows for the year then ended;

— are prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"); and

— have been properly prepared in accordance with the Companies (Jersey) Law, 1991.

Basis for opinion

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

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

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2019):

	THE RISK	OUR RESPONSE
Valuation of financial assets at fair value through profit and loss £1,031,106,000 or **97.7%** of total assets; (2019: £1,144,650,000 or 99.8% of total assets) Refer to the Audit and Risk Committee report (page 74), note 2.2 – significant accounting judgements and estimates, note 11 – financial assets at fair value through profit or loss and note 18 - financial instruments.	**Basis:** **97.7%** of the Company's total assets is represented by the fair value of a portfolio of unquoted infrastructure investments domiciled in the United Kingdom (the 'Investments'). The Company's estimation of the fair value of the Investments primarily involves using a discounted cash flow methodology, where the inputs and assumptions such as the amounts and timings of cash flows, the use of appropriate discount rates and the selection of appropriate assumptions surrounding uncertain future events are subjective. **Risk:** There is a risk of error associated with: — estimating the timing and amounts of long term forecasted cash flows; and — the selection and application of appropriate assumptions such as discount rates and other inputs. Changes to long term forecasted cash flows and/or the selection and application of different assumptions and inputs may result in a materially different fair value being attributed to the Investments.	**Our audit procedures included:** **Internal controls:** We tested the design and implementation and operating effectiveness of controls adopted by the Company over the valuation of the Investments. **Evaluating the competency of experts engaged by management:** We evaluated the competency of the Company's third party Valuation Agent in the context of their ability to appropriately challenge and review the fair value of the Investments prepared by the Company, by assessing their professional qualifications, experience and independence from the Company. **Benchmarking valuation discount rates:** We challenged, with the support of our KPMG valuation specialist, the reasonableness of discount rates applied in the valuation by benchmarking these to independent market data including discount rates used by peers, recent market transactions and our KPMG valuation specialist's experience in valuing similar investments. **Assessing valuation inputs and assumptions:** We performed substantive procedures in relation to the Company's determination of fair value on a risk-based selection of Investments, which included: — for new Investments during the year, compared the long term forecasted cash flows included in the discounted cash flow model to the terms of the original loan agreements such as the repayment profile, repayment premium, loan term and the coupon; — assessed the recoverability of outstanding cash flows by considering financial performance of underlying assets, the general economic environment and reviewing the repayment history; and — assessed the key general and project-specific inputs and assumptions into the cash flow projections for equity linked loan notes, to corroborate key revenues and costs with reference to underlying contracts, agreements and management information. **Assessing disclosures:** We considered the adequacy of the Company's disclosures in note 18.3 in respect of the fair value of Investments for compliance with IFRS, specifically the estimates and judgements made by the Company in arriving at that fair value and the disclosure of the degree of sensitivity of the fair value to a reasonably possible change in the discount rate.

INDEPENDENT AUDITOR'S REPORT CONTINUED

To the members of GCP Infrastructure Investments Limited

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

Materiality for the financial statements as a whole was set at £10,876,000, determined with reference to a benchmark of total assets of £1,055,594,000, of which it represents approximately 1.0% (2019: 1.0%).

We reported to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £543,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's activities including where relevant the impact of the COVID-19 pandemic and the requirements of the applicable financial reporting framework. We analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the Directors' statement in note 2.1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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

The Directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Disclosures of emerging and principal risks and longer term viability

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

— the Directors' confirmation within the viability statement (page 57) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;

— the principal risks disclosures describing these risks and explaining how they are being managed or mitigated; and

— the Directors' explanation in the viability statement (page 57) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Corporate governance disclosures

We are required to report to you if:

— we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or

— the section of the annual report describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.

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

We have nothing to report to you in these respects.

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

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

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

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 86, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Steven David Stormonth
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognized Auditors
Jersey

16 December 2020

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2020

	Notes	**Year ended 30 September 2020 £'000**	Year ended 30 September 2019 £'000
Income			
Net income/gains on financial assets at fair value through profit or loss	3	**15,987**	63,662
Other income	3	**9**	11,300
Total income		**15,996**	74,962
Expenses			
Investment advisory fees	19	**(8,420)**	(8,789)
Operating expenses	5	**(3,650)**	(2,662)
Total expenses		**(12,070)**	(11,451)
Total operating profit before finance costs		**3,926**	63,511
Finance costs	6	**(4,652)**	(4,399)
Total (loss)/profit and comprehensive (loss)/income for the year		**(726)**	59,112
Basic and diluted (loss)/earnings per share (pence)	10	**(0.08)**	6.74

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

The accompanying notes on pages 94 to 114 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 30 September 2020

	Notes	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Assets			
Cash and cash equivalents	14	**24,354**	2,477
Other receivables and prepayments	12	**134**	135
Financial assets at fair value through profit or loss	11 & 18	**1,031,106**	1,144,650
Total assets		**1,055,594**	1,147,262
Liabilities			
Other payables and accrued expenses	13	**(3,114)**	(3,078)
Interest bearing loans and borrowings	15	**(137,702)**	(164,088)
Total liabilities		**(140,816)**	(167,166)
Net assets		**914,778**	980,096
Equity			
Share capital	16	**8,796**	8,777
Share premium	16	**929,228**	943,789
Capital redemption reserve	17	**101**	101
Retained earnings		**(23,347)**	27,429
Total equity		**914,778**	980,096
Ordinary shares in issue	16	**879,666,049**	877,767,139
NAV per ordinary share (pence per share)		**103.99**	111.66

The financial statements were approved and authorised for issue by the Board of Directors on 16 December 2020 and signed on its behalf by:

Ian Reeves CBE
Chairman

David Pirouet FCA
Director

The accompanying notes on pages 94 to 114 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2020

	Notes	Share capital £'000	Share premium[1] £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2018		8,760	941,706	101	34,958	985,525
Total profit and comprehensive income for the year		–	–	–	59,112	59,112
Equity shares issued	16	17	2,138	–	–	2,155
Share issue costs	16	–	(55)	–	–	(55)
Dividends	9	–	–	–	(66,641)	(66,641)
At 30 September 2019		8,777	943,789	101	27,429	980,096
Total loss and comprehensive loss for the year		**–**	**–**	**–**	**(726)**	**(726)**
Equity shares issued	16	**19**	**2,201**	**–**	**–**	**2,220**
Share issue costs	16	**–**	**(57)**	**–**	**–**	**(57)**
Dividends	9	**–**	**(16,705)**	**–**	**(50,050)**	**(66,755)**
At 30 September 2020		**8,796**	**929,228**	**101**	**(23,347)**	**914,778**

1. The share premium reserve is a distributable reserve in accordance with Jersey Company Law. Refer to note 9 for further information.

