

# GCP Infrastructure Investments Limited

---

Placing and Offer for  
Subscription of  
C Shares 2012

---

Investment Adviser

**GCP**

Financial Adviser,  
Sponsor and Bookrunner

Oriel Securities Limited



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

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

Application will be made to the UK Listing Authority for all of the C Shares issued pursuant to the Issue to be admitted to the Standard Listing segment of the Official List and for the Switching Ordinary Shares issued pursuant to the arrangements for Switching to be admitted to the Premium Listing segment of the Official List and for all such C Shares and Switching Ordinary Shares to be admitted to trading on the London Stock Exchange’s Main Market for listed securities. It is expected that such admission will become effective and that dealings in such C Shares and Switching Ordinary Shares will commence at 8.00 a.m. on 17 October 2012.

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

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

Although the whole text of this document should be read, the attention of persons receiving this document and of prospective investors in the Company are drawn to the section headed “Risk Factors” contained on pages 15 to 28 of this document.

---

## **GCP Infrastructure Investments Limited**

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

**Placing and Offer for Subscription with a target size in excess of 80 million C Shares  
of £0.01 each at an Issue Price of £1.00 per C Share**

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

**Admission to the Standard Listing segment of the Official List and to trading on the London  
Stock Exchange’s Main Market for listed securities of C Shares and admission to the Premium  
Listing segment of the Official List and to trading on the London Stock Exchange’s Main  
Market for listed securities of Switching Ordinary Shares**

**and**

**Information relating to the prior issue of 10,955,928 Ordinary Shares**

**Placing Agent, Sponsor, Financial Adviser and Bookrunner**

**Oriel Securities Limited**

**Notwithstanding the target Issue size of in excess of 80 million C Shares, this Prospectus relates to the issue by the Company of up to 150 million C Shares pursuant to the Issue.**

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

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

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

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

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

This document is dated 18 September 2012.

---

\* The maximum number of Ordinary Shares that may be issued pursuant to the arrangements for Switching is 45,000,000.

# CONTENTS

	<i>Page</i>
SUMMARY	3
RISK FACTORS	15
IMPORTANT INFORMATION	29
DIRECTORS, AGENTS AND ADVISERS	31
EXPECTED TIMETABLE	33
ISSUE AND SWITCHING STATISTICS	33
PART 1 THE COMPANY	34
PART 2 MANAGEMENT AND ADMINISTRATION OF THE COMPANY	45
PART 3 BACKGROUND TO UK INFRASTRUCTURE AND ASSOCIATED DEBT INVESTMENT OPPORTUNITIES	48
PART 4 THE MASTER FUND	58
PART 5 THE MASTER FUND'S CURRENT PORTFOLIO AND PIPELINE OF FUTURE ASSETS	70
PART 6 THE INVESTMENT ADVISER AND ITS EXPERIENCE	92
PART 7 THE PLACING AND OFFER FOR SUBSCRIPTION	94
PART 8 TERMS OF THE C SHARES AND THE MASTER FUND C SHARES	97
PART 9 TAXATION	109
PART 10 ADDITIONAL INFORMATION ON THE COMPANY	113
PART 11 ADDITIONAL INFORMATION ON THE MASTER FUND	141
PART 12 FINANCIAL INFORMATION ON THE COMPANY	152
DEFINITIONS	153
TERMS AND CONDITIONS OF APPLICATIONS UNDER THE OFFER FOR SUBSCRIPTION	159
NOTES ON HOW TO COMPLETE THE APPLICATION FORM	165
APPLICATION FORM	171
TERMS AND CONDITIONS OF APPLICATIONS UNDER THE PLACING	175
LETTER FROM THE COMPANY TO MASTER FUND ORDINARY SHAREHOLDERS IN RESPECT OF SWITCHING	179
SWITCHING APPLICATION FORM	181
TERMS AND CONDITIONS OF APPLICATIONS FOR SWITCHING ORDINARY SHARES	187

## SUMMARY

Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

<i>Section A – Introduction and warnings</i>		
A.1		<ul style="list-style-type: none"> <li>• <b>This summary should be read as introduction to the prospectus;</b></li> <li>• <b>any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor;</b></li> <li>• <b>where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated; and</b></li> <li>• <b>civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.</b></li> </ul>
A.2	<b>Subsequent resale of securities or final placement of securities through financial intermediaries</b>	Not applicable. GCP Infrastructure Investments Limited (the “ <b>Company</b> ”) is not engaging any financial intermediaries for any resale of securities or final placement of securities after the publication of this document.

<i>Section B – The Company</i>		
B.1	<b>The legal and commercial name of the Company</b>	GCP Infrastructure Investments Limited.
B.2	<b>Domicile and legal form of the Company</b>	The Company is a closed-ended investment company incorporated in Jersey under the Companies (Jersey) Law, 1991, (as amended) (the “ <b>Jersey Companies Law</b> ”) and has been established as an unregulated exchange-traded fund under the Collective Investment Funds (Unregulated Funds) (Jersey) Order 2008. Its registered office is situated at 12 Castle Street, St. Helier, Jersey JE2 3RT.

B.5	<b>Details of any group of which the Company forms part</b>	As at 17 September 2012 (being the latest practicable date before publication of this document), the Company had an effective interest of 74.37 per cent. of the issued share capital of GCP Infrastructure Fund Limited, an open-ended investment company incorporated in Jersey as an expert fund and listed on the Channel Islands Stock Exchange (the “ <b>Master Fund</b> ”, and together with the Company, the “ <b>Group</b> ”). The Company does not have any other subsidiaries and the Master Fund has no subsidiaries.																																							
B.6	<b>Notifiable interests</b>	<p>As at 17 September 2012, (being the latest practicable date before publication of this document), the Company is aware of the following existing shareholders of the Company (“<b>Shareholders</b>”) who were at such time interested, directly or indirectly, in 3 per cent. or more of the Company’s issued share capital:</p> <table border="1" data-bbox="678 651 1410 1178"> <thead> <tr> <th><i>Name</i></th> <th><i>Number of ordinary shares</i></th> <th><i>Percentage of voting rights</i></th> </tr> </thead> <tbody> <tr> <td>Cheviot Asset Management</td> <td>10,264,479</td> <td>8.52</td> </tr> <tr> <td>West Yorkshire PF</td> <td>10,166,919</td> <td>8.44</td> </tr> <tr> <td>CCLA Investment Management</td> <td>9,710,998</td> <td>8.06</td> </tr> <tr> <td>Brewin Dolphin</td> <td>9,294,822</td> <td>7.71</td> </tr> <tr> <td>Investec Wealth &amp; Management Limited</td> <td>7,795,023</td> <td>6.46</td> </tr> <tr> <td>Insight Investment</td> <td>7,475,351</td> <td>6.20</td> </tr> <tr> <td>JM Finn</td> <td>6,560,680</td> <td>5.44</td> </tr> <tr> <td>Smith &amp; Williamson</td> <td>5,942,517</td> <td>4.93</td> </tr> <tr> <td>Premier Asset Management</td> <td>4,793,297</td> <td>3.98</td> </tr> <tr> <td>Rathbones</td> <td>4,523,234</td> <td>3.75</td> </tr> <tr> <td>Co-operative Asset Management</td> <td>3,884,400</td> <td>3.22</td> </tr> <tr> <td>Close Brothers Asset Management</td> <td>3,854,678</td> <td>3.08</td> </tr> </tbody> </table> <p>None of the above Shareholders have different Shareholder rights to those of other Shareholders.</p>	<i>Name</i>	<i>Number of ordinary shares</i>	<i>Percentage of voting rights</i>	Cheviot Asset Management	10,264,479	8.52	West Yorkshire PF	10,166,919	8.44	CCLA Investment Management	9,710,998	8.06	Brewin Dolphin	9,294,822	7.71	Investec Wealth & Management Limited	7,795,023	6.46	Insight Investment	7,475,351	6.20	JM Finn	6,560,680	5.44	Smith & Williamson	5,942,517	4.93	Premier Asset Management	4,793,297	3.98	Rathbones	4,523,234	3.75	Co-operative Asset Management	3,884,400	3.22	Close Brothers Asset Management	3,854,678	3.08
<i>Name</i>	<i>Number of ordinary shares</i>	<i>Percentage of voting rights</i>																																							
Cheviot Asset Management	10,264,479	8.52																																							
West Yorkshire PF	10,166,919	8.44																																							
CCLA Investment Management	9,710,998	8.06																																							
Brewin Dolphin	9,294,822	7.71																																							
Investec Wealth & Management Limited	7,795,023	6.46																																							
Insight Investment	7,475,351	6.20																																							
JM Finn	6,560,680	5.44																																							
Smith & Williamson	5,942,517	4.93																																							
Premier Asset Management	4,793,297	3.98																																							
Rathbones	4,523,234	3.75																																							
Co-operative Asset Management	3,884,400	3.22																																							
Close Brothers Asset Management	3,854,678	3.08																																							
B.7	<b>Financial statements and significant change</b>	<p>The financial information below illustrates the net assets attributable to the ordinary shares of £0.01 each of the Company (“<b>Ordinary Shares</b>”) on a consolidated basis as at the relevant dates pursuant to IFRS after accounting (as a liability) for the net assets attributable to the C shares of £0.01 each of the Company (“<b>C Shares</b>”) and to the shareholders of the Master Fund (“<b>Master Fund Shareholders</b>”) other than the Company.</p> <table border="1" data-bbox="678 1525 1410 2029"> <thead> <tr> <th><i>Group</i></th> <th><i>As at 31 March 2012</i></th> <th><i>As at 30 September 2011</i></th> </tr> <tr> <td></td> <td><i>£</i></td> <td><i>£</i></td> </tr> </thead> <tbody> <tr> <td><b>Assets</b></td> <td></td> <td></td> </tr> <tr> <td>Cash and cash equivalents</td> <td>45,268,932</td> <td>9,220,402</td> </tr> <tr> <td>Amounts receivable on subscription of Master Fund Ordinary Income and Accumulation Shares</td> <td>194,622</td> <td>1,074,987</td> </tr> <tr> <td>Other receivables and prepayments</td> <td>203,101</td> <td>107,730</td> </tr> <tr> <td>Amounts held on Security Account</td> <td>2,190,674</td> <td>2,377,807</td> </tr> <tr> <td>Financial assets at fair value through profit or loss</td> <td>106,856,347</td> <td>67,174,003</td> </tr> <tr> <td><b>Total Assets</b></td> <td><u>154,713,676</u></td> <td><u>79,954,929</u></td> </tr> </tbody> </table>	<i>Group</i>	<i>As at 31 March 2012</i>	<i>As at 30 September 2011</i>		<i>£</i>	<i>£</i>	<b>Assets</b>			Cash and cash equivalents	45,268,932	9,220,402	Amounts receivable on subscription of Master Fund Ordinary Income and Accumulation Shares	194,622	1,074,987	Other receivables and prepayments	203,101	107,730	Amounts held on Security Account	2,190,674	2,377,807	Financial assets at fair value through profit or loss	106,856,347	67,174,003	<b>Total Assets</b>	<u>154,713,676</u>	<u>79,954,929</u>												
<i>Group</i>	<i>As at 31 March 2012</i>	<i>As at 30 September 2011</i>																																							
	<i>£</i>	<i>£</i>																																							
<b>Assets</b>																																									
Cash and cash equivalents	45,268,932	9,220,402																																							
Amounts receivable on subscription of Master Fund Ordinary Income and Accumulation Shares	194,622	1,074,987																																							
Other receivables and prepayments	203,101	107,730																																							
Amounts held on Security Account	2,190,674	2,377,807																																							
Financial assets at fair value through profit or loss	106,856,347	67,174,003																																							
<b>Total Assets</b>	<u>154,713,676</u>	<u>79,954,929</u>																																							

<i>Group</i>	<i>As at 31 March 2012 £</i>	<i>As at 30 September 2011 £</i>
<b>Liabilities</b>		
Amounts payable on redemption of Master Fund Ordinary Income and Accumulation Shares	(64,308)	(521,151)
Liability to the C Share Class Fund	(62,667,827)	–
Distribution payable to non controlling interest	–	(681,168)
Interest bearing loans and borrowings	(7,000,000)	–
Other payables and accrued expenses	(717,382)	(442,993)
Amounts held on Security Account	(2,190,674)	(2,377,807)
Financial liabilities at fair value through profit or loss	(34,022,950)	(31,833,570)
<b>Total Liabilities</b>	<u>(106,663,141)</u>	<u>(35,856,689)</u>
<b>Net assets</b>	<u>48,050,535</u>	<u>44,098,240</u>
<p>Detailed below are the adjusted net asset values attributable to holders of Ordinary Shares and to holders of C Shares as at the relevant dates as calculated in accordance with the Company's policies as described in this document for calculating its monthly published NAV (the "<b>Published NAV</b>"), which totals £111 million. The difference between the Published NAVs below attributable to Ordinary Shareholders and to C Shareholders and the net assets attributable to the Ordinary Shares and to the C Shares on a consolidated basis as illustrated above arises from a difference in the treatment of set up costs incurred between the calculation of Published NAV and net asset value calculation in accordance with IFRS.</p>		
	<i>As at 31 March 2012 £</i>	<i>As at 30 September 2011 £</i>
<i>Period/Year end position</i>		
Net assets attributable to Ordinary Shares	48,090,379	44,156,803
Net asset value per Ordinary Share	1.0090	1.0037
Net assets attributable to C Shares	62,663,614	
Net asset value per C Share	0.9830	
<p>Save to the extent disclosed below, there has been no significant change in the financial or trading position of the Group since 31 March 2012:</p> <p>on 26 April 2012, the Master Fund advanced a loan of £11.3 million in respect of education and custodial private finance initiative ("<b>PFI</b>") assets;</p> <p>on 30 April 2012, the Master Fund advanced a loan of £14.4 million in respect of solar photovoltaic installations;</p>		

		<p>on 8 May 2012, the Company issued 61,902,283 Ordinary Shares pursuant to the conversion of C Shares;</p> <p>a dividend of 4.15 pence per ordinary redeemable income share of £1.00 each in the Master Fund (“<b>Master Fund Income Shares</b>”) was paid by the Master Fund on 15 May 2012 to holders of Master Fund Income Shares;</p> <p>on 12 June 2012, the Master Fund advanced a loan of £4.3 million in respect of a varied portfolio of UK PFI assets;</p> <p>on 14 June 2012, the Company issued 10,955,928 new Ordinary Shares pursuant to a tap issue;</p> <p>on 22 June 2012, the Master Fund subscribed for loan notes secured on a subordinated basis against a portfolio of senior UK PFI loans with an aggregate value of approximately £13.5 million;</p> <p>Group cash has reduced by £42.7 million primarily due to completion of investments (as described above) and resulting in the value of the Group’s financial assets increasing by £45.6 million;</p> <p>on 28 June 2012, the Company issued 109,961 new Ordinary Shares pursuant to a scrip dividend alternative offered to Shareholders;</p> <p>the fair value of non-controlling interests has increased from £31.8 million as at 31 March 2012 to £43.3 million as at 30 June 2012 primarily due to net subscriptions made by non-controlling interests;</p> <p>net movement on financial assets and liabilities at fair value through profit or loss has increased from £2.9 million as at 31 March 2012 to £6.9 million as at 30 June 2012;</p> <p>borrowings of £7 million were repaid in full during this period;</p> <p>a dividend of 3.70 pence per Ordinary Share was paid by the Company on 29 June 2012 to holders of Ordinary Shares resulting in a reduction of Group cash and cash equivalents of £3.94 million (as at 30 June 2012); and</p> <p>on 7 August 2012, the Master Fund committed to subscribe for loan notes secured on a senior basis against a portfolio of approximately 1,000 domestic solar photovoltaic installations with an aggregate value of up to £6 million (the “<b>SPV Notes</b>”). As at 17 September 2012 (being the latest practicable date prior to the date of this document), the Master Fund had subscribed for SPV Notes with an aggregate value of £2.9 million.</p>
B.8	<b>Selected pro forma financial information</b>	Not applicable.
B.9	<b>Profit forecast or estimate</b>	Not applicable. No profit forecast or estimate is made in this document.
B.10	<b>Qualifications in the audit report</b>	Not applicable.
B.11	<b>Insufficiency of working capital</b>	Not applicable.



B.34	<b>Description of investment objective, policy and investment restrictions</b>	<p>The Company's investment objectives are to provide its Shareholders with regular, sustained, long-term distributions and to preserve the capital value of its investment assets over the long term by generating exposure to subordinated PFI debt and related and/or similar assets. To achieve its investment objectives, the Company invests substantially all of its capital in the Master Fund.</p> <p>The Master Fund focuses primarily on taking debt exposure to infrastructure projects which have pre-determined, very long term, public sector-backed revenues.</p> <p>The Company is not subject to any investment restrictions, save that it is required to manage and invest its assets in accordance with its investment objective and policy as stated above.</p>
B.35	<b>Borrowing and/or leverage limits</b>	<p>Structural gearing is permitted at Company level, up to a maximum of 20 per cent. of the Company's net asset value immediately following draw down of the relevant debt. The Company does not currently have any debt facilities in place.</p> <p>The Master Fund may borrow for the purpose of investment and for short-term purposes as may be necessary for the settlement of transactions, to facilitate share redemptions (where applicable) or to meet ongoing expenses. The Master Fund's borrowings shall not in any event exceed 20 per cent. of the Master Fund's net asset value at the time any such borrowings are drawn down. The Master Fund has entered into a revolving credit facility of up to £7 million with Royal Bank of Scotland International Limited. As at the date of this document, the Master Fund has no monies drawn down under this facility, with the sum of £7 million available for drawing, if required, until 11 October 2012.</p>
B.36	<b>Regulatory status of the Company and the Master Fund</b>	<p>The principal legislation under which the Company and the Master Fund operate is the Jersey Companies Law.</p> <p>The Company is an unregulated exchange traded fund pursuant to the Collective Investment Funds (Unregulated Funds) (Jersey) Order 2008.</p> <p>The Master Fund is an expert fund, established under the Expert Fund Guide of the Jersey Financial Services Commission and the Collective Investment Funds (Jersey) Law 1988.</p>
B.37	<b>Profile of typical investors</b>	<p>Typical investors in the Company are expected to be institutional and sophisticated investors and private clients.</p>
B.38	<b>Investment in excess of 20 per cent. of the Company's gross assets in another collective investment undertaking</b>	<p>Not applicable.</p>

B.39	<b>Investment in excess of 40 per cent. of the Company's gross assets in another collective investment undertaking</b>	The Company has invested and will continue to invest substantially all of its capital in the Master Fund. The Company's investment in the Master Fund represents more than 40 per cent. of the gross assets of the Company. The Master Fund Income Shares and ordinary redeemable accumulation Shares of £1.00 each in the Master Fund (together, " <b>Master Fund Ordinary Shares</b> ") are admitted to trading on the Channel Islands Stock Exchange.
B.40	<b>The Investment Adviser and the Company's other service providers</b>	<p>Gravis Capital Partners LLP (the "<b>Investment Adviser</b>") is the investment adviser of the Company and the Master Fund. The Company pays the Investment Adviser a fee of £20,000 per annum. If the Investment Adviser is requested by the Company to provide advice to the Company which falls outside the advisory services specifically listed in the investment advisory agreement between the Company and the Investment Adviser, then such additional advice will be provided on a time-cost basis to be agreed between the Investment Adviser and the Company from time to time. The Investment Adviser receives an investment advisory fee from the Master Fund equal to 0.9 per cent. per annum of the net asset value of the Master Fund (net of cash holdings). The Investment Adviser is also entitled to an acquisition fee of 1 per cent. of the cost of each asset acquired by the Master Fund.</p> <p>Capita Financial Administrators (Jersey) Limited (the "<b>Administrator</b>") has been appointed by the Company to provide administrative and secretarial services. An administration fee is payable by the Company to the Administrator which is charged on the Company's net asset value and payable quarterly in arrears. The administration fee is subject to a minimum annual charge of £40,000. An additional one-off fee of £30,000 will be paid to the Administrator for services provided in respect of the proposed placing and offer for subscription of C Shares pursuant to this document (the "<b>Issue</b>").</p> <p>Capita Registrars (Jersey) Limited (the "<b>Registrar</b>") is the registrar of the Company. The Registrar receives: (a) a basic registration fee of £2.00 per holder of Ordinary Shares appearing on the register during the fee year, with a minimum charge per annum of £10,000; (b) £0.20 for any inter-CREST transfers and £5.00 for non-CREST transfers over an initial allowance of 200 transfers; (c) a charge for corporate portal services of £1,200 per annum; and (d) a charge for share portal services of £500 per annum.</p> <p>Capita Registrars Limited (the "<b>Receiving Agent</b>") is the receiving agent of the Company. The Receiving Agent is paid fees including: (a) professional advisory fees of £200 per hour, subject to a minimum of £2,000; (b) processing fees per item processed, subject to a minimum aggregate processing fee of £5,000; and (c) various other fees in relation to certain matters including with regard to opening of premises on non-business days (£5,000 per day).</p>

B.41	<b>Identity and regulatory status of the Investment Adviser</b>	The investment adviser to the Company is Gravis Capital Partners LLP. The Investment Adviser is authorised and regulated by the UK Financial Services Authority (“FSA”).
B.42	<b>Valuation and publication of the Company’s net asset value</b>	<p>The net asset value of the Company and of the Ordinary Shares is calculated monthly by the Administrator based on the net asset value of the Master Fund Income Shares, which is also calculated monthly, but taking into account the cash and other assets held by the Company and the accrued liabilities and expenses and leverage (if any) of the Company (in each case attributable to the Ordinary Shares). The monthly net asset value of the Ordinary Shares is announced through a regulated information service and published on the Investment Adviser’s website.</p> <p>The Company will carry out a similar exercise to that described above in relation to the C Shares for as long as they are in issue, but based instead on the net asset value of the C shares of £1.00 each in the capital of the Master Fund (the “<b>Master Fund C Shares</b>”).</p>
B.43	<b>Cross liability</b>	Not applicable.
B.44	<b>Statement confirming no financial statements are in existence</b>	Not applicable.
B.45	<b>Description of the Company’s portfolio</b>	<p>The only substantial assets that the Company owns are Master Fund Income Shares and, if the Issue proceeds, Master Fund C Shares.</p> <p>The Master Fund was, as at 17 September 2012 (being the latest practicable date prior to the date of this document), exposed to a portfolio of 23 infrastructure loans (the “<b>Loans</b>”) with a valuation of approximately £156 million. The Loans have all been made against the performance of a number of availability-based UK PFI projects and against cash flow receivables under the Feed-in Tariff (“<b>FIT</b>”) scheme (the “<b>Projects</b>”).</p> <p>28 per cent. of the Loans are exposed to education PFI projects, 24 per cent. to healthcare PFI projects, 27 per cent. to FIT cash flows, 8 per cent. to leisure PFI projects, 6 per cent. to accommodation PFI projects and the remaining 7 per cent. to various other PFI projects. The weighted average expected remaining term of the Loans is 22 years.</p>
B.46	<b>Net asset value per Ordinary Share</b>	As at 17 September 2012 (being the last practicable date before publication of this document), the net asset value per Ordinary Share was 100.41 pence.

### *Section C – Securities*

C.1	<b>Details of the Issue</b>	The Company is targeting a fundraising of in excess of £80 million (before expenses) through the Issue. The Issue will not be underwritten. The Company has committed to invest the net proceeds of the Issue in the Master Fund by way of a subscription for Master Fund C Shares.
-----	-----------------------------	---

		<p>The C Shares will be accounted for and managed as a separate pool of capital of the Company which will convert into Ordinary Shares following the earlier of the date when the value of the investments of the Master Fund is equal to or greater than 90 per cent. of the net asset value of the Master Fund, or the date falling six months after the issue of the C Shares, or sooner in other limited circumstances (“<b>Conversion</b>”).</p> <p>Application will be made for the C Shares to be admitted to the Standard Listing segment of the Official List and to trading on the Main Market of the London Stock Exchange (“<b>Admission</b>”). It is expected that Admission will become effective and that dealings in the C Shares will commence at 8.00 a.m. on 17 October 2012.</p> <p>The ISIN for the C Shares will be JE00B8GM9429.</p> <p> Holders of Master Fund Ordinary Shares will be invited by the Company to swap their Master Fund Ordinary Shares for Ordinary Shares in the Company on Admission (“<b>Switching</b>”). This will be effected by the Company acquiring the Master Fund Ordinary Shares in question in consideration for the issue to selling holders of Ordinary Shares (“<b>Switching Ordinary Shares</b>”).</p> <p>Application will be made for the Switching Ordinary Shares to be admitted to the Premium Listing segment of the Official List and to trading on the Main Market of the London Stock Exchange.</p> <p>On 14 June 2012, the Company issued, by way of a tap issue, 10,955,928 Ordinary Shares at 102.75 pence per Ordinary Share (the “<b>Tap Shares</b>”).</p> <p>The ISIN for the Ordinary Shares (which includes the Switching Ordinary Shares (if any) and the Tap Shares) is JE00B6173J15.</p>
C.2	<b>Currency denomination of C Shares and Ordinary Shares</b>	The C Shares will be, and the Ordinary Shares are, denominated in Sterling.
C.3	<b>Details of share capital</b>	<p>The Company has an authorised share capital of:</p> <p>300,000,000 Ordinary Shares;</p> <p>100,000,000 C Shares; and</p> <p>100,000,000 deferred shares of £0.01 each.</p> <p>The Company has convened an extraordinary general meeting to be held on 5 October 2012 (the “<b>EGM</b>”) at which, among other matters relating to the Issue, a resolution will be proposed to increase the authorised share capital of the Company by the creation of an additional 100,000,000 Ordinary Shares and an additional 50,000,000 C Shares.</p> <p>As at 17 September 2012 (being the latest practicable date prior to the date of this document), there were 120,625,184 Ordinary Shares and no C Shares or deferred shares in issue.</p>

C.4	<b>Rights attaching to the C Shares and Ordinary Shares</b>	<p>The holders of the C Shares and Ordinary Shares shall only be entitled to receive, and to participate in, any dividends declared in relation to the relevant class of shares that they hold.</p> <p>On a winding-up or a return of capital by the Company, if there are C Shares in issue, the net assets of the Company attributable to the C Shares shall be divided <i>pro rata</i> among the holders of the C Shares. For so long as C Shares are in issue, and without prejudice to the Company’s obligations under the Companies Law, the assets attributable to the C Shares shall, at all times, be separately identified and shall have allocated to them such proportion of the expenses or liabilities of the Company as the directors of the Company (the “<b>Directors</b>”) fairly consider to be attributable to the C Shares.</p> <p>The holders of Ordinary Shares shall be entitled to all of the Company’s remaining net assets after taking into account any net assets attributable to the C Shares.</p> <p>The C Shares and the Ordinary Shares shall carry the right to receive notice of, attend and vote at general meetings of the Company.</p> <p>The consent of either the holders of C Shares or the holders of Ordinary Shares will be required for the variation of any rights attached to the relevant class of shares.</p>
C.5	<b>Restrictions on the transferability of C Shares and Ordinary Shares</b>	Not applicable.
C.6	<b>Application for admission to trading on a regulated market</b>	<p>Application will be made for the C Shares to be admitted to the Standard Listing segment of the Official List and to trading on the Main Market of the London Stock Exchange.</p> <p>Application will be made for the Switching Ordinary Shares to be admitted to the Premium Listing segment of the Official List and to trading on the Main Market of the London Stock Exchange.</p>
C.7	<b>Dividend policy</b>	<p>The Company does, as far as reasonably practicable and taking into account the costs of the Company and its working capital requirements, distribute by way of dividend payments all income that it receives from the Master Fund up to a target of 8 per cent. per annum per Ordinary Share (by reference to the price of £1.00 per Ordinary Share at which Ordinary Shares were issued pursuant to the Company’s flotation). In the event that the Company receives dividends from the Master Fund that would enable it to pay a dividend in excess of 8 per cent. per annum per Ordinary Share, the Company may pay out such sum or may retain the excess, either for re-investment into the Master Fund or to ensure that the Company is able to pay future dividends at the level of 8 per cent. per annum per Ordinary Share. The Company has previously offered a scrip dividend alternative to Shareholders and anticipates that it will continue to do so. Further, if the Directors deem it appropriate, the</p>

		<p>Company may also make distributions by way of capital distributions.</p> <p>The Company currently makes distributions by way of semi-annual dividends, in line with the frequency of dividend payments by the Master Fund, and declares those dividends within two months of the Company's half year-ends.</p> <p>The Directors understand that the Master Fund expects to increase the frequency of dividend payments from a half yearly basis to a quarterly basis with effect from Conversion. In such an event, the Company would expect to also move to paying dividends quarterly.</p> <p>The Company has progressively increased its dividend towards its target net yield of 8 per cent. per annum and has paid half year dividends on its Ordinary Shares of 2.15p in December 2010, 2.30p in June 2011, 3.00p in December 2011 and 3.70p in June 2012.</p> <p>The Directors will be able to declare dividends in relation to the C Shares in the event that the assets that are attributable to the Master Fund C Shares generate income, provided that the Master Fund distributes such income to the Company. Any declaration, however, will be at the Directors' discretion. The holders of C Shares which are subsequently converted to Ordinary Shares pursuant to Conversion will, subject to being on the register of members of the Company as holders of Ordinary Shares (in respect of those Ordinary Shares which were the result of Conversion) at the relevant record date, be entitled to any dividends declared on those Ordinary Shares.</p>
--	--	---

<i>Section D – Risks</i>		
D.1	<b>Risks that are specific to the Company</b>	<p>The key risk factors relating to the Company which are known to the Directors are:</p> <ul style="list-style-type: none"> <li>• there can be no assurance of the continued implementation of the strategy of the Company or the Master Fund;</li> <li>• the Company will not be able to participate in the investment decisions of the Master Fund, in which it will invest substantially all of its capital;</li> <li>• the Company's shareholding in the Master Fund is illiquid;</li> <li>• the Master Fund will invest exclusively in infrastructure investments and will therefore bear the risk of investing in only one asset class;</li> <li>• a counterparty in an infrastructure project in which the Master Fund has invested or to which the Master Fund has exposure may default, resulting in significant difficulties in finding an alternative or replacement counterparty on the same or better terms; and</li> <li>• borrowers in respect of an infrastructure project in which the Master Fund has invested may default.</li> </ul>

D.3	<b>Risks that are specific to the C Shares and the Ordinary Shares</b>	<p>The key risk factors relating to the C Shares and/or the Ordinary Shares which are known to the Directors are:</p> <ul style="list-style-type: none"> <li>• the market price of C Shares and/or Ordinary Shares may fluctuate significantly and investors could lose all or part of their investment;</li> <li>• an active and liquid trading market for the C Shares may not develop. Similarly an active and liquid trading market in the Ordinary Shares may not be maintained;</li> <li>• the Company is applying for a Standard Listing of its C Shares and accordingly the Company will not be required to comply with those protections applicable to a Premium Listing in respect of its C Shares;</li> <li>• there can be no assurance as to the level and/or payment of any dividends by the Company in relation to the C Shares or the Ordinary Shares; and</li> <li>• the C Shares and the Ordinary Shares may trade at a discount to their respective net asset value per share.</li> </ul>
-----	--	---

<i>Section E – Offer</i>		
E.1	<b>Proceeds and expenses of the Issue</b>	<p>On the assumption that the Issue is subscribed as to 80 million C Shares, the initial gross proceeds of the Issue will be £80 million and the expenses payable by the Company in relation to the Issue will be approximately £1.5 million, resulting in net proceeds of approximately £78.5 million. The Company has committed to invest the net proceeds of the Issue in the Master Fund by way of a subscription for Master Fund C Shares.</p> <p>In respect of the issue of the Tap Shares, the Company raised a gross aggregate amount of £11,257,216.02. The expenses incurred in connection with the issue of these shares were £140,715.20. The proceeds of the issue of the Tap Shares (after deducting the costs and expenses relating to such issue) were used by the Company to subscribe for 10,961,261.94 Master Fund Income Shares.</p>
E.2a	<b>Reasons for the Issue, use of proceeds and estimated net amount of proceeds</b>	<p>The Directors, who have been advised by the Investment Adviser, believe that there are significant opportunities in the infrastructure debt market. Furthermore, there is continued demand for the Company’s equity, which has traded at a premium to its net asset value per share since the initial public offering of the Company’s Ordinary Shares. The Issue is being undertaken to raise additional capital for the Company. The Company will invest the net proceeds of the Issue (as set out in section E.1 above) in Master Fund C shares. It is intended that the Master Fund will invest such monies in accordance with its investment policy.</p>
E.3	<b>Terms and conditions of the Offer for Subscription</b>	<p>The Issue is conditional upon: (a) admission of the C Shares to be issued pursuant to the Issue and of any Switching Ordinary Shares to the Official List and to trading on the Main Market of the London Stock Exchange occurring on or before 8.00 a.m. (London time) on 17 October 2012 (or such time and/or date as the Company and Oriel Securities Limited (“<b>Oriel</b>”) may agree, being not later than 16 November 2012); and the placing</p>

		<p>agreement between the Company and Oriel (pursuant to which Oriel has been appointed sponsor and placing agent to the Company in respect of the Issue) becoming otherwise unconditional in all respects (save for conditions relating to Admission) and not having been terminated in accordance with its terms before Admission.</p> <p>The Issue will not proceed unless the resolutions to be proposed at the EGM and at the extraordinary general meeting of the Master Fund, also to be held on 5 October 2012, are duly passed.</p>
E.4	<b>Material interests</b>	Not applicable.
E.5	<b>Selling securities holders and lock-up agreements</b>	Not applicable.
E.6	<b>Dilution</b>	<p>Pursuant to Conversion, the C Shares issued pursuant to the Issue will convert into Ordinary Shares no later than 6 months from Admission. The number of Ordinary Shares into which each C Share converts will be determined by the relative net asset values per share of the C Shares and the Ordinary Shares. As a result of Conversion, the percentage of the issued Ordinary Shares held by each existing holder of Ordinary Shares will be reduced. However, Conversion will be net asset value neutral to existing holders of Ordinary Shares.</p> <p>The percentage of Ordinary Shares held by each existing holder of Ordinary Shares may be reduced by the issue of Ordinary Shares by the Company pursuant to Switching to the extent to which holders of Master Fund Ordinary Shares elect to switch their Master Fund Ordinary Shares for Ordinary Shares in the Company. However, Switching will be net asset value neutral to existing holders of Ordinary Shares.</p>
E.7	<b>Estimated expenses charged to investors by the Company</b>	Not applicable.