The accompanying notes on pages 94 to 114 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 30 September 2020

	Notes	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Cash flows from operating activities			
Total operating profit before finance costs		**3,926**	63,511
Purchase of financial assets	11	**(116,536)**	(140,637)
Repayment of financial assets	11	**165,002**	114,762
Net unrealised movement on investments at fair value through profit or loss	3	**65,078**	11,617
Increase in other payables and accrued expenses		**278**	70
Decrease in other receivables and prepayments		**1**	133
Net cash flow generated from operating activities		**117,749**	49,456
Cash flows from financing activities			
Scrip share issue costs		**(57)**	(55)
Proceeds from interest bearing loans and borrowings	15	**–**	93,911
Repayment of interest bearing loans and borrowings	15	**(27,000)**	(75,000)
Dividends paid	9	**(64,535)**	(64,486)
Finance costs paid		**(4,280)**	(3,684)
Net cash flow used in financing activities		**(95,872)**	(49,314)
Increase in cash and cash equivalents		**21,877**	142
Cash and cash equivalents at beginning of the year		**2,477**	2,335
Cash and cash equivalents at end of the year		**24,354**	2,477
Net cash flow used in operating activities includes:			
Loan interest received	3	**50,219**	52,736
Deposit interest received	3	**9**	29
Non-cash items			
Purchase of financial assets (capitalised loan interest and principal indexation)	3	**(30,846)**	(22,543)

The accompanying notes on pages 94 to 114 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2020

1. General information

GCP Infrastructure Investments Limited (the "Company") is a public company incorporated and domiciled in Jersey on 21 May 2010 with registration number 105775. The Company is governed by the provisions of Jersey Company Law and the CIF Law.

The Company is a closed-ended investment company and its ordinary shares are traded on the Main Market of the London Stock Exchange.

The Company makes infrastructure investments, typically by acquiring interests in predominantly debt instruments issued by infrastructure Project Companies, their owners or their lenders and related and/or similar assets which provide regular and predictable long-term cash flows.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies, except for those changes discussed in this note, have been consistently applied throughout the years presented.

2.1 Basis of preparation

These financial statements are prepared in accordance with IFRS as adopted by the EU. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through profit or loss.

New standards, amendments and interpretations adopted in the year

In the current period, there have been a number of amendments to IFRS. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments and changes in disclosure and presentation requirements. None of these amendments have had any material impact on these or prior years' financial statements. Further to the above, there are no new IFRS or IFRIC interpretations that are issued but not effective that would be expected to have a material impact on the Company's financial statements.

Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future and for a period of at least twelve months from the date of approval and authorisation of these financial statements. The Directors' assessment included consideration of the availability of the Company's credit facilities (refer to note 15) including the expiry of the current credit facilities in March 2021, cash flow forecasts and stress scenarios, including the potential downside impacts from Covid-19.

Furthermore, the Directors are not aware of any material uncertainties that may cast doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis. In addition to a going concern statement, the Directors have undertaken a longer-term assessment of the Company, the result of which can be found in the viability statement on page 57, which includes further detail on the impact of Covid-19 (refer to page 39) and the Company's credit facilities.

2.2 Significant accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires the Directors of the Company to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

(a) Critical accounting estimates and assumptions

Fair value of instruments not quoted in an active market

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

(b) Critical judgements

Assessment as an investment entity

The Directors have determined that the SPVs through which the Company invests fall under the control of the Company in accordance with the control criteria prescribed by IFRS 10 and therefore meet the definition of subsidiaries. In addition, the Directors continue to hold the view that the Company meets the definition of an investment entity and therefore can measure and present the SPVs at fair value through profit or loss. This process requires a significant degree of judgement taking into account the complexity of the structure of the Company and extent of investment activities (refer to note 11 for further information).

Functional and presentation currency

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

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

Segmental information

For management purposes, the Company is organised into one main operating segment. All of the Company's activities are interrelated and each activity is dependent on the others. Accordingly, all significant operating decisions by the Board (as the chief operating decision maker) are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole. The following table analyses the Company's underlying operating income per geographical location. The basis for attributing the operating income is the place of incorporation of the underlying counterparty.

	30 September 2020 £'000	30 September 2019 £'000
Channel Islands	**9**	29
United Kingdom	**15,987**	74,933
Total	**15,996**	74,962

Significant shareholders are disclosed in the Directors' report on page 83.

3. Operating income

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

	30 September 2020 £'000	30 September 2019 £'000
Interest on cash and cash equivalents	**9**	29
Other operating income[1]	**—**	11,271
Other income	**9**	11,300
Net income/gains on financial assets at fair value through profit or loss	**15,987**	63,662
Total	**15,996**	74,962

1. Other operating income above includes unscheduled (early) prepayment fees for the repayment of certain loans.

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

	30 September 2020 £'000	30 September 2019 £'000
Loan interest received	**50,219**	52,736
Loan interest capitalised	**30,846**	22,543
Total loan interest	**81,065**	75,279
Unrealised gains on investments at fair value through profit or loss	**7,082**	14,450
Unrealised losses on investments at fair value through profit or loss	**(72,160)**	(26,067)
Total	**15,987**	63,662

Accounting policy

Interest income and interest expense, other than interest received on financial assets at fair value through profit or loss, are recognised on an accruals basis in the statement of comprehensive income. Interest income on financial assets is included in the net income/gains on financial assets at fair value through profit or loss.

Other operating income includes unscheduled (early) prepayment fees which are recognised in the financial statements when the contractual provisions are met and the amounts become due.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 September 2020

4. Auditor's remuneration

	30 September 2020 £'000	30 September 2019 £'000
Audit fees	**89**	80
Non-audit fees	**24**	18
Total	**113**	98

5. Operating expenses

	30 September 2020 £'000	30 September 2019 £'000
Corporate administration and Depositary fees	**1,015**	1,037
Legal and professional fees	**1,426**	419
Valuation Agent fees	**220**	258
Directors' remuneration and expenses[1]	**392**	376
Advisory fees	**60**	60
Registrar fees	**84**	58
Other	**453**	454
Total	**3,650**	2,662

1. Refer to note 7 for further information.

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

Administrator and Company Secretary

The Company has appointed Apex Financial Services (Alternative Funds) Limited as Administrator and Company Secretary. Fund accounting, administration services and company secretarial services are provided to the Company pursuant to an agreement dated 31 January 2014. All Directors have access to the advice and services of the Company Secretary, who provides guidance to the Board, through the Chairman, on governance matters. The fee for the provision of administration and company secretarial services during the year was £726,000 (30 September 2019: £739,000) of which £57,000 remains payable at year end (30 September 2019: £122,000).

Depositary

Depositary services are provided to the Company by Apex Financial Services (Corporate) Limited pursuant to an agreement dated 21 July 2014. The fee for the provision of these services during the year was £289,000 (30 September 2019: £298,000) of which £23,000 remains payable at year end (30 September 2019: £49,000).

Accounting policy

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

6. Finance costs

	30 September 2020 £'000	30 September 2019 £'000
Finance expenses	**4,652**	4,399

Accounting policy

Finance expenses in the statement of comprehensive income comprises loan arrangement, commitment and agency fees which are accounted for on an accruals basis along with interest accrued on the facility incurred in connection with the borrowing of funds. Arrangement fees are amortised over the life of the facility.