## RISK FACTORS

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

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

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

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

#### *No assurance of continued implementation of investment strategy*

While the Directors and the Investment Adviser believe that the Company's investment objectives continue to be achievable, there can be no assurance that the investment strategy of the Company or of the Master Fund will in fact continue to be possible to implement. Failure by either the Company or the Master Fund to continue to implement their respective investment strategies might result in lower returns and dividends than anticipated and greater exposure to fewer assets than initially envisaged.

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

The Directors, the Master Fund Directors, the Investment Adviser, the Administrator and the Sponsor may, from time to time, provide services to, or be otherwise involved with, other investment programs established by parties other than the Company and/or the Master Fund and which may have similar objectives to those of the Company and/or the Master Fund. It is therefore possible that any of these investment programs may, in the course of business, have potential conflicts of interest with the Company and/or the Master Fund, which may be to the detriment of the Company and/or the Master Fund. The Directors and the Master Fund Directors are, however, subject to the provisions of Jersey law, which impose a range of duties upon directors, including in relation to avoiding conflicts of interest in certain circumstances. In addition, the Investment Adviser has undertaken to the Master Fund, *inter alia*, to seek to ensure that conflicts of interest that it may be faced with are resolved fairly and has undertaken to the Company to ensure that any conflict between its duties to the Company and to the Master Fund are resolved fairly.

#### *Changes in laws or regulations may adversely affect the Company's and/or the Master Fund's business, investments and the results of their respective operations*

The Company, the Master Fund and the Investment Adviser are subject to laws and regulations enacted by national, regional and local governments and institutions. These laws and regulations and their respective interpretation and application may change from time to time and those changes could have a material adverse effect on the Company's and/or the Master Fund's investments and the results of their respective operations.

### ***Alternative Investment Fund Managers Directive***

The Alternative Investment Fund Managers Directive was published in the Official Journal of the European Union on 1 July 2011 and must be implemented by all member states of the EU by July 2013. The Directive is designed to regulate private equity and hedge funds and other alternative investment funds. The Level Two rules arising from the Directive have not yet been finalised and are subject to ongoing consultation. The specific consequences of these rules for the Company and the Master Fund are therefore not yet clear. However, the Directive may have significant consequences for the Company and the Master Fund which might materially increase compliance and regulatory costs.

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

The Directors and the Investment Adviser believe that there remains substantial demand for investments of the type typically made and intended to be made by the Master Fund through acquiring debt instruments issued by infrastructure Project Companies backed by long dated, secure, public sector backed contracts. However, there is no guarantee that such demand will continue to result in sufficient investments being made in a timely manner, or at all, by the Master Fund to allow the Master Fund to deliver the targeted returns for Master Fund Shareholders, including the Company. In particular, there is no guarantee that the potential pipeline investments identified in Part 5 of this document will be made, or if they are, upon what terms. When the availability of appropriate assets is lower than expected, it is likely that the Master Fund will take longer than expected to identify and make investments in appropriate assets and therefore a greater proportion of its assets will be held in cash which will generate a much lower return than currently envisaged for Shareholders.

### ***Leverage***

The Master Fund has the ability to use leverage in the financing of its investments. The use of leverage may increase the exposure of the Master Fund's investments to adverse economic factors such as rising interest rates, economic downturns or deteriorations in the performance of an investment. The Directors understand that although the Master Fund Directors do not currently expect that the Master Fund will be unable to support or refinance any borrowings it may undertake, this may not be the case if the financial performance of the Master Fund is worse than expected or if the conditions faced by the Master Fund in the debt finance market deteriorate, in which case the performance of the Master Fund and thus of the Company may be adversely affected. Any borrowings of the Master Fund may be secured on the assets of the Master Fund and a failure by the Master Fund to fulfill the terms of any financing documents may permit a lender to demand early repayment of its loan and to realise its security. Details of the RBSI Facility that the Master Fund has entered into are set out in paragraph 10.13 of Part 10 of this document.

## **B. Risks relating to the C Shares, the Ordinary Shares and Shareholders**

***The Company is applying for a Standard Listing of the C Shares and accordingly the Company will not be required to comply in relation to the C Shares with those protections applicable to a Premium Listing***

The Company is applying for a Standard Listing of the C Shares to be issued pursuant to the Issue on the Official List under Chapter 14 of the Listing Rules. As a consequence, despite the Company being subject to the obligations of a company that has a Premium Listing, the holders of C Shares will not benefit from the additional ongoing requirements and protections applicable to a Premium Listing under the Listing Rules. In particular, the provisions of Chapters 7 to 13 of the Listing Rules (listing principles, sponsors, continuing obligations, significant transactions, related party transactions, dealing in own securities and treasury shares and contents of circulars), being additional requirements for a Premium Listing of equity securities, will not apply to the C Shares.

***An active and liquid trading market for the C Shares may not develop. Similarly an active and liquid trading market in the Ordinary Shares may not be maintained***

The Company cannot predict the extent to which investor interest will lead to the development of an active and liquid trading market for the C Shares or, if such a market develops, whether it will be maintained. In addition, a substantial number of C Shares may be issued to a limited number of investors, which could

adversely affect the development or maintenance of an active and liquid market for the C Shares and, following Company Conversion, the Ordinary Shares.

Similarly, an active and liquid trading market in the Ordinary Shares may not be maintained.

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

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

The market price of C Shares or Ordinary Shares may fluctuate significantly and potential investors may not be able to sell their C Shares or Ordinary Shares at or above the price at which they purchased them. Factors that may cause the price of the C Shares or Ordinary Shares to vary include but are not limited to:

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

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

***The C Shares and/or Ordinary Shares may trade at a discount to Net Asset Value***

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

### ***Dividends***

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

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

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

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

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

The Company does not have any operations and will invest substantially all of its capital in the Master Fund. The Company expects that the only substantial assets that it will own will be Master Fund Income Shares and, if the Issue proceeds, Master Fund C Shares. The Company (in common with other Master Fund Shareholders) will not have a right to participate in the investment decisions of the Master Fund, which will be made by the Master Fund Directors. In addition, the existence of other shareholders in the Master Fund may limit the extent to which the Company is able to exercise control over the Master Fund by the exercise of its voting and other rights as a shareholder of the Master Fund. In such circumstances, the Master Fund may make investment decisions that the Company disagrees with and which may not be in the Company's interests.

#### ***The Company's shareholding in the Master Fund is illiquid***

Given the size of the Company's shareholding in the Master Fund, there is not a ready market for such shareholding and it is therefore unlikely that the Company will be able to exit its investment in the Master Fund within a short time frame or at a price that reflects the then-prevailing Net Asset Value per share of the Company's shareholding in the Master Fund.

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

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

#### ***A valuation is an estimate of value and not a precise measure of realisable value***

All investments made by the Master Fund are valued in accordance with the valuation methodology employed by the Master Fund (which is set out in paragraph 8 of Part 4 of this document) and the resulting valuations will be used, among other things, for determining the basis on which various transactions in the

shares of the Company and the Master Fund take place, including issues of shares, redemptions of shares by the Master Fund, the acquisition of shares in the Master Fund by the Company (including pursuant to the Switching arrangements outlined in paragraph 19 of Part 1 of this document) and the conversion of C Shares into Ordinary Shares and the conversion of Master Fund C Shares into Master Fund Income Shares (each as set out in Part 8 of this document). Valuations of the investments of the Master Fund reflect the Valuation Agent's view of expected cash flows, which are uncertain. Moreover, a valuation is only an estimate of value and is not a precise measure of realisable value. Therefore, transactions in the Company's and Master Fund's shares and Company Conversion and Master Fund Conversion may take place by reference to valuations of investments which do not reflect the realisable value of underlying assets.

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

Other than some holdings in cash, or cash equivalents, and hedging instruments, the Master Fund will invest exclusively in infrastructure investments and will therefore bear the risk of investing in only one asset class. If returns from infrastructure investments are adversely affected by prevailing market conditions, the lack of diversification in the investment portfolio means that there will be no income from another class of assets to off-set any shortfall, which may have an adverse effect on the income received by the Master Fund and the value of the Master Fund's assets, and therefore on the income received by the Company and on the value of the Company's investment in the Master Fund.

In addition, the Master Fund has made a limited number of infrastructure investments. While the proportion of the total portfolio of the Master Fund's investments represented by each of these assets varies, some assets represent a material part of the Master Fund's portfolio of investments and therefore, should the value of any of those investments fall, this could materially impact upon the overall value of the Master Fund's investment portfolio and, as a consequence, the NAV of the Company.

### ***Any material amendments to the Master Fund's investment policy may require the Company to withdraw from the Master Fund***

The Company holds and, following Admission, will continue to hold a majority of the issued shares of the Master Fund. While it is the current expectation of the Master Fund that any further material fundraising by the Master Fund will be effected by way of a further issue of Master Fund Income Shares or Master Fund C Shares to the Company, there is no certainty that this will be the case and the Master Fund could, in certain circumstances, issue shares to persons other than the Company. There is therefore no certainty that the Company will remain the majority shareholder of the Master Fund. If the Company ceases to be the majority shareholder of the Master Fund, the ability of the Company to influence the affairs of the Master Fund by exercising its voting and other rights as a shareholder of the Master Fund may be reduced.

If the Company ceases to be the majority shareholder of the Master Fund and the investment policies of the Master Fund are changed so that they are inconsistent with the investment policy of the Company or so that the investment policies of the Master Fund do not provide for spreading investment risk, or if the Master Fund in fact invests and manages its investments in a way that is inconsistent with the investment policy of the Company or that does not spread investment risk, that matter would constitute a breach of the Listing Rules by the Company. In such circumstances, the Company would take such action as it is able to in order to comply with the Listing Rules, which may include seeking to ensure that the Master Fund complies with its investment policy or, if the investment policy of the Master Fund has been changed, seeking an amendment to the investment policy of the Master Fund (which would require the passing of an ordinary resolution by the Master Fund Shareholders) or of the Company (which would require Shareholder approval to the extent such amendment is material) so that such policies are consistent. If such action was not possible, the Company would be required, in accordance with the Listing Rules, to consider withdrawal from the Master Fund or other appropriate action so that it is no longer in breach of the Listing Rules. If the Company is required to withdraw from the Master Fund, it may do so by selling its shares in the Master Fund and/or by redeeming such shares. If the Master Fund is required to dispose of assets to facilitate a redemption request by the Company to enable the Company to withdraw from the Master Fund (or in any other circumstances), any such disposal may be on terms that are worse than the Master Fund may be able to obtain in different circumstances, which may have a negative impact upon the value of the Company's investment in the Master Fund. If the Company was required to consider withdrawing from the Master Fund

by way of a sale of some or all of its Master Fund Income Shares, any such sale may be on worse financial or other terms than the Company may be able to obtain in other circumstances. Further information relating to the procedure for the redemption of shares in the Master Fund is set out in paragraph 4 of Part 11 of this document. Commentary with regard to the specific issues relating to any proposed redemption of shares in the Master Fund by the Company is set out in the paragraph below. The timetable for any redemption of shares in the Master Fund held by the Company will depend upon the liquidity of the Master Fund and, if the Master Fund does not have sufficient liquidity to meet such redemption request in full, how quickly the Master Fund can generate sufficient liquidity. Further information in relation to this process is set out in the paragraph below. The timetable for any sale of shares in the Master Fund held by the Company will depend upon how quickly the Company is able to identify a willing buyer of such shares and agree and document the terms of sale; this process will not be entirely within the control of the Company.

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

Whilst the Company is entitled to request the redemption of some or all of its Master Fund Income Shares, it may do so only on specified dates and the Master Fund will be able to effect redemptions of Master Fund Income Shares only to the extent that it has sufficient cash available to meet such redemptions or to the extent that it is able to dispose of its assets to generate cash. The Master Fund Directors may delay the redemption of Master Fund Income Shares to the extent that the Master Fund does not have sufficient cash available to meet such a redemption request and/or if the Master Fund is unable to achieve an orderly realisation of its assets. Given the significant proportion of the Master Fund Income Shares that are held and will continue to be held by the Company following completion of the Issue and the relatively illiquid nature of the Master Fund's investments, it is therefore unlikely, in practice, that the Company will be able to redeem all or a significant proportion of the Master Fund Income Shares that it holds when it wishes to (or that it will be in the Company's commercial interests to seek to redeem such shares), as the Master Fund is unlikely to have sufficient cash to enable it to redeem such shares. In addition, the Master Fund is unlikely to be able to generate sufficient cash to redeem such shares either by the orderly disposal of assets or by making alternative arrangements to generate liquidity, except with some delay. If the Master Fund is required to dispose of investments to generate liquidity, this is likely to take a minimum of 3 months and may take 6 months or longer. Therefore, if a material adverse event occurs in relation to the Master Fund or the market generally, or should the investment strategy of the Company change, the ability of the Company to reduce or terminate its exposure to the Master Fund may be limited by its potentially restricted ability to redeem its Master Fund Income Shares and the value of the Ordinary Shares and/or C Shares and the return generated by the Ordinary Shares and/or C Shares may suffer.

***Repayment of the RBSI Facility***

No sums are currently drawn by the Master Fund pursuant to the RBSI Facility. However, to the extent that any sums are drawn pursuant to the RBSI Facility, the Directors understand that it would be the intention of the Master Fund Directors that, assuming that the Master Fund did not have sufficient cash when repayment of the amount utilised by the Master Fund pursuant to the RBSI Facility became due in accordance with the terms of the RBSI Facility (as set out in paragraph 10.13 of Part 10 of this document), the funds required to repay the RBSI Facility would be generated from subscriptions into the Master Fund. However, if the Master Fund, in the unlikely event, was unable to repay the RBSI Facility from subscriptions into the Master Fund and did not expect to have sufficient cash to repay the RBSI Facility when it was due for repayment, it would be necessary for the Master Fund to suspend the payment of dividends in order to accumulate sufficient cash from the income from its investments to repay the RBSI Facility. This would negatively affect dividend payments to shareholders of the Master Fund and the Company. Further, an event of default would occur under the provisions of the RBSI Facility if the Master Fund was unable to repay any of the amount utilised pursuant to the RBSI Facility when it became payable under the terms of the RBSI Facility, resulting in the Master Fund being obliged to suspend any dividend payments to shareholders of the Master Fund, which would adversely affect the income received by the Company from the Master Fund and may reduce the value of the Company's investment in the Master Fund.

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

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

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

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

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

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

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

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

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

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

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

### ***Risks that may be relevant to any of the Master Fund's investments***

#### *Sufficiency of due diligence*

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

#### *No control*

The Master Fund will not normally have control over project decisions, as it is typically not a shareholder and only occasionally the first ranking debt provider in such projects. This may result in decisions being made in relation to the actions of the relevant Project Company which are not in the interests of the Master Fund or of the Company.

#### *Errors in financial models*

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

#### *Delays in the receipt of anticipated cashflows*

As noted above, infrastructure projects rely on large and detailed financial models. It is often the case that the release from a Project Company's bank account of cash due or expected to become due to the owners of or subordinated lenders to that Project Company is contingent upon the prior satisfaction of the senior lender or lenders to that Project Company with the most recently-produced financial model relating to the historic and prospective performance of the Project Company. It is occasionally the case that such satisfaction is not achieved in the expected timeframe, in which case it may be that a payment due to a subordinated lender to the Project Company (or its owners or lenders) is delayed beyond the due date for such payment. In such an event, where the Master Fund is a subordinated lender to the Project Company (or its owners or lenders), which is the case in relation to approximately 70 per cent. (by reference to NAV) of the Current Portfolio, the delay in the receipt of the expected cashflow may adversely affect the ability of the Master Fund to make all or part of an expected distribution to its shareholders, including the Company, and the value of the Company's investment in the Master Fund and the payment of dividends by the Company to Shareholders.

#### *Incomplete transfer of operating risk*

The financial models for Project Companies are typically based on the fact that many of the risks of operating the relevant concessions are substantially assumed by subcontractors. The Project Companies may be exposed to cost or liability where this does not happen, for example, as a result of limits of liability, default by or the insolvency of a contractor or defective contractual provisions. Where a Project Company is exposed to such a cost or liability, it may adversely affect the income received by the Master Fund and the value of the Master Fund's assets and, therefore, the dividends received by the Company and the value of the Company's investment in the Master Fund.

#### *Subcontractor liability limits*

Where Project Companies have entered into subcontracts (which is the case in relation to the Project Companies underlying the entire Current Portfolio), the subcontractors' liabilities to a Project Company for the risks they have assumed will often be subject to financial limits and it is possible that these limits may



be exceeded in certain circumstances. Any loss or expense in excess of such a cap would be borne by the Project Company, unless covered by the Project Company's insurance. This may adversely affect the income received by the Master Fund and, in turn, the Company.

#### *Targeted returns on loans*

The Master Fund will make investments based on estimates or projections of net cash flows arising at Project Company level. There can be no assurance that the actual cash flows arising at Project Company level will equal or exceed those that are expected or that the targeted return on the investments made by the Master Fund will be achieved which may, in turn, affect the Company's ability to generate its targeted returns.

#### *Rates of inflation*

The Master Fund has made and expects to continue to make investments based on estimates or projections of future rates of inflation because the payments of unitary charge or similar or analogous payments, under the majority of project agreements the Master Fund is exposed to, are linked to inflation. If actual inflation is lower than expected or there is deflation, the net cash flows arising at Project Company level are likely to be lower than anticipated, potentially adversely affecting the position of the Master Fund and the Company.

#### *Rates of interest*

Changes in interest rates may adversely affect the value or profitability of the assets of the Master Fund. Changes in the general level of interest rates may impact the Master Fund's profitability by affecting the spread between, amongst other things, the income on its assets and the expense of any interest-bearing liabilities. Moreover, changes in interest rates may also affect the valuation of the Master Fund's assets. Any negative impact suffered by the Master Fund in relation to the income received by the Master Fund and the value of the Master Fund's assets may have a negative effect on the income received by the Company and the value of the Company's investment in the Master Fund. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the control of the Company or the Master Fund.

#### *Insurance costs and availability*

The Master Fund will make investments based on estimates or projections of the cost to Project Companies of maintaining insurance cover for, amongst other things, buildings, contents and third party risks (for example arising from fire, flood or terrorism). Although generally not the most significant cost incurred by a Project Company, the cost of insurance to cover risks including those referred to above is a material cost. Where the cost of maintaining the insurance is greater than projected, it is possible that the ability of the Project Company to service its debts may be negatively impacted. Moreover certain risks may be uninsurable in the insurance market (such as in the event of the occurrence of force majeure events) or subject to an excess or exclusions of general events and in such cases the risks of such events may rest with the Project Company. These factors may adversely affect the income received by the Master Fund and the value of the Master Fund's assets and, therefore, the dividends received by the Company and the value of the Company's investment in the Master Fund.

#### *Environmental liabilities*

To the extent that there are environmental liabilities arising in the future in relation to any sites owned or used by a Project Company (including, for example, clean-up and remediation liabilities), such Project Company may be required to contribute financially towards any such liabilities. This may adversely affect the income received by the Master Fund and the value of the Master Fund's assets and, therefore, the income received by the Company and the Net Asset Value of the Company.

#### *Benchmarking*

A project will often provide for the market-testing (sometimes referred to as benchmarking) of the costs of providing certain services in order that this can be taken into account in setting the level of payments to be made under the relevant project agreement. This may expose the Project Company to potential losses arising

from changes in its costs relative to the charges that it is entitled to receive as a result of the benchmarking process. This would potentially impact upon the ability of the Project Company to service its debts, including any debt arrangement with the Master Fund, thereby affecting the income received by the Master Fund and the value of the Master Fund's assets and, in turn, the income received by the Company and the value of the Company's investment in the Master Fund.

#### *Lifecycle costs*

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

#### *Market value of investments*

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

#### *Liquidity of investments*

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

#### *Employment-related liabilities*

It is sometimes the case that a Project Company has its own employees. If a Project Company has its own employees it may be exposed to potential employer liabilities (including in respect of pension entitlements) under applicable legislation and regulations, which could have adverse consequences for the Project Company. Such consequences may impact the profitability or Net Asset Value of the Master Fund and the Company.

#### *Counterparty default*

The underlying obligors under project agreements targeted for investment by the Master Fund will typically be public sector bodies or have a form of public sector backing. Consequently, the risk of counterparty default is generally considered to be low. Nevertheless, in the event of such a default, there may be significant difficulties for the Project Company in finding an alternative or replacement counterparty on the same or better terms, in which circumstances the value of the Master Fund's assets (and therefore the value of the Company's investment in the Master Fund) could be adversely affected.

#### *Borrower default*

Although the Master Fund will conduct a detailed assessment of the creditworthiness of all borrowers, there remains a risk that such borrowers may default on their obligations to the Master Fund. Such a default may adversely affect the income received by the Master Fund and the value of the Master Fund's assets and, in turn, the income received by the Company and the value of the Company's investment in the Master Fund.

#### *Other counterparty risks*

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

deposit to secure its guarantee with that lender and a default by such a lender may expose the Master Fund and the Company to losses regardless of the performance of the underlying projects or loans, including the potential for the principal value of the investment to be lost. This situation arises in relation to the transaction outlined in section B of Part 8 with GEM1 and GEM 2 (as defined in that section).

The Master Fund and the Company are also likely to maintain cash balances from time to time with their banks, being funds awaiting investment and funds reserved for short term working capital purposes, and may put in place interest rate hedging arrangements with their banks. A failure of any such bank, or any such bank otherwise defaulting on its obligations to the Master Fund or the Company, may expose the Master Fund and the Company to losses. This risk will be of particular significance when the Company and/or the Master Fund has a significant amount of uninvested cash including, by way of example, immediately following the completion of the Issue.

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

There may be circumstances in which the performance of one debt-related investment within the Master Fund's portfolio may have an adverse effect upon other investments within the portfolio. This situation arises, for example, in instances where the Master Fund has made a loan or series of loans in relation to a series of different projects but the loans are made to a single holding company owning each of the relevant Project Companies. Such instances represent approximately 8 per cent. (by reference to Net Asset Value) of the Master Fund's current portfolio. In such instances, the income received by the Master Fund and the value of the Master Fund's assets and, therefore, the income received by the Company and the value of the Company's investment in the Master Fund, may be adversely affected.

#### *Reliance on sub-contractors*

The performance of Project Companies is, to a considerable degree, dependent on the performance of the sub-contractors appointed by such Project Companies, most notably the facilities management contractor. If a Project Company is required to replace a key sub-contractor (including a facilities manager) due to the insolvency of that sub-contractor or for any other reason, the replacement sub-contractor may charge a higher price for the relevant services than the Project Company paid previously. The resulting increase in the costs of the Project Company may adversely affect the ability of that Project Company to service its debt to the Master Fund. This may adversely affect the value and financial performance of the Master Fund's investment in that Project Company, which may in turn have an adverse effect on the value and financial performance of the Company's investment in the Master Fund.

#### *Demand risk*

The Master Fund does not generally make investments in Project Companies which are contracted to provide services on a "demand" basis, where the payments received by the Project Companies depend on the level of use made of the project assets. However, to the extent that it does so, there would be a risk that the level of use of the project assets, and therefore the ability of such Project Companies to service their debts, might be lower than expected. Any default by a Project Company may have an adverse effect upon the income received by the Master Fund and the value of the Master Fund's assets and, therefore, on dividends received by the Company and the value of the Company's investment in the Master Fund. The Master Fund is not currently exposed to any demand risk but could make investments in demand-based projects in the future.

#### *Construction risks*

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

### *Risks relating to new and developing technologies*

Some of the projects that the Master Fund invests in utilise relatively new or developing technologies. There may be issues in relation to those technologies that become apparent only in the future. Such issues may give rise to additional costs for the relevant Project Companies or may otherwise result in the financial performance of the relevant Project Companies being poorer than is anticipated. This may adversely affect the value of and returns generated by the Master Fund's investments in such Project Companies and therefore the value of the Company's investment in the Master Fund.

### *Acquisition risks*

The Master Fund may make loans to companies that are acquiring Project Companies as part of their acquisition finance arrangements. In such circumstances the vendor will typically provide various warranties for the benefit of the acquirer and its funders in relation to the acquisition. Such warranties will be limited in extent and are typically subject to disclosure, time limitations, materiality thresholds and liability caps and to the extent that any loss suffered by the acquirer arises outside the warranties or such limitations or exceeds such caps it will be borne by the acquirer, which may adversely affect the value of the Master Fund's assets and therefore the Net Asset Value of the Company. This situation arises in relation to 10 current investments of the Master Fund, representing approximately 50 per cent. by value of the Master Fund's existing investment portfolio.

### *Covenant breach risk*

The covenants provided by a Project Company in favour of its senior lenders are generally extensive and a breach of one or more of such covenants may result in payments to a subordinated lender such as the Master Fund being suspended, and any amounts paid to the Master Fund following any such breach may be repayable. Although the Master Fund's investment portfolio has not, as at the date of this document and as far as the Directors and the Investment Adviser are aware, been exposed to any covenant breach by a Project Company, where such a breach or any other event leads to an event of default, the senior lenders will normally have the right to take control of the Project Company and ultimately to sell such Project Company. In such event, it is likely that the sale proceeds will be insufficient to repay in full the subordinated debt of the Project Company, which would result in a loss being suffered by the Master Fund and which would in turn result in the value of the Company's investment in the Master Fund being reduced.

### ***Specific risks relating to the Master Fund's investments in the PFI sector***

#### *Termination of PFI project agreements*

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

#### *Change in infrastructure funding policy*

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

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

Given the long term nature of PFI infrastructure projects, and the fact that PFI is a relatively new investment class, there is, as yet, limited experience of the long term operational problems that may be experienced in the future and which may affect PFI infrastructure projects and Project Companies. Any such problems may, in turn, adversely affect the Master Fund's and the Company's investment returns.

### *Specific risks relating to the Master Fund's investments in the renewable energy sector*

#### *Renewable energy-related transactions*

The UK Government provides a range of incentives and subsidies for specific types of renewable energy projects, including "feed-in" tariffs and the renewable heat incentive (where electricity producers are guaranteed a minimum price for their output, typically above market rates) and the Renewables Obligation Certificate, or ROC, system (which requires electricity suppliers to supply minimum levels of renewable-source electricity or make buy-out payments into a central fund). Changes in the application of government policy in relation to these incentives and subsidies may have a material impact upon the profitability of renewable energy projects. Further, the generation of power from renewable energy sources tends to be reliant upon relatively recent technological developments (or the application thereof), and therefore unforeseen technical deficiencies with installations may occur; and although such deficiencies may be covered by supplier warranties, the value of such warranties (if any) may be adversely affected by (for example) time limitations on such warranties or credit events in relation to the relevant supplier. Additionally, technological advances in the future may reduce the competitive efficiency of installations commissioned now. Moreover, the reliance of any renewable energy project or group of projects on a variable resource as its feedstock (for example, ambient light in the case of solar power projects, wind speed in the case of wind power projects and waste in the case of waste-to-energy projects) may affect the profitability of a site or sites. Finally, in the event of a failure of a utility or other private company contracted to purchase power produced by an installation in which the Master Fund has invested, difficulties may arise in contracting with a replacement power purchaser. All of these risks relating to investments in renewable energy projects could have an adverse effect upon the income received by the Master Fund and the value of the Master Fund's assets and therefore on the dividends received by the Company and the value of the Company's investment in the Master Fund.

### *Specific risks relating to the Master Fund's investments in Social Housing*

#### *Risks specific to investments in Social Housing*

Investments by the Master Fund secured against Social Housing (if any such investments are made) will be subject to the general risks incidental to loans secured against real estate-related assets, including changes in general economic or local conditions, changes in the supply of, or demand for, competing properties in an area, changes in interest rates and the availability of mortgage funds, changes in property tax rates and planning laws, the credit risks of developers and tenants, the costs of construction, the potential impact of environmental risks, terrorist activities and the availability and sufficiency of insurance. All of these risks relating to investments in Social Housing may have an adverse effect upon the income received by the Master Fund and the value of the Master Fund's assets, and therefore on any dividends received by the Company and the value of the Company's investment in the Master Fund. The Master Fund does not currently have any exposure to Social Housing investments. However, it may be exposed to such investments (and therefore to the risks referred to above) if any such investments are made.

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

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

The fund structure through which the Company invests in the Master Fund, whilst designed to maximise post-tax returns to investors, is based upon current tax law and practice and accountancy regulations and practice in Jersey and in the UK. Such law or practice is subject to change and any such change may potentially reduce the post-tax returns to investors, for example in the event of the imposition of withholding or other taxes on the Company's investment in the Master Fund or the imposition of withholding or other

additional taxes on income or gains in respect of the underlying investments of the Master Fund. Any such changes may potentially be enacted with retrospective effect.

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

If the Company and/or the Master Fund were treated as resident, or as having a permanent establishment, or as otherwise being engaged in a trade or business, in any country in which they invest or in which the investments are managed, all of their income or gains, or the part of such gain or income that is attributable to, or effectively connected with, such permanent establishment or trade or business, may be subject to tax in that country, which could have a material adverse effect on the performance of the Company and/or the Master Fund and returns to the shareholders of the Company and/or the Master Fund. To maintain their non-UK tax resident status, the Company and the Master Fund must be managed and controlled outside of the United Kingdom. The composition of the boards of directors of the Company and the Master Fund, the place of residence of the individual directors and the location(s) in which the directors make their decisions will be important factors in determining and maintaining the non-UK tax residence status of each of the Company and the Master Fund. While the Company is incorporated in Jersey and a majority of its Directors reside outside the United Kingdom, the Company must pay continued attention to ensure that it is not managed and controlled in the United Kingdom and in particular that its decisions are not made in the United Kingdom or the Company may lose its non-UK tax resident status. The Company must similarly ensure that it does not become tax resident in the United States or in other jurisdictions.

***Offshore Funds Rules***

The Directors consider that the Company should not constitute an “offshore fund” for the purposes of Part 8 of the Taxation (International and Other Provisions) Act 2010, as the Company is closed-ended with an unlimited life. In addition, it is not intended that arrangements will be operated in respect of the Company so that investors can expect to realise their investment at or close to NAV other than in the event of a winding up of the Company. However, as the law and practice in relation to offshore funds has recently changed, the Directors will use reasonable endeavours (but without liability) to monitor the Company’s status in this regard. Changes in the Company’s tax status or tax treatment may adversely affect the Company and if the Company becomes subject to the UK offshore funds rules in Part 8 of the Taxation (International and Other Provisions) Act 2010, there may be adverse tax consequences for UK resident Shareholders.

## IMPORTANT INFORMATION

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

### **Regulatory information**

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

This Prospectus relates not only to the Issue and Switching, but also sets out information relating to the Tap Shares.

### **Investment considerations**

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

- the legal requirements within their own countries for the subscription for, purchase, holding, transfer or other disposal of C Shares and/or Switching Ordinary Shares (as applicable);
- any foreign exchange restrictions applicable to the subscription for, purchase, holding, transfer or other disposal of C Shares or Switching Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the subscription for, purchase, holding, transfer or other disposal of C Shares or Switching Ordinary Shares.
- prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Typical investors in the Company are expected to be institutional and sophisticated investors and private clients.

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

### **Historical information**

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

### **Forward-looking statements**

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their

negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Company's actual results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in the part of this Prospectus entitled "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in this Prospectus. Any forward-looking statements in this Prospectus reflect the Company's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations and growth strategy. For the avoidance of doubt, nothing in this paragraph qualifies the working capital statement set out in paragraph 11 of Part 10 of this document.

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

## **Presentation of information**

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

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

### ***Currency presentation***

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

### ***Definitions***

A list of defined terms used in this Prospectus is set out at pages 153 to 158.