7. Directors' remuneration

The Directors of the Company are remunerated on the following basis:

	30 September 2020 £'000	30 September 2019 £'000
Ian Reeves CBE	**78**	73
Clive Spears[1]	**23**	65
David Pirouet	**65**	65
Dawn Crichard	**50**	2
Julia Chapman	**55**	55
Michael Gray	**61**	50
Paul De Gruchy	**50**	55
	382	365
Directors' expenses	**10**	11
Total	**392**	376

1. Clive Spears retired as a Director of the Company on 13 February 2020.

Full details of the Directors' remuneration policy can be found in the Directors' remuneration report on pages 78 to 79.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 September 2020

8. Taxation
Profits arising in the Company for the year ended 30 September 2020 are subject to tax at the standard rate of 0% (30 September 2019: 0%) in accordance with the Income Tax (Jersey) Law 1961, as amended.

9. Dividends
Dividends for the year ended 30 September 2020 were 7.6 pence per share (30 September 2019: 7.6 pence per share) as follows:

Quarter ended	Dividend	Pence	30 September 2020 £'000	30 September 2019 £'000
Current year dividends				
30 September 2020	2020 fourth interim dividend	1.9	**–**	–
30 June 2020	2020 third interim dividend	1.9	**16,705**	–
31 March 2020	2020 second interim dividend	1.9	**16,689**	–
31 December 2019	2020 first interim dividend	1.9	**16,683**	–
Total		**7.6**		
Prior year dividends				
30 September 2019	2019 fourth interim dividend	1.9	**16,678**	–
30 June 2019	2019 third interim dividend	1.9	**–**	16,672
31 March 2019	2019 second interim dividend	1.9	**–**	16,666
31 December 2018	2019 first interim dividend	1.9	**–**	16,658
Total		**7.6**		
30 September 2018	2018 fourth interim dividend	1.9	**–**	16,645
Dividends in statement of changes in equity			**66,755**	66,641
Dividends settled in shares[1]			**(2,220)**	(2,155)
Dividends in cash flow statement			**64,535**	64,486

On 23 October 2020, the Company declared a fourth interim dividend of 1.9 pence per share, amounting to £16.7 million, which was paid on 7 December 2020 to ordinary shareholders on the register at 6 November 2020. The third and fourth interim dividends were paid out of capital as a result of downward revaluation movements on investments, which reduced the amount of retained earnings available for distribution.

For the forthcoming financial year, the Directors have concluded the Company will target[2] a dividend of 7.0 pence per share.

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

In declaring a dividend, the Directors consider the payment based on a number of factors, including accounting profit, fair value treatment of investments held, future investments, reserves, cash balances and liquidity. The payment of a dividend is considered by the Board and is declared on a quarterly basis. Dividends are a form of distribution and, under Jersey Company Law, a distribution may be paid out of capital. Therefore, the Directors consider the share premium reserve to be a distributable reserve. Dividends due to the Company's shareholders are recognised when they become payable.

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

1. The dividends settled in shares are where shareholders have elected to take the scrip dividend alternative.
2. The dividend target set out above is a target only and not a profit forecast or estimate and there can be no assurance that it will be met.

10. Earnings per share

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

	Total (loss)/profit £'000	Weighted average number of ordinary shares	Pence per share
Year ended 30 September 2020			
Basic and diluted loss per ordinary share	**(726)**	**878,496,776**	**(0.08)**
Year ended 30 September 2019			
Basic and diluted earnings per ordinary share	59,112	876,989,267	6.74

11. Financial assets at fair value through profit or loss

The table below analyses the movements in financial assets during the year by the type of movement:

	30 September 2020 £'000	30 September 2019 £'000
Opening balance	**1,144,650**	1,130,392
Purchases of financial assets	**116,536**	140,637
Repayments of financial assets	**(165,002)**	(114,762)
Unrealised gains on investments at fair value through profit or loss	**7,082**	14,450
Unrealised losses on investments at fair value through profit or loss	**(72,160)**	(26,067)
Closing balance	**1,031,106**	1,144,650

The revolving credit facilities (refer to note 15) are secured against the portfolio of certain underlying of assets held by the Company.

Accounting for subsidiaries

The Company's investments are made through a number of SPVs (refer to note 24) which are domiciled in the UK. The Investment Adviser holds a nominal equity position in each SPV and operates the SPVs on a day-to-day basis. The Company owns 100% of the loan notes issued by the SPVs with the exception of GCP Rooftop Solar 6 plc (42.3%), GCP Rooftop Solar Finance plc (30.7%) and FHW Dalmore (Salford Pendleton Housing) plc (13.4%).

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 September 2020

11. Financial assets at fair value through profit or loss continued

Assessment as an investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate the entities. The criteria which define an investment entity are as follows:

— an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;

— an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and

— an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Directors have concluded that the Company continues to meet the characteristics of an investment entity, in that it has more than one investor and its investors are not related parties; it holds a portfolio of investments, predominantly in the form of loan securities which generate returns through interest income and capital appreciation; and the Company reports to its investors via quarterly investor information and to its management, via internal management reports, on a fair value basis.

Accounting policy

The loan notes held by the Company are shown as financial assets at fair value through profit or loss in the statement of financial position, which in the opinion of the Directors represents the fair value of the SPVs as any other net assets held in the SPVs at year end are immaterial.

The Company recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

— the rights to receive cash flows from the asset have expired;

— the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and

— either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company transfers a portion of its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in the statement of comprehensive income.

After initial measurement, the Company measures financial instruments which are classified as fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in profit or loss in the statement of comprehensive income.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques used by the Valuation Agent include using recent arm’s length market transactions, referenced to appropriate current market data, and discounted cash flow analysis, at all times making as much use of available and supportable market data as possible.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 18.

12. Other receivables and prepayments

	30 September 2020 £'000	30 September 2019 £'000
Other receivables and prepayments	**134**	135

Accounting policy
Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. The Company recognises a loss allowance for expected credit losses on other receivables where necessary.

13. Other payables and accrued expenses

	30 September 2020 £'000	30 September 2019 £'000
Investment advisory fees	**2,057**	2,255
Other payables and accrued expenses	**1,057**	823
Total	**3,114**	3,078

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

14. Cash and cash equivalents

Cash held by institutions at year end is shown in the table below:

	30 September 2020 £'000	30 September 2019 £'000
Barclays account	**—**	—
BNYM account	**507**	—
Lloyds Money Market Call account	**1,525**	1,068
RBSI Capital and Interest account	**7,407**[1]	2
RBSI Cash Management account	**1,487**	1,407
Santander account	**13,428**	—
Total	**24,354**	2,477

1. The balance on the RBSI account was substantially transferred to the Lloyds account on 2 October 2020 in compliance with the working capital limit set out below.

Cash is held at a number of financial institutions in order to spread credit risk. Cash awaiting investment is held on behalf of the Company at banks carrying a minimum rating of A-1, P-1 or F1 from Standard & Poor's, Moody's or Fitch respectively, or in one or more similarly rated money market or short-dated gilt funds. Cash is generally held on a short-term basis, pending subsequent investment. The amount of working capital that may be held at RBSI is limited to £3.5 million, with any excess uninvested/surplus cash to be transferred within five business days to other financial institutions with the minimum credit ratings described above. It is also recognised that with the advent of the ring-fenced bank concept, it has become more difficult to interact with sufficiently well rated counter-party banks. During the year the Company opened two new bank accounts one with Santander International and one with Barclays Bank plc, Jersey branch.