### ***Governing law***

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



## DIRECTORS, AGENTS AND ADVISERS

<b>Directors (all non-executive)</b>	Ian Reeves CBE ( <i>Chairman</i> ) Trevor Hunt David Pirouet
<b>Administrator, secretary and registered office of the Company and the Master Fund and registrar of the Master Fund</b>	Capita Financial Administrators (Jersey) Limited 12 Castle Street St. Helier Jersey JE2 3RT
<b>Registrar of the Company</b>	Capita Registrars (Jersey) Limited 12 Castle Street St. Helier Jersey JE2 3RT
<b>Investment Adviser to the Company and the Master Fund</b>	Gravis Capital Partners LLP 53/54 Grosvenor Street London W1K 3HU
<b>Placing Agent, Financial Adviser, Sponsor and Bookrunner</b>	Oriel Securities Limited 150 Cheapside London EC2V 6ET
<b>Legal Advisers to the Company as to English law</b>	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA
<b>Legal Advisers to the Company as to Jersey law</b>	Carey Olsen 47 Esplanade St. Helier Jersey JE1 0BD
<b>Legal Advisers to the Placing Agent, Financial Adviser, Sponsor and Bookrunner</b>	Lawrence Graham LLP 4 More London Riverside London SE1 2AU
<b>Reporting Accountants of the Company and the Master Fund</b>	Ernst & Young LLP Royal Chambers St. Julian's Avenue St. Peter Port Guernsey GY1 4AF
<b>Auditors of the Company and the Master Fund</b>	Ernst & Young LLP Liberation House Castle Street St. Helier Jersey JE1 1EY

<b>Receiving Agent of the Company</b>	Capita Registrars Limited Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>UK Transfer Agent of the Company</b>	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>Principal Bankers of the Company and the Master Fund</b>	The Royal Bank of Scotland International Limited Royal Bank House 71 Bath Street St. Helier Jersey JE4 8PJ
<b>Valuation Agent of the Master Fund</b>	Mazars LLP Tower Bridge House Katherine's Way London E1W 1DD
<b>Custodian of the Master Fund</b>	Capita Trust Company (Jersey) Limited 12 Castle Street St. Helier Jersey JE2 3RT

## EXPECTED TIMETABLE

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

Placing and Offer for Subscription open	18 September 2012
Latest time and date for receipt of Application Forms under the Offer for Subscription	4.30 p.m. on 10 October 2012
Latest time and date for receipt of Switching Application Forms	4.30 p.m. on 10 October 2012
Latest time and date for receipt of Placing commitments	12.00 p.m. on 11 October 2012
Announcement of the results of the Issue	12 October 2012
Admission of the C Shares and the Switching Ordinary Shares to the Official List and commencement of dealings on the London Stock Exchange	8.00 a.m. on 17 October 2012
CREST accounts credited	on 17 October 2012
Dispatch of definitive share certificates (where applicable)	week commencing 22 October 2012

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

## ISSUE STATISTICS

Issue Price per C Share	£1.00
Estimated initial Net Asset Value per C Share*	98.1 pence
Number of C Shares being issued*	80 million
ISIN of the C Shares	JE00B8GM9429
Estimated Net Proceeds of the Issue*	£78.5 million

\* Assuming gross proceeds of the Issue of £80 million.

## SWITCHING STATISTICS

Maximum number of Switching Ordinary Shares to be issued	45 million
ISIN of the Ordinary Shares	JE00B6173J15

# PART 1

## THE COMPANY

### 1. Introduction

The Company is a Jersey incorporated closed-ended investment company which acts as a feeder fund. The IPO of the Company took place in July 2010, raising gross proceeds of £40 million. The Company carried out a placing and offer for subscription of C Shares in December 2011 which raised gross proceeds of £67.4 million. Those C Shares converted into Ordinary Shares in May 2012. In addition, the Company has, since its IPO, undertaken a number of smaller fundraisings (“tap issues”) within its existing pre-emption authority at the relevant time (including the issue of the Tap Shares), raising aggregate gross proceeds of £15.4 million. The net proceeds of the IPO, the issue of C Shares in December 2011 and the various tap issues were, after accounting for costs and expenses, invested in Master Fund Income Shares. As at 17 September 2012 (being the latest practicable date before publication of this document), the Company held 116,108,226.94 million Master Fund Income Shares, representing an effective interest in 74.37 per cent. of the issued share capital of the Master Fund, and the current market capitalisation of the Company is approximately £129 million.

The Master Fund is an open-ended investment company that was established in Jersey as an expert fund and is listed on the CISX. The Master Fund has an existing portfolio of 23 investments with a value of £156.3 million<sup>1</sup>, which are described in Part 5 of this document. The Master Fund has identified a further £135 million of potential investments, as described in Part 5 of this document under the heading Pipeline Assets.

### 2. Company and Master Fund update

All of the funds raised by the Company through its fundraisings to date and invested in the Master Fund have been substantially fully invested by the Master Fund. Since the Company published its last prospectus in November 2011, the Master Fund has made a substantial number of further investments for an aggregate amount of approximately £90 million, consisting of the following investments:

- £11.5 million senior loan (of which £5 million had been drawn at 22 November 2011, being the date of the issue of the 2011 Prospectus) secured against the cash flows arising from a portfolio of solar photovoltaic installations yielding an effective rate of 9.52 per cent. per annum annual equivalent with an expected remaining term of 23 years.
- £11.3 million subordinated loan secured against the cash flows arising from a portfolio of education and custodial PFI assets yielding an effective rate of 9.31 per cent. per annum annual equivalent with an expected remaining term of 17 years.
- £10.3 million subordinated loan secured against the cash flows arising from a portfolio of education PFI assets yielding an effective rate of 9.20 per cent. per annum annual equivalent with an expected remaining term of 24 years.
- £14.5 million senior loan secured against the cash flows arising from a portfolio of solar photovoltaic installations yielding an effective rate of 9.52 per cent. per annum annual equivalent with an expected remaining term of 24 years.
- £13.5 million loan notes with an expected remaining term of 14 years that provide subordinated exposure to a portfolio of senior PFI loans originated by a major bank lender to the UK PFI sector. The yield on the loan notes is an effective rate of 3 month Libor plus 8.75 per cent. per annum payable quarterly in arrears.
- £14.4 million senior loan secured against the cash flows arising from a single large installation of solar photovoltaic panels yielding an effective rate of 9.47 per cent. per annum annual equivalent with an expected remaining term of 24 years.

---

<sup>1</sup> This represents the Valuation Agent’s valuation of the relevant assets at as 31 August 2012.

- £4.3 million subordinated loan secured against the cash flows arising from a varied portfolio of UK PFI assets yielding an effective rate of 9.74 per cent. per annum annual equivalent with an expected remaining term of 23 years.
- £2.1 million subordinated loan secured against the cash flows arising from a portfolio of education PFI assets yielding an effective rate of 9.31 per cent. per annum annual equivalent with an expected remaining term of 27 years.
- £1.4 million subordinated loan secured against the cash flows arising from a portfolio of education PFI assets yielding an effective rate of 9.46 per cent. per annum annual equivalent with an expected remaining term of 26 years.
- Up to a £6 million senior loan facility (of which £2.9 million has been drawn down as at 17 September 2012 (the latest practicable date prior to the date of this document)), secured against the cash flows arising from a portfolio of solar photovoltaic installations yielding an effective rate of 9.31 per cent. per annum annual equivalent with an expected remaining term of 24 years.

See Part 5 of this document for further information on the existing investment portfolio of the Master Fund.

### **3. Issue overview**

The Investment Adviser continues to see significant opportunities in the infrastructure debt market. To take advantage of these opportunities, and in light of the ongoing demand for the Company's equity (which has performed strongly and has traded at a premium to its net asset value since the IPO), the Company announced on 22 August 2012 its intention to target a fundraising of in excess of £80 million by way of a Placing and Offer for Subscription of C Shares at an issue price of £1.00 per share.

The Company has committed, pursuant to the Subscription Agreement, to invest the Net Proceeds of the Issue in the Master Fund by way of a subscription for Master Fund C Shares at a subscription price of £1.00 per share shortly following Admission. Following the Subscription for Master Fund C Shares, other than the ownership of its Master Fund Income Shares and Master Fund C Shares, the Company will not have any other substantial assets or business. As a result, the Company's financial performance will depend on the performance of its investment in the Master Fund.

The Master Fund intends to utilise the proceeds of the Subscription to make further investments in subordinated debt instruments issued by UK infrastructure project companies and related and/or similar assets in accordance with its investment policy.

A summary of UK infrastructure and the associated debt investment opportunities is set out in paragraph 4 below and further details are set out in Part 3 of this document. Details of the objective, policy and strategy of the Master Fund are set out in paragraphs 2 and 4 of Part 4 of this document.

The Issue is not underwritten.

Certain of the partners of the Investment Adviser expect to subscribe for, in aggregate, up to 100,000 C Shares pursuant to the Issue.

### **4. Investment opportunity**

#### ***Background***

The disruption in the financial markets since mid-2007 has significantly restricted the availability of debt financing for infrastructure assets in the UK. This has primarily been as a result of:

- reduced investor confidence in securitised transactions, which has had a significant negative impact on the ability of infrastructure project companies to access funding through the debt capital markets; and

- the capital constraints imposed upon banks by Basel II<sup>2</sup> and Basel III<sup>3</sup>, and banks' own concerns in relation to their long-term liquidity, which have limited their appetite to provide long term debt, or indeed to continue to hold existing long term debt.

This constrained lending environment has resulted in a strong demand from existing operational infrastructure projects for the type of long-dated debt financing that the Master Fund is seeking to provide. In addition to the lack of availability of alternative providers of long-term debt, the Directors and the Investment Adviser believe that the following factors also contribute to this demand:

- there is a natural incentive amongst infrastructure asset owners to recycle capital swiftly rather than leave it deployed on a long term basis in assets which have reached their operational phases;
- where the Master Fund provides a subordinated loan to a Project Company, the Project Company would typically expect to be able to deduct, for tax purposes, interest payments that it makes to the Master Fund; and
- transaction times and costs when dealing with the Master Fund are often low, relative to those involved in outright sales, and there are typically no adverse tax or change of control implications for the equity or senior debt holders of a Project Company as a result of a change in the funding structure of a Project Company to incorporate subordinated loans, as provided by the Master Fund.

Debt of the type primarily targeted by the Master Fund relates to projects backed by long-dated, secure, public sector-backed contracts. The Directors and the Investment Adviser believe that the available levels of returns on such debt investments, currently priced at significant margins above UK government debt, remain highly attractive having regard to the risks relating thereto. Such investments have a low correlation to equity investments and limited exposure to economic and business cycles, and in some cases benefit from partial inflation protection.

In the opinion of the Directors and the Investment Adviser, the large number of existing UK PFI and other infrastructure projects (both operational and under construction) continue to provide the Company with significant near to medium term lending opportunities.

The relatively slow progress to date of the delivery of the UK Government's vision for infrastructure investment outlined in the UK Government's "National Infrastructure Plan 2011" were addressed, to some degree, by the announcement in mid-July 2012 of a £40 billion loan guarantee programme to assist in the financing of infrastructure projects expected to commence construction over the course of the following 12 months. It is hoped that this programme will underpin a substantial medium term pipeline of new public infrastructure projects.

In respect of infrastructure projects specifically focused on renewable energy, prevailing market conditions have led to the emergence of a significant pipeline of suitable debt investment opportunities. Banks are reluctant to lend beyond 5 or 7 years (compared to the 20 or 25 year contracted cash flows arising under the FIT and ROC schemes). Therefore, in light of the lack of available capital for renewable energy infrastructure projects from traditional bank lenders, the Master Fund has continued to progress lending opportunities on a senior secured basis in this area, in particular focusing on further solar investments as well as an increasing number of biomass, onshore wind and other public sector-backed opportunities.

### ***Features of the Company and the Master Fund***

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

- the Company, the Master Fund and their respective directors have access to the Investment Adviser, which has the capabilities and experience required to originate and manage infrastructure-related debt

---

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

3 "A global regulatory framework for more resilient banks and banking systems" published by the Basel Committee on Banking Supervision.

investments, having already successfully invested the capital raised by the Company pursuant to the IPO, the issue of C Shares in December 2011 and various tap issues, as well as the additional capital raised by the Master Fund;

- the Investment Adviser has identified a significant pipeline of potential further investments which should assist in the timely deployment of the Net Proceeds;
- the Company is the only UK-listed infrastructure fund focused primarily on debt investments;
- the Company and the Master Fund have low annual management charges when compared with other listed infrastructure companies. A base fee of 0.9 per cent. per annum of the Net Asset Value of the Master Fund (excluding cash) is charged by the Investment Adviser to the Master Fund. No performance fee is charged. The Investment Adviser may also receive an acquisition fee of 1 per cent. (at the discretion of the Investment Adviser) of the cost of each asset acquired by the Master Fund, but such fees have only been charged to the Master Fund in respect of one investment to date; and
- the Company has progressively increased its dividend towards its Target Net Yield of 8 per cent. per annum, having paid half year dividends on its Ordinary Shares of 2.15p in December 2010, 2.30p in June 2011, 3.00p in December 2011 and 3.70p in June 2012.

## **5. Benefits of the Issue**

The Directors believe that proceeding with the Issue will have the following benefits:

- the additional capital raised will enable the Master Fund to proceed with transactions in its investment pipeline, thereby further diversifying its investment portfolio, both by number of investments and by sector;
- the market capitalisation of the Company is expected to increase to in excess of £200 million which will help to make the Company more attractive to a wider shareholder base;
- it is expected that following Company Conversion the secondary market liquidity in the Ordinary Shares will be further enhanced as a result of a larger and more diversified shareholder base; and
- the Company's fixed running costs will be spread across a wider shareholder base, thereby reducing the total expense ratio.

## **6. C Share and Master Fund C Share structure**

The Issue will be a placing and offer for subscription of C Shares. These C Shares will be issued at the Issue Price of £1.00 per share and will convert into Ordinary Shares in due course pursuant to Company Conversion (as described in paragraph 7 below and Part 8 of this document). Pursuant to the Subscription Agreement, the Net Proceeds of the Issue will be invested by the Company in the Master Fund by way of a subscription for Master Fund C Shares. The C Shares and Master Fund C Shares are designed to overcome the potential disadvantages for existing Ordinary Shareholders (and for existing Master Fund Ordinary Shareholders) of a conventional fixed price issue of further Ordinary Shares for cash. In particular:

- the assets of the Company acquired with the Net Proceeds, being the Master Fund C Shares, will be accounted for and managed by the Company as a distinct pool of assets, with the Company procuring that separate cash accounts are created and maintained in the books of the Company until the Company Conversion Time. Similarly, the cash invested by the Company pursuant to its subscription for Master Fund C Shares will be accounted for and managed by the Master Fund as a distinct pool of assets until the Master Fund Conversion Time. By accounting for and managing these assets separately, holders of existing Ordinary Shares (and existing Master Fund Ordinary Shares) will not be exposed to a portfolio containing a substantial amount of uninvested cash before the Company Calculation Time;
- the Net Asset Value of the existing Ordinary Shares will not (provided that the Issue proceeds) be diluted by the expenses associated with the Issue, which will be borne by the subscribers for the C Shares issued pursuant to the Issue; and

- the basis upon which the C Shares will convert into Ordinary Shares is such that the number of Ordinary Shares to which holders of C Shares will become entitled will reflect the relative investment performance and value at the Company Calculation Time of the pool of new capital attributable to the C Shares as compared to the assets attributable to the Ordinary Shares in issue at that time. As a result, the Net Asset Value attributable to the Ordinary Shares then in issue will not be adversely affected by Company Conversion.

It is not anticipated that any person other than the Company will hold Master Fund C Shares.

Pursuant to the Master Fund Articles of Association, the Master Fund Directors exercised their discretion on 5 July 2012 to adopt a policy whereby applications to subscribe for ordinary redeemable shares (as defined in the Master Fund Articles) will be rejected unless either: (a) there are approximately equivalent applications for redemptions which can be processed on the same dealing date; or (b) the Master Fund Directors are satisfied that the Master Fund will be able to deploy funds arising from new subscriptions within a timescale that will not reduce returns to existing shareholders (the “**Temporary Policy**”). In addition, subject to the resolutions to be proposed at the Master Fund EGM being passed, the Temporary Policy will continue throughout the period that Master Fund C Shares are in issue.

The Directors will have the power to declare dividends in relation to the C Shares in the event that the assets that are attributable to the Master Fund C Shares generate material income while the C Shares are in issue, to the extent that the Master Fund distributes such income to the Company and to the extent that the Directors consider it to be appropriate in the circumstances.

C Shares will carry the right to vote at meetings of Shareholders and the consent of the holders of the C Shares as a class will be required in connection with the matters specified in paragraph 13 of Part 8 of this document. Holders of C Shares will be entitled to participate on a winding up of the Company or upon a return of capital as specified in paragraph 9 of Part 8 of this document. The rights attaching to the Master Fund C Shares are described in Part 8 of this document.

#### **7. Conversion mechanics of the Master Fund C Shares converting into Master Fund Income Shares and of the C Shares converting into Ordinary Shares**

The investments made by the Master Fund with the Net Proceeds will be accounted for and managed as a separate pool of assets by the Master Fund until the Master Fund Calculation Time. The Master Fund Calculation Time shall be when the value of the investments of the Master Fund is equal to or greater than 90 per cent. of the Net Asset Value of the Master Fund (or sooner in limited circumstances, including six months after the issue of the C Shares notwithstanding the extent to which the Master Fund’s cash has been deployed at that time). The Master Fund Conversion Ratio will then be calculated and the Master Fund C Shares in issue will convert into a number of Master Fund Income Shares (and, if applicable, Master Fund Deferred Shares) calculated by reference to the relative Net Asset Values per share of the Master Fund C Shares and the Master Fund Income Shares then in issue.

Following conversion of the Master Fund C Shares into Master Fund Income Shares (and, if applicable, Master Fund Deferred Shares) as described above, the C Shares held by Shareholders will be converted into a number of Ordinary Shares (and, if applicable, Deferred Shares) calculated by reference to the relative Net Asset Values per share of the C Shares and the Ordinary Shares.

Full details of the C Shares, the Deferred Shares, the Master Fund C Shares, the Master Fund Deferred Shares, Company Conversion and Master Fund Conversion are set out in Part 8 of this document.

The new Ordinary Shares arising on Company Conversion will rank *pari passu* with the Ordinary Shares then in issue and will have the rights set out in the Company’s Articles which are summarised in paragraph 4 of Part 10 of this document.

#### **8. The EGM and the Master Fund EGM**

A circular has been sent to Shareholders on the date of this document setting out a notice convening an EGM of the Company to be held on 5 October 2012 at 10.30 a.m. The purpose of the EGM is to consider, and if



thought fit to pass, the resolutions necessary to authorise and carry out the Issue, being: (i) to increase the authorised share capital of the Company to provide sufficient headroom for the Issue, Switching and Company Conversion (as defined in Part 8 of this document); and (ii) to approve, *inter alia*, the issue of C Shares pursuant to the Issue free of the pre-emption rights in the Articles and to replace the existing pre-emption disapplication with an increased disapplication if the Issue proceeds.

In addition, a circular has been sent by the Master Fund to Master Fund Shareholders convening the Master Fund EGM to be held on 5 October 2012 at 1.30 p.m. The Master Fund EGM has been convened to consider, and if thought fit to pass, resolutions to: (i) approve the allotment of Master Fund C Shares to the Company in connection with the Issue; (ii) increase the authorised share capital of the Master Fund; and (iii) approve the temporary dealing policy of the Master Fund referred to in paragraph 6 above, in each case in connection with the Issue.

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

The Company's investment objectives are to:

- provide its Shareholders with regular, sustained, long-term distributions; and
- preserve the capital value of its investment assets over the long term,

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

The Company's investment objectives are in line with the investment objectives of the Master Fund.

The Company achieves its investment objectives by investing substantially all of its capital in ordinary redeemable income shares of the Master Fund.

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

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

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

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

The Master Fund targets an ongoing dividend for holders of Master Fund Income Shares of 8 per cent. per annum (by reference to the initial subscription price of the Master Fund Income Shares of £1.00 per share).

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

As set out in the Company's investment policy, structural gearing is permitted at Company level, up to a maximum of 20 per cent. of the Company's Net Asset Value immediately following draw down of the relevant debt. The Company does not currently have any debt facilities in place and does not intend to introduce gearing except in the event that it would become more cost-efficient to introduce gearing to the Company rather than to the Master Fund.

The Master Fund may utilise leverage for structural purposes and for short term purposes. The Master Fund's borrowings shall not in any event exceed 20 per cent. of the Master Fund's Net Asset Value as at the time any such borrowings are drawn down. The Master Fund will be indirectly exposed to gearing to the extent that the underlying investments are themselves geared, which will often be the case.

The Master Fund has entered into the RBSI Facility, which is a revolving credit facility. Further details in relation to the RBSI Facility are set out in paragraph 10.13 of Part 10 of this document. The Master Fund has previously drawn down £7 million in aggregate pursuant to the RBSI Facility, but all such sums have

been repaid. As at the date of this document, the Master Fund has no monies drawn down under the RBSI Facility, with the sum of £7 million available for drawing, if required, until 11 October 2012.

The Investment Adviser is currently in discussions with RBSI to potentially extend the RBSI Facility for a further 2 years and to increase the facility to £20 million. There is no certainty, however, that such discussions will result in the RBSI Facility being amended.

## **11. Target returns**

The Company targets dividend payments of 8 per cent. per annum per Ordinary Share (by reference to the IPO Price) (the “**Target Net Yield**”). The Target Net Yield is set at a level that broadly reflects the dividends that the Company expects to receive from the Master Fund and is therefore dependent on the Master Fund generating its target return, further details of which are set out in paragraph 2 of Part 4 of this document. The Company’s returns to its Shareholders are also affected by Company-specific fees, costs and expenses and the impact of any leverage employed at Company level.

## **12. Distribution policy**

The Company, as far as reasonably practicable and taking into account the costs of the Company and its working capital requirements, distributes by way of dividend payments to Ordinary Shareholders all income that it receives from the Master Fund (except any income that is attributable to the Master Fund C Shares) up to the Target Net Yield of 8 per cent. per annum (by reference to the IPO Price) on each Ordinary Share. In the event that the Company receives dividends from the Master Fund in respect of the Master Fund Income Shares that it holds that would enable it to pay a dividend in excess of the Target Net Yield, the Company may pay out such sum or may retain the excess, either for re-investment into the Master Fund or to ensure that the Company is able to pay future dividends at the level of the Target Net Yield. The Company may also make distributions by way of capital distributions (or otherwise in accordance with the Jersey Companies Law and the Articles) if, and to the extent that, the Directors consider this to be appropriate. The Company has previously offered a scrip dividend alternative to Ordinary Shareholders and anticipates that it will continue to do so.

The Company currently makes distributions by way of semi-annual dividends, in line with the frequency of dividend payments by the Master Fund, and declares those dividends within two months of the Company’s half year-ends (being 31 May in respect of the half year-end on 31 March and 30 November in respect of the year-end on 30 September).

The Directors understand that the Master Fund expects to increase the frequency of dividend payments from a half yearly basis to a quarterly basis with effect from Master Fund Conversion (which is expected to take place no later than 17 April 2013). In such an event, the Company would expect to move to paying dividends quarterly.

The Directors have the power to declare dividends in relation to the C Shares (in the event that the assets that are attributable to the Master Fund C Shares generate material income while the C Shares are in issue), to the extent that the Master Fund distributes such income to the Company and to the extent that the Directors consider it to be appropriate in the circumstances. It is expected that Company Conversion will take place before the record date for the dividend to be paid in relation to the Ordinary Shares in respect of the half year ending on 31 March 2013 and that subscribers for C Shares pursuant to the Issue will therefore participate in that dividend.

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

### **13. Fees and Expenses**

#### ***Expenses of the Issue***

In aggregate, the fees and expenses of the Company relating to the Issue and associated matters are expected to be approximately £1.5 million, resulting in net proceeds of £78.5 million if gross proceeds of £80 million are raised. Provided that the Issue proceeds, such fees and expenses will be borne by the subscribers for the C Shares pursuant to the Issue.

The expenses incurred in respect of the issue of the Tap Shares were £140,715.20.

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

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

The Company pays a fixed annual fee of £20,000 to the Investment Adviser in consideration of a range of services as summarised in paragraph 10.3 of Part 10 of this document. The Company may incur further fees payable to the Investment Adviser to the extent that it obtains advice from the Investment Adviser that is outside the scope of the services covered by the Company Investment Advisory Agreement and is not similar in scope and/or nature to advice already provided, or in the course of being provided, to the Master Fund pursuant to the Master Fund Investment Advisory Agreement. Such advice will be provided on a time-cost basis. The Company will not otherwise be liable to pay any management or advisory fees to the Investment Adviser.

The Master Fund is responsible for all other operational costs and expenses, which are summarised in paragraph 22 of Part 4 of this document, including the fees payable under the Master Fund Investment Advisory Agreement which are described in more detail in paragraph 10.11 of Part 10 of this document.

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

Interest rate hedging may be carried out by the Company to seek to provide protection against increasing interest rates as and when any floating rate liabilities are entered into by the Company. The Company's exposure to such floating rate liabilities is likely to be limited to permitted gearing as referred to in paragraphs 9 and 10 above.

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

### **15. Valuation**

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

For as long as C Shares and Master Fund C Shares are in issue, the Company and the Master Fund will undertake a similar exercise to that described in the preceding paragraph in respect of the C Shares and the Master Fund C Shares and the Company and the Master Fund will announce and publish the NAV per share of the C Shares and the Master Fund C Shares monthly at the same time as the NAV of the Ordinary Shares and the Master Fund Income Shares is published and following the same procedures as are followed in relation to the publication of the NAV of the Ordinary Shares and of the Master Fund Income Shares.

## **16. Further issues of shares**

Subject to any restructuring of the Group (as outlined in paragraph 20 below), it is currently expected that, if the Master Fund raises material additional equity capital in the future, any such fundraising will be structured as an equity fundraising by the Company (by way of an issue of either Ordinary Shares or C Shares), the net proceeds of which will be subscribed by the Company for Master Fund Income Shares or Master Fund C Shares.

The Articles confer pre-emption rights on existing Shareholders in connection with the allotment of equity securities (as defined in the Articles) for cash. These rights, which are summarised in paragraph 4.8 of Part 10 of this document, have the effect that, in the event of a further issue of equity securities in the Company for cash, such equity securities as are proposed to be issued shall be first offered to existing Shareholders *pro rata* in proportion to their existing respective holdings of equity shares (as defined in the Articles) in the Company on either the same or more favourable terms. Pursuant to the special resolution proposed at the EGM and described in paragraph 8 of Part 1 of this document, the pre-emption rights contained in the Articles will be disapplied in respect of the allotment of: (i) C Shares pursuant to the Issue; (ii) equity securities by way of a rights issue by the Company; and (iii) equity securities with a nominal value that, in aggregate, does not exceed 9.99 per cent. of the nominal value of the Company's issued share capital as at the date of the EGM or, if the Issue proceeds, the allotment of equity securities up to a maximum nominal value equal to 9.99 per cent. of the aggregate nominal value of the Company's issued equity securities immediately following Admission.

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

At the annual general meeting of the Company held on 10 February 2012, a special resolution was passed authorising the Company (subject to the Listing Rules and all other applicable legislation and regulations) to make market purchases of up to 14.99 per cent. of its Ordinary Shares in issue immediately following Company Conversion. This authority was granted for the purpose of addressing any imbalance between the supply and demand for the Ordinary Shares, to assist in minimising any discount to the Net Asset Value of the Company at which the Ordinary Shares may be trading and to increase the Net Asset Value per Ordinary Share. This authority will expire at the conclusion of the next annual general meeting of the Company.

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

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

Holders of Master Fund Income Shares may request that all or a proportion of their Master Fund Income Shares be redeemed on specified days in each year (currently, the last Business Day of each month). If Master Fund Income Shares are redeemed, they will be redeemed at a price equal to the NAV per Master Fund Income Share, less a redemption fee typically of approximately £25 per transaction. However, the Master Fund is able to effect the redemption of Master Fund Income Shares only to the extent that it has sufficient cash available to enable it to meet such a redemption request or to the extent that it is able to dispose of its assets to generate cash. The Master Fund Directors may delay the redemption of Master Fund Income Shares to the extent that the Master Fund does not have sufficient cash available to enable it to meet such a redemption request and/or if the Master Fund is unable to achieve an orderly realisation of its assets. Given the proportion of the Master Fund Income Shares that is held by the Company and the relatively illiquid nature of the Master Fund's investments, it is very unlikely in practice that the Company will be able to redeem a significant proportion of the Master Fund Income Shares that it holds without a significant delay.

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

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

As at 17 September 2012 (being the latest practicable date prior to the date of this document) there were 142,983,866.63 issued Master Fund Income Shares and 13,134,518.87 issued Master Fund Accumulation Shares. The maximum number of shares in the Master Fund in relation to which the Company's offer with regard to Switching may be accepted is the number of issued Master Fund Income Shares and Master Fund Accumulation Shares referred to above, as adjusted as a result of issues and redemptions of Master Fund Income Shares and Master Fund Accumulation Shares following the date of this document but prior to 4.30 p.m. on 10 October 2012, being the latest time for receipt of application forms in relation to Switching. The number of Ordinary Shares to be issued to Master Fund Ordinary Shareholders who wish to swap their shares in the Master Fund for Ordinary Shares pursuant to the arrangements for Switching will be determined as set out in the paragraph above. The maximum number of Switching Ordinary Shares to be issued is 45 million.

The letter to be sent (enclosing a copy of this document) by the Company to Master Fund Ordinary Shareholders in relation to Switching, the application form in relation to Switching and the terms and conditions of applications for Switching Ordinary Shares appear at the end of this document.

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

It is not known how many Master Fund Ordinary Shareholders will choose to participate in the Switching arrangements. However, there are a number of Master Fund Ordinary Shareholders who the Directors believe will be unable to participate in the Switching arrangements due to restrictions upon the type of entity that they may invest in (for example, the Directors believe that some Master Fund Ordinary Shareholders may only invest in open-ended companies).

The arrangements in relation to Switching are not conditional upon the Issue proceeding.

The Company will consider any offer made from time to time by a Master Fund Shareholder to sell shares in the Master Fund to the Company for cash. Any decision by the Company to proceed with such a purchase of shares shall be at the absolute discretion of the Company at the relevant time and shall also be subject, among other matters, to the Company having sufficient available cash to finance any such purchase.

## **20. Proposals for the future structure of the Group**

At the time of the IPO, it was intended that the Company would be the primary capital raising vehicle for the Master Fund. Since that time, the vast majority of the new funds invested in the Master Fund have been raised by the Company by way of the various tap issues that have been carried out by the Company and the issue of C Shares in December 2011. The Company currently holds 74.37 per cent. of the Master Fund Ordinary Shares in issue. If the target fundraising size for the Issue of in excess of £80 million in aggregate is achieved, the Company will hold at least 83.06 per cent. of the Master Fund's issued share capital

immediately following Admission (not taking account of the effect of Switching which, to the extent that Switching takes place, will increase the proportion of the Master Fund Ordinary Shares held by the Company).

In light of the proportion of the issued shares of the Master Fund that is expected to be held by the Company following completion of the Issue, the Directors intend to liaise with the Master Fund Directors to commence a review of the current structure of the Group to ascertain whether it remains the most appropriate available structure going forward. Any restructuring which may be undertaken following this review would be subject to the obtaining of any necessary regulatory and shareholder consents and would have particular regard to the interests of the minority shareholders of the Master Fund. There is no certainty that a restructuring will in fact be proposed or as to the timing of any such restructuring and the Company will update Shareholders of progress in due course.

## **21. Disclosure obligations**

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

## **22. Taxation**

Information concerning the tax status of the Company and in relation to an investment in C Shares or Switching Ordinary Shares is set out in Part 9 of this document. If any potential investor is in any doubt about the taxation consequences of acquiring, holding or disposing of C Shares or Switching Ordinary Shares, they should seek advice from their independent professional adviser.

## PART 2

### MANAGEMENT AND ADMINISTRATION OF THE COMPANY

#### 1. Board of Directors

The Articles of Association provide that the Company's Board of Directors shall be comprised of at least 2 Directors. The Company currently has 3 Directors, all of whom are non-executive directors. 2 of these Directors are Independent Directors. Trevor Hunt is not an Independent Director as he is a member of the Master Fund Board. The Directors meet on a regular basis to review and assess the investment policy and performance of the Company and generally to supervise the conduct of its affairs.

The Directors and their business experience are as follows:

#### *Ian Reeves CBE, CCMI, FCInstCES, FRSA, FINSTD (68) (Chairman)*

Ian Reeves, a UK resident, is a businessman, management consultant and Visiting Professor of Infrastructure Investment and Construction at the Manchester Business School. He is a consultant to SGH Martineau LLP Solicitors, a practice based in the City of London. He is also Chairman of Dealpride Ltd, the ultimate holding company of the McGee Group, the civil engineering, building and demolition contractors, and Chairman of FSI Worldwide Ltd, an international defence and security services contractor and provider of premium manpower resources to various industries. Mr. Reeves is also chairman of the construction industry best practice group, Constructing Excellence Ltd, and of Synaps Partners LLP, the strategy and business advisors. Mr. Reeves is also a member of the advisory board of Oriel Securities Limited, the corporate and institutional stockbroking and advisory firm.

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

Mr. Reeves serves as chairman of the Board of Directors of the Company.

#### *Trevor Hunt (59)*

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

Mr. Hunt retired from HSBC in 2003 and spent six years as a director of Capita Financial Administrators (Jersey) Limited and of other Capita entities before leaving in 2009 to join BNP Paribas Securities Services in a senior management role. On 30 September 2011, Mr. Hunt left BNP Paribas in order to focus on providing non-executive directorship services to a number of Channel Islands funds and fund management companies.