Accounting policy
Cash and cash equivalents in the statement of financial position and statement of cash flows comprise cash on hand, demand deposits, short-term deposits in banks with original maturities of three months or less and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 September 2020

15. Interest bearing loans and borrowings

	30 September 2020 £'000	30 September 2019 £'000
Loan facilities	**138,000**	165,000
Unamortised arrangement fees	**(298)**	(912)
Total	**137,702**	164,088

The table below analyses the movement for the year:

	30 September 2020 £'000	30 September 2019 £'000
Opening balance	**165,000**	146,089
Proceeds from interest bearing loans and borrowings	**—**	93,911
Repayment of interest bearing loans and borrowings	**(27,000)**	(75,000)
Total	**138,000**	165,000

The Company has secured revolving credit facilities comprising £115 million with RBSI, ING and NIBC ("Facility A"), and £50 million with RBSI and ING ("Facility B"). The revolving credit facilities are secured against the portfolio of certain underlying assets held by the Company. Facility A and Facility B are repayable in March 2021. Interest on amounts drawn under Facility A and Facility B is charged at LIBOR plus 1.9% per annum. A commitment fee is payable on undrawn amounts of 0.67% on Facility A. No commitment fee is payable on Facility B as this is fixed to be fully drawn for the life of the loan.

The Company, through its Investment Adviser, is well progressed in a process to renew its financing arrangements through replacement with flexible, short-term (three year) credit facilities that may include some existing and new lenders. These arrangements are anticipated to continue to provide the Company with access to flexible debt finance, enabling it to take advantage of investment opportunities as they arise, and may also be used to manage the Company's working capital requirements from time to time.

At the start of the year, both facilities were fully drawn. In February 2020, the Company repaid £12 million on Facility A and in June 2020 the Company repaid a further £15 million on Facility A. At the year end, Facility A had £88 million drawn down and Facility B was fully drawn down at £50 million.

All amounts drawn under the revolving credit facilities are to be used in or towards the making of investments in accordance with the Company's investment policy. The revolving credit facilities include loan to value[1] and interest cover[1] covenants that are measured at Company level. The Company has maintained sufficient headroom against all measures throughout the financial period and is in full compliance with all loan covenants at 30 September 2020.

Leverage

For the purposes of the AIFMD, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and is calculated under the gross and commitment methods, in accordance with the AIFMD.

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD at 30 September 2020; the figures are as follows:

Leverage exposure	Maximum limit	Actual exposure
Gross method	1.20	1.13
Commitment method	1.20	1.15

1. Alternative performance measure ("APM"); for definition and calculation methodology, refer to the APMs section on pages 116 and 117.

The leverage figures disclosed on page 102 represent leverage calculated under the AIFMD methodology as follows:

	Gross £'000	Commitment £'000
Investments at fair value through profit or loss	1,031,106	1,031,106
Cash and cash equivalents	—	24,354
Total exposure under AIFMD	**1,031,106**	**1,055,460**
Total shareholders' funds	914,778	914,778
Leverage (ratio)	**1.13**	**1.15**

The Company's leverage limit under the AIFMD is 1.20, which equates to a gearing limit of 20%. The Company has maintained sufficient headroom against the limit throughout the year.

Accounting policy

Borrowings are recognised initially at fair value, less attributable costs. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Transaction costs are spread over the term of the revolving credit facilities.

16. Authorised and issued share capital

	30 September 2020		30 September 2019	
Share capital	**Number of shares**	**£'000**	Number of shares	£'000
Ordinary shares issued and fully paid				
Opening balance	**877,767,139**	**8,777**	876,065,400	8,760
Equity shares issued through:				
Dividends settled in shares[1]	**1,898,910**	**19**	1,701,739	17
Total	**879,666,049**	**8,796**	877,767,139	8,777

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

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

Share premium	**30 September 2020 £'000**	30 September 2019 £'000
Premium on ordinary shares issued and fully paid		
Opening balance	**943,789**	941,706
Premium on equity shares issued through:		
Dividends settled in shares[1]	**2,201**	2,138
Share issue costs charged to premium	**(57)**	(55)
Dividends paid	**(16,705)**	—
Total	**929,228**	943,789

Share premium represents amounts subscribed for share capital in excess of the nominal value, less associated costs of the issue.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 September 2020

16. Authorised and issued share capital continued

The Company's share capital is represented by one class of ordinary shares. Quantitative information about the Company's share capital is provided in the statement of changes in equity.

The scrip reference price is calculated as the average of the Company's closing middle market price, as derived from the Daily Official List of the London Stock Exchange, for the five consecutive business days commencing on the ex-dividend date.

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

Date	Number of shares issued	Issued share price	Description	Period
22 November 2019	299,117	130.12p	Ordinary shares issued in respect of the offer of a scrip dividend alternative	1 July 2019 to 30 September 2019
9 March 2020	302,233	125.64p	Ordinary shares issued in respect of the offer of a scrip dividend alternative	1 October 2019 to 31 December 2019
10 June 2020	850,563	109.48p	Ordinary shares issued in respect of the offer of a scrip dividend alternative	1 January 2020 to 31 March 2020
28 August 2020	446,997	116.40p	Ordinary shares issued in respect of the offer of a scrip dividend alternative	1 April 2020 to 30 June 2020
Total	**1,898,910**			

At 30 September 2020, the Company's issued share capital comprised 879,666,049 ordinary shares, none of which were held in treasury, and there were no C shares or deferred shares in issue.

The ordinary shares carry the right to dividends out of the profits available for distribution attributable to each share class, if any, as determined by the Directors. Each holder of an ordinary share is entitled to attend meetings of shareholders and, on a poll, to one vote for each share held.

Accounting policy

The Directors of the Company continually assess the classification of the ordinary shares. If the ordinary shares cease to have all the features or meet all the conditions set out to be classified as equity, they will be reclassified as financial liabilities and measured at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. Transaction costs incurred by the Company in issuing, acquiring or reselling its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

17. Capital redemption reserve

	30 September 2020 £'000	30 September 2019 £'000
Capital redemption reserve	**101**	101

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

18. Financial instruments

The table below sets out the classifications of the carrying amounts of the Company's financial assets and financial liabilities into categories of financial instruments under IFRS 9.

	30 September 2020 £'000	30 September 2019 £'000
Financial assets		
Cash and cash equivalents	**24,354**	2,477
Other receivables and prepayments	**134**	135
Financial assets at amortised cost	**24,488**	2,612
Financial assets held at fair value through profit or loss	**1,031,106**	1,144,650
Total	**1,055,594**	1,147,262
Financial liabilities		
Other payables and accrued expenses	**(3,114)**	(3,078)
Interest bearing loans and borrowings	**(137,702)**	(164,088)
Financial liabilities measured at amortised cost	**(140,816)**	(167,166)

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

18.1 Capital management

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

The Company may seek to raise additional capital from time to time to the extent that the Directors and the Investment Adviser believe the Company will be able to make suitable investments, with consideration given to any quantum of loan repayments due.

The Company raises capital on a highly conservative basis only when it has a clear view of a robust pipeline of highly advanced investment opportunities. The Company may borrow up to 20% of its NAV as at the time any such borrowings are drawn down. At the year end, borrowings amounted to 15% of NAV (30 September 2019: 17%).