Mr. Hunt is regulated by the JFSC for the provision of services as a non-executive director. Mr. Hunt is also a member of the Master Fund Board and a member of the Jersey Association of Directors and Officers.

#### *David Pirouet F.C.A. (58)*

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

Since retiring from PwC, Mr. Pirouet has carried out a four month project for the Chief Minister's Department in the States of Jersey, reporting to the Director for International Finance, and he serves on the boards of a number of listed and privately held investment entities.

Mr. Pirouet is regulated by the JFSC for the provision of services as a non-executive director. Mr. Pirouet has worked in London and Canada as well as the Channel Islands.

## **2. Corporate governance**

The Listing Rules require the Company to follow a “comply or explain” regime in relation to the UK Corporate Governance Code. Other than as set out below, the Company currently complies with the AIC Code, and in accordance with such Code is meeting its obligations in relation to the UK Corporate Governance Code and the associated disclosure requirements of the Listing Rules.

There are no additional codes of corporate governance under Jersey Companies Law or prescribed by the JFSC with which the Company is required to comply (other than the statutory provisions of the Jersey Companies Law itself).

The Company is a member of the AIC and is classified as a Specialist Infrastructure Company.

The Directors have adopted a code of Directors’ dealings in the Company’s securities, which is based on the Model Code for directors’ dealings contained in the Listing Rules (the “**Model Code**”). The Company is required to comply with the Model Code pursuant to the Listing Rules. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors.

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

### ***Audit committee***

The Company has established an audit committee. The audit committee’s membership is comprised of all the Directors and the committee is chaired by David Pirouet, who is a chartered accountant and a former audit partner. The audit committee meets at least twice a year, but can meet more often if necessary. The audit committee operates within defined terms of reference, a copy of which is available on request from the Company secretary. The audit committee’s main functions include, *inter alia*, making recommendations to the Board in relation to the appointment and remuneration of the Company’s auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications. The audit committee also monitors the integrity of the financial statements of the Company, including its annual and interim reports and any preliminary results announcements.

The audit committee is responsible for overseeing the Company’s relationship with the external auditors, including deciding upon the appointment of the external auditors and their remuneration. The audit committee considers the nature, scope and results of the auditor’s work and reviews, develops and implements policy on the supply of non-audit services that are to be provided by the external auditors. The audit committee focuses particularly on compliance with legal requirements, accounting standards and the relevant Listing Rules and ensuring that an effective system of controls is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board.

### ***Compliance with the AIC Code***

The Board considers that it has managed its operations in compliance with the AIC Code, except in instances where compliance with any specific principle or recommendation of the AIC Code is considered inappropriate.

During the financial year ended 30 September 2011, and since that date, the Company has complied with the AIC Code save with regard to the following provisions:

- Establishment of nomination committee: The Board does not consider it necessary to establish a nomination committee since all of the Directors are non-executive and two of the Directors are considered independent.
- Establishment of management engagement committee: The Board does not consider it necessary to establish a management engagement committee since all of the Directors are non-executive and two



of the Directors are considered independent. The Board as a whole monitors the performance of the Company's service providers, either through Board meetings or, if appropriate, through the use of an appropriately constituted committee.

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

Gravis Capital Partners LLP is authorised and regulated by the UK Financial Services Authority and is the Investment Adviser of the Company. It is also the Investment Adviser of the Master Fund. The services provided by the Investment Adviser to the Company are summarised in paragraph 10.3 of Part 10 of this document.

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

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

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

Capita Financial Administrators (Jersey) Limited has been appointed as administrator and secretary of the Company pursuant to the Company Administration Agreement. The Administrator is responsible for the Company's general administrative requirements, such as the maintenance of the Company's accounting and statutory records. A summary of the Company Administration Agreement is set out in paragraph 10.4 of Part 10 of this document.

## PART 3

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

Infrastructure assets are generally considered to be assets that provide the services and facilities necessary for a society or economy to function successfully. Often infrastructure assets are sub-divided into two key sectors. Social infrastructure assets are typically procured by government to provide services to the general public, and would include hospitals, schools, prisons, court buildings and other such facilities. Economic infrastructure assets are assets to support the economic development of a society, and would include roads, railways, ports, power generation and transmission, water distribution and waste treatment.

UK infrastructure assets involving private sector investment are often constructed and (to a greater or lesser extent) maintained by a private sector entity or consortium acting through a single purpose company, which generates its revenue from a long-term contract with a public sector or public sector-backed client. The revenue arising from the contract will typically be used to service (in order of priority) the cost of operating and/or maintaining the asset to the required standard, senior debt, subordinated debt, and finally to provide a return to the equity holders.

Revenues arising from infrastructure assets are generally considered to be relatively predictable, and are often contracted to rise in line with RPI or another inflation index. However, the security of such revenues does vary according to the nature of the contract concerned. For example:

- (i) Under “availability”-based contracts, provided that the specified contractual standards are met in relation to the maintenance of the asset, the income stream is pre-determined;
- (ii) Under “demand”-based contracts, the income stream is linked, at least to a degree, to the level of use of the relevant asset;
- (iii) In the case of fully repairing and insuring lease contracts, in essence all risks are taken by the tenant and the income stream is wholly pre-determined; and
- (iv) On “feed-in” or ROC related transactions (typically associated with renewable energy projects), a minimum specified cashflow is payable provided a specified volume of energy is produced.

As an asset class, infrastructure investments may (in the opinion of the Investment Adviser, and subject to the Risk Factors set out on pages 15 to 28 above) be considered potentially attractive as the cashflows arising therefrom are long-term, relatively predictable, potentially inflation-protected, often public sector-backed and relate to services and facilities important to society and to the economy generally.

#### Section A: UK PFI and associated debt investment opportunities

##### 1. Introduction

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

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

Once a PFI Project Company’s bid is accepted by the client, the PFI Project Company enters into a project agreement with the client. The project agreement regulates the design, build, financing, operation and

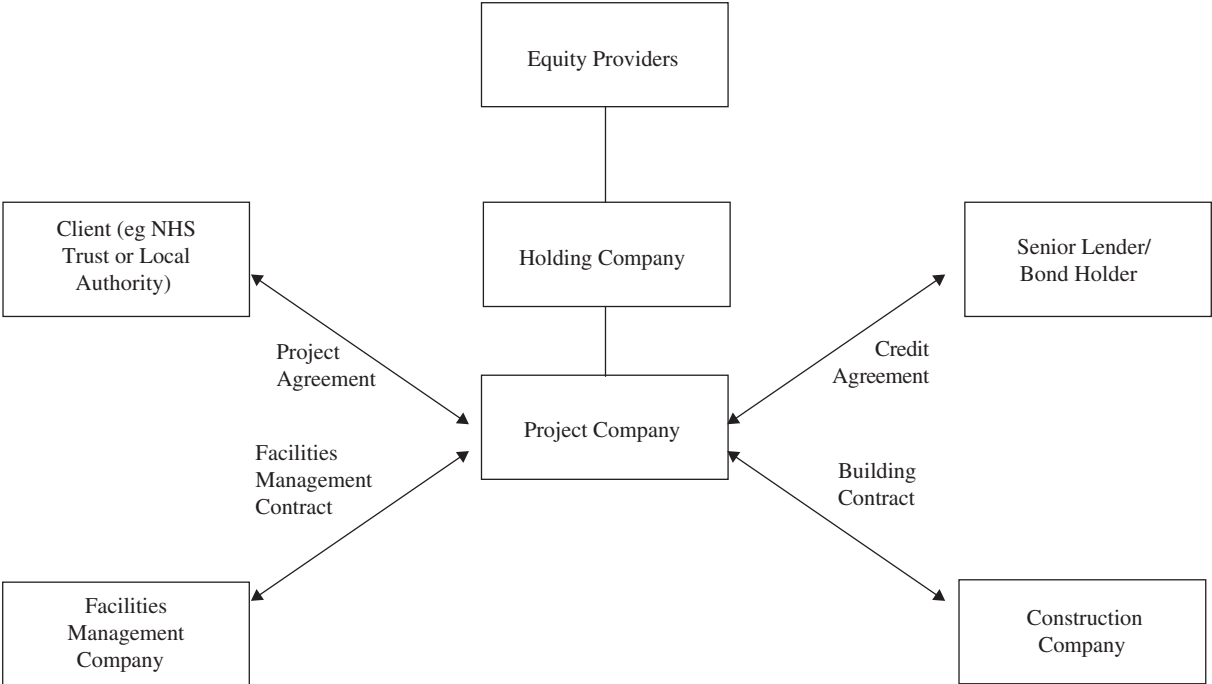
maintenance of the infrastructure asset. The term of the project agreement for an asset procured under the PFI (the “concession period”) is typically 20 to 30 years. Under the project agreement:

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

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

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

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



As at 31 March 2012, close to 717 PFI projects with a capital value of approximately £54.7 billion had been contracted since the inception of the PFI in the UK in the early 1990s. Approximately 50 per cent. of all projects by value have been in the Health and Education sectors (source: website database of HM Treasury).

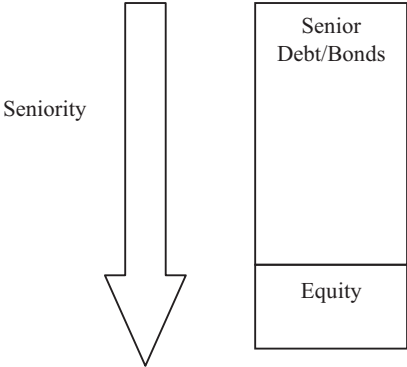
**2. PFI Project Company funding**

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

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

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

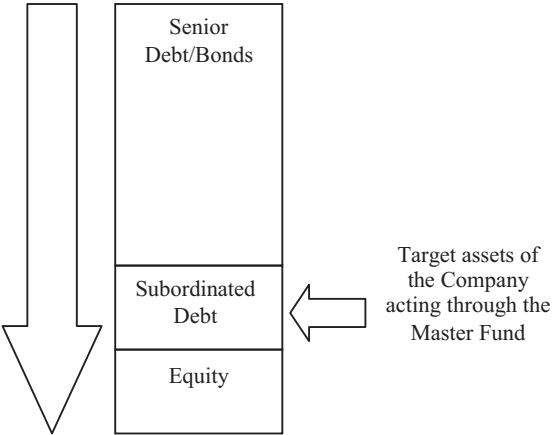
The diagram below illustrates the typical funding structure of an infrastructure PFI Project Company during construction.



**3. Subordinated debt**

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

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

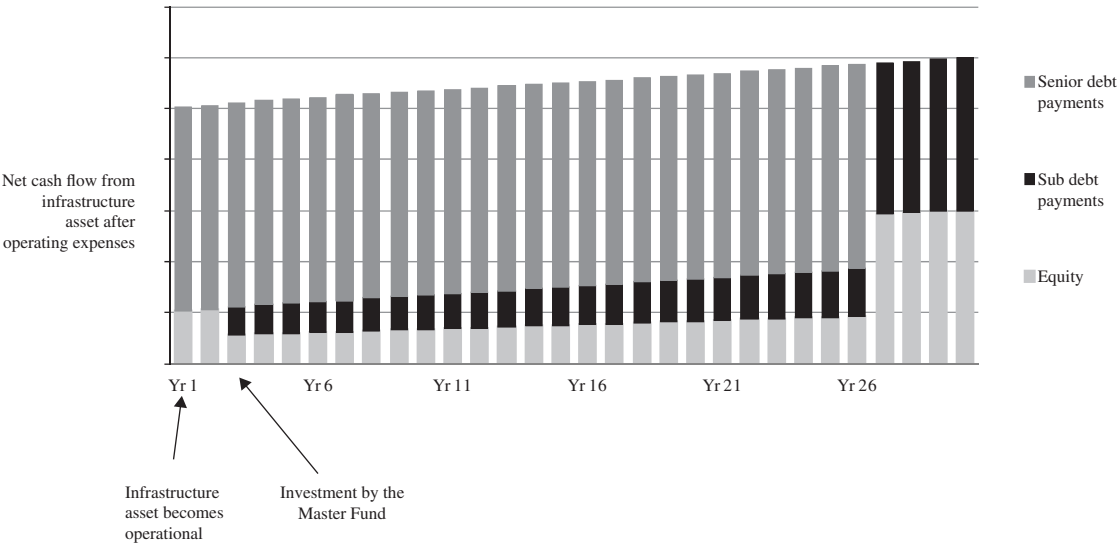


As described in paragraph 2 of Part 4 of this document, the Master Fund seeks to acquire interests in subordinated debt issued by PFI Project Companies or other members of their corporate groups. Such subordinated debt typically ranks behind senior debt and/or bonds on the insolvency of the PFI Project Company, but ahead of equity.

The Master Fund focuses primarily on investments in projects in relation to which construction of the infrastructure asset has been completed, the asset is operational and in relation to which payments of unitary charge have commenced. However, if the Master Fund (taking into account the advice of the Investment Adviser) forms the view that the construction risks have been properly mitigated, investments may be made in projects prior to the completion of the construction stage.

The diagram below shows a typical net cash flow to a PFI Project Company with a 30 year project agreement after deducting the costs of operating the PFI Project Company and its infrastructure asset, where part of the equity financing of the PFI Project Company is refinanced with subordinated debt in the third year after the asset becomes operational.

**Illustrative investment cash flow profile**



The net cash flow of the PFI Project Company will typically be used first to service the senior debt and second to service the subordinated debt, with the surplus being paid to the equity holders. The subordinated debt provided by the Master Fund would typically generate interest throughout the term of the subordinated debt, with the repayment of the principal sum borrowed being made in the final years of the life of the project, once the senior debt has been fully repaid.

**4. Senior debt investments**

In addition to providing subordinated debt for the purpose of refinancing part of the equity funding (including shareholder loans) of a PFI Project Company, the Master Fund also seeks opportunities to generate exposure to senior debt advanced in relation to PFI projects. This is typically achieved by the provision of guarantees (“**senior debt guarantees**”) to senior lenders to PFI Project Companies, or by the provision of debt to lenders to PFI Project Companies which is subordinated to debt provided to such lenders by other funders (“**subordinated loans to senior debt providers**”).

**Senior debt guarantees**

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

by the senior debt guarantee) on any of the loans in the senior loan portfolio (and on any combination of those loans) up to an aggregate agreed amount (the “**guaranteed amount**”).

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

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

### ***Subordinated loans to senior debt providers***

A subordinated loan to a senior debt provider may arise from the Master Fund identifying a single project or group of projects which a senior debt provider (or providers) has funded or is willing to fund, but which at the required level of leverage does not satisfy the senior debt provider’s minimum credit requirements. Such minimum requirements may be (for example) a minimum credit rating (either from an external rating agency or from the internal assessment of the senior debt provider), a minimum ratio test (such as debt service cover ratio or loan life cover ratio) or similar or other requirements.

It would be expected that a subordinated loan to a senior debt provider would normally be effected by the establishment of a single purpose company which would make a senior loan to the relevant PFI Project Company (or companies), or to its or their owner. The single purpose company would be funded by the issue of senior ranking debt to a senior lender and subordinated debt to the Master Fund. It may also be that a senior lender would make the senior loan directly itself and then raise a subordinated loan from the Master Fund which will bear any first loss arising on the senior loan.

A subordinated loan to a senior debt provider may be attractive to a senior lender as it may allow the senior lender to participate in funding projects which it finds attractive but which do not meet all of its lending requirements. In particular, it is anticipated that subordinated loans to senior debt providers may in due course be of considerable value where it is expected that the optimal funding solution for the relevant project or projects involves the issue of bonds into the debt capital markets, as such markets typically require minimum credit ratings above the level which many UK infrastructure projects (PFI and otherwise) are able to support without the provision of a level of subordination in the senior debt part of the capital structure.

## **Section B: Other debt investment opportunities in the UK infrastructure market**

### **1. Renewable energy**

Renewable energy is energy from resources which are naturally replenished, such as sunlight, wind, waste, tides and geothermal energy. In recent years there have arisen significant concerns in relation to both the limited nature of many traditional sources of power, heating and transport fuels, such as oil, gas and coal, and the impact that the use of such sources has upon the environment. As a result, a substantial political will has developed to encourage the take-up of renewable energy as a proportion of total energy use on a global level. For example, the Kyoto Protocol (a protocol to the UN Framework Convention on Climate Change committing its signatories to specified or general reductions in the production of greenhouse gases) has now been ratified by 191 states. More specifically, the EU’s Renewable Energy Directive (published on 23 April 2009 and officially titled “Directive 2009/28/EC”) has set binding targets on member states to produce a pre-agreed proportion of energy consumption from renewable sources such that the EU as a whole shall obtain at least 20 per cent. of its total energy from renewables by 2020.

In the UK, a variety of incentives have been introduced by the government in order to increase the country’s use of renewable energy, including the Feed-in Tariff (“**FIT**”) scheme, the Renewables Heat Incentive (“**RHI**”) and the Renewables Obligation scheme.

**Feed-in Tariff**

The FIT scheme became available in the UK on 1 April 2010 and is provided through licensed electricity suppliers. Under the FIT scheme, generators of electricity from renewable or low carbon sources such as solar electricity panels or wind turbines (the **“FIT Generators”**) are entitled to receive FIT payments from those licensed electricity suppliers defined as **“FIT Licensees”**.

Under the FIT section of the Standard Conditions of Electricity Supply Licence (**“Standard Conditions”**), FIT Licensees are either:

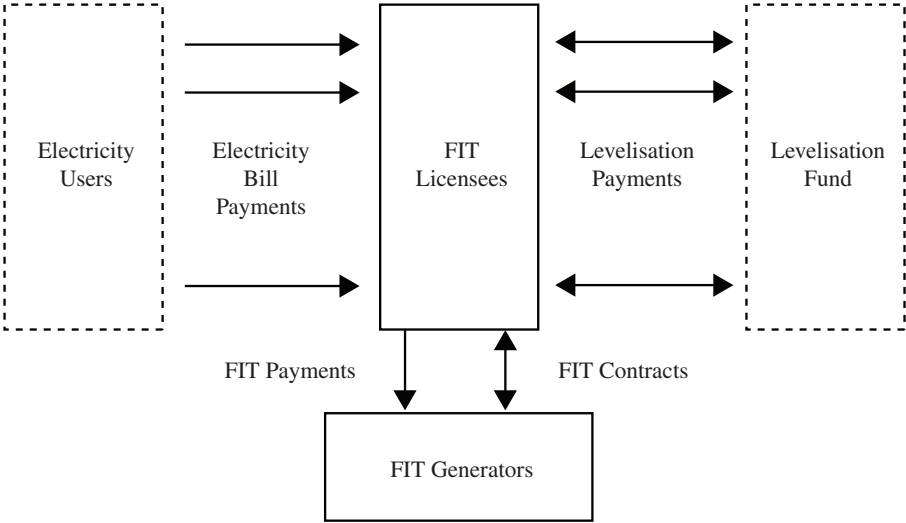
- (a) **“Mandatory FIT Licensees”** – licensed electricity suppliers with more than 50,000 customers (such as Npower, E.ON and Scottish Power); or
- (b) **“Voluntary FIT Licensees”** – smaller licensed electricity suppliers who elect to take part in the FIT scheme.

FIT Licensees play the main customer-facing role for the FIT scheme and they are required to take FIT Generators through the registration process, take regular meter readings and make FIT payments.

FIT payments fall into two categories, the Generation Tariff and the Export Tariff. The Generation Tariff is a set rate paid by the FIT Licensee for each unit of electricity generated, the set rate being dependent on the size and type of the installation. The Export Tariff is a further payment for each unit exported back to the electricity grid. Both tariffs are payable for a period of between 20 and 25 years (depending on the installation type and the commissioning date), with the set rates increasing annually at RPI.

As set out in the Feed-in Tariffs (Specified Maximum Capacity and Functions) Order 2010, a levelisation process provides for a system of payments between licensed electricity suppliers and the Gas and Electricity Markets Authority (the **“Authority”**), the UK Government body established by the Utilities Act 2000 to regulate the gas and electricity industries in the UK. The Authority has powers under the Competition Act 1998, the Utilities Act 2000, the Electricity Act 1989 and the Gas Act 1986. The levelisation payments act so that, if an electricity supplier is not making payments of FIT in proportion to its share of the UK electricity supply market, it is required to make payments to a levelisation fund and similarly a supplier who is making payments of FIT in excess of its proportionate share of the UK electricity supply market will receive payments of FIT from the levelisation fund.

The purpose of the levelisation process (which is illustrated in the diagram below) is to allocate the cost of the FIT across all energy supply companies so that these companies, subject to their own pricing models from time to time, pass on the higher cost of producing electricity generated under the FIT scheme to the entire UK electricity customer base and no one customer base is unduly penalised. In essence, it is the entire UK customer base that bears the cost of the FIT and it is therefore in effect a UK government tax or levy collected through the energy companies under the supervision of a UK statutory body that provides the source of the payments to the FIT Generator.



The Office of Gas and Electricity Markets (“**Ofgem**”) supports the Authority in its role. Ofgem’s key role in this regard is to maintain the Central FIT Register, which is a database of accredited installations. In addition, Ofgem administers the levelisation process and accredits small scale and micro generators. Ofgem is also responsible for ensuring that suppliers comply with the FIT scheme requirements.

### ***Renewables Obligation***

The Renewables Obligation (“**RO**”) was introduced in the UK in 2002 and is administered by Ofgem. It was established to encourage the development of renewable energy generation by providing financial support to primarily mid-to large-scale renewable electricity generation projects in the UK. In April 2010, the end date of the RO was extended from 2027 to 2037 for new projects to provide long-term certainty for investors and to ensure continued deployment of renewables to meet the UK’s 2020 renewables target and beyond.

Ofgem issues Renewables Obligation Certificates (“**ROCs**”) to renewable electricity generators (“**Renewable Generators**”) for every megawatt hour (“**MWh**”) of eligible renewable electricity they generate. All Renewable Generators apply to Ofgem for accreditation that their electricity is generated from eligible renewable sources. The number of ROCs issued per MWh generated varies according to the size and type of project, but once established will not vary over the life of the project.

UK electricity suppliers (the “**Suppliers**”) are required to present a certain number of ROCs per MWh of electricity they supply (the “**Obligation**”) to Ofgem at the end of each six month period. The Renewables Obligation Order (ROO) 2009 requires that the Secretary of State announces the level of the Obligation six months preceding an obligation period. Driven by the expected production of electricity from eligible renewable sources in any given period, the Obligation is floored at 8 per cent. above the expected number of ROCs to be issued (the “**Headroom**”).

Where Suppliers do not present sufficient ROCs, they have to pay a penalty known as the buy-out price. This is set at £40.71 per ROC for the 2012/13 compliance period, and rises annually by reference to RPI. All buyout payments are redistributed to Suppliers who have presented ROCs against their obligation in proportion with the number of ROCs that each has presented.

Renewable Generators can sell ROCs either with or separately from the electricity generated thus creating a market for ROCs. The Headroom means that the value of ROCs is likely to be floored at the buyout price (unless in any given period the actual renewable energy produced exceeds expectations by more than 8 per cent.).

### ***The Renewable Heat Incentive***

The Renewable Heat Incentive (the “**RHI**”) is a financial incentive scheme for renewable heat generation which was introduced by the government in November 2011. The Department for Energy and Climate Change (“**DECC**”) is responsible for the policy and regulations underpinning the scheme. Ofgem administers the scheme on behalf of DECC.

Phase 1 of the RHI supports generators in non-domestic sectors (industrial, commercial, public sector and not-for-profit), with differing levels of support for the various eligible installation types. Support for domestic installations under the scheme is intended for future phases of the scheme.

Payments made to generators under the RHI are fixed at the date of the accreditation of the relevant installation, are made for a period of 20 years, are indexed to RPI, and are made directly by the UK Treasury to the generators.

### ***The renewable energy investment opportunity***

The primary generation methodologies attracting payments of FITs are generally smaller scale systems and include solar photovoltaic systems, combined heat and power plants, hydro-electric plants, anaerobic digestion systems and onshore wind sites or arrays; ROCs tend to be more targeted at larger scale generators relying upon biomass (plant matter used to generate electricity with steam turbines and gasifiers or produce heat, usually by direct combustion), energy-from-waste (where electricity is generated from the combustion

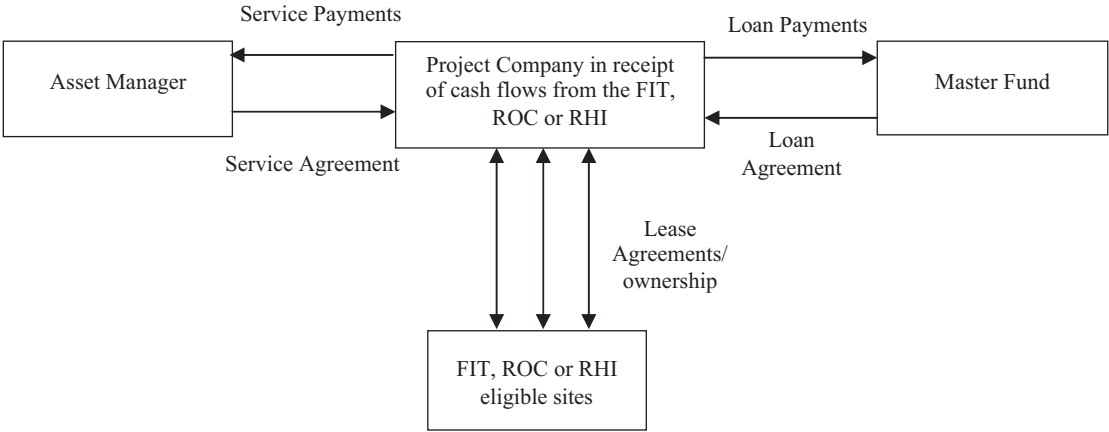


or gasification of waste) and large onshore or all offshore wind farms; RHI is focused on biomass, heat pump, solar thermal and biomethane projects.

In the opinion of the Investment Adviser, the key consideration in any renewable investment is the security and dependability of the underlying government subsidy cash flows, whether it is the FIT generated by Solar PV panels, or ROCs generated by a biomass plant.

By no means are all renewable methodologies, in the opinion of the Investment Adviser, investable from the perspective of a long term debt provider. In some instances the technology is currently insufficiently mature to be considered dependable, in others the level of Government support is currently insufficient to enable the relevant projects to meet the risk-reward criteria of the Master Fund, and in others the operational risks inherent in the project cannot be satisfactorily managed or mitigated. The Investment Adviser ensures that it remains closely in touch with opportunities across the renewable energy sector so that it remains well positioned to progress suitable investments as they arise.

The Master Fund is currently focused on opportunities to provide senior (rather than subordinated) debt to Project Companies in receipt of cash flow from the FIT, ROC or RHI. The Master Fund may provide debt finance (i) directly, as shown in the diagram below, or (ii) indirectly, via an intermediary vehicle typically established by the Investment Adviser principally to allow an installer to draw down debt finance directly proportionate to the delivery of completed installations, which may occur more frequently during the drawdown period than is convenient for the Master Fund to advance funds. It is possible that in due course, and dependent upon the size of the Master Fund’s exposure to these schemes at the time and the appetite of senior funders, the Master Fund will sell on to senior funders senior ranking positions in the debt facilities it has originated and retain subordinated positions at an enhanced yield.



**2. Other long-dated government-backed cashflows**

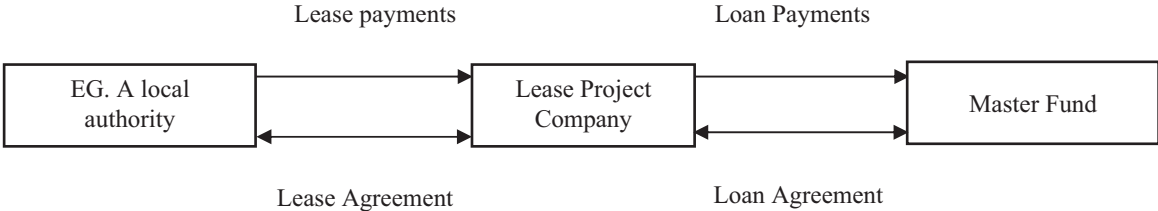
The Master Fund also seeks to generate exposure to other forms of long-dated public sector-backed cashflows arising in the broader UK infrastructure sector.

**Affordable housing**

This may include the provision of debt secured against cashflows arising from long-term leases of, for example, social housing or other assets leased or to be leased by local authorities, ALMOs (an ALMO, or Arm’s Length Management Organisation, is a company set up by a local authority to manage and improve all or part of its existing housing stock) or registered providers of social housing. The debt would typically be advanced, either directly or through an intermediary, by the Master Fund to a single purpose company (the “**Lease Project Company**”) and secured against the cashflows arising from the lease.

Typically, these leases are agreed for terms of 25 years or more, and often provide for rents to inflate at RPI or in line with another inflation index. Such leases are typically fully repairing and insuring (“**FRI**”), where all costs of maintenance and repair and the cost of insurance (whether insured directly or through the lessor) are met by the lessee. Occasionally, such leases may be internal repairing and insuring (“**IRI**”), where the lessor is responsible for maintaining the structural parts and may charge the lessee a proportionate cost of

such maintenance through a service charge (an arrangement that may be considered analogous to the facilities management function under a PFI contract).



The affordable housing sector in particular is, in the view of the Investment Adviser, likely to generate very substantial investment opportunities in the short to medium term. The Homes and Communities Agency (the “HCA”, the national housing and regeneration agency for England established by the Housing and Regeneration Act 2008) states in the HCA Corporate Plan 2011 – 2015 that under the current Affordable Homes Programme the government is seeking to deliver up to 170,000 new affordable homes by 2015, and that the HCA is committed to attracting private sector investment to help meet these targets.

In the opinion of the Investment Adviser, it may be that the Master Fund is able to generate exposure to the long-dated cashflows arising from opportunities of this type by making senior or subordinated loans during the development phase of such projects against the security of an executed lease. The Master Fund may also generate exposure by making subordinated loans to senior debt providers in a similar fashion to that described in Section A above, with the Master Fund identifying a single asset or group of assets which a senior debt provider (or providers) has funded or is willing to fund, but which at the required level of leverage does not satisfy the senior debt provider’s minimum credit requirements. Such minimum requirements may be (for example) a minimum ratio test (such as debt service cover ratio or loan life cover ratio), or a maximum loan-to-value ratio test, or similar or other requirements.

It would be expected that a subordinated loan to a senior debt provider would normally be effected by the establishment of a single purpose company which would make a senior loan to the relevant Project Company (or companies), or to its or their owner. The single purpose company would be funded by the issue of senior ranking debt to a senior lender and subordinated debt to the Master Fund. It may also be that a senior lender would make the senior loan directly itself and then raise a subordinated loan from the Master Fund which will bear any first loss arising on the senior loan.

**Equipment Leasing**

The Investment Adviser, on behalf of the Master Fund, is in early stage discussions with a number of parties with regard to the potential provision of debt finance by the Master Fund to one or more equipment lease project companies (“ELPCs”). Opportunities of this nature arise where a private sector service provider has entered (or may enter) into a contract with a public sector body (for example, a local authority) for the provision of services to that public sector body and in order to be able to provide those services the private sector service provider is required to make a capital investment in equipment. In those circumstances, the Master Fund may provide debt finance to an ELPC to enable the ELPC to purchase the necessary equipment and the ELPC would agree to provide the relevant services to the public sector body (either by entering into a contract with the public sector body or by an existing contract with the public sector body being novated to the ELPC by the private sector contractor). The ELPC would then outsource the provision of the services to the private sector contractor (using the equipment purchased with finance provided by the Master Fund).

**Section C: The benefits associated with debt investments in infrastructure Project Companies**

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

The risk of default in relation to the debt financing of infrastructure Project Companies is considered by the Directors and the Investment Adviser to be relatively low as the cash flows in relation to infrastructure transactions are typically paid by a public sector body or public sector-backed body and are relatively predictable.

Furthermore, the reduction since 2007 in the availability of debt from banks to finance infrastructure projects has resulted in more attractive pricing, in the opinion of the Directors and the Investment Adviser, on debt investments than has been seen in the infrastructure sector for a number of years.

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

## PART 4

### THE MASTER FUND

#### 1. Introduction

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

The Master Fund has been established in Jersey as an Expert Fund, and was launched in July 2009. It seeks to provide its investors with long-dated, partially inflation-protected, primarily public sector-backed cash flows at substantial margins above UK government debt.

As at 17 September 2012 (being the date of the most recent valuation of the Master Fund), the Master Fund had total assets of approximately £165.4 (using valuation balances not adjusted for IFRS), net assets of approximately £164.9 and had made investments totalling approximately £156.3 million with commitments to invest of a further £3.1 million. As at 17 September 2012 (being the latest practicable date prior to the publication of this document), the Master Fund had 156,118,385.50 redeemable shares in issue, of which 13,134,518.87 were Master Fund Accumulation Shares and 142,983,866.63 were Master Fund Income Shares.

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

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

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

The Master Fund targets an ongoing dividend for holders of Master Fund Income Shares of 8 per cent. per annum (by reference to the initial subscription price of the Master Fund Income Shares of £1.00 per share).

The total annual dividend (in relation to Master Fund Income Shares) and reinvested income (in relation to Master Fund Accumulation Shares) was 5 pence per share on the initial subscription price of £1.00 per share for the Master Fund's first full financial period to 30 September 2010 and 6.25 pence per share in relation to the financial year to 30 September 2011. The Master Fund paid an interim dividend of 4.15p pence for the 6 month period to 31 March 2012.

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

The Master Fund makes infrastructure investments, typically by acquiring interests in subordinated debt instruments issued by infrastructure Project Companies (or by their existing lenders or holding vehicles) that are contracted by UK public sector bodies to design, finance, build and operate infrastructure projects and by investing in other assets with a similar economic effect to such instruments. Such projects are often structured and financed under the UK private finance initiative.

Background information in relation to the UK infrastructure sector and the associated debt investment opportunities that are targeted by the Master Fund is set out in Part 3 of this document.

The current weighting of the Master Fund's current investment portfolio as detailed in Part 5 of this document is approximately two thirds in the PFI sector and one third in the renewables sector. The pipeline of investment opportunities as detailed in Part 5 of this document includes potential transactions in the PFI, renewables and equipment leasing sectors.

It is the view of the Directors and the Investment Adviser that once an infrastructure asset has been constructed and the contracted cash flows relating to the project have commenced, many of the risks associated with investments in such assets are significantly reduced. Therefore, the Master Fund primarily

targets infrastructure investments after the design and build phases have been completed and the relevant asset is operational.

In addition, in the PFI sector, the Master Fund primarily focuses on, and has to date only invested in, infrastructure investments secured against cash flows that are dependent on the availability for use of infrastructure assets rather than the level of use of infrastructure assets. This reduces the level of risk further in that the cashflows arising are contractually payable and predictable so long as the asset is made available.

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

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

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

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

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

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

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

It is intended that the Master Fund will invest directly or indirectly in projects which meet these criteria and that such investments will make up a minimum of 75 per cent. of the Master Fund's total assets (when the Master Fund is substantially fully invested).

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

- (a) the Master Fund views as "public sector-backed" all revenues arising from UK central government or local authorities, or from entities themselves substantially funded by UK central government or local authorities, and includes obligations of NHS Trusts, UK registered social landlords and universities in this classification;

- (b) where the Master Fund provides a senior debt guarantee in relation to a portfolio of loans (or enters into a similar arrangement), the exposure of the Master Fund to projects that are not within its primary focus (“**Outside Scope Projects**”) shall be deemed to be:

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

Where:

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

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

C is the total amount guaranteed by the Master Fund.

In any analogous situation, the same principle will be applied; and

- (c) the Master Fund will view as fulfilling the 3 criteria above any completed project which is either an installation accredited by the Gas and Electricity Markets Authority under The Feed-in Tariffs (Specified Maximum Capacity and Functions) Order 2010 (as may be amended or supplemented from time to time), or a recipient of revenues arising from other government-sponsored or administered initiatives for encouraging the usage of renewable or clean energy in the UK.

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

- (a) Project Companies which have started but not yet completed the construction phases of their concessions;
- (b) Project Companies in the regulated utilities sector; and
- (c) Project Companies with “demand” based concessions (i.e. where the payments received depend on the level of use of the project assets) or which have private sector-sponsored concessions, to the extent that the Investment Adviser considers that there is a reasonable level of certainty in relation to:
- (i) the likely level of demand; and
- (ii) the stability of the resulting revenue.

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

It is anticipated that the Master Fund will be substantially invested immediately prior to Admission. However, if the Master Fund has any cash available for investment immediately prior to Admission, the Master Fund’s investments following Admission (but prior to Master Fund Conversion) will be made utilising the cash available for investment that is attributable to the Master Fund Ordinary Shares and the Master Fund C Shares *pro rata* in proportion to the amounts of cash available for investment respectively in the two pools of capital.

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

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

It is the objective of the Master Fund to generate a diversified portfolio of subordinated debt infrastructure assets and related and/or similar assets and to maintain its portfolio so that not more than 10 per cent. in value of the Master Fund’s total assets from time to time consist of securities or loans relating to any one individual infrastructure asset (having regard to the risks relating to any cross-default or cross-collateralisation

provisions). This objective is subject to the Master Fund having a sufficient level of investment capital from time to time and the ability of the Master Fund to invest its cash in suitable investments.

Similarly, it is the intention of the Master Fund Directors that the assets of the Master Fund 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, biomass etc) and by revenue source (e.g. NHS Trusts, local authorities, FIT, ROCs etc.).

The Master Fund may seek to raise additional capital from time to time to the extent that the Master Fund Directors and the Investment Adviser believe the Master Fund will be able to make suitable investments. This will enable the Master Fund to achieve greater diversification of risk and to benefit from economies of scale in relation to the operational costs of the Master Fund. As outlined in paragraph 16 of Part 1 of this document, it is currently expected (subject to any future restructuring of the Group as referred to in paragraph 20 of Part 1) that if the Master Fund raises material additional capital in the future, any such fundraising will be structured as an equity fundraising by the Company, the net proceeds of which will be subscribed by the Company for Master Fund Income Shares or Master Fund C Shares.

Applications for subscriptions for ordinary redeemable shares (as defined in the Master Fund Articles) in the Master Fund will be rejected at any time at which any Master Fund C Shares are in issue (save to the extent there are or have been approximately equivalent redemptions during the period that such Master Fund C Shares have been in issue).

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

### ***Asset origination***

The partners of the Investment Adviser have significant experience of working within the UK infrastructure market, particularly with regard to debt advisory work, and have established close relationships with many of the key participants in the UK infrastructure market, including equity investors and lenders. The Investment Adviser is therefore well placed to identify potential investment opportunities for the Master Fund, as is evidenced by the portfolio of investments that have been made to date and the pipeline of future investments that have been identified, in each case as described in Part 5 of this document.

### ***Preliminary review***

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

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

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

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

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

The Investment Adviser evaluates all project risks it believes are material to making an investment decision and assesses how those risks are mitigated. Where appropriate, it will complement its analysis through the use of professional third party advisers, including technical built asset consultants, financial and legal advisers and valuation and insurance experts. These advisers are engaged to conduct due diligence that is intended to provide an additional and independent review of key aspects and risks of a project, providing comfort as to the level of risk mitigation and the project's ongoing performance.

### ***Investment approval***

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

### ***Investment monitoring***

Information flows to the Investment Adviser and the Master Fund will vary depending on the investment. Generally, the Investment Adviser will receive a project-by-project technical adviser's report semi-annually or annually. In addition, in certain circumstances, such as in the event of a revenue shortfall or an unremedied event of default in a loan agreement, project agreement or operating sub-contract, further information will be sought and (if relevant) a site visit arranged.

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

Details of the Master Fund's Current Portfolio and pipeline of future potential assets are set out in Part 5 of this document.

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

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

The current Valuation Agent is Mazars LLP, an audit, accountancy, tax, legal and advisory company with 13,000 professionals in 69 countries.

The valuation principles used by the Valuation Agent are based on a discounted cash flow methodology. A fair value for each asset acquired by the Master Fund is calculated by applying a discount rate (determined by the Valuation Agent) to the cash flow expected to arise from each such asset.

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

- sterling interest rates;
- movements of comparable credit markets;
- the performance of the underlying assets, including any actual or potential event in relation to the underlying asset that may be expected to have a material impact on the ability of the borrower to meet its obligations to its lenders, such as operating performance failures, or the credit impairment of the underlying obligor;
- general infrastructure market activity and investor sentiment, which the Valuation Agent assesses by taking into account its knowledge of the infrastructure market gained from discussions with market



participants and from publicly-available information on relevant transactions and publicly-traded infrastructure funds; and

- changes to the economic, legal, taxation or regulatory environment.

The Valuation Agent exercises its judgment in assessing the expected future cash flows from each investment. Given that the investments of the Master Fund 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.

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

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

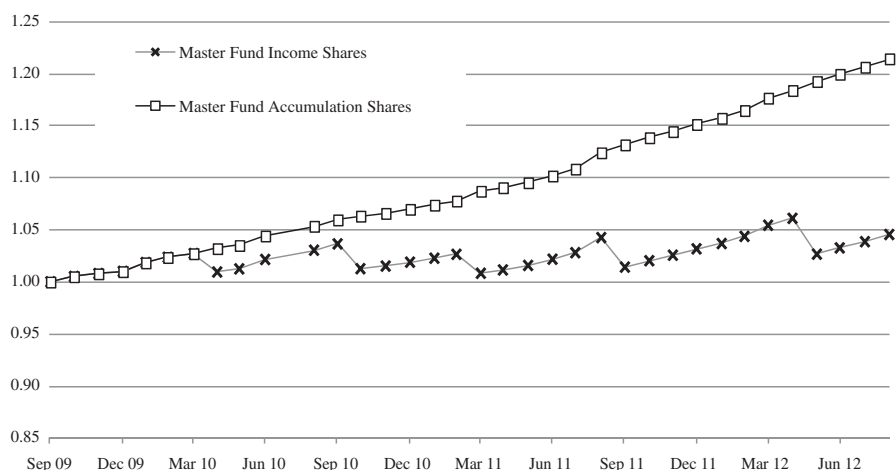
For the purpose of calculating the Master Fund's NAV, the costs of establishing the Master Fund are amortised over five years. For as long as the Master Fund C Shares are in issue the Master Fund will prepare a separate NAV per share for each of the Master Fund Income Shares, the Master Fund Accumulation Shares and the Master Fund C Shares.

As at 17 September 2012, the unaudited NAV per share of the Master Fund Income Shares was 104.17 pence per share and the unaudited NAV per share of the Master Fund Accumulation Shares was 121.00 pence per share.

## 10. Performance of the Master Fund

### *Master Fund NAV*

The historic NAV per share of the Master Fund Income Shares and Master Fund Accumulation Shares is shown in the graph below.



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

From the launch of the Master Fund on 31 July 2009 to 31 August 2012, the NAV per share of the Master Fund Accumulation Shares increased by 21 per cent. and the NAV per share of the Master Fund Income Shares increased by 4 per cent. The discount rates used by the Valuation Agent to value the investments of the Master Fund have changed on three occasions from the launch of the Master Fund to 31 August 2012 and these were: a minor (0.023 per cent. per annum) reduction applied to the Initial GPFI Loans (as defined in Part 5) in December 2009; in August 2011 reductions of 0.08 per cent., 0.10 per cent. and 0.16 per cent.

were applied to the GPM Loans, the GEM Notes and the LIIL Loans (as each are defined in Part 5 of this document) respectively; and in May 2012 a reduction of 0.35 per cent. was applied to the LIIL Loans. The reduction in the NAV of the Master Fund Income Shares in April and October each year as illustrated in the graph above reflects the declaration of dividends.

### ***Dividends paid and outlook on dividends***

The Master Fund has paid the following dividends to date.

<i>Period end date</i>	<i>Dividend payment date</i>	<i>Dividend payment</i>
31 March 2010	15 May 2010	2.25p
30 September 2010	15 November 2010	2.75p
31 March 2011	15 May 2011	2.75p
30 September 2011	14 November 2011	3.50p
31 March 2012	15 May 2012	4.15p

The total dividend (in relation to the Master Fund Income Shares) for the Master Fund's first full financial period to 30 September 2010 and the financial year to 30 September 2011 was 5.00 pence per share and 6.25 pence per share respectively (by reference to the initial subscription price of £1.00 per Master Fund Income Share). This reflects the fact that the Master Fund became substantially fully invested in assets generating income only in May 2011. The interim dividend for the 6 month period to 31 March 2012 was 4.15 pence. The Master Fund targets dividends representing a return of approximately 8 per cent. per annum (by reference to the initial subscription price of the Master Fund Income Shares of £1.00 per share).

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

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

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

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

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

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

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

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

There were, as at 17 September 2012 (being the latest practicable date prior to the date of this document), 142,983,866.63 fully paid Master Fund Income Shares issued to 80 Master Fund Ordinary Shareholders. The rights attaching to this class of share in the Master Fund extend to the right to receive notice of, attend and vote at a general meeting of the Master Fund, the right in a winding up to repayment of the par value

attaching to such shares and the right to participate in the surplus assets of the Master Fund on a liquidation by reference to the relevant Class Fund after the payment of all creditors and the return of the par value of the non-redeemable shares in the Master Fund. The Master Fund Income Shares carry the right to dividends out of the profits of the Master Fund available for distribution attributable to such Master Fund Income Shares, if any, as determined by the Master Fund Directors.

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

There were, as at 17 September 2012 (being the latest practicable date prior to the date of this document), 13,134,518.87 fully paid Master Fund Accumulation Shares issued to 59 Master Fund Ordinary Shareholders. The rights attaching to these shares are the same as for the Master Fund Income Shares described above save that the Master Fund Accumulation Shares do not carry a right to dividends and any income attributable to the Master Fund Accumulation Shares is reinvested.

#### ***Master Fund C Shares***

Pursuant to the Subscription Agreement, the Company will subscribe the Net Proceeds shortly following Admission for Master Fund C Shares at £1.00 per share. A summary of the rights attaching to the Master Fund C Shares is set out in Part 8 of this document.

#### ***Master Fund Deferred Shares***

Master Fund Deferred Shares may arise as a result of conversion of Master Fund C Shares pursuant to Master Fund Conversion. A summary of the rights attaching to the Master Fund Deferred Shares is set out in Part 8 of this document.

#### ***Class Fund policy in relation to the Master Fund Income Shares and the Master Fund Accumulation Shares***

On 20 October 2011, the Master Fund Directors adopted a policy with regard to the manner in which the Class Funds relating to the Master Fund Income Shares and the Master Fund Accumulation Shares are maintained.

While it was the original intention that these Class Funds would be effectively established as internally ring-fenced pools of assets, these Class Funds are now maintained as “mirror” Class Funds, each comprising a proportion of every asset and liability of the Master Fund which are allocated and re-allocated on an ongoing basis so that such assets are apportioned in proportion to the respective net asset values of these Class Funds. Upon any Class Fund-specific events that create movements in the assets or liabilities attributable to specific Class Funds, the relevant assets and liabilities of the Master Fund are re-allocated by the Administrator in order to maintain the allocation of such assets between the relevant Class Funds in the correct proportions and the Master Fund Directors have resolved to authorise the Administrator to carry out such allocations and re-allocations as it may deem appropriate so that this process can be effected on an ongoing basis.

The economic effect of the process outlined above is, in effect, the same as what has taken place previously by virtue of the methodology that has been employed in relation to the monthly calculation of the net asset values of the relevant Class Funds, but this process has now been formalised and the methodology that will now be employed is the allocation and re-allocation of assets on an ongoing basis as described above. In summary, each Class Fund gains a proportional exposure to every asset and liability of the Master Fund.

For the avoidance of doubt, the methodology described above will not apply to the operation of the Class Fund relating to the Master Fund C Shares, which will be accounted for and managed as a separate ring-fenced pool of assets.

## **12. Cash awaiting investment**

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

### **13. Gearing**

The Master Fund may borrow for the purpose of investment and for short-term purposes as may be necessary for the settlement of transactions, to facilitate share redemptions (where applicable) or to meet ongoing expenses. The Master Fund's borrowings shall not in any event exceed 20 per cent. of the Master Fund's Net Asset Value at the time any such borrowings are drawn down.

The Master Fund has entered into the RBSI Facility, which is a revolving credit facility. Further details in relation to the RBSI Facility are set out in paragraph 10.13 of Part 10 of this document. The Master Fund has previously drawn down £7 million in aggregate pursuant to the RBSI Facility, but all such sums have been repaid. As at the date of this document, the Master Fund has no monies drawn down under the RBSI Facility, with the sum of £7 million available for drawing, if required, until 11 October 2012.

The Investment Adviser is currently in discussions with RBSI to potentially extend the RBSI Facility for a further 2 years and to increase the facility to £20 million. There is no certainty, however, that such discussions will result in the RBSI Facility being amended.

The Master Fund will be indirectly exposed to gearing to the extent that the underlying investments are themselves geared, which will often be the case.

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

The Master Fund will engage in currency hedging only with a view to protecting the level of sterling dividends and other distributions to be paid by the Master Fund. It is not the intention of the Master Fund to invest in non-sterling denominated assets, or raise non-sterling denominated liabilities, and such currency hedging is therefore not envisaged.

Interest rate hedging may be carried out to seek to provide protection against falling interest rates in relation to assets that do not have a minimum fixed rate of return acceptable to the Master Fund in line with its investment policy and strategy.

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

The Master Fund Board of Directors is comprised of 3 Master Fund Directors, all of whom act in a non-executive capacity. The Master Fund Directors meet on a regular basis to review and assess the investment policy and performance of the Master Fund and generally to supervise the conduct of its affairs.

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

#### ***Mr. Clive Spears (59) (chairman)***

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

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

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

Mr. Spears' key local appointments have been with the Nordic Capital Group, Nomura Bank and with a variety of funds such as property, private equity and mezzanine debt funds. He is also a director of Jersey Finance Limited, the marketing arm of the States of Jersey.

#### ***Mr. Paul de Gruchy (40)***

Paul de Gruchy, a Jersey resident, qualified as a Jersey Advocate in 2000. He is currently the Head of Legal for the UK offshore islands at BNP Paribas, the largest funds custodian in the islands. He has extensive experience in the financial services sector, in particular in the area of offshore funds.

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

***Mr. Trevor Hunt (59)***

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

**16. The Investment Adviser**

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

The Investment Adviser receives an investment advisory fee equal to 0.9 per cent. per annum of the Net Asset Value of the Master Fund (net of cash holdings). This fee is calculated and payable in arrears at each half year end. The Investment Adviser may also receive an acquisition fee of 1 per cent. (at the discretion of the Investment Adviser) of the cost of each asset acquired by the Master Fund. This fee is calculated and payable within one month of the settlement of each acquisition. The Investment Adviser has on only one occasion to date charged the Master Fund an acquisition fee in relation to an investment made by the Master Fund. The Investment Adviser will generally seek to charge the acquisition fee to borrowers rather than the Master Fund where possible (and has done so in relation to a number of the investments made) but, in any event, any such fee will not exceed (and has not to date exceeded) 1 per cent.

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

The partners of the Investment Adviser hold (directly or indirectly, and together with their family members) 3,921,184 Ordinary Shares and in aggregate 4,382,999.70 Master Fund Income Shares and Master Fund Accumulation Shares.

**17. Potential conflicts of interest**

***Key individuals***

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

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

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

***Advisory role of the Investment Adviser on transactions which may produce investment opportunities for the Master Fund***

Where the Investment Adviser is or has been engaged by a third party in an advisory role on a transaction which gives rise to an investment opportunity for the Master Fund, the Investment Adviser shall disclose full details of its engagement to the directors of the Master Fund at the earliest opportunity.

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

Under the terms of the Master Fund Investment Advisory Agreement, the Investment Adviser has agreed that neither it nor any of its employees, agents or affiliates shall, for so long as the Master Fund Investment Advisory Agreement remains in force, and except with the express prior written consent of the Master Fund, act as the adviser, manager or sponsor of any fund or other entity that may invest in assets within the scope

of the Master Fund's investment policy and strategy or engage in any activity which may compete in the same or substantially similar investment areas as the Master Fund's investment policy and strategy. To the extent that any conflicts may arise, the Investment Adviser will seek to ensure that any conflicts of interest are resolved fairly.

## **18. Corporate Governance**

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

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

## **19. Audit committee**

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

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

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

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

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

Details of the Master Fund Administration Agreement are contained in paragraph 10.9 of Part 10 of this document.

## **21. Custodian**

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

A summary of the Master Fund Custodian Agreement is contained in paragraph 10.10 of Part 10 of this document.

## **22. Fees and expenses**

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

**23. Distribution policy**

In respect of the Master Fund Income Shares only, the Master Fund will distribute the income it receives to the fullest extent that is deemed prudent by the Master Fund Directors. For UK tax purposes the Master Fund has obtained certification from HMRC that the Master Fund Income Share class is a “Reporting Fund” (within the meaning of the Offshore Funds (Tax) Regulations 2009).

**24. Life of the Master Fund**

The Master Fund has been established with an unlimited life.

## PART 5

### THE MASTER FUND'S CURRENT PORTFOLIO AND PIPELINE OF FUTURE ASSETS

The table below shows the Master Fund's unaudited current portfolio. As further explained in paragraph 2 of Part 4 of this document, in addition to direct investment, the Master Fund also seeks to provide debt to the equity owners of, and lenders to, Project Companies. This introduces a further element of counterparty risk as explained in Section E of the Risk Factors on page 24 under the heading "Other Counterparty Risks".

As at 17 September 2012, the Company was exposed to a portfolio of 23 infrastructure loans (the "Loans") with a valuation of £156.26 million. The Loans have all been made against the performance of a number of availability-based UK PFI projects and against cash flow receivables under the Feed-in Tariff ("FIT") scheme (the "Projects").

28 per cent. of the Loans by value are exposed to education PFI projects, 24 per cent. to healthcare PFI projects, 27 per cent. to FIT cash flows, 8 per cent. to leisure PFI projects, 6 per cent. to accommodation PFI projects and the remaining 7 per cent. to various other PFI projects. The weighted average expected remaining term of the Loans is 22 years.

<i>Loan ref.</i>	<i>Asset</i>	<i>Asset type</i>	<i>Sector</i>	<i>Value<sup>1</sup> (£m)</i>	<i>% of portfolio</i>	<i>Expected term (years)</i>	<i>Yield<sup>2</sup> (% per annum)</i>	<i>Inflation protection</i>
1	Cardale	Subordinated loan	Various <sup>3</sup>	4.41	2.8	24	9.7%	See note 6
2	Civic PFI	Subordinated loan	Education & Custodial	11.68	7.5	24	9.3%	0.5 x (RPI – 2.75%)
3	Education PFI	Subordinated loan	Education	10.80	6.9	8	9.2%	–
4	GEM 1	Senior loan guarantee	Various <sup>4</sup>	14.17	9.1	14	9.8%	Libor – 2.85%
5	GEM 2	Senior loan guarantee	Various <sup>5</sup>	13.68	8.8	23	10.0% <sup>7</sup>	Libor
6	GPMI Braintree	Subordinated loan	Healthcare	3.08	2.0	17	9.6%	RPI – 5%
7	GPMI Lanchester	Subordinated loan	Healthcare	3.08	2.0	26	9.6%	RPI – 5%
8	GPMI N Yorks Schools	Subordinated loan	Education	1.83	1.2	23	9.6%	–
9	GPMI Runwell	Subordinated loan	Healthcare	3.08	2.0	20	9.6%	RPI – 5%
10	GPMI Stanley	Subordinated loan	Healthcare	3.08	2.0	28	9.6%	RPI – 5%
11	Infra Inter 1A	Subordinated loan	Healthcare	7.97	5.1	23	9.6%	–
12	Infra Inter 1B	Subordinated loan	Healthcare	8.31	5.3	27	9.6%	RPI x 0.5
13	Infra Inter 1C	Subordinated loan	Accommodation & healthcare	11.29	7.2	29	9.6%	–
14	Infra Inter 1D <sup>8</sup>	Subordinated loan	Education	2.19	1.4	26	9.3%	–
15	Infra Inter 1E	Subordinated loan	Healthcare	1.37	0.9	26	9.5%	–
16	Infra Inter 2	Senior loan	Feed-in tariff	11.63	7.4	26	9.5%	0.5 x (RPI – 5%)
17	Infra Inter 3	Senior loan	Feed-in tariff	14.67	9.4	26	9.5%	0.5 x (RPI – 5%)
18	Infra Inter 4	Senior loan	Feed-in tariff	14.59	9.3	24	9.5%	0.5 x (RPI – 3%)
19	Infra Inter 5 <sup>9</sup>	Senior loan	Feed-in tariff	2.94	1.9	24	9.3%	0.5 x (RPI – 5%)
20	Kirklees	Subordinated loan	Education	2.37	1.5	19	9.6%	–
21	LIL Amber Valley	Subordinated loan	Leisure	4.26	2.7	27	10.5%	–
22	LIL Rotherham	Subordinated loan	Leisure	3.24	2.1	26	10.5%	–
23	LIL Wolverhampton	Subordinated loan	Leisure	2.54	1.5	26	10.5%	–
TOTAL				<u>156.26</u>	<u>100</u>	<u>22</u>	<u>9.6%</u> <sup>10</sup>	

#### Notes:

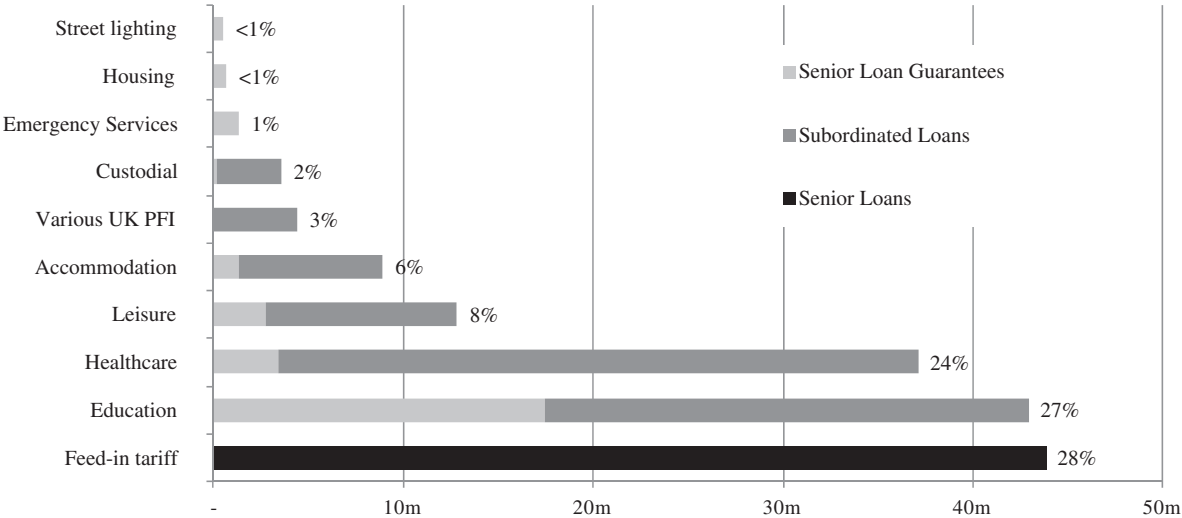
1. This represents the Valuation Agent's valuation as at 31 August 2012.
2. The annual equivalent yield.



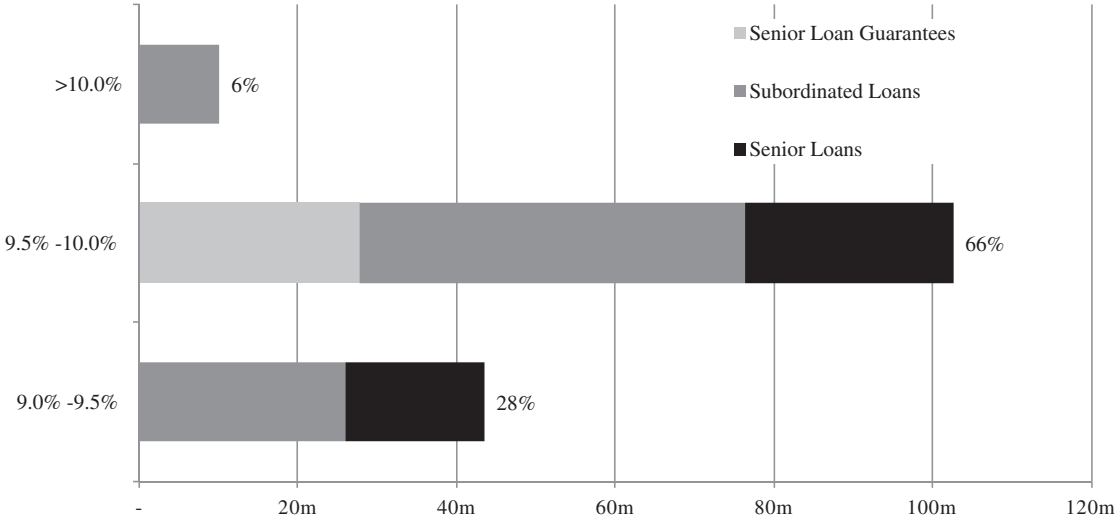
3. A variety of leisure, healthcare and education PFI projects.
4. 1 leisure, 1 street lighting, 1 housing, 1 health and 10 education PFI projects.
5. 1 leisure, 2 emergency services, 1 custodial, 1 accommodation, 3 health and 12 education PFI projects.
6. 3 month Libor – 2.8 per cent. to May 2015, then 3 month Libor – 3.5 per cent. to May 2020.
7. Current annualised yield 10.0 per cent. Running yield is 3 month Libor + 8.75 per cent. pa quarterly.
8. Loan is drawn but funds held in escrow pending satisfaction of conditions precedent.
9. Commitment of £6 million. As at 17 September 2012, (being the latest practicable date prior to the date of this document) £2.9 million had been drawn down.
10. Weighted average.

The charts below show the Master Fund’s portfolio of investments by infrastructure sector, expected remaining term and annualised running yield.

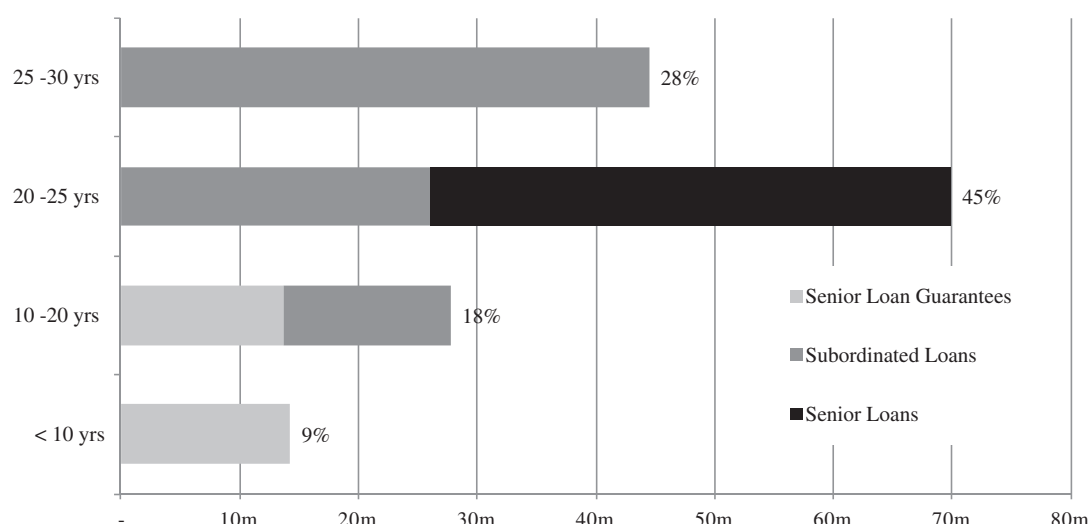
**Portfolio by Sector**



**Portfolio expected remaining term**



### *Portfolio by annualised yield*



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

#### **1. The Cardale Infrastructure Investments Limited (“Cardale”) loan**

##### **(i) Overview of Cardale**

Cardale was established on 17 April 2012 by the shareholders of Grosvenor PFI Holdings Limited (“**GPFI**”, see 6-10 below) in order to acquire GPFI and Leisure Infrastructure Investments Limited (“**LIIL**”, see 21-23 below), a previously unrelated entity. The ownership of Cardale is substantially the same as that of GPFI.

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

In June 2012, the Master Fund advanced a loan to Cardale (the “**Cardale Loan**”). Cardale used the loan to finance the acquisition of the beneficial ownership of GPFI and LIIL (with the transfer of legal ownership to follow in due course subject to the granting of various consents).

##### **(iii) Overview of the commercial terms of the Cardale Loan**

The Cardale Loan is currently a £4.325 million drawing under a £12 million loan facility. Additional drawings may be made with the consent of the Master Fund, provided that additional security is delivered to the Master Fund.

The sum currently drawn under the Cardale Loan bears interest at a minimum rate of 9.40 per cent. p.a. which is paid quarterly in arrears, and the principal is due to be repaid in a single bullet payment on 10 November 2035. In certain circumstances, additional payments of interest will become due in the event that 3 month Libor on average exceeds 2.8 per cent. p.a. in the period to May 2015, and 3.5 per cent. p.a. in the period from May 2015 to May 2020.

##### **(iv) Overview of legal and security structure of the Cardale Loan**

The Cardale Loan is structured as a CISX-listed Eurobond. Cardale, Civic PFI (see 2 below), Education (see 3 below), GPFI, Kirklees (see 20 below) and LIIL each granted to the Master Fund as part of the security package relating to the Cardale Loan a security interest in the assets securing each of the LIIL Loans, the Kirklees Loan, the Education Loan and the Civic PFI Loan whereby, in the event of any default arising under any of the Cardale Loan, the GPFI Loans, the LIIL Loans, the Kirklees Loan, the Education Loan or the Civic Loan (together, the “**Cross-Collateralised Loans**”), the security trustee for the Cross-Collateralised Loans (being the Investment Adviser) is entitled to enforce its security such that all cashflows arising from each of the Cross-Collateralised Loans is diverted to the Master Fund until such default is made good.

(v) ***Performance of the Cardale Loan to date***

There have been no operational issues reported on any of the projects (whether legally or beneficially owned or controlled) securing the Cardale Loan and only non-material unitary charge deductions, liability for which has been passed to the relevant facilities manager.

As at the date of this document no payments of interest or principal have yet become due and payable under the Cardale Loan.