18.2 Financial risk management objectives

The Company has an investment policy and strategy, as summarised on page 11, that sets out its overall investment strategy and its general risk management philosophy and has established processes to monitor and control these in a timely and accurate manner. These guidelines are the subject of regular operational reviews undertaken by the Investment Adviser to ensure that the Company's policies are adhered to as it is the Investment Adviser's duty to identify and assist in the control of risk. The Investment Adviser reports regularly to the Directors, who have ultimate responsibility for the overall risk management approach.

The Investment Adviser and the Directors ensure that all investment activity is performed in accordance with the investment guidelines. The Company's investment activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. Risk is inherent in the Company's activities and it is managed through a process of ongoing identification, measurement and monitoring. The financial risks to which the Company is exposed include market risk, which includes other price risk and interest rate risk, credit risk and liquidity risk.

The spread of Covid-19 has had a number of key impacts on economies which include, but are not limited to: supply chain disruptions, unavailability of personnel, a negative impact on financial markets and liquidity constraints. The Company has been able to continue its operations largely unaffected by Covid-19. The principal impacts, which are not considered material to the Company, have been (and, to the extent lockdown measures persist, can be expected to be):

(i) the short-term reduction in the availability of waste wood for the Company's biomass portfolio, making up c.10% of total investments, which has been resolved at the time of publication;

(ii) electricity prices have been depressed as a result of a fall in electricity demand of c.15% during the initial lockdown. Electricity prices have since recovered and the same impact is not projected from the second lockdown; and

(iii) the availability of labour and parts, and construction activity, has been impacted by the effects of lockdown on logistics chains.

The business continuity plans of all key suppliers have enabled ongoing service provision across all areas of the Company's activities. The Directors and the Investment Adviser continue to assess the potential impact of Covid-19 across the business in order to instigate appropriate mitigation plans.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 September 2020

18. Financial instruments continued

18.3 Market risk

There is a risk that market movements in interest rates, credit markets and observable yields may decrease or increase the fair value of the Company's financial assets without regard to the assets' underlying performance. The fair value of the Company's financial assets is measured and monitored on a quarterly basis by the Investment Adviser with the assistance of the Valuation Agent. The Valuation Agent carries out quarterly valuations of the financial assets of the Company. These valuations are reviewed by the Investment Adviser and the Directors. The NAV is also reviewed and approved by the Directors on a quarterly basis.

The valuation principles used are based on a discounted cash flow methodology, where applicable. A fair value for each asset acquired by the Company is calculated by applying a relevant market discount rate to the contractual cash flows expected to arise from each asset. At the year end all investments were classified as Level 3; refer to note 18.7 for additional information.

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

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

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

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

The Valuation Agent exercises its judgement in assessing the expected future cash flows from each investment. Given that the investments of the Company are generally fixed-income debt instruments (in some cases with elements of inflation protection) or other investments with a similar economic effect, the focus of the Valuation Agent is on assessing the likelihood of any interruptions to the debt service payments, in light of the operational performance of the underlying asset as confirmed by the Investment Adviser. Where appropriate, the Valuation Agent will also consider long-term assumptions that have a direct impact on valuation, such as power prices, inflation and availability.

The period under review has been dominated by the impacts of Covid-19. The UK's response to the virus has seen unprecedented restrictions on the movement of people, and significant government support for individuals and businesses. The investment portfolio has not been materially impacted by the potential short-term pressures of Covid-19. However, separately there have been significant downward revaluations of the investment portfolio due to reduced long-term electricity price forecasts, which Covid-19 has contributed to, but not been the principal driver, of such reductions. The principal impacts from the pandemic, which are not considered material to the Company, are detailed on page 105.

The Board and the Investment Adviser continue to review the impacts of any changes to the impacts of Covid-19 on the investment portfolio.

The table below shows how changes in discount rates affect the changes in the valuation of financial assets at fair value through profit or loss. The range of discount rates used reflects the Investment Adviser's view of a reasonable expectation of valuation movements across the portfolio in a twelve month period.

30 September 2020 **Change in discount rates**	**0.50%**	**0.25%**	**0.00%**	**(0.25%)**	**(0.50%)**
Value of financial assets at fair value (£'000)	**997,602**	**1,014,063**	**1,031,106**	**1,048,759**	**1,067,051**
Change in valuation of financial assets at fair value through profit or loss (£'000)	**(33,504)**	**(17,043)**	**–**	**17,653**	**35,945**

At 30 September 2020, the discount rates used in the valuation of financial assets ranged from 5.00% to 10.38%.

30 September 2019 Change in discount rates	0.50%	0.25%	0.00%	(0.25%)	(0.50%)
Value of financial assets at fair value (£'000)	1,103,603	1,123,784	1,144,650	1,166,234	1,188,569
Change in valuation of financial assets at fair value through profit or loss (£'000)	(41,047)	(20,866)	–	21,584	43,919

At 30 September 2019, the discount rates used in the valuation of financial assets ranged from 5.25% to 14.20%.

18.4 Interest rate risk

Interest rate risk has the following effect:

Fair value of financial assets

Interest rates are one of the factors which the Valuation Agent takes into account when valuing the financial assets.

Future cash flows

The Company primarily invests in senior and subordinated debt instruments of infrastructure Project Companies. The financial assets have fixed interest rate coupons, albeit with some inflation protection and, as such, movements in interest rates will not directly affect the future cash flows payable to the Company.

Interest rate hedging may be carried out to seek to provide protection against falling interest rates in relation to assets that do not have a minimum fixed rate of return acceptable to the Company in line with its investment policy and strategy.

Where the debt instrument is subordinated, the Company is indirectly exposed to the gearing of the infrastructure Project Companies. The Investment Adviser ensures as part of its due diligence that the Project Company debt ranking senior to the Company's investment has been, where appropriate, hedged against movement in interest rates, through the use of interest rate swaps.

Borrowings

During the year, the Company made use of its facilities with RBSI, ING and NIBC to finance investments made by the Company. Details of the facilities are given in note 15.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 September 2020

18. Financial instruments continued

18.5 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The assets classified at fair value through profit or loss do not have a published credit rating; however, the Investment Adviser monitors the financial position and performance of the Project Companies on a regular basis to ensure that credit risk is appropriately managed.

The Company is exposed to differing levels of credit risk on all its assets. Per the statement of financial position, the Company's total exposure to credit risk is £1,055 million (30 September 2019: £1,147 million) being the balance of total assets less prepayments. As a matter of general policy, cash is held at a number of financial institutions to spread credit risk, with cash awaiting investment being held on behalf of the Company at banks which carry a minimum rating of A-1, P-1 or F1 from Standard & Poor's, Moody's or Fitch respectively or in one or more similarly rated money market or short-dated gilt funds. Cash is generally held on a short-term basis, pending subsequent investment. The amount of working capital that may be held at RBSI is limited to £3.5 million, with any excess uninvested/surplus cash transferred within five business days to other financial institutions with the minimum credit ratings described above. It is also recognised that the arrival of ring-fenced banking had an impact on the availability of A-rated banks.

Before an investment decision is made, the Investment Adviser performs extensive due diligence complemented by professional third party advisers, including technical advisers, financial and legal advisers, and valuation and insurance experts. After an investment is made the Investment Adviser primarily uses detailed cash flow forecasts to assess the continued creditworthiness of Project Companies and their ability to pay all costs as they fall due. The forecasts are regularly updated with information provided by the Project Companies in order to monitor ongoing financial performance.

The Project Companies receive a significant proportion of revenue from government departments and public sector or local authority clients.

The Project Companies are also reliant on their subcontractors, particularly facilities managers, continuing to perform their service delivery obligations such that revenues are not disrupted. The credit standing of each significant subcontractor is monitored by the Investment Adviser on an ongoing basis and significant exposures are reported to the Directors quarterly.

The concentration of credit risk to any individual project did not exceed 10% of the Company's portfolio at the year end, which is the maximum amount permissible per the Company's investment policy. The Investment Adviser regularly monitors the concentration of risk based upon the nature of each underlying project to ensure appropriate diversification and risk remains within acceptable parameters.

The concentration of credit risk associated with counterparties is deemed to be low due to asset and sector diversification. The underlying counterparties are typically public sector entities which pay pre-determined, long-term, public sector backed revenues in the form of subsidy payments for renewables transactions (i.e. FiT and ROCs payments), unitary charge payments for PFI transactions and lease payments for social housing projects. In the view of the Investment Adviser and the Board, the public sector generally has both the ability and willingness to support the obligations to these entities.

The credit risk associated with each Project Company is further mitigated because the cash flows receivable are secured over the assets of the Project Company, which in turn has security over the assets of the underlying projects. The debt instruments in the portfolio are held by the Company at fair value, and the credit risk associated with these investments is one of the factors which the Valuation Agent takes into account when valuing the financial assets.

Changes in credit risk affect the discount rates. The sensitivity of the fair value of the financial assets at fair value through profit or loss is disclosed on page 107. The Directors have assessed the credit quality of the portfolio at the year end and based on the parameters set out above are satisfied that the credit quality remains within an acceptable range for long-dated debt.

18.6 Liquidity risk

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

The following table analyses all of the Company's assets and liabilities into relevant maturity groupings based on the remaining period from 30 September 2020 to the contractual maturity date. The Directors have elected to present both assets and liabilities in the liquidity disclosure below to illustrate the net liquidity exposure of the Company.

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

30 September 2020	Less than one month £'000	One to three months £'000	Three to twelve months £'000	Greater than twelve months £'000	Total £'000
Financial assets					
Cash and cash equivalents	**24,354**	**–**	**–**	**–**	**24,354**
Other receivables and prepayments	**–**	**–**	**134**	**–**	**134**
Financial assets at fair value through profit or loss	**20,219**	**32,036**	**81,467**	**2,057,456**	**2,191,178**
Total financial assets	**44,573**	**32,036**	**81,601**	**2,057,456**	**2,215,666**
Financial liabilities					
Other payables and accrued expenses	**–**	**(3,114)**	**–**	**–**	**(3,114)**
Interest bearing loans and borrowings	**–**	**–**	**(139,527)**[1]	**–**	**(139,527)**
Total financial liabilities	**–**	**(3,114)**	**(139,527)**	**–**	**(142,641)**
Net exposure	**44,573**	**28,922**	**(57,926)**	**2,057,456**	**2,073,025**

30 September 2019	Less than one month £'000	One to three months £'000	Three to twelve months £'000	Greater than twelve months £'000	Total £'000
Financial assets					
Cash and cash equivalents	2,477	–	–	–	2,477
Other receivables and prepayments	–	–	135	–	135
Financial assets at fair value through profit or loss	25,053	68,489	76,647	2,195,237	2,365,426
Total financial assets	27,530	68,489	76,647	2,195,237	2,368,038
Financial liabilities					
Other payables and accrued expenses	–	(3,078)	–	–	(3,078)
Interest bearing loans and borrowings	–	–	(4,408)	(167,163)	(171,571)
Total financial liabilities	–	(3,078)	(4,408)	(167,163)	(174,649)
Net exposure	27,530	65,411	72,374	2,028,074	2,193,389

1. Refer to going concern assessment and viability statement on page 57 for additional information.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 September 2020

18. Financial instruments continued

18.7 Fair values of financial assets

Basis of determining fair value

The Valuation Agent carries out quarterly valuations of the financial assets of the Company. These valuations are reviewed by the Investment Adviser and the Directors. The subsequent NAV produced is reviewed and approved by the Directors on a quarterly basis.

The basis for the Valuation Agent's valuations is described in note 18.3.

Fair value measurements

Investments measured and reported at fair value are classified and disclosed in one of the following fair value hierarchy levels depending on whether their fair value is based on:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

The table below analyses all investments held by the Company by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Fair value hierarchy	**30 September 2020 £'000**	30 September 2019 £'000
Financial assets at fair value through profit or loss			
Loan notes	Level 2	**–**	960,344
Loan notes	Level 3	**1,031,106**	184,306

In the prior year, the Directors classified investments as Level 2 or 3 depending on whether or not there was a consistent data set of comparable observable transactions and discount rates. The Directors have reviewed this policy in light of the downward revaluations of some investments arising from significant reductions in forecast cash flows and determined that forecast cash flows and in certain cases discount rates are unobservable. As a result, the Directors have reclassified all Level 2 investments as Level 3 at the year end.

Discount rates between 5.0 and 10.4 (30 September 2019: 7.0% and 14.2%) were applied to the investments categorised as Level 3.

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and end of the year:

	30 September 2020 £'000	30 September 2019 £'000
Opening balance	**184,306**	234,924
Purchases	**17,714**	16,360
Repayments	**(5,008)**	(59,274)
Unrealised gains on investments at fair value through profit or loss	**1,260**	4,388
Unrealised losses on investments at fair value through profit or loss	**(17,938)**	(12,092)
Transfers from Level 2	**850,772**	—
Closing balance	**1,031,106**	184,306

For the Company's financial instruments categorised as Level 3, changing the discount rates used to value the underlying instruments alters the fair value. A change in the discount rate used to value the Level 3 investments would have the effect on the valuation as shown in the table in note 18.3. Refer to note 11 for movements in financial assets at fair value through profit or loss throughout the year.

In determining the discount rates for calculating the fair value of financial assets at fair value through profit or loss, movements in Pound Sterling interest rates, comparable credit markets and observable yield on comparable instruments could give rise to changes in the discount rate.

The Directors consider the inputs used in the valuation of investments and the appropriateness of their classification in the fair value hierarchy. Should the valuation approach change, causing an investment to meet the characteristics of a different level of the fair value hierarchy, it will be reclassified accordingly.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 September 2020

19. Related party disclosures

As defined by IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Directors

The non-executive Directors of the Company are considered to be the key management personnel of the Company. Directors' remuneration including expenses for the year totalled £392,000 (30 September 2019: £376,000). At 30 September 2020, liabilities in respect of these services amounted to £91,000 (30 September 2019: £94,000).

At 30 September 2020, Paul De Gruchy, together with his family members, held 570,647 (0.06% of ordinary shares in issue) ordinary shares in the Company (30 September 2019: 535,859 (0.06% of ordinary shares in issue) ordinary shares).

Clive Spears retired as a Director on 13 February 2020 following the conclusion of the 2020 AGM.