**2. The Civic PFI Investments Limited (“Civic PFI”) loan**

(i) ***Overview of Civic PFI***

Civic PFI, a UK special purpose company, owns 100 per cent. of the economic interest (through 2 holding companies) of 2 PFI Project Companies that have each been contracted by a local authority to design, finance, construct and maintain an infrastructure project. Details of the two projects are set out below:

- Civic PFI owns 100 per cent. of the equity and subordinated debt of Community Schools (Holdings) Limited which in turn owns 100 per cent. of the equity and subordinated debt of Community Schools (Highlands) Limited.

Community Schools (Highlands) Limited entered into a concession with the Highland Council for the provision and on-going maintenance of four new-build schools. The schools are Ardnamurchan (250 pupil secondary school), Glen Urquhart (250 pupil secondary school), Spean Bridge (5 classroom primary school) and Tomatin (4 classroom primary school) in the Highland Region of Scotland. The development at Ardnamurchan includes the provision of a 14 bed hostel to accommodate pupils who reside long distances from the school and are unable to travel on a daily basis. The concession ends in 2036. Construction was performed by MJ Gleesons and the facilities management is carried out by Mitie Limited.

- Civic PFI owns 100 per cent. of the equity and subordinated debt of Wadefree Limited which in turn owns 100 per cent. of the equity and subordinated debt of Palecastle Limited.

Palecastle Limited entered into a concession with Her Majesty’s Court Services for the provision and maintenance of a new family court building in Sheffield, comprising two family courtrooms, two hearing rooms, judges’ areas, suites, offices and ancillary accommodation. The concession ends in 2029. Construction was performed by MJ Gleesons and the facilities management is carried out by Lovell Powerminster Limited.

(ii) ***Overview of the commercial terms***

In April 2012, the Master Fund acquired one fixed rate loan note issued by Civic PFI (the “**Civic Loan**”).

The Civic Loan has a principal sum outstanding of £11.25 million, with a coupon paid semi-annually of 9.1 per cent. per annum. The principal will be repaid in 6 equal semi-annual payments between September 2027 and March 2030. The Civic Loan is serviced from the cash flows receivable by Civic PFI from the infrastructure projects outlined above.

(iii) ***Overview of legal and security structure of the Civic Loan***

The Civic Loan is structured as a CISX-listed Eurobond.

The Civic Loan is technically a senior obligation of Civic PFI, but as a first-ranking charge over the assets of Palecastle Limited and Community Schools (Highlands) Limited has been granted to the senior lender in each case, in effect the Civic Loan ranks subordinate to claims of the senior lenders.

(iv) ***Performance of Civic Loan to date***

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

As at the date of this document, no payments of principal or interest have become due and payable under the terms of the Civic Loan.

**3. The Education PFI Investments Limited (“Education PFI”) loan**

(i) ***Overview of Education PFI***

Education PFI, a UK special purpose company, owns 100 per cent. of the equity and subordinated debt of QED (Slough) Holdings Limited which in turn owns 100 per cent. of the equity and subordinated debt of QED (Slough) Limited.

QED (Slough) Limited entered into a concession with Slough Borough Council for the design, construction, funding and operation of three schools in the Borough of Slough; one primary school (Pennwood School), one secondary school (Beechwood) and a special needs school (Arbour Vale). All schools are operational with practical completions being achieved in February 2007 for the Pennwood School and in September 2007 for the Arbour Vale and Beechwood schools. The concession ends in 2035. Construction was performed by Wates Construction Limited, and Pinnacle PSG Ltd is the facilities manager.

(ii) ***Overview of the commercial terms***

In November 2011, the Master Fund acquired one fixed rate loan note issued by Education PFI (the “Education Loan”).

The Education Loan has a principal sum outstanding of £10.3 million, with a coupon paid semi-annually of 9.0 per cent. per annum until April 2016 and 8.75 per cent. per annum thereafter. The principal will be repaid in a series of periodic payments between August 2029 and February 2036. The Education Loan is serviced from the cash flows receivable by Education PFI from QED (Slough) Limited and its holding company.

(iii) ***Overview of legal and security structure of the Education Loan***

The Education Loan is structured as a CISX-listed Eurobond.

The Education Loan is technically a senior obligation of Education PFI, but as a first-ranking charge over the assets of QED (Slough) Limited has been granted to the senior lender, in effect the Education Loan ranks subordinate to claims of the senior lender.

(iv) ***Performance of the Education Loan to date***

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

Education PFI paid the Master Fund all of the interest payments due up to and including the payment due on 30 April 2012 in full in accordance with the terms of the Education Loan.

**4. The GEM 1 Infrastructure senior PFI debt portfolio guarantee**

(i) ***Overview of the GEM 1 guarantee***

In June 2010, White Rock Insurance (SAC) Ltd, an insurance company incorporated as a Bermudan cell company and acting solely in respect of its segregated account, T26 – GEM Infrastructure (“GEM 1”), issued four notes to the Master Fund with an aggregate size of £11.67 million. A fifth note in an amount of £2.33 million was issued to the Master Fund in September 2010 (this fifth note, together with the original four notes, being referred to as the “GEM 1 Notes”). White Rock Insurance (SAC) Ltd is a member of the Aon Group, and GEM 1 is in effect controlled by the Investment Adviser. The reason for the participation of GEM 1 as issuer of the GEM 1 Notes is that in certain jurisdictions the guarantee described below may be considered an insurance contract, which may only be entered into by the guarantor if the guarantor is regulated by an appropriate regulator for the provision of insurance services. GEM 1 is so regulated.

GEM 1 has entered into a contract with a leading international bank rated Aa3/P-1 by Moody's\* (the "GEM 1 Bank") which is active in the making of senior loans secured against UK PFI projects. The contract provides for a guarantee (the "GEM 1 Guarantee") to be issued by GEM 1 in favour of the Bank in relation to any losses in excess of £2.33 million, up to a maximum of £14 million, that may be incurred by the Bank on a portfolio of senior loans advanced by the Bank against 14 UK PFI projects (ten of which are in the education sector, with the remaining four relating to hospital, housing, leisure and street lighting projects) (the "GEM 1 Reference Loans"). The GEM 1 Reference Loans have an aggregate fair value of £233 million. The GEM 1 Guarantee is secured by a deposit of £14 million placed by GEM 1 with the GEM 1 Bank, funded by the GEM 1 Notes.

Under the GEM 1 Guarantee, the Master Fund may move the monies held on deposit to another bank if the S&P/Moody's rating of the GEM 1 Bank falls below BBB-/Baa3 respectively.

Each of the GEM 1 Notes identifies a number of the GEM 1 Reference Loans. Losses on any individual GEM 1 Reference Loan will entail a loss on the GEM 1 Note which identifies that GEM 1 Reference Loan. It is possible, however, that in the event that the loss is larger than the face value of the relevant GEM 1 Note, a single GEM 1 Reference Loan loss will cause a loss on each of the other GEM 1 Notes.

The GEM 1 Notes pay on a quarterly basis a rate of 9.5 per cent. per annum for the first five years and 9.75 per cent. per annum thereafter plus (on a cumulative basis, and where such amounts are positive) (a) LIBOR minus 2.85 per cent. per annum for the first ten years and (b) LIBOR thereafter.

The GEM 1 Notes have a legal final maturity of 35 years, but are expected by the Investment Adviser to be cancelled in 2020, as the contractual amortisation of the GEM 1 Reference Loans is likely to render the transaction uneconomic for the GEM 1 Bank from that point.

(ii) *Performance of the GEM 1 Notes to date*

There have been no material operational issues reported on any of the UK PFI projects that support the GEM 1 Reference Loans, and no losses on any of the GEM 1 Reference Loans. All interest payments due under the terms of the GEM 1 Notes have been paid in full up to and including the payment due in August 2012.

**5. The GEM 2 Infrastructure senior PFI debt portfolio guarantee**

(i) *Overview of the GEM 2 Guarantee*

In June 2012, White Rock Insurance (SAC) Ltd, an insurance company incorporated as a Bermudan cell company and acting solely in respect of its segregated account, T29 – GEM Infrastructure Loan Fund ("GEM 2"), issued two notes to the Master Fund with an aggregate size of £13.5 million (the "GEM 2 Notes"). White Rock Insurance (SAC) Ltd is a member of the Aon Group, and GEM 2 is in effect controlled by the Investment Adviser. The reason for the participation of GEM 2 as issuer of the GEM 2 Notes is that in certain jurisdictions the guarantee described below may be considered an insurance contract, which may only be entered into by the guarantor if the guarantor is regulated by an appropriate regulator for the provision of insurance services. GEM 2 is so regulated.

GEM 2 has entered into a contract with a leading international bank rated A3/P-2 by Moody's Investors Service, Inc. (the "GEM 2 Bank") which is active in the making of senior loans secured against UK PFI projects\*\*. The contract provides for a guarantee (the "GEM 2 Guarantee") to be issued by GEM 2 in favour of the GEM 2 Bank in relation to any losses in excess of £0.3 million, up

---

\* The credit rating referred to above is issued by Moody's Japan K.K., which is a credit rating agency that is not established in the European Union and is not at the date of this document registered under Regulation (EC) No. 1060/2009 of the European Parliament and the Council of 16 September 2009 on rating agencies.

\*\* The credit rating referred to above are issued by Moody's Investors Service, Inc., which is a credit rating agency that is not established in the European Union and is not at the date of this document registered under Regulation (EC) No. 1060/2009 of the European Parliament and the Council of 16 September 2009 on rating agencies.

to a maximum of £13.5 million, that may be incurred by the GEM 2 Bank on a portfolio of senior loans advanced by the GEM 2 Bank against 20 UK PFI projects (1 leisure, 2 emergency services, 1 custodial, 1 accommodation, 3 health and 12 education PFI projects) (the “**GEM 2 Reference Loans**”). The GEM 2 Reference Loans have an aggregate face value of £307 million. The GEM 2 Guarantee is secured by a deposit of £13.5 million placed by GEM 2 with the GEM 2 Bank, funded by the GEM 2 Notes.

Under the GEM 2 Guarantee, the Master Fund may move the monies held on deposit to another bank if the Fitch/Moody’s Investor Services, Inc’s rating of the Bank falls below BBB-/Baa3 respectively.

The GEM 2 Notes pay on a quarterly basis a rate of 8.75 per cent. plus LIBOR per annum. The GEM 2 Notes have a legal final maturity of 29 years, but are expected by the Investment Adviser to be cancelled in 2027.

(ii) ***Performance of the GEM 2 Notes to date***

There have been no material operational issues reported on any of the UK PFI projects underlying the GEM 2 Reference Loans and no losses on any of the GEM 2 Reference Loans. All interest payments due under the terms of the GEM 2 Notes have been paid in full up to and including the payment due in August 2012.

**6-10. The Grosvenor PFI Holdings Limited (“GPFI”) group of companies’ loans**

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

Grosvenor House Group plc (“**GHG**”) has delivered approximately £410 million of UK PFI projects, primarily in the healthcare and student accommodation sectors. Its facilities management arm, Grosvenor Facilities Management Limited (“**GFM**”) manages 27 PFI contracts, employs approximately 450 staff and has an annual turnover of over £16.6 million.

The shareholders of GHG are the ultimate majority shareholders of GPFI. GPFI is the 100 per cent. shareholder (through five intermediate holding companies) of five PFI Project Companies that have each been contracted to design, finance, construct and maintain social infrastructure assets. Brief details of the five projects are set out below:

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

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

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

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

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

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

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

GPI holds 100 per cent. of GH Braintree Limited's holding company, GH Braintree Holdings Limited.

- Concordat North Yorkshire Limited entered into a concession with North Yorkshire County Council to design, build, finance and operate four schools: Brotherton and Byram Community Primary School; Barlby Community Primary School; Kirkby Hill Primary School; and Ripon Cathedral Church of England Primary School. The project involved capital expenditure of approximately £6.5 million and the last of the schools was completed in 2003.

In June 2010, GPI acquired 100 per cent. ownership of Concordat North Yorkshire Limited from NYOP Education (Yorkshire) Limited. Since the acquisition, Concordat North Yorkshire Limited has been renamed GH North Yorkshire Limited.

(ii) ***Transaction background***

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

In October 2009, the Master Fund committed to acquire from GPI under the option arrangement described above four £3 million subordinated loan notes issued by GPI (the "**Initial GPI Loans**"). The final advance of monies due under the Initial GPI Loans was made on 2 February 2010 following completion of the last of the four facilities. Following GPI's acquisition of Concordat North Yorkshire Limited, a fifth GPI loan (the "**NYS GPI Loan**") was made in February 2011, in an amount of £1.8 million.

(iii) ***Overview of the commercial terms of the Initial GPI Loans and the NYS GPI Loan***

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

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

The NYS GPI Loan has a fair value of £1.8 million, has a coupon of 9.42 per cent. p.a. which is paid semi-annually, and the principal is repaid in two equal annual payments of £900,000 on 31 October 2037 and 31 October 2038.

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

The Initial GPI Loans and the NYS GPI Loan (together, the "**GPI Loans**") are structured as CISX-listed Eurobonds. They are secured against the shares held by GPI in the holding company for each of the five relevant Project Companies. However, this security ranks subordinate to that of the senior lender to GPI. The four Initial GPI Loans are in effect cross-collateralised, thus on an event of default no action may be taken by the Master Fund to enforce such security without the consent of the senior lender and any sum recovered pursuant to such security would be applied first in the satisfaction of the claims of the senior lender. Therefore, a default by any one of the four Project Companies is likely to have an adverse impact on all of the four Initial GPI Loans. The NYS GPI Loan is not cross-collateralised against the four Initial GPI Loans.

GPFI paid the sum of £2,816,000 to the Master Fund as cash collateral for the GPFI Loans. Such cash collateral is currently held by the Master Fund in a segregated bank account, and it is not subject to any security arrangements for the benefit of any party other than the Master Fund. A proportion of the cash collateral will be released to GPFI over the course of the first ten years of the life of the GPFI Loans, provided that the GPFI Loans are fully performing and the financial performance of each of the five Project Companies is in line with expectations, as set out in the detailed financial models prepared by the Investment Adviser and agreed with GPFI. The cash collateral balance was £2.11 million as at 31 August 2012. An amount of £1,000,000 of the cash collateral will be retained by the Master Fund as security for the GPFI Loans until the GPFI Loans are fully repaid.

(v) *Performance of GPFI Loans to date*

There have been no operational issues reported on any of the four medical facilities nor the schools projects and only non-material unitary charge deductions, liability for which has been passed to GFM.

GPFI paid the Master Fund all of the interest payments due up to and including the payments due on 30 April 2012 in accordance with the terms of the five GPFI Loans.

In April 2011 the face value of each of the four Initial GPFI Loans was increased by 0.5 per cent. (to £3.015 million in each case) in line with the inflation indexing arrangements described above.

### **11-13. The Infrastructure Intermediaries No.1 A, B and C notes**

(i) *Overview of UME Group LLP (“UME”)*

The UME Group LLP is a privately-owned group which has developed, invested in, commissioned and managed hospitals and healthcare projects in 23 countries throughout the world, including 17 healthcare PFI projects in the UK.

UME is the 100 per cent. shareholder of UME PFI Investments Holding Limited (“**UME Holdings**”), which owns 100 per cent. of the equity and subordinated debt in UME PFI Investments Limited (“**UME Investments**”).

UME Investments has the following interests in PFI projects:

- UME Investments owns 25 per cent. of the subordinated debt and equity of Glasgow Healthcare Facilities Holdings Limited. Glasgow Healthcare Facilities Holdings Limited owns 100 per cent. of the subordinated debt and 100 per cent. of the equity of Glasgow Healthcare Facilities Limited.

Glasgow Healthcare Facilities Limited has entered into a concession with NHS Greater Glasgow and Clyde to design, construct, finance and maintain Victoria Hospital and New Stobhill Hospital in Glasgow. The hospitals were completed in December 2009, with a new 60 bed extension to the Stobhill Hospital also being completed in December 2010. The concession ends in December 2039. The project involved capital expenditure of approximately £218 million. Parsons Brinckerhoff is the facilities manager on the projects.

- UME Investments owns 75 per cent. of the equity and subordinated debt of Young Herts Holdings Limited. Young Herts Holdings Limited owns 100 per cent. of the equity and subordinated debt of Young Herts Limited.

Young Herts Limited has entered into a concession with Hertfordshire County Council to design, construct, finance and maintain a children’s residential scheme comprising five children’s homes, two adolescent resource centres and the refurbishment of eight family support centres. The project was completed in October 2009 and the concession ends in March 2033. The project involved capital expenditure of £24.7 million. Facilities management is being undertaken by Community Building Services Limited.



- UME Investments owns 100 per cent. of the equity and subordinated debt of Healthsource (Bromley) Holdings Limited. Healthsource (Bromley) Holdings Limited owns 100 per cent. of the equity and 100 per cent. of the subordinated debt of Healthsource (Bromley) Limited.

Healthsource Bromley Limited entered into a concession with Bromley Hospitals NHS Trust (from April 2009 this was merged with two other NHS Trusts to form South London Healthcare NHS Trust (“SLHT”)) to provide, finance, replace and maintain medical equipment in the £155m Princess Royal University Hospital in Bromley. Maintenance of the equipment is carried out by GE Medical Services Limited. The project commenced operations in February 2003 and the concession ends in December 2032. The project involved capital expenditure of approximately £10.5 million.

- UME Investments owns 50 per cent. of the equity of Caring 4 Croydon Holdings Limited and 58 per cent. of the subordinated debt of Caring 4 Croydon Limited. Caring 4 Croydon Holdings Limited owns 100 per cent. of the equity in Caring 4 Croydon Limited.

Caring 4 Croydon Limited has entered into a concession with Eldon Housing Association to design, construct, finance and maintain four social care centers providing a total of 150 residential and nursing places, 40 extra care flats and 128 day care places. The final home was completed in January 2010 and the concession ends in July 2038. The project involved capital expenditure of approximately £18.5 million. Facilities management is being undertaken by Eldon Housing Association.

- UME Investments owns 50 per cent. of the equity and subordinated debt of Hull Citycare (Investments) Limited. Hull Citycare (Investments) Limited owns 60 per cent. of the subordinated debt and equity of Hull Citycare Limited.

Hull Citycare Limited is a public private partnership organisation with a contract to replace ageing GP surgeries in Hull with new health centres. There have been nine tranches of schemes to date, of which eight are operational and one is in construction. The first of the schemes became operational in March 2009, and the most recent completion was in July 2011. The concession for the last scheme ends in June 2037. To date the project has involved capital expenditure of £62.8 million. Facilities management is being undertaken by Sewells Facilities Management.

(ii) ***Infrastructure Intermediaries No. 1 Limited (“II1”)***

II1, a UK single purpose company, was established by the Investment Adviser to facilitate debt investments in infrastructure project companies. All assets of II1 are charged to the Master Fund.

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

In May 2011, II1 advanced a series of loans to UME Holdings; the “UME A Notes”, the “UME B Notes” and the “UME C Notes” (together the “**UME Notes**”). The UME Notes were primarily financed by a series of loans advanced by the Master Fund to II1; the “II1 A Notes”, the “II1 B Notes” and the “II1 C Notes” (together the “**II1 A, B and C Notes**”)

In August 2011, II1 acquired 25 per cent. of the equity and 25 per cent. of the subordinated debt of Young Herts Holdings Limited, 25 per cent. of the equity of Caring 4 Croydon Holdings Limited, and 35 per cent. of the subordinated debt of Caring for Croydon Limited.

- *The II1 A, B and C Notes*

The II1 A Notes have a principal outstanding of £7,494,205, with a coupon paid semi-annually of 9.40 per cent. per annum until April 2014 and 9.20 per cent. per annum for the remainder of the term. The principal will be repaid in four equal semi-annual payments starting in October 2038.

The II1 B Notes have a principal outstanding of £7,813,290, with a coupon paid semi-annually of 9.40 per cent. per annum until April 2014 and 9.20 per cent. per annum plus a sum equal to

0.5 multiplied by the Interest Rate Indexation Factor for the remainder of the term. The Interest Rate Indexation Factor means for each interest period the greater of 0 and the result (expressed as a percentage per annum) of dividing the Index for the calendar month falling nine months prior to the last day of that interest period by the Index for the calendar month twenty one months prior to the last day of that interest period and subtracting 1. The Index means for each calendar month the All Items Retail Prices Index published by the Office for National Statistics in relation to that month. The principal will be repaid in four equal semi-annual payments starting in April 2031.

The III C Notes have a principal outstanding of £10,620,453, with a coupon paid semi-annually of 9.40 per cent. per annum until April 2014, and 9.20 per cent. per annum for the remainder of the term. The principal will be repaid in four equal semi-annual payments starting in April 2037.

The III A Notes, the III B Notes and the III C Notes are serviced from the cash flows receivable by III in respect of the UME Notes and the equity and subordinated debt interests in Young Herts Holdings Limited, Caring 4 Croydon Holdings Limited and Caring 4 Croydon Limited.

- *The UME Notes*

The UME A Notes have principal outstanding of £7,793,009 to be repaid in four equal semi-annual payments starting in October 2038.

The UME B Notes have principal outstanding of £6,688,408 to be repaid in four equal semi-annual payments starting in April 2031.

The UME C Notes have principal outstanding of £8,241,531 to be repaid in four equal semi-annual payments starting in April 2037.

The interest rate on the UME Notes for the first and second interest periods (each such period being a period of 6 months) is 7 per cent. plus the greater of zero and a sum equal to the Interest Rate Indexation Factor applicable for that period minus 5 per cent. per annum, for the third and fourth interest periods is 9.1 per cent. plus the greater of zero and a sum equal to the Interest Rate Indexation Factor applicable for that period minus 4 per cent. per annum, for the fifth and sixth interest periods is 9.1 per cent. plus the greater of zero and a sum equal to the Interest Rate Indexation Factor applicable for that period minus 3 per cent. per annum, for the seventh interest period is 9.1 per cent. plus the greater of zero and a sum equal to the Interest Rate Indexation Factor applicable for that period minus 2.5 per cent. per annum, and for the eighth and all subsequent interest periods is 9.4 per cent. plus the greater of zero and a sum equal to the Interest Rate Indexation Factor applicable for that period minus 2.5 per cent. per annum. The Interest Rate Indexation Factor for each interest period is the greater of 0 and the result, expressed as a percentage per annum, of dividing the Index for the calendar month falling two months prior to the last day of that interest period by the Index for the calendar month 14 months prior to the last day of that interest period and subtracting 1. The Index means for each calendar month the All Items Retail Price Index published by the UK Office for National Statistics in relation to that month.

The UME Notes are serviced from the cash flows receivable by UME Holdings from its investments (directly or indirectly) in Glasgow Healthcare Facilities Limited, Young Herts Limited, Healthsource (Bromley) Limited, Caring 4 Croydon Limited and Hull Citycare Limited.

(iv) ***Overview of legal and security structure of III A, B and C Notes***

The III Notes are structured as CISX-listed Eurobonds.

The III A, B and C Notes are technically senior obligations of III and the UME Loans are technically senior obligations of UME Holdings. However, as a first ranking charge over the assets of Glasgow Healthcare Facilities Limited, Young Herts Limited, Healthsource (Bromley) Limited, Caring

4 Croydon Limited and Hull Citycare Limited has been granted to the senior lender in each case, in effect the III A, B and C Notes rank subordinate to claims of the senior lender at the project level. No action may be taken by the Master Fund to enforce security without the consent of the senior lender and any sum recovered pursuant to such security would be applied first in the satisfaction of the claims of the senior lender. Each of the III A Notes, III B Notes and III C Notes rank *pari passu*.

(v) ***Performance of III A, B and C Notes to date***

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

Whilst there are no operational issues with the underlying facilities, there have been some delays in the payment of subordinated debt interest and capital from Young Herts Limited, Healthsource (Bromley) Limited and Caring 4 Croydon Limited. This is due to senior lenders being unable to release these monies as the updating of the financial models is taking longer than expected. Currently the III B Notes and III C Notes are a single interest payment in arrears respectively. The Investment Adviser is working with the borrower in order to improve the turnaround of the financial models to avoid arrears occurring in future. These issues are not related to the financial problems experienced by South London NHS Trust which have been reported in the press and which are referred to in the paragraph below.

In July 2012, the Secretary of State for Health appointed a Trust Special Administrator to assume control of SLHT, in order to address certain performance issues that had arisen at SLHT. The Master Fund (and therefore the Company) is exposed to South London NHS Trust through the III A, B and C Notes. The exposure of the Company to SLHT through the III A, B and C Notes represents approximately 5 per cent. of the Company's Net Asset Value. The Investment Adviser has reviewed the arrangements relating to the III A, B and C Notes, including the security arrangements, and does not believe that the financial position of SLHT will have a negative impact on the Net Asset Value of the Company.

**14. The Infrastructure Intermediaries No. 1 D notes**

(i) ***Overview of the underlying project***

The project expected to provide the cashflow to service the Infrastructure Intermediaries No. 1 D note is an operational schools PFI project in the United Kingdom (the "**Underlying Project**"). The concession relating to the Underlying Project expires in 2039.

(ii) ***Infrastructure Intermediaries No. 1 Limited ("III")***

III, a UK single purpose company, was established by the Investment Adviser to facilitate debt investments in infrastructure project companies. All assets of III are charged to the Master Fund.

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

In March 2012, III agreed to advance a loan (the "**SPV Loan**") to a single purpose vehicle formed to acquire a minority stake in the Underlying Project, subject to the satisfaction of certain conditions precedent. As at the date of this document, such conditions precedent have not been satisfied, and it is unclear whether they will be satisfied in the immediately foreseeable future. As a result the SPV Loan has not been advanced by III.

If advanced, the SPV Loan will be financed by the proceeds of a loan note issued in April 2012 to the Master Fund by III (the "**III D Note**"). The III D Note has a principal outstanding of £2.187 million, with a coupon payable semi-annually of 9.10% per cent. per annum. The principal is due to be repaid in 14 semi-annual payments between March 2033 and September 2039. In the event that the SPV Loan is not advanced within a reasonable period (as determined at the sole discretion of the Master Fund) by III, upon satisfaction of the conditions precedent, the III D Note will be repaid at par and cancelled.

(iv) ***Overview of legal and security structure of the III D Note***

The III D Note is structured as a CISX-listed Eurobond. The listing will be effected upon satisfaction of the conditions precedent referred to above.

The III D Note is technically a senior obligation of III1, but as a first ranking charge over the Underlying Project has been granted to its senior lender, in effect the III D Note will rank subordinate to claims of the senior lender.

(v) ***Performance of III D Note to date***

The subscription amount payable by III1 in respect of the SPV Loan has not, as at the date of this document, been released by III1. As a result, no interest has been accrued by the Master Fund in respect of the III D Note to date.

**15. The Infrastructure Intermediaries No. 1 E Notes**

(i) ***Overview of T1 LIFT Cumbria***

Express Lift Investments Limited owns 60 per cent. of the equity and subordinated debt of eLIFT Cumbria Limited. eLIFT Cumbria Limited owns 100 per cent. of the equity and subordinated debt of ELC (Tranche 1) Limited. ELC (Tranche 1) Limited has entered into a 25 year concession to design, construct, finance and maintain the first tranche of LIFT projects in Cumbria which comprises 2 community healthcare centers in Cockermouth and Cleator. The project is currently being constructed by Robertson Construction North East Limited and is expected to become operational in July 2013. Facilities management will be undertaken by the Cumbria Teaching Primary Care Trust.

(ii) ***Infrastructure Intermediaries No. 1 Limited (“III”)***

III1, a UK single purpose company, was established by the Investment Adviser to facilitate debt investments in infrastructure project companies. All assets of III1 are charged to the Master Fund.

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

In April 2012, III1 advanced a loan (the “**T1 Loan**”) to Express Lift Investments Limited. The T1 Loan was financed by a loan note issued to the Master Fund by III1 (the “**III E Note**”).

The T1 Loan has a principal outstanding commitment of £1.285 million, with a coupon paid semi-annually of 10.00 per cent. per annum. As the project is in construction, the first interest payment date is 30 September 2013. Interest under the T1 Loan will roll up from 1 May 2012 until 31 July 2013. The principal will be repaid in 15 payments between September 2013 and July 2038. The T1 Loan is serviced from the cash flows receivable by ELC (Tranche 1) Limited and its holding companies.

The III E Note has a principal outstanding of £1.360 million, with a coupon paid semi-annually of 9.25 per cent. per annum. The principal will be repaid in 1 annual payment in September 2038. The III E Note is serviced from the cash flows receivable by III1 under the terms of the T1 Loan.

(iv) ***Overview of legal and security structure of the III E Note***

The III E Note is structured as a CISX-listed Eurobond.

The III E Note is technically a senior obligation of III1, but as a first ranking charge over the assets of ELC (Tranche 1) Limited has been granted to its senior lender, in effect the III E Note ranks subordinate to claims of the senior lender.

(v) ***Performance of III E Note to date***

Construction commenced in May 2012.

The first payment of interest in accordance with the terms of the III E Note was made on time on 29 June 2012.

## 16. The Infrastructure Intermediaries No. 2 loans

### (i) *Overview of A Shade Greener group (“ASG”)*

ASG, based near Sheffield, was established in 2009. ASG installs, owns and maintains domestic solar photovoltaic installations. ASG rents the space above the roofs of domestic houses for 25 years and purchases and installs photovoltaic solar installations on the roofs at no cost to the homeowners. The homeowners receive the benefit (to the extent they are able and wish to use it) of the electricity generated by the solar installations for the 25 year term of the lease, and ASG receives the Feed-in Tariff payable in respect of the electricity generated.

A Shade Greener Limited (“**ASG Ltd**”) is the operational company that markets, installs, sells and maintains solar installations referred to above.

A Shade Greener (F4) LLP (“**ASG4**”) is a ring-fenced single purpose limited liability partnership established to lease the space above the homeowners’ roofs, purchase the installations, and receive the Feed-in Tariff payments. ASG4 contracts with ASG Ltd to maintain the solar installations. ASG4 finances its purchases of the solar installations from ASG Ltd with the loans from II2 (as defined below). ASG4 has acquired 816 completed installations from ASG Ltd with an average expected annual output of 3,309 kilowatt hours.

### (ii) *Infrastructure Intermediaries No. 2 Limited (“II2”)*

II2, a UK single purpose company, was established by the Investment Adviser to facilitate debt investments in infrastructure Project Companies. All assets of II2 are charged to the Master Fund.

### (iii) *Overview of the commercial terms*

On 4 October 2011, II2 entered into a facility agreement to advance a series of loans to ASG4 (the “**ASG4 Loans**”). The ASG4 Loans have been financed by a series of notes issued to the Master Fund by II2 (the “**II2 Notes**”).

- *The ASG4 Loans*

The ASG4 Loans have a principal outstanding of £11,505,600, with a coupon paid quarterly of 9.25 per cent. per annum. No further amounts can be drawn down.

In April in each calendar year from and including April 2013 the principal amount outstanding under the ASG4 Loans is multiplied by the Indexation Factor for that calendar year.

“Indexation Factor” for these purposes means for each calendar year the greater of 1 and the result of dividing the Index for that year by the Index for the previous year, then subtracting 1.05, then dividing by 2 and then adding 1.

“Index” means for each calendar year the All Items Retail Prices Index published by the UK Office for National Statistics in relation to the month of December in the previous calendar year.

The ASG4 Loans are serviced from the Feed-in Tariff cash flows receivable by ASG4.

- *The II2 Notes*

The II2 Notes have a principal outstanding of £11,505,600, with a coupon paid quarterly of 9.20 per cent. per annum. No further amounts can be drawn down.

In April in each calendar year from and including April 2013 the principal amount outstanding under the II2 Notes is multiplied by the Indexation Factor for that calendar year.

“Indexation Factor” for these purposes means for each calendar year the greater of 1 and the result of dividing the Index for that year by the Index for the previous year, then subtracting 1.05, then dividing by 2 and then adding 1.

“Index” means for each calendar year the All Items Retail Prices Index published by the UK Office for National Statistics in relation to the month of December in the previous calendar year.

The II2 Notes are serviced from the cash flows receivable by II2 in respect the ASG4 Loans.

(iv) ***Overview of legal and security structure of II2 Notes***

The II2 Notes are structured as CISX-listed Eurobonds.

The II2 Notes are senior obligations of II2 and the ASG4 Loans are senior obligations of ASG4.

II2 has a first ranking charge over all ASG4 leases and a debenture over the entire undertaking of ASG4 and the members’ interests in ASG4.

The Master Fund has a first ranking charge over the assets of II2.

**17. The Infrastructure Intermediaries No. 3 loans**

(i) ***Overview of ASG5***

A Shade Greener (F5) LLP (“**ASG5**”) is a ring-fenced single purpose limited liability partnership established to lease the space above homeowners’ roofs, purchase installations, and receive Feed-in Tariff payments. ASG5 contracts with ASG Ltd to maintain the solar installations. ASG5 finances its purchases of the solar installations from ASG Ltd with the loans from II3 (as defined below). ASG5 has acquired 971 completed installations from ASG Ltd with an average expected annual output of 3,472 kilowatt hours.

(ii) ***Infrastructure Intermediaries No. 3 Limited (“II3”)***

II3, a UK single purpose company, was established by the Investment Adviser to facilitate debt investments in infrastructure Project Companies. All assets of II3 are charged to the Master Fund.

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

On 17 January 2012 II3 entered into a facility agreement to advance a series of loans to ASG5 (the “**ASG5 Loans**”). The ASG5 Loans have been financed by a series of notes issued to the Master Fund by II3 (the “**II3 Notes**”).