Investment Adviser

The Company is party to an Investment Advisory Agreement with the Investment Adviser, which was most recently amended and restated on 13 December 2017, pursuant to which the Company has appointed the Investment Adviser to provide advisory services relating to the management of assets on a day-to-day basis in accordance with its investment objectives and policies, subject to the overall supervision and direction of the Board of Directors. As a result of the responsibilities delegated under this agreement, the Company considers it to be a related party by virtue of being 'key management personnel'. Under the terms of the Investment Advisory Agreement, the notice period of the termination of the Investment Adviser by the Company is 24 months. The remuneration of the Investment Adviser is set out below.

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

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

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

The Investment Adviser receives a fee of 0.25% of the aggregate gross proceeds from any issue of new shares in consideration for the provision of marketing and investor introduction services.

The Company's Investment Adviser is authorised as an AIFM by the FCA under the AIFMD regulations. The Company has provided disclosures on its website incorporating the requirements of the AIFMD regulations. The Investment Adviser receives an annual fee of £70,000 in relation to its role as the Company's AIFM, increased annually at the rate of the RPI.

During the year, the Company expensed £8,420,000 (30 September 2019: £8,789,000) in respect of investment advisory fees, marketing fees and transaction management and documentation services and £18,000 (30 September 2019: £nil) in respect of expenses. At 30 September 2020, liabilities in respect of these services amounted to £2,057,000 (30 September 2019: £2,255,000).

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

The directors of the Investment Adviser hold directly or indirectly, and together with their family members, 982,967 ordinary shares in the Company at the year end (30 September 2019: 9,114,899 ordinary shares). During the year, two of the directors of the Investment Adviser, neither of whom were involved in the provision of advisory services to the Company and who between them held 7,127,722 shares in the Company as at 30 September 2019, retired as directors.

20. Reconciliation of NAV

This note reconciles the NAV reported in the financial statements to the NAV published via RNS on 16 October 2020.

	Total £'000	**Per share pence**
NAV at 30 September 2020 as published on 16 October 2020	**914,778**	**103.99**
NAV at 30 September 2020 as per the financial statements	**914,778**	**103.99**

	Total £'000	Per share pence
NAV at 30 September 2019 as published on 14 October 2019	980,096	111.66
NAV at 30 September 2019 as per the financial statements	980,096	111.66

21. Contingent liabilities

At 30 September 2020, there were £nil contingent liabilities (30 September 2019: £nil).

22. Subsequent events after the report date

The Company declared, on 23 October 2020, a fourth interim dividend of 1.9 pence per ordinary share, amounting to £16.7 million (including dividends settled in shares[1]), which was paid on 7 December 2020 to ordinary shareholders on the register at 6 November 2020.

In October 2020, the Company made its first investment exposed to the deep geothermal sector, in support of a project to supply heat to the Eden Project in Cornwall, for the amount of £8.0 million, of which £4.0 million has been advanced to date. Since the year end, a further seven advances totalling £5.6 million have been made to Project Companies under existing facilities. The Company also received repayments totalling £3.6 million in respect of seven investments.

At 7 December 2020, Paul De Gruchy, together with his family, held an indirect interest of 580,704 (0.07% of ordinary shares in issue) ordinary shares in the Company.

At 7 December 2020, the directors of the Investment Adviser held directly or indirectly, and together with their family members, 984,073 ordinary shares in the Company following a scrip issue allotment of shares.

On 4 December 2020, the Company announced that the Investment Adviser had entered into a strategic partnership with ORIX Corporation ("ORIX") whereby ORIX will acquire a 70% equity stake in the Investment Adviser, subject to regulatory approvals and customary conditions to closing. The Directors have been reassured by the Investment Adviser and ORIX that there will be no changes to the team currently providing services to the Company and that service levels will be uninterrupted by the transaction.

23. Ultimate controlling party

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 September 2020

24. Non-consolidated SPVs

The following SPVs have not been consolidated in these financial statements due to the Company meeting the criteria of an investment entity and therefore applying the exemption to consolidation under IFRS 10, it has measured its financial interests in these SPVs at fair value through profit or loss.

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

SPV company name	Ownership interest in loan notes
GCP Cardale PFI Limited	100%
FHW Dalmore (Salford Pendleton Housing) plc[1]	13.4%
GCP Asset Finance 1 Limited	100%
GCP Biomass 1 Limited	100%
GCP Biomass 2 Limited	100%
GCP Biomass 3 Limited	100%
GCP Biomass 4 Limited	100%
GCP Bridge Holdings Ltd	100%
GCP Education 1 Limited	100%
GCP Green Energy 1 Limited	100%
GCP Healthcare 1 Limited	100%
GCP Hydro 1 Limited	100%
GCP Onshore Wind 3 Limited	100%
GCP Programme Funding 1 Limited	100%
GCP RHI Boiler 1 Limited	100%
GCP Rooftop Solar 5 Limited	100%
GCP Rooftop Solar 6 plc	42.3%
GCP Rooftop Solar Finance plc[1]	30.7%
GCP Social Housing 1 Limited	100%
Gravis Asset Holdings Limited	100%
Gravis Solar 1 Limited	100%
Gravis Solar 2 Limited	100%
GreenCo Alpha Holdings Limited	100%

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

SHAREHOLDER INFORMATION

Key dates for 2021

February
Annual General Meeting

March
Company's half-year end
Payment of first interim dividend

May
Half-yearly results announced

June
Payment of second interim dividend

September
Company's year end
Payment of third interim dividend

December
Annual results announced
Payment of fourth interim dividend

Frequency of NAV publication

The Company's NAV is released to the LSE via RNS on a quarterly basis and is published on the Company's website.

Sources of further information

Copies of the Company's annual and half-yearly reports, stock exchange announcements, investor reports and further information on the Company can be obtained from the Company's website.

Warning to users of this report

This report is intended solely for the information of the person to whom it is provided by the Company, the Investment Adviser or the Administrator. This report is not intended as an offer or solicitation for the purchase of shares in the Company and should not be relied on by any person for the purpose of accounting, legal or tax advice or for making an investment decision. The payment of dividends and the repayment of capital are not guaranteed by the Company. Any forecast, projection or target is indicative only and not guaranteed in any way, and any opinions expressed in this report are not statements of fact and are subject to change, and neither the Company nor the Investment Adviser is under any obligation to update such opinions.

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ALTERNATIVE PERFORMANCE MEASURES

The Board and the Investment Adviser assess the Company's performance using a variety of measures that are not defined under IFRS and are therefore classed as alternative performance measures ("APMs").

Where possible, reconciliations to IFRS are presented from the APMs to the most appropriate measure prepared in accordance with IFRS. All items listed below are IFRS financial statement line items unless otherwise stated.

APMs should be read in conjunction with the statement of comprehensive income, statement of financial position and statement of cash flows, which are presented in the financial statements section of this report. The APMs below may not be directly comparable with measures used by other companies.

Adjusted earnings cover

Ratio of the Company's adjusted net earnings[1] per share to the dividend per share. This metric seeks to show the Company's right to receive future net cash flows by way of interest income from the portfolio of investments, by removing: (i) the effect of pull-to-par (see page 19); and (ii) any upward or downward revaluations of investments; which are functions of accounting for financial assets at fair value under IFRS 9, and that do not contribute to the Company's ability to generate cash flows.