• ***The ASG5 Loans***

The ASG5 Loans have a principal outstanding of £14,516,450, with a coupon paid quarterly of 9.25 per cent. per annum. No further amounts can be drawn down.

In April in each calendar year from and including April 2013 the principal amount outstanding under the ASG5 Loans is multiplied by the Indexation Factor for that calendar year.

“Indexation Factor” for these purposes means for each calendar year the greater of 1 and the result of dividing the Index for that year by the Index for the previous year, then subtracting 1.05, then dividing by 2 and then adding 1.

“Index” means for each calendar year the All Items Retail Prices Index published by the UK Office for National Statistics in relation to the month of December in the previous calendar year.

The ASG5 Loans are serviced from the Feed-in Tariff cash flows receivable by ASG5.

• ***The II3 Notes***

The II3 Notes have a principal outstanding of £14,516,450, with a coupon paid quarterly of 9.20 per cent. per annum. No further amounts can be drawn down.

In April in each calendar year from and including April 2013 the principal amount outstanding under the II3 Notes is multiplied by the Indexation Factor for that calendar year.

“Indexation Factor” for these purposes means for each calendar year the greater of 1 and the result of, then dividing the Index for that year by the Index for the previous year, then subtracting 1.05, then dividing by 2 and then adding 1.

“Index” means for each calendar year the All Items Retail Prices Index published by the UK Office for National Statistics in relation to the month of December in the previous calendar year.

The II3 Notes are serviced from the cash flows receivable by II3 in respect the ASG5 Loans.

(iv) ***Overview of legal and security structure of II3 Notes***

The II3 Notes are structured as CISX-listed Eurobonds.

The II3 Notes are senior obligations of II3 and the ASG5 Loans are senior obligations of ASG5.

II3 has a first ranking charge over all ASG5 leases and a debenture over the entire undertaking of ASG5 and the members’ interests in ASG5.

The Master Fund has a first ranking charge over the assets of II3.

**18. The Infrastructure Intermediaries No. 4 loans**

(i) ***Overview of the Llancayo solar farm (“Llancayo”)***

Llancayo is a 5MW solar farm in south Wales owned by Risen Energy Projects 1 Limited (“**Risen**”), a UK single purpose company. 100 per cent. of the equity of Risen is owned by Sovgen Infrastructure Limited (“**Sovgen**”), a UK incorporated single purpose company established to acquire Risen. Llancayo generates income from FIT payments from the FIT Licensee, Smartest Energy, and from electricity sales under a power purchase agreement (“**PPA**”) also with Smartest Energy. The maintenance of Llancayo is carried out by Smarter Energy Solution Limited.

(ii) ***Infrastructure Intermediaries No. 4 Limited (“II4”)***

II4, a UK single purpose company, was established by the Investment Adviser to facilitate debt investments in infrastructure Project Companies. All assets of II4 are charged to the Master Fund.

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

In April 2012 II4 entered into an agreement to advance a loan to Sovgen (the “**Sovgen Loan**”) to finance the acquisition of Risen. The Sovgen Loan was financed by a series of notes issued to the Master Fund by II4 (the “**II4 Notes**”).

• ***The Sovgen Loan***

The Sovgen Loan has a principal outstanding of £14,400,000, with a coupon paid quarterly of 9.20 per cent. per annum.

In April in each calendar year from and including April 2013 the principal amount outstanding under the Sovgen Loan is multiplied by the Indexation Factor for that calendar year.

“Indexation Factor” for these purposes means for each calendar year the greater of 1 and the result of dividing the Index for that year by the Index for the previous year, then subtracting 1.03, then dividing by 2 and then adding 1.

“Index” means for each calendar year the All Items Retail Prices Index published by the UK Office for National Statistics in relation to the month of December in the previous calendar year.

The Sovgen Loan is serviced from the Feed-in Tariff and PPA cash flows receivable by Sovgen.

- *The II4 Notes*

The II4 Notes have a principal outstanding of £14,400,000, with a coupon paid quarterly of 9.15 per cent. per annum.

In April in each calendar year from and including April 2013 the principal amount outstanding under the II4 Notes is multiplied by the Indexation Factor for that calendar year.

“Indexation Factor” for these purposes means for each calendar year the greater of 1 and the result of dividing the Index for that year by the Index for the previous year, then subtracting 1.03, then dividing by 2 and then adding 1.

“Index” means for each calendar year the All Items Retail Prices Index published by the UK Office for National Statistics in relation to the month of December in the previous calendar year.

The II3 Notes are serviced from the cash flows receivable by II4 in respect the ASG5 Loans.

(iv) ***Overview of legal and security structure of II4 Notes***

The II4 Notes are structured as CISX-listed Eurobonds.

The II3 Notes are senior obligations of II4 and the Sovgen Loan is a senior obligation of Sovgen.

II4 has a first ranking charge over the entire undertaking of Risen, Sovgen and the members’ interests in Sovgen.

The Master Fund has a first ranking charge over the assets of II4.

**19. The Infrastructure Intermediaries No. 5 loans**

(i) ***Overview of ASG6***

A Shade Greener (F6) LLP (“**ASG6**”) is a ring-fenced single purpose limited liability partnership established to lease space above homeowners’ roofs, purchase installations, and receive Feed-in Tariff payments, in relation to solar photovoltaic carried out by ASG Ltd. ASG6 contracts with ASG Ltd to maintain the solar installations. ASG6 finances its purchases of the solar installations from ASG Ltd with the loans from II5 (as defined below). ASG6 has acquired 488 completed installations from ASG Ltd with an average expected annual output of 3,382 kilowatt hours.

(ii) ***Infrastructure Intermediaries No. 5 Limited (“II5”)***

II5, a UK single purpose company, was established by the Investment Adviser to facilitate debt investments in infrastructure Project Companies. All assets of II5 are charged to the holders of notes issued by II5.

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

In August 2012, II5 entered into a facility agreement to advance A loans and B loans to ASG6 (together the “**ASG6 Loans**”). The ASG6 Loans will be financed by two series of notes issued by II5, the A notes to the Master Fund and the B Notes to other investors (together the “**II5 Notes**”).

- *The ASG6 Loans*

The ASG6 Loans have a maximum principal outstanding of £24,090,000 (£10,140,000 and £13,950,000 for the A loans and B loans respectively), with a coupon paid quarterly of 9.00 per cent. per annum. As at 31 August 2012 (being the latest practicable date prior to the date of this document), £2,928,000 of the A loans had been drawn down.



In April in each calendar year from and including April 2013 the principal amount outstanding under the ASG6 Loans is multiplied by the Indexation Factor for that calendar year.

“Indexation Factor” for these purposes means for each calendar year the greater of 1 and the result of dividing the Index for that year by the Index for the previous year, then subtracting 1.05, then dividing by 2 and then adding 1.

“Index” means for each calendar year the All Items Retail Prices Index published by the UK Office for National Statistics in relation to the month of December in the previous calendar year.

The ASG6 Loans are serviced from the Feed-in Tariff cash flows receivable by ASG6.

- *The II5 Notes*

The II5 Notes have a maximum principal outstanding of £24,090,000 (£10,140,000 and £13,950,000 for the A notes and B notes respectively) with a coupon paid quarterly of 9.00 per cent. per annum. As at 31 August 2012 (being the latest practicable date prior to the date of this document) £2,934,000 of the A notes had been issued to the Master Fund.

The Master Fund has committed to purchase up to £6,000,000 of A notes, subject to available liquidity.

In April in each calendar year from and including April 2013 the principal amount outstanding under the II5 Notes is multiplied by the Indexation Factor for that calendar year.

“Indexation Factor” for these purposes means for each calendar year the greater of 1 and the result of dividing the Index for that year by the Index for the previous year, then subtracting 1.05, then dividing by 2 and then adding 1.

“Index” means for each calendar year the All Items Retail Prices Index published by the UK Office for National Statistics in relation to the month of December in the previous calendar year.

The II5 Notes are serviced from the cash flows receivable by II5 in respect the ASG6 Loans.

(iv) ***Overview of legal and security structure of II5 Notes***

The II5 Notes are structured as CISX-listed Eurobonds.

The II5 Notes are senior obligations of II5 and the ASG6 Loans are senior obligations of ASG6.

II5 has a first ranking charge over all ASG6 leases and a debenture over the entire undertaking of ASG6 and the members’ interests in ASG6.

The note investors have a first ranking charge over the assets of II5.

**20. The Kirklees PFI Limited (“Kirklees”) loan**

(i) ***Overview of Kirklees***

Kirklees, a UK special purpose company, owns 100 per cent. of the equity of Wates PFI Investments (QED) Limited. Wates PFI Investments (QED) Limited owns 86 per cent. of the equity interest of QED (KMC) Holdings Limited and 100 per cent. of the subordinated debt of QED (KMC) Limited. QED (KMC) Holdings Limited owns 100 per cent. of the equity of QED (KMC) Limited.

QED (KMC) Limited has entered into a concession with the Kirklees Metropolitan Council to design, finance, build and maintain two special needs schools (Castle Hill and Fairfield) and to design, finance, re-build and maintain Ravenshall School. All schools are now operational with the latest practical completions being achieved in 2007. The facilities have a concession that lasts until June 2031 and involved capital expenditure of approximately £19.2 million.

(ii) ***Overview of the commercial terms***

In December 2010, the Master Fund acquired one fixed rate loan note issued by Kirklees (the “Kirklees Loan”).

The Kirklees Loan has a fair value of £2.3 million, with a coupon paid semi-annually of 9.4 per cent. per annum. The principal will be repaid in eight equal semi-annual payments starting in April 2028. The Kirklees Loan is serviced from the cash flows receivable by Kirklees from QED (KMC) Limited and its holding company.

(iii) ***Overview of legal and security structure of the Kirklees Loan***

The Kirklees Loan is structured as a CISX-listed Eurobond.

The Kirklees Loan is technically a senior obligation of Kirklees, but as a first-ranking charge over the assets of QED (KMC) Limited has been granted to the senior lender, in effect the Kirklees Loan ranks subordinate to claims of the senior lender.

(iv) ***Performance of Kirklees Loan to date***

There have been no operational issues reported in relation to any of the relevant project facilities, and only non-material unitary charge deductions, liability for which has been passed to the facilities manager.

Kirklees paid the Master Fund all of the interest payments due up to and including the payment due on 30 April 2012 in full in accordance with the terms of the Kirklees Loan.

## **21-23. The Leisure Infrastructure Investors Limited (“LIIL”) loans**

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

LIIL, a UK special purpose company, owns 100 per cent. of the economic interest (through 3 holding companies) of 3 PFI Project Companies that have each been contracted by a Local Authority to design, finance, construct and maintain leisure facilities. Details of the 3 projects are set out below:

- DC Projects (Rotherham) Limited has entered into a concession with Rotherham Metropolitan Borough Council to design, construct, finance and maintain four leisure facilities, being Aston-Cum-Aughton Leisure Centre, Maltby Service Centre, Rotherham Leisure Centre and Wath Upon Dearne Leisure Centre, with the Maltby facility also including a joint service centre with a GP surgery. The facilities have been fully operational since February 2010, have a concession that lasts until 2041 and involved a capital expenditure of approximately £39.3 million.

LIIL owns 100 per cent. of DC Projects (Rotherham) Limited’s holding company, DC Holdings (Rotherham) Limited.

- DC Projects (Amber Valley) Limited has entered into a concession with Amber Valley Borough Council to design, construct, finance and operate 3 leisure facilities, being mixed wet and dry leisure facilities, including gymnasiums, on 3 sites, Alfreton Leisure Centre, Ripley Leisure Centre and William Gregg VC Leisure Centre. The facilities have been fully operational since October 2009, have a concession that lasts until January 2040 and involved capital expenditure of approximately £26.7 million.

LIIL owns 100 per cent. of DC Projects (Amber Valley) Limited’s holding company, DC Holdings (Amber Valley) Limited.

- DC Projects (Wolverhampton) Limited has entered into a concession with Wolverhampton City Council to design, construct, finance and maintain Bowman’s Harbour Leisure Centre. The facility has been fully operational since December 2006, has a concession that lasts until November 2036, and involved capital expenditure of approximately £14.5 million.

LIIIL owns 100 per cent. of DC Projects (Wolverhampton) Limited's holding company, DC Holdings (Wolverhampton) Limited.

(ii) ***Overview of the commercial terms***

In June and July 2010, the Master Fund acquired 3 fixed rate loan notes issued by LIIIL; the "Rotherham Notes", the "Amber Valley Notes" and the "Wolverhampton Notes" (together the "**LIIIL Loans**").

The Rotherham Notes have a face value of £3.0 million, with a coupon paid semi-annually of 10.25 per cent. per annum. The principal will be repaid in six equal semi-annual payments starting in September 2037. The Rotherham Notes are serviced from the cash flows receivable by LIIIL from DC Projects (Rotherham) Limited and its holding company.

The Amber Valley Notes have a face value of £3.95 million, with a coupon paid semi-annually of 10.25 per cent. per annum. The principal will be repaid in four equal semi-annual payments starting in September 2037. The Amber Valley Notes will be serviced from the cash flows receivable by LIIIL from DC Projects (Amber Valley) Limited and its holding company.

The Wolverhampton Notes have a face value of £2.35 million, with a coupon paid semi-annually of 10.25 per cent. per annum. The principal will be repaid in eight equal semi-annual payments starting in September 2032. The Wolverhampton Notes will be serviced from the cash flows receivable by LIIIL from DC Projects (Wolverhampton) Limited and its holding company.

(iii) ***Overview of legal and security structure of the LIIIL Loans***

The LIIIL Loans are structured as CISX-listed Eurobonds.

The LIIIL Loans are technically senior obligations of LIIIL, but as a first-ranking charge over the assets of each of DC Projects (Rotherham) Limited, DC Projects (Amber Valley) Limited and DC Projects (Wolverhampton) Limited has been granted to the senior lender in each case, in effect each of the LIIIL Loans ranks subordinate to claims of the senior lender.

However, as the Rotherham Notes, the Amber Valley Notes and the Wolverhampton Notes are serviced by cash flows relating to DC Projects (Rotherham) Limited, DC Projects (Amber Valley) Limited and DC Projects (Wolverhampton) Limited respectively, the default of DC Projects (Rotherham) Limited will have an adverse impact only on the Rotherham Notes, the default of DC Projects (Amber Valley) Limited will have an adverse impact only on the Amber Valley Note, and the default of DC Projects (Wolverhampton) Limited will have an adverse impact only on the Wolverhampton Notes.

(iv) ***Performance of the LIIIL Loans to date***

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

All interest payments due under the LIIIL Loans up to and including the payments due on 30 April 2012 have been paid in full in accordance with the terms of the LIIIL Loans.

## **PIPELINE OF FUTURE ASSETS**

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

The Investment Adviser, on behalf of the Master Fund, is currently engaged in various stages of negotiations on potential acquisitions, four of which are agreed in principle, one of which is in formal discussions (which is to say, lawyers have been instructed by the Investment Adviser and by the counterparty), with the remainder in preliminary discussions. The pipeline of potential investments totals approximately £135 million. In addition, the Investment Adviser expects to see a steady stream of further opportunities.

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

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

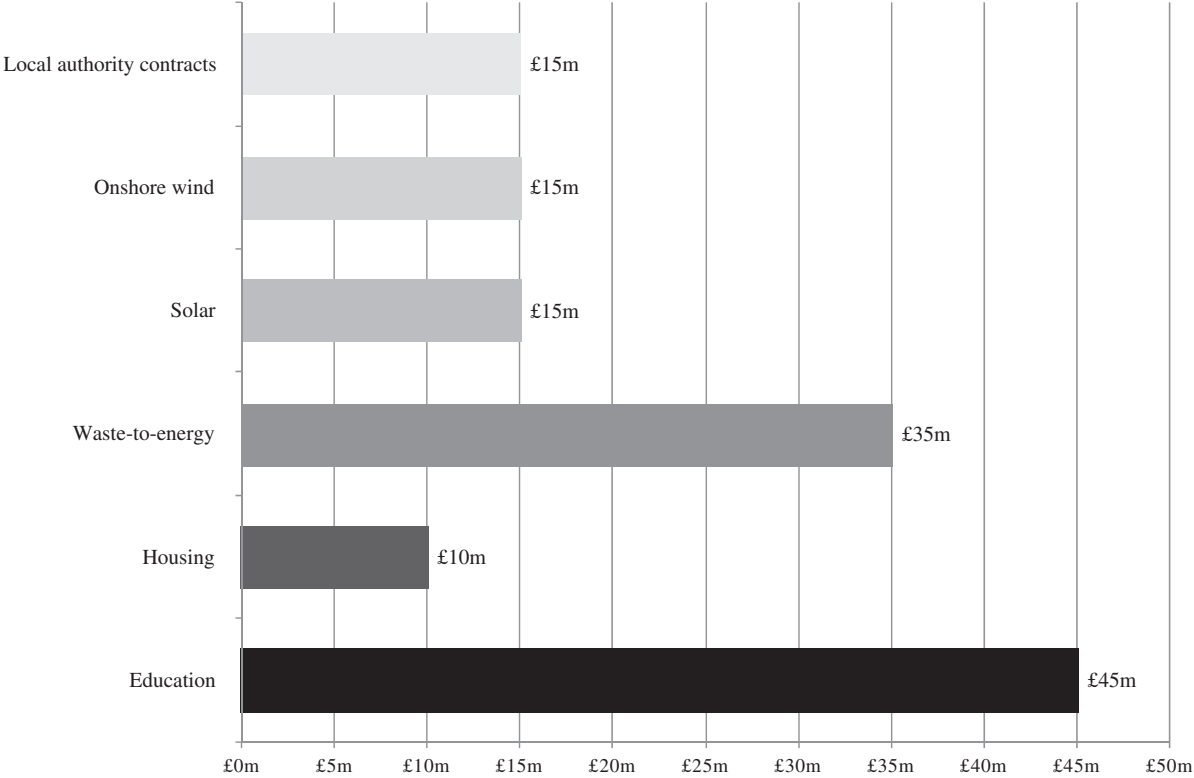
**PIPELINE ASSETS\*:**

<i>Description of pipeline investments</i>	<i>Estimated Master Fund investment (£ millions)</i>	<i>Expected investment term (years)</i>	<i>Sector</i>	<i>Status</i>
Senior debt investment in 2 waste-to-energy projects **	15	15	Biomass (anaerobic digestion)	Agreed in principle
Subordinated debt investment in an education PFI project	20	25	Schools	In discussion
Subordinated debt investment in an education PFI project	25	25	Schools	In discussion
Senior debt investment in a biomass project **	20	15	Biomass (ACT)	Agreed in principle
Subordinated debt investment in a housing PFI project **	10	30	Housing	In discussion
Senior debt investment in local authority Solar PV project	15	20	Solar/local authority	Lawyers instructed
Senior debt investment in a local authority equipment supply contract	15	5	Equipment financing	Agreed in principle
Senior debt investment in onshore wind project **	15	18	Wind (FIT)	Agreed in principle

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

\*\* Primary stage transaction (involves construction risk).

The chart below shows the Master Fund pipeline by infrastructure sector.



## PART 6

### THE INVESTMENT ADVISER AND ITS EXPERIENCE

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

The partners of the Investment Adviser formed Gravis Capital Partners LLP in May 2008 with a view to developing a specialist infrastructure advisory boutique. This business model was amended to focus specifically on fund management, principally in the area of UK infrastructure, with the launch of the Master Fund in July 2009. The Investment Adviser also manages one non-infrastructure fund in the field of student accommodation. However, the primary focus of four of the existing partners of the Investment Adviser (as detailed below) is, and is expected to remain, the delivery of investment advisory services to the Company and the Master Fund.

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

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

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

#### ***Stephen Ellis (53)***

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

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

#### ***Rollo Wright (35)***

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

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

#### ***Nick Parker (42)***

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

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

***Ronan Kierans (33)***

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

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

## PART 7

### THE PLACING AND OFFER FOR SUBSCRIPTION

#### 1. Introduction

The Company is targeting a fundraising of in excess of £80 million before expenses through the Placing and Offer for Subscription<sup>4</sup>. If the Issue does not proceed, subscription monies received pursuant to the Issue will be returned without interest at the risk of the applicant.

The Issue is not being underwritten.

The Company has agreed to invest the Net Proceeds of the Issue in the Master Fund by way of a subscription for Master Fund C Shares pursuant to the Subscription.

#### 2. The Issue

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

It is expected that Admission will become effective and that dealings in the C Shares will commence at 8.00 a.m. on 17 October 2012.

If the gross proceeds of the Issue are £80 million, it is expected that the Company will receive approximately £78.5 million from the Issue, net of fees and expenses associated with the Issue.

The Issue is conditional upon:

- (a) Admission occurring on or before 8.00 a.m. (London time) on 17 October 2012 or such time and/or date as the Company and the Placing Agent may agree, being not later than 16 November 2012; and
- (b) the Placing Agreement having become unconditional in all respects (save for conditions relating to Admission) and not having been terminated in accordance with its terms before Admission<sup>5</sup>.

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

The arrangements in relation to Switching are not conditional upon the Issue proceeding.

#### 3. Investor profile

Typical investors in the Company are expected to be institutional and sophisticated investors and private clients.

#### 4. The Offer for Subscription

The Offer for Subscription will open on 18 September 2012 and the latest time for receipt of Application Forms will be 4.30 p.m. on 10 October 2012. Admission to the Official List is expected to occur and unconditional dealings in the C Shares are expected to commence at 8.00 a.m. on 17 October 2012.

The terms and conditions of applications under the Offer for Subscription and an Application Form are set out at the end of this Prospectus. These terms and conditions should be read carefully before an application is made. Prospective investors should consult their respective stockbrokers, bank managers, solicitors, accountants or other independent financial advisers if they are in doubt. Application Forms, accompanied by a cheque or duly endorsed banker's draft, should be returned by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 4.30 p.m. on 10 October 2012.

---

<sup>4</sup> The Company may raise up to £150 million, in the absolute discretion of the Directors.

<sup>5</sup> The Placing Agreement is conditional, *inter alia*, upon the resolutions to be proposed at the EGM and at the Master Fund EGM being duly passed.



Applications under the Offer for Subscription must be for a minimum subscription amount of £50,000 and thereafter in multiples of £1,000 or such lower amounts as the Sponsor and the Company may agree.

## **5. The Placing**

The Company, the Investment Adviser and the Placing Agent have entered into the Placing Agreement, pursuant to which the Placing Agent has agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers for the C Shares made available in the Placing at the Issue Price in return, *inter alia*, for the payment by the Company of placing commissions to the Placing Agent. The Placing Agent is entitled, at its discretion and out of its own resources, at any time to rebate to some or all of its investors, or to other parties, part or all of its fees relating to the Issue. Placing commitments should be received no later than 12.00 p.m. on 11 October 2012.

Details of the terms of the Placing Agreement are set out in paragraph 8 of Part 10 of this document.

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

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

## **6. Issue expenses**

The costs of the Issue will (provided that the Issue proceeds) be borne out of the proceeds of the Issue. The total costs of the Issue (including any commissions) are expected to be approximately £1.5 million, assuming that the Company raises £80 million pursuant to the Issue.

## **7. Settlement**

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

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

## **8. Certificates and CREST**

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

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

## **9. Money Laundering**

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

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

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

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

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

The Company will notify investors of the number of C Shares in respect of which their application has been successful, and the result of the Issue will be announced by the Company by way of an announcement through a Regulated Information Service, on or around 12 October 2012.

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

## PART 8

### TERMS OF THE C SHARES AND THE MASTER FUND C SHARES

#### 1. General

- 1.1 An issue of C Shares is designed to overcome the potential disadvantages for both existing and new investors which could arise out of a conventional fixed price issue of further Ordinary Shares for cash. In particular:
- (a) the Net Asset Value of the Existing Ordinary Shares will not be diluted by the expenses associated with the Issue which will be borne by the subscribers for C Shares and not by holders of Existing Ordinary Shares; and
  - (b) the basis upon which the C Shares will convert into Ordinary Shares is such that the number of Ordinary Shares to which C Shareholders will become entitled will reflect the relative investment performance and value of the pool of new capital attributable to the C Shares issued pursuant to the Issue up to the Company Calculation Time, as compared to the assets attributable to the Existing Ordinary Shares at that time and, as a result, neither the Net Asset Value attributable to the Existing Ordinary Shares nor the Net Asset Value attributable to the C Shares will be adversely affected by Company Conversion.
- 1.2 The holders of existing issued Master Fund Income Shares (including the Company) and Master Fund Accumulation Shares on the one hand and the Company (as the sole subscriber for Master Fund C Shares) on the other hand will enjoy corresponding benefits from structuring the Subscription as an issue of Master Fund C Shares.
- 1.3 The C Shares will convert into Ordinary Shares (and, if applicable, Deferred Shares) immediately following the conversion of the Master Fund C Shares into Master Fund Income Shares (and, if applicable, Master Fund Deferred Shares).
- 1.4 The Master Fund C Shares will convert into Master Fund Income Shares (and, if applicable, Master Fund Deferred Shares) on the basis of the Master Fund Conversion Ratio and the C Shares will convert into Ordinary Shares on the basis of the Company Conversion Ratio.
- 1.5 The Master Fund Conversion Ratio will be calculated as at the Master Fund Calculation Time and the Company Conversion Ratio will be calculated as at the Company Calculation Time.

#### 2. Example of conversion mechanism

- 2.1 The following example illustrates the methodology which will be followed to calculate the number of Ordinary Shares arising on Company Conversion. The example is unaudited and is not intended to be a forecast of the number of Ordinary Shares which will arise on Company Conversion, nor a forecast of the level of income which may accrue to Ordinary Shares in the future.<sup>6</sup>
- 2.2 The example illustrates the number of Ordinary Shares which would arise on the conversion of 1,000 C Shares held at Company Conversion using assumed NAVs (solely for these illustrative purposes) attributable to the C Shares and the Ordinary Shares in issue at the Company Calculation Time. The assumed NAV attributable (solely for these illustrative purposes) to a C Share at the Company Calculation Time is based on the assumption that 80 million C Shares are issued and that the costs of the issue amount to £1.5 million. The assumed NAV attributable (solely for these illustrative purposes) to each Ordinary Share is 100.41 pence, being the unaudited estimated NAV as at the close of business on 31 August 2012.

---

<sup>6</sup> The figures in the example in paragraph 2.2 are provided solely for illustrative purposes. The Net Asset Values attributable to the Ordinary Shares and the C Shares at the Company Calculation Time (and, therefore, the Company Conversion Ratio) could differ from these illustrative figures. These figures should not be used to calculate the number of Ordinary Shares that a subscriber for C Shares pursuant to the Issue will be entitled to following Company Conversion.

### Example

Number of C Shares subscribed	1,000
Amount subscribed (£)	1,000
Net Asset Value attributable to a C Share at Company Calculation Time (p)	98.10
Net Asset Value attributable to an Ordinary Share at Company Calculation Time (p)	100.41
Conversion Ratio	0.9770
New Ordinary Shares arising on conversion	977

### 3. Terms of the C Shares and the Master Fund C Shares

The rights and restrictions attaching to the C Shares and to the Master Fund C Shares are set out in the Articles and the Master Fund Articles respectively and are summarised below.

### 4. Definitions

The following definitions apply for the purposes of this Part 8 of this document in addition to, or (where applicable) in substitution for, the definitions applicable elsewhere in this document.

“**C Share Surplus**” means the net assets of the Company attributable to the C Shares, being the assets attributable to such C Shares (including, for the avoidance of doubt, any income and/or revenue (net of expenses) arising from or relating to such assets) less such proportion of the Company’s liabilities as the Directors shall reasonably allocate to the assets of the Company attributable to the C Shares.

“**Company Calculation Time**” means, in relation to any tranche of C Shares, the occurrence of the Master Fund Calculation Time in relation to the tranche of Master Fund C Shares that corresponds to the relevant tranche of C Shares.

“**Company Conversion**” means the conversion of C Shares into Ordinary Shares and, if applicable, Deferred Shares, as described in paragraph 18 of this Part 8 of this document.

“**Company Conversion Ratio**” means A divided by B calculated to four decimal places (with 0.00005 being rounded upwards) where:

$$A = \frac{C-D}{E}$$

and

$$B = \frac{F-G}{H}$$

and where:

“C” is the aggregate of:

- (a) the value of the investments of the Company attributable to the C Shares which are listed or dealt in on a stock exchange or on a similar market (other than investments which are subject to restrictions on transfer or a suspension of dealings, which are to be valued in accordance with (b) below):
  - (i) calculated in the case of investments of the Company which are listed on the London Stock Exchange according to the prices issued by the London Stock Exchange as at the Company Calculation Time, being the closing middle market prices for all investments other than the FTSE 100 constituents and FTSE 100 reserve list constituents for which the last trade prices shall be used. If any such investments are traded under the London Stock Exchange Daily Electronic Trading Service (“SETS”) and the latest recorded prices at which such investments have been traded as shown in the London Stock Exchange Daily Official List differ materially from the bid and offer prices of the investments quoted on SETS as at the Company Calculation Time, the value of such investments shall be adjusted to reflect the fair realisable value as determined by the Directors. Investments of the Company which are listed, quoted or dealt in

on any other recognised stock exchange shall be valued by reference to the closing middle market prices on the principal stock exchange or market where the relevant investment is listed, quoted or dealt in as at the Company Calculation Time, as shown by the relevant exchange's or market's recognised method of publication of prices for such investments. Debt related securities (including Government stocks) shall be valued by reference to the closing middle market price, subject to any adjustment to exclude any accrual of interest which may be included in the quoted price, as at the Company Calculation Time; or

- (ii) where such published prices are not available, calculated by reference to the Directors' belief as to a fair current trading price at the Company Calculation Time for those investments, after taking account of any other price publication services reasonably available to the Directors;
- (b) the value of all other investments of the Company attributable to the C Shares at their respective acquisition costs or at such other value as the Directors may, in their discretion, determine to be appropriate, subject to such adjustments as the Directors may deem appropriate to be made for any variations in the value of such investments between the date of acquisition and the Company Calculation Time, provided that the value of Master Fund C Shares shall be the Net Asset Value per Master Fund C Share at the Company Calculation Time, as determined in accordance with the provisions of the Master Fund Articles in connection with conversion of the relevant Master Fund C Shares into Master Fund Income Shares; and
- (c) the amount which, in the Directors' opinion, fairly reflects, at the Company Calculation Time, the value of the current assets of the Company attributable to the C Shares (including cash and deposits with or balances at bank and including any accrued income and other items of a revenue nature less accrued expenses).

“D” is the amount which (to the extent not otherwise deducted in the calculation of “C”) in the Directors' opinion fairly reflects the amount of the liabilities and expenses attributable to the C Shares at the Company Calculation Time (including, for the avoidance of doubt, the full amount of all dividends declared on the C Shares but not paid).

“E” is the number of C Shares in issue at the Company Calculation Time.

“F” is the aggregate of:

- (a) the value of all the investments of the Company, other than investments of the Company attributable to the C Shares in issue at the Company Calculation Time, which are listed or dealt in on a stock exchange or on a similar market (other than investments which are subject to restrictions on transfer or a suspension of dealings, which are to be valued in accordance with (b) below):
  - (i) calculated in the case of investments of the Company which are listed on the London Stock Exchange according to the prices issued by the London Stock Exchange as at the Company Calculation Time, being the closing middle market prices for all investments other than the FTSE 100 constituents and FTSE 100 reserve list constituents for which the last trade prices shall be used. If any such investments are traded under SETS and the latest recorded prices at which such investments have been traded as shown in the London Stock Exchange Daily Official List differ materially from the bid and offer prices of the investments quoted on SETS as at the Company Calculation Time, the value of such investments shall be adjusted to reflect the fair realisable value as determined by the Directors. Investments of the Company which are listed, quoted or dealt in on any other recognised stock exchange shall be valued by reference to the closing middle market prices on the principal stock exchange or market where the relevant investment is listed, quoted or dealt in as at the Company Calculation Time, as shown by the relevant exchange's or market's recognised method of publication of prices for such investments. Debt related securities (including Government stocks) shall be valued by reference to the closing middle market price, subject to any adjustment to exclude any accrual of interest which may be included in the quoted price, as at the Company Calculation Time; or

- (ii) where such published prices are not available, calculated by reference to the Directors' belief as to a fair current trading price for those investments, after taking account of any other price publication services reasonably available to the Directors,

provided that the value of Master Fund Income Shares shall be the Net Asset Value per Master Fund Income Share at the Company Calculation Time, as determined in accordance with the provisions of the Master Fund Articles in connection with the corresponding conversion of Master Fund C Shares into Master Fund Income Shares;

- (b) the value of all other investments of the Company other than investments attributable to the C Shares in issue at the Company Calculation Time at their respective acquisition costs, subject to such adjustments as the Directors may deem appropriate to be made for any variations in the value of such investments between the date of acquisition and the Company Calculation Time; and
- (c) the amount which, in the Directors' opinion, fairly reflects at the Company Calculation Time, the value of the current assets of the Company (including cash and deposits with or balances at bank and including any accrued income or other items of a revenue nature less accrued expenses), other than such assets attributable to the C Shares in issue at the Company Calculation Time;

“G” is the amount which (to the extent not otherwise deducted in the calculation of “F”) in the Directors' opinion fairly reflects the amount of the liabilities and expenses of the Company at the Company Calculation Time (including, for the avoidance of doubt, the full amount of all dividends declared on the Ordinary Shares but not paid), less the amount of “D”; and

“H” is the number of Ordinary Shares in issue at the Company Calculation Time.