Adjusted net earnings

In respect of a period, a measure of the loan interest accrued[1] by the portfolio less total expenses and finance costs. This metric is used in the calculation of adjusted earnings cover[1].

	30 Sep 20 £'000	30 Sep 19 £'000
Total (loss)/profit and comprehensive (loss)/income	**(726)**	59,112
Less: income/gains on financial assets at fair value through profit or loss	**(15,987)**	(63,662)
Add: loan interest accrued	**83,950**	81,975
Adjusted net earnings	**67,237**	77,425

Cash earnings cover

Ratio of total net cash received per share to the dividend per share.

Cash earnings cover is presented on the basis that the Company can elect to (i.e. it is not obliged to) make new investments and therefore any principal repaid to the Company is available to the Company to pay dividends. The Investment Committee's approval of any new investments considers the cash position of the Company and would prioritise ensuring the Company continues to achieve its objectives overall (including the payment of regular, sustained, long-term distributions) in approving any new investments.

Earnings cover

Ratio of the Company's earnings per share to the dividend per share.

Interest cover

The ratio of total loan interest to finance expenses expressed as a percentage.

Loan interest accrued

In respect of a period, the measure of the quantum of interest accruing on an investment.

This metric is based on the Company's right to receive future cash flows from an investment which forms a component of investment cash flows used for the valuation of financial assets at fair value through profit or loss under IFRS 9. This APM is used in the calculation of adjusted earnings cover[1].

Loan to value

A measure of the indebtedness of the Company at the year end, expressed as interest bearing loans and borrowings as a percentage of net assets.

1. APM – refer to relevant APM on this page for further information.

Ongoing charges

Ongoing charges is a measure of the annual percentage reduction in shareholder returns as a result of recurring operational expenses assuming markets remain static and the portfolio is not traded.

This is a standard performance metric across the investment industry and allows comparability across the sector; it is calculated in accordance with the AIC's recommended methodology (refer to page 16 for calculation).

Premium

The price at which the shares of the Company trade relative to the NAV per share.

Total expenses paid

In respect of a period, the cash outflows from the Company in order to settle operating costs. This metric is used in the calculation of total net cash received.

	30 Sep 20 £'000	30 Sep 19 £'000
Total expenses per statement of comprehensive income	**12,070**	11,451
Adjustment for expense accruals	**(279)**	(355)
Total expenses paid	**11,791**	11,116

Total net cash received

In respect of a period, the cash inflows from investments, comprising loan interest received and repayment of financial assets less total expenses paid and finance costs paid. This metric is used in the calculation of cash earnings cover[1].

Total shareholder return

A measure of the performance of a Company's shares over time. It combines share price movements and dividends to show the total return to the shareholder expressed as a percentage. It assumes that dividends are reinvested in the shares at the time the shares are quoted ex-dividend.

This is a standard performance metric across the investment industry and allows comparability across the sector.

Source: Bloomberg

Weighted average annualised yield

The weighted average yield on the investment portfolio calculated based on the yield of each investment weighted by the principal balance outstanding on such investment, expressed as a percentage.

The yield forms a component of investment cash flows used for the valuation of financial assets at fair value through profit or loss under IFRS 9.

GLOSSARY OF KEY TERMS

Adjusted earnings cover
Refer to APMs section on pages 116 and 117

Adjusted net earnings
Refer to APMs section on pages 116 and 117

AGM
The Annual General Meeting of the Company

AIC
Association of Investment Companies

AIC Code
AIC Code of Corporate Governance published in 2019

AIF
Alternative Investment Fund

AIFM
Alternative Investment Fund Manager

AIFMD
Alternative Investment Fund Managers Directive

Average life
The weighted average term of the loans in the investment portfolio

BNYM
Bank of New York Mellon

Borrower
A special purpose company which owns and operates an asset

Cash earnings cover
Refer to APMs section on pages 116 and 117

CBE
Commander of the Most Excellent Order of the British Empire

CBI
Confederation of British Industry

CfD
Contracts for difference

CIF Law
Collective Investment Funds (Jersey) Law 1988

The Company
GCP Infrastructure Investments Limited

C shares
A share class issued by the Company from time to time. Conversion shares are used to raise new funds without penalising existing shareholders. The funds raised are ring-fenced from the rest of the Company until they are substantially invested

Deferred shares
Redeemable deferred shares of £0.01 each in the capital of the Company arising from C share conversion

Disclosure Guidance and Transparency Rules
Listing Rules and the Disclosure and Transparency Rules

Dividend cover
Earnings (under IFRS, adjusted or cash) for the year compared to the dividend for the year

Earnings cover
Refer to APMs section on pages 116 and 117

EEA
European Economic Area

EGM
Extraordinary General Meeting of the Company

ESG
Environmental, Social and Governance

EU
European Union

EU ETS
EU Emissions Trading System

FCA
Financial Conduct Authority

FiT
Feed-in tariff

FRC
Financial Reporting Council

GIB
Green Investment Bank

GWh
Gigawatt hours

IFRS
International Financial Reporting Standards

ING
ING Bank N.V.

IPO
Initial public offering

IRR
Internal rate of return

KPIs
Key performance indicators

KPMG
KPMG Channel Islands Limited

Jersey Company Law
The Companies (Jersey) Law 1991 (as amended)

LIBOR
London Interbank offered rate

Loan interest accrued
Refer to APMs section on pages 116 and 117

Loan to value
Refer to APMs section on pages 116 and 117

LSE
London Stock Exchange

MAR
Market Abuse Regulation

MW
Megawatt

NAV
Net asset value

NIBC
NIBC Financing N.V.

Official List
The Official List of the FCA

Ongoing charges ratio
Refer to APMs on pages 116 and 117

Ordinary shares
The ordinary share capital of the Company

PFI
Private finance initiative

PF2
Private Finance 2

PIRC
Pensions & Investment Research Consultants Ltd

PPA
Power purchase agreement

PPP
Public-private partnership

Premium
Refer to APMs section on pages 116 and 117

Preqin
Preqin provides financial data and information on the alternative assets market, as well as tools to support investment in alternatives

Project Company
A special purpose company which owns and operates an asset

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, obligations of NHS Trusts, UK registered social landlords and universities and revenues arising from other Government-sponsored or administered initiatives for encouraging the usage of renewable or clean energy in the UK

RAB
Regulated Asset Base model

RBSI
Royal Bank of Scotland International Limited

Revolving credit facilities
Credit facilities with RBSI, ING and NIBC

RHI
Renewable heat incentive

RNS
Regulatory News Service

RO
Renewables obligation

ROCs
Renewable obligation certificates

RP
Registered Provider

Senior ranking security
Security that gives a loan priority over other debt owed by the issuer in terms of control and repayment in the event of default or issuer bankruptcy

SPV
Special Purpose Vehicle

TCFD
Task Force on Climate-related Financial Disclosures

Total shareholder return
Refer to APMs section on pages 116 and 117

UK Code
UK Corporate Governance Code published in 2018

UK FCA
The UK's Financial Conduct Authority

Weighted average annualised yield
Refer to APMs section on pages 116 and 117

Weighted average discount rate
A rate of return used in valuation to convert a series of future anticipated cash flows to present value under a discounted cash flow approach. It is calculated with reference to the relative size of each investment

CORPORATE INFORMATION

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