“**Company Conversion Time**” means a time which falls after the Company Calculation Time and is the time, following conversion of the corresponding Master Fund C Shares into Master Fund Income Shares, at which the admission of the New Ordinary Shares to the Official List becomes effective, being the opening of business on such business day as is selected by the Directors, provided that such day shall not be more than 20 Business Days after the Company Calculation Time.

“**Deferred Shares**” means any redeemable deferred shares of £0.01 each in the capital of the Company arising on the conversion of C Shares of the relevant tranche into New Ordinary Shares and (if applicable) Deferred Shares.

“**Existing Ordinary Shares**” means the Ordinary Shares in issue immediately prior to the Company Conversion Time.

“**Force Majeure Circumstances**” means in relation to any tranche of Master Fund C Shares any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Master Fund Directors, renders Master Fund Conversion necessary or desirable, notwithstanding that conversion of the Master Fund C Shares into Master Fund Income Shares would not otherwise occur at such time.

“**Issue Date**” means the date of the issue of any C Shares or Master Fund C Shares (as applicable).

“**Law**” means The Companies (Jersey) Law, 1991 (as amended).

“**Master Fund Calculation Time**” means the earliest of:

- (a) the close of business on the date, determined by the Master Fund Directors, on which the value of the investments of the Master Fund is equal to or greater than 90 per cent. of the Net Asset Value of the Master Fund;
- (b) the close of business on the last Business Day prior to the day on which *Force Majeure* Circumstances have arisen;
- (c) the close of business on such date as the Master Fund Directors may determine to enable the Master Fund to comply with its obligations in respect of Master Fund Conversion; and

- (d) the close of business on the Business Day falling six months after the Issue Date of the relevant tranche of Master Fund C Shares.

“**Master Fund Conversion**” means the conversion of Master Fund C Shares into New Master Fund Shares and, if applicable, Master Fund Deferred Shares, in accordance with the Master Fund Articles.

“**Master Fund Conversion Ratio**” means S divided by T calculated to four decimal places (with 0.00005 being rounded upwards) where:

$$S = \frac{U}{V}$$

And

$$T = \frac{X}{Y}$$

and where:

“U” is the Net Asset Value of the relevant tranche of Master Fund C Shares as at the Master Fund Calculation Time as calculated by the Administrator in accordance with the Master Fund Articles and the Master Fund’s information memorandum;

“V” is the number of Master Fund C Shares of the relevant tranche in issue at the Master Fund Calculation Time;

“X” is the Net Asset Value of the Master Fund Income Shares as at the Master Fund Calculation Time as calculated by the Administrator in accordance with the Master Fund Articles and the Master Fund’s information memorandum; and

“Y” is the number of Master Fund Income Shares in issue at the Master Fund Calculation Time;

“**Master Fund Conversion Time**” means a time which falls after the Master Fund Calculation Time and is the time at which the admission of the New Master Fund Shares to the CISX becomes effective being the opening of business on such Business Day as is selected by the Master Fund Directors provided that such day shall not be more than 20 Business Days after the Master Fund Calculation Time;

“**Master Fund Deferred Shares**” means any redeemable deferred shares of £1.00 each in the capital of the Master Fund arising on the conversion of Master Fund C Shares of the relevant tranche into New Master Fund Shares and (if applicable) Master Fund Deferred Shares;

“**New Master Fund Shares**” means the new Master Fund Income Shares arising on the conversion of the Master Fund C Shares;

“**New Ordinary Shares**” means the Ordinary Shares arising on Company Conversion; and

“**Share Surplus**” means the net assets of the Company less the C Share Surplus.

## 5. Issues of C Shares

- 5.1 Subject to Jersey Companies Law and in accordance with the Articles, the Directors shall be authorised to issue C Shares on such terms as they determine provided that such terms are consistent with the provisions of the Articles.
- 5.2 Each tranche of C Shares, if in issue at the same time, shall be deemed to be a separate class of shares. The Directors may, if they so decide, designate each tranche of C Shares in such manner as they see fit in order that each tranche of C Shares can be identified.

## **6. Issues of Master Fund C Shares**

- 6.1 Subject to Jersey Companies Law and in accordance with the Master Fund Articles, the Master Fund Directors shall be authorised to issue Master Fund C Shares in tranches on such terms as they determine provided that such terms are consistent with the provisions of the Master Fund Articles.
- 6.2 Each tranche of Master Fund C Shares, if in issue at the same time, shall be deemed to be a separate class of shares. The Master Fund Directors may, if they so decide, designate each tranche of Master Fund C Shares in such manner as they see fit in order that each tranche of Master Fund C Shares can be identified.
- 6.3 The Master Fund Directors may specify at the time of issue of any tranche of Master Fund C shares such time as the Master Fund Conversion Time in relation to that tranche of Master Fund C Shares as they shall deem to be appropriate and the definition of Master Fund Conversion Time in relation to that tranche of Master Fund C Shares shall be deemed to be such time as the Master Fund Directors shall specify.

## **7. Dividends and *pari passu* ranking of C Shares, New Ordinary Shares and Deferred Shares**

- 7.1 The holders of C Share(s) shall be entitled to receive, and participate in, any dividends declared only insofar as such dividend is attributed, at the sole discretion of the Directors, to the C Share Surplus.
- 7.2 If any dividend is declared after the issue of C Shares and prior to Conversion, the holders of Ordinary Shares shall be entitled to receive and participate in such dividend only insofar as such dividend is not attributed, at the sole discretion of the Directors, to the C Share Surplus.
- 7.3 Subject as provided in the following sentence, the New Ordinary Shares shall rank in full for all dividends and other distributions declared, made or paid after the Company Conversion Time and otherwise *pari passu* with Ordinary Shares in issue at the Company Conversion Time. However, New Ordinary Shares shall not be entitled to any dividends or distributions which are declared prior to the Company Conversion Time but made or paid after the Company Conversion Time.
- 7.4 The Deferred Shares (to the extent that any are in issue and extant) shall not entitle the holders thereof to any dividend or any other right as the holders thereof to share in the profits (save as set out in paragraph 9 below) of the Company.

## **8. Dividends and *pari passu* ranking of Master Fund C Shares, New Master Fund Shares and Master Fund Deferred Shares**

- 8.1 The holders of Master Fund C Share(s) shall be entitled to receive, and participate in, any dividends declared only insofar as such dividend is attributed, at the sole discretion of the Master Fund Directors, to the Master Fund C Shares.
- 8.2 If any dividend is declared after the issue of Master Fund C Shares and prior to Master Fund Conversion, the holders of Master Fund Income Shares shall be entitled to receive and participate in such dividend only insofar as such dividend is not attributed, at the sole discretion of the Master Fund Directors, to the Master Fund C Shares.
- 8.3 Subject as provided in the following sentence the New Master Fund Shares shall rank in full for all dividends and other distributions declared, made or paid after the Master Fund Conversion Time and otherwise *pari passu* with Master Fund Income Shares in issue at the Master Fund Conversion Time. However, New Master Fund Shares shall not be entitled to any dividends or distributions which are declared prior to the Master Fund Conversion Time but made or paid after the Master Fund Conversion Time.
- 8.4 The Master Fund Deferred Shares (to the extent that any are in issue and extant) shall not entitle the holders thereof to any dividend or any other right as the holders thereof to share in the profits (save as set out in paragraph 9 below) of the Master Fund.



## **9. Rights as to capital**

- 9.1 In the event that there are C Shares in issue on a winding up or a return of capital, the capital and assets of the Company available to shareholders shall, on such a winding up or a return of capital (otherwise than on a purchase by the Company of any of its shares), be applied as follows:
- (a) if there are for the time being Deferred Shares in issue, in paying to the holders of the Deferred Shares 1p in respect of all of the Deferred Shares;
  - (b) the Share Surplus shall be divided among the holders of Ordinary Shares *pro rata* according to their respective holdings of Ordinary Shares; and
  - (c) the C Share Surplus shall be divided amongst the holders of C Shares *pro rata* according to their respective holdings of C Shares.
- 9.2 In the event that no C Shares are in issue on a winding up or a return of capital, the capital and assets of the Company available to shareholders shall on such a winding up or a return of capital (otherwise than on a purchase by the Company of its shares) be applied as follows:
- (a) if there are for the time being Deferred Shares in issue, in paying to the holders of the Deferred Shares 1p in respect of all of the Deferred Shares; and
  - (b) the surplus shall be divided amongst the holders of Ordinary Shares *pro rata* according to their respective holdings of Ordinary Shares.
- 9.3 In the event that there are Master Fund C Shares or Master Fund Deferred Shares in issue on a winding up, the capital and assets of the Master Fund shall, on such winding-up, be applied as follows:
- (a) if there are for the time being Master Fund Deferred Shares in issue, in paying to the holders of Master Fund Deferred Shares 1p in respect of all such Master Fund Deferred Shares;
  - (b) the holders of Non-Redeemable Shares (as defined in the Master Fund Articles) shall receive an amount equal to the par value paid up on each such Non-Redeemable Share held by them;
  - (c) any capital or assets of the Master Fund attributable to the Master Fund Income Shares shall be divided amongst the holders of Master Fund Income Shares *pro rata* according to their respective holdings of Master Fund Income Shares;
  - (d) any capital or assets of the Master Fund attributable to the Master Fund Accumulation Shares shall be divided amongst the holders of Master Fund Accumulation Shares *pro rata* according to their respective holdings of Master Fund Accumulation Shares; and
  - (e) any capital or assets of the Master Fund attributable to the Master Fund C Shares shall be divided amongst the holders of any Master Fund C Shares *pro rata* according to their respective holdings of Master Fund C Shares.
- 9.4 In the event that no Master Fund C Shares or Master Fund Deferred Shares are in issue on a winding up, the capital and assets of the Master Fund shall be dealt with in accordance with the winding up provisions of the Master Fund Articles as summarised in paragraph 3.4 of Part 11 of this document.

## **10. Voting and transfer**

- 10.1 The C Shares shall carry the right to receive notice of, attend and vote at any general meeting of the Company. The voting rights of the holders of C Shares will be the same as those applying to holders of Ordinary Shares. The C Shares shall be transferable in the same manner as the Ordinary Shares. The Deferred Shares shall not be transferable and shall not carry any rights to receive notice of, attend or vote at any general meeting of the Company.

10.2 The Master Fund C Shares shall carry the right to receive notice of, attend and vote at, any general meeting of the Master Fund. The voting rights of the holders of Master Fund C Shares will be the same as those applying to the holders of Master Fund Income Shares. The Master Fund C Shares shall be transferable in the same manner as the Master Fund Income Shares. The Master Fund Deferred Shares shall not be transferable and shall not carry any rights to receive notice of, attend or vote at any general meeting of the Master Fund.

### **11. Redemption by the Company**

11.1 At any time prior to Company Conversion, the Company may, subject to the provisions of the Articles and Jersey Companies Law, at its discretion, redeem all or any of the C Shares then in issue by agreement with any holder(s) thereof in accordance with such procedures as the Directors may determine (subject, where applicable, to the facilities and procedures of CREST) and in consideration of the payment of such redemption price as may be agreed between the Company and the relevant holders of C Shares.

11.2 The Deferred Shares arising from Company Conversion (to the extent that any are in issue and extant) may, subject to the provisions of the Articles and Jersey Companies Law, be redeemed at the option of the Company at any time following Company Conversion for an aggregate consideration of 1 pence for all such Deferred Shares, and for such purposes any Director is authorised as agent on behalf of each holder of Deferred Shares, in the case of any share in certificated form, to execute any stock transfer form, and to do any other act or thing as may be required to give effect to the same including, in the case of a share in uncertificated form, the giving of directions to or on behalf of each holder of Deferred Shares, who shall be bound by them.

11.3 The Company shall not be obliged to issue share certificates to the holders of Deferred Shares.

### **12. Redemption by the Master Fund**

12.1 At any time prior to Master Fund Conversion, the Master Fund may, subject to the Master Fund Articles and Jersey Companies Law, at its discretion, redeem all or any of the Master Fund C Shares then in issue by agreement with any holder(s) thereof in accordance with such procedures as the Master Fund Directors may determine and in consideration of the payment of such redemption price as may be agreed between the Master Fund and the relevant holders of Master Fund C Shares.

12.2 The Master Fund Deferred Shares arising from Master Fund Conversion (to the extent that any are in issue and extant) may, subject to the Master Fund Articles and Jersey Companies Law, be redeemed at the option of the Master Fund at any time following Master Fund Conversion for an aggregate consideration of 1 pence for all such Master Fund Deferred Shares, and for such purposes any Master Fund Director is authorised as agent on behalf of each holder of Master Fund Deferred Shares to execute any stock transfer form and to do any other act or thing as may be required to give effect to the same.

### **13. Class consents and variation of rights in relation to the Company**

Without prejudice to the generality of the Articles, for as long as there are C Shares in issue, the consent of the holders of the C Shares as a class shall be required for, and accordingly, the special rights attached to the C Shares shall be deemed to be varied, *inter alia*, by:

- (a) any alteration to the memorandum of incorporation of the Company or the Articles which directly or indirectly affects the rights attaching to the C Shares; or
- (b) any alteration, increase, consolidation, division, subdivision, cancellation, reduction or purchase by the Company of any issued or authorised share capital of the Company (other than on Company Conversion and/or redemption of the Deferred Shares); or
- (c) any allotment or issue of any security convertible into or carrying a right to subscribe for any share capital of the Company or any other right to subscribe or acquire share capital of the Company; or

- (d) the passing of any resolution to wind up the Company; or
- (e) the selection of any accounting reference date other than 30 September.

#### **14. Class consents and variation of rights in relation to the Master Fund**

Without prejudice to the generality of the Master Fund Articles, for as long as there are Master Fund C Shares in issue, the consent of the holders of Master Fund C Shares shall be required for, and accordingly, the special rights attached to the Master Fund C Shares shall be deemed to be varied, *inter alia*, by:

- (a) any alteration to the memorandum of incorporation of the Master Fund or the Master Fund Articles which directly or indirectly affects the rights attaching to the Master Fund C Shares; or
- (b) any alteration, increase, consolidation, division, subdivision, cancellation, reduction or purchase by the Master Fund of any issued or authorised share capital of the Master Fund (other than on Master Fund Conversion and/or the issue and/or redemption of any Master fund Income Shares, Master Fund Accumulation Shares or Master Fund Deferred Shares); or
- (c) any allotment or issue of any security convertible into or carrying a right to subscribe for any share capital of the Master Fund or any other right to subscribe or acquire share capital of the Master Fund; or
- (d) the passing of any resolution to wind up the Master Fund; or
- (e) the selection of any accounting reference date other than 30 September.

#### **15. Undertakings of the Company**

Until Company Conversion, and without prejudice to its obligations under Jersey Companies Law:

- (a) the Company's records and bank accounts shall be operated so that the assets attributable to the C Shares can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that separate cash accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares;
- (b) there shall be allocated to the assets attributable to the C Shares such proportion of the expenses or liabilities of the Company as the Directors fairly consider to be attributable to the C Shares including, without prejudice to the generality of the foregoing, those liabilities specifically identified in the definition of "Company Conversion Ratio" above; and
- (c) the Company shall give appropriate instructions to the Investment Adviser and Administrator to manage the Company's assets so that such undertakings can be complied with by the Company.

#### **16. Assets attributable to the Master Fund C Shares**

Until Master Fund Conversion, the Master Fund Directors shall create and maintain a separate internal account to record the allocation, on a differentiated basis, of the assets and liabilities (a "Class Fund") in respect of the Master Fund C Shares in accordance with the relevant provisions of the Master Fund Articles. Should any further tranche of Master Fund C Shares be issued, the Master Fund Directors shall maintain a separate Class Fund in respect of each tranche of Master Fund C Shares and references to a Master Fund C Share Class Fund shall be read as references to the Class Fund maintained in respect of the relevant tranche of Master Fund C Shares, as appropriate.

#### **17. Conversion of Master Fund C Shares**

- 17.1 Master Fund C Shares shall be converted into New Master Fund Shares and, where applicable, Master Fund Deferred Shares at the Master Fund Conversion Time in accordance with the provisions set out below.

- 17.2 The Master Fund Directors shall procure that:
- (a) the Master Fund (or its delegate) calculates, within two Business Days after the Master Fund Calculation Time, the Master Fund Conversion Ratio as at the Master Fund Calculation Time and the number of New Master Fund Shares to which each holder of Master Fund C Shares shall be entitled on Master Fund Conversion; and
  - (b) chartered accountants appointed by the Master Fund shall be requested to certify, within 3 Business Days after the Master Fund Calculation Time, that such calculations:
    - (i) have been performed in accordance with the Master Fund Articles; and
    - (ii) are arithmetically accurate,whereupon such calculations shall become final and binding on the Master Fund and all Master Fund Shareholders.
- 17.3 The Master Fund Directors shall procure that, as soon as practicable following such certification, an announcement is made to the CISX advising holders of Master Fund C Shares of:
- (a) the Master Fund Conversion Time;
  - (b) the Master Fund Conversion Ratio; and
  - (c) the aggregate number of New Master Fund Shares to which holders of the Master Fund C Shares are entitled on Master Fund Conversion.
- 17.4 On Master Fund Conversion each Master Fund C Share shall automatically convert into such number of New Master Fund Shares and, where relevant, Master Fund Deferred Shares as shall be necessary to ensure that, upon such Master Fund Conversion being completed, the number of New Master Fund Shares equals the number of Master Fund C Shares in issue at the Master Fund Calculation Time multiplied by the Master Fund Conversion Ratio (rounded down to the nearest whole New Master Fund Share).
- 17.5 The Master Fund Directors may in their absolute discretion from time to time decide the manner in which the Master Fund C Shares are to be converted, subject to the provisions of the Master Fund Articles and Jersey Companies Law.
- 17.6 Without prejudice to any of the foregoing, the Master Fund Directors may, where the Master Fund Conversion Ratio is greater than one, in order to facilitate Master Fund Conversion, provide for the profits or reserves (of any type whatever) attributable to the Master Fund C Shares to be capitalised and applied in paying up in full such number of New Master Fund Shares arising pursuant to Master Fund Conversion as exceeds the number of Master Fund C Shares in issue immediately prior to the Master Fund Calculation Time and allot such shares, credited as fully paid up, to the persons holding Master Fund C Shares immediately prior to the Master Fund Conversion Time *pro rata* to their holdings of Master Fund C Shares immediately prior to the Master Fund Conversion Time.
- 17.7 Without prejudice to any of the foregoing, the Master Fund Directors may, where the Master Fund Conversion Ratio is less than one, in order to facilitate Master Fund Conversion, convert the Master Fund C Shares (by subdivision and/or consolidation and/or combination of both or otherwise as appropriate) into such number of New Master Fund Shares as shall be necessary to ensure that, upon Master Fund Conversion being completed, the number of New Master Fund Shares equals the number of Master Fund C Shares in issue at the Master Fund Calculation Time multiplied by the Master Fund Conversion Ratio (rounded down to the nearest whole New Master Fund Share). Each Master Fund C Share which does not so convert into a New Master Fund Share shall automatically convert into a Master Fund Deferred Share having the rights set out in the Master Fund Articles.
- 17.8 The New Master Fund Shares arising upon Master Fund Conversion shall be divided amongst the former holders of Master Fund C Shares *pro rata* according to their respective former holdings of

Master Fund C Shares (provided always that the Master Fund Directors may deal in such manner as they think fit with fractional entitlements to New Master Fund Shares, including, without prejudice to the generality of the foregoing, selling any such shares representing such fractional entitlements and retaining the proceeds for the benefit of the Master Fund) and for such purposes any Master Fund Director is hereby authorised as agent on behalf of the former holders of Master Fund C Shares to execute any stock transfer form and to do any other act or thing as may be required to give effect to the same.

- 17.9 The Master Fund will use its reasonable endeavours to procure that, upon Master Fund Conversion, the New Master Fund Shares are admitted to the CISX.
- 17.10 The Master Fund Directors are authorised to effect such and any conversions and/or consolidations and/or subdivisions and/or combinations of the foregoing (or otherwise as appropriate) as may have been or may be necessary from time to time to implement the conversion mechanics for Master Fund C Shares set out in the Master Fund Articles.

## **18. Conversion of C Shares**

18.1 The C Shares shall be converted into New Ordinary Shares and, where applicable, Deferred Shares at the Company Conversion Time in accordance with the provisions set out below.

18.2 The Directors shall procure that:

- (a) the Company (or its delegate) calculates, within two Business Days after the Company Calculation Time, the Company Conversion Ratio as at the Company Calculation Time and the number of New Ordinary Shares to which each holder of C Shares shall be entitled on Company Conversion; and
- (b) chartered accountants appointed by the Company shall be requested to certify, within 3 Business Days after the Company Calculation Time, that such calculations:
  - (i) have been performed in accordance with the Articles; and
  - (ii) are arithmetically accurate,

whereupon such calculations shall become final and binding on the Company and all Shareholders.

18.3 The Directors shall procure that, as soon as practicable following such certificate, an announcement is made to a Regulated Information Service advising holders of C Shares of that tranche of:

- (a) the Company Conversion Time;
- (b) the Company Conversion Ratio; and
- (c) the aggregate number of New Ordinary Shares to which holders of the C Shares are entitled on Company Conversion.

18.4 On Company Conversion each C Share shall automatically convert into such number of New Ordinary Shares and, where relevant, Deferred Shares as shall be necessary to ensure that, upon Company Conversion being completed, the number of New Ordinary Shares equals the number of C Shares in issue at the Company Calculation Time multiplied by the Company Conversion Ratio (rounded down to the nearest whole New Ordinary Share).

18.5 The Directors may in their absolute discretion from time to time decide the manner in which the C Shares are to be converted, subject to the Articles and Jersey Companies Law.

18.6 The Directors may, where the Company Conversion Ratio is greater than one, in order to facilitate Company Conversion, provide for the profits or reserves (of any type whatever) attributable to the C Shares to be capitalised and applied in paying up in full such number of New Ordinary Shares

arising pursuant to Company Conversion as exceeds the number of C Shares in issue immediately prior to the Company Calculation Time and allot such shares, credited as fully paid up, to the persons holding C Shares immediately prior to the Company Conversion Time *pro rata* to their holdings of C Shares immediately prior to the Company Conversion Time.

- 18.7 The New Ordinary Shares arising upon Company Conversion shall be divided amongst the former holders of C Shares *pro rata* according to their respective former holdings of C Shares (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to New Ordinary Shares, including, without prejudice to the generality of the foregoing, selling any such shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company) and for such purposes any Director is hereby authorised as agent on behalf of the former holders of C Shares, in the case of a share in certificated form, to execute any stock transfer form and to do any other act or thing as may be required to give effect to the same including, in the case of a share in uncertificated form, the giving of directions to or on behalf of the former holders of any C Shares who shall be bound by them. Forthwith upon Company Conversion, any certificates relating to the C Shares shall be cancelled and the Company shall issue to each such former holder of C Shares new certificates in respect of the New Ordinary Shares which have arisen upon Company Conversion unless such former holder of any C Shares elects to hold its New Ordinary Shares in uncertificated form.
- 18.8 The Company will use its reasonable endeavours to procure that, upon Company Conversion, the New Ordinary Shares are admitted to the Official List.
- 18.9 The Directors are authorised to effect such and any consolidations and/or divisions and/or combinations of the foregoing (or otherwise as appropriate) as may be necessary from time to time to implement the conversion mechanics for C Shares set out in the Articles.

## **19. Deferred Shares**

- 19.1 As set out above, Deferred Shares shall only be issued in respect of Company Conversion. The rights of Deferred Shares in respect of dividends, voting and entitlements on winding up are summarised in this Part 8 of this document.
- 19.2 As set out above, Master Fund Deferred Shares shall only be issued in respect of Master Fund Conversion of Master Fund C Shares. The rights of Master Fund Deferred Shares in respect of dividend, voting and entitlements on winding up are summarised in this Part 8 of this document.

# PART 9

## TAXATION

### 1. Taxation

#### 1.1 *General*

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

#### 1.2 *Jersey Taxation*

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

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

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

##### 1.2.2 *Holdings of Ordinary Shares*

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

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

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

##### 1.2.4 *Stamp Duty*

In Jersey, no stamp duty is levied on the issue or transfer of the Ordinary Shares or C Shares except that stamp duty is payable on Jersey grants of probate and letters of administration,

which will generally be required to transfer Ordinary Shares and/or C Shares on the death of a holder of such Ordinary Shares and/or C Shares. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate (wherever situated in respect of a holder of Ordinary Shares and/or C Shares domiciled in Jersey, or situated in Jersey in respect of a holder of Ordinary Shares and/or C Shares domiciled outside Jersey) and is payable on a sliding scale at a rate of up to 0.75 per cent. of such estate. The rules for joint holders and holdings through a nominee are different and advice relating to this form of holding should be obtained from a professional adviser.

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

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

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

### 1.3 *United Kingdom*

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

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

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

#### 1.3.3 *UK taxation of individuals*

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

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



The exchange of Master Fund Income Shares in the Master Fund for Switching Ordinary Shares pursuant to the Switching arrangements set out in paragraph 19 of Part 1 of this document should not result in a disposal of those shares in the Master Fund for the purposes of UK capital gains tax. Instead, the resulting Switching Ordinary Shares received should be treated as the same asset as the original holding of shares in the Master Fund, acquired at the same time and for the same capital gains tax base cost as the original holding.

The exchange of Master Fund Accumulation Shares in the Master Fund for Switching Ordinary Shares pursuant to the Switching arrangements set out in paragraph 19 of Part 1 of this document will result in a disposal of those shares for UK capital gains tax purposes and investors should be subject to income tax in respect of any offshore income gain so arising in accordance with their individual circumstances.

The conversion of C Shares held by Shareholders into new Ordinary Shares which will occur on Company Conversion should, under current legislation, constitute a reorganisation of share capital and not result in a disposal for the purposes of UK capital gains tax. Accordingly, no liability to UK taxation in respect of capital gains should arise. Instead, the new Ordinary Shares will be treated as having been acquired on the same date as that on which the C Shares were acquired by the relevant Shareholder and for the same consideration.

The Directors consider that the Company should not constitute an “offshore fund” for the purposes of Part 8 of the Taxation (International and Other Provisions) Act 2010, as the Company is closed-ended with an unlimited life. However, as the law and practice in relation to offshore funds has recently changed, the Directors will use reasonable endeavours (but without liability) to monitor the Company’s status in this regard. If the Company were to be treated as an offshore fund, disposals of Ordinary Shares or C Shares would give rise to an offshore income gain taxable as income (rather than capital) unless the Company were to apply to be a “reporting fund” in accordance with the Offshore Funds (Tax) Regulations 2009, as amended.

The attention of investors is drawn to anti-avoidance legislation in Chapter 1, Part 13 of the Income Taxes Act 2007 that could apply if Shareholders are seeking to obtain tax advantages in prescribed conditions.

Individual investors should be aware of the provisions of Chapter 2, Part 13 of the Income Taxes Act 2007, which may in certain circumstances render them liable to UK income tax in respect of undistributed income of the Company. Investors should note that these provisions are currently under review following the publication by HMRC of a Consultation Document on 30 July 2012. Following consultation the government has stated that it intends that final legislation will be included in Finance Bill 2013 and it is anticipated that this will take effect from 6 April 2012.

Individual investors should be aware that, if they hold or are treated as holding alone or together with “persons connected with them” (as defined in the relevant legislation) more than a 10 per cent. interest in the Company and the Company would be treated as a “close” company if it were resident in the UK, gains which are capital gains for the purposes of UK tax accruing to the Company may be attributed to them if such gains are not distributed, pursuant to Section 13 Taxation of the Chargeable Gains Act 1992. Investors should note that these provisions are currently under review following the publication by HMRC of a Consultation Document on 30 July 2012. Following consultation, the government has stated that it intends that final legislation will be included in Finance Bill 2013 and it is anticipated that this will take effect from April 2012, subject to election so that tax payers can decide whether or not to apply the new rules for the tax year 2012-2013.

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

Investors who hold Ordinary Shares or C Shares that are companies resident in the UK for UK taxation purposes may be able to rely on legislation in Chapter 3, Part 9A of the Corporation Tax Act 2009 which exempts certain dividends from the charge to UK corporation tax where certain conditions are met. Such UK companies will, however, be subject to UK corporation tax on chargeable gains in respect of any gains arising on a disposal of Ordinary Shares or C Shares in the Company.

UK resident companies should note that where they (or they together with their connected persons) have a sufficient interest in the Company (generally 25 per cent. or more) then the controlled foreign company rules in Chapter 4, Part 17 of the Income and Corporation Taxes Act 1988 (and for accounting periods beginning on or after 1 January 2013, Part 9A of Taxation (International and other Provisions) Act 2010) could apply. Under these rules, a UK resident company with a sufficient interest in the Company may be liable to UK corporation tax in respect of their share of the relevant company's undistributed profits. These provisions will only apply if the Company is controlled by UK residents. The controlled foreign company rules contain a number of exemptions and safe harbours. However, the Directors cannot guarantee that any of these will apply. Accordingly, any UK resident company directly or indirectly acquiring a sufficient interest (as described above) in the Company may be affected by the rules.

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

#### 1.4 ***Stamp Duty and Stamp Duty Reserve Tax ("SDRT")***

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

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

## PART 10

### ADDITIONAL INFORMATION ON THE COMPANY

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

- 1.1 The Company is a closed-ended investment company which was incorporated in Jersey on 21 May 2010 under the provisions of the Jersey Companies Law with registered number 105775 with the name GCP Infrastructure Investments Limited.
- 1.2 The principal legislation under which the Company operates, and under which the Ordinary Shares and the C Shares have been created, is the Jersey Companies Law.
- 1.3 The Company's legal and commercial name is GCP Infrastructure Investments Limited.
- 1.4 The registered and head office and the principal place of business of the Company is at 12 Castle Street, St. Helier, Jersey JE2 3RT. The Company is domiciled in Jersey. The telephone number of the Company's registered office is +44 (0)1534 847060.
- 1.5 The Company's accounting period ends on 30 September of each year, with the first such financial period commencing on incorporation of the Company and having ended on 30 September 2011. Historical financial information on the Company from incorporation of the Company to 31 March 2012 is included in this document in Part 12.
- 1.6 Ernst & Young LLP has been the only auditor of the Company since its incorporation. Ernst & Young LLP is a member of the Institute of Chartered Accountants in England and Wales. The annual report and financial statements of the Company are prepared according to IFRS as adopted by the EU and Jersey Companies Law.
- 1.7 The Company is not authorised or regulated by the FSA or by the JFSC or by any equivalent regulatory authority.

#### 2. Share Capital of the Company

- 2.1 As at the date of incorporation of the Company, the authorised share capital of the Company was £1,000,000 divided into 1,000,000 ordinary shares of £1.00 each and the issued share capital of the Company was £100 divided into 100 ordinary shares of £1.00 each which were held by Capita Financial Administrators (Jersey) Limited. On 24 June 2010, these shares were transferred as to 50 fully paid ordinary shares of £1.00 each to Capita Nominees Limited and as to 50 fully paid ordinary shares of £1.00 each to Capita Secretaries Limited.
- 2.2 By resolutions passed at an extraordinary general meeting of the Company on 28 June 2010 it was resolved that:
  - (a) each of the 100 existing issued ordinary shares of £1.00 each in the capital of the Company and each of the 999,900 authorised but unissued ordinary shares of £1.00 each in the capital of the Company be sub-divided and converted into 100 ordinary shares of £0.01 each in the capital of the Company each having the rights and being subject to the restrictions set out in the Articles; and
  - (b) the authorised share capital of the company be increased from £1,000,000 to £2,000,000 by the creation of an additional 100,000,000 Ordinary Shares.

At such time the issued share capital of the Company was £100 divided into 10,000 Ordinary Shares which were held as to 5,000 Ordinary Shares by Capita Nominees Limited and 5,000 Ordinary Shares by Capita Secretaries Limited.

- 2.3 The Company issued an additional 40,000,000 Ordinary Shares on the IPO Date pursuant to the IPO.

- 2.4 On 27 June 2010, the 5,000 Ordinary Shares held by Capita Nominees Limited and the 5,000 Ordinary Shares held by Capita Secretaries Limited referred to in paragraph 2.2 above were surrendered and subsequently cancelled.
- 2.5 On 17 August 2010, the Company applied for a block listing of 3,996,000 Ordinary Shares in aggregate by way of a tap issue. Pursuant to this block listing, the Company issued 1,000,000 Ordinary Shares on 17 August 2010 at £1.04 per Ordinary Share, 1,500,000 Ordinary Shares on 8 October 2010 at £1.05 per Ordinary Share and 1,496,000 Ordinary Shares on 18 August 2011 at £1.02 per Ordinary Share.
- 2.6 At an annual general meeting of the Company held on 11 November 2011, the authorised share capital of the Company was increased from £2,000,000 to £5,000,000 by the creation of:
- (a) 100,000,000 C Shares;
  - (b) 100,000,000 Ordinary Shares; and
  - (c) 100,000,000 Deferred Shares,
- each having the rights and being subject to the restrictions set out in the Articles.
- 2.7 On 22 December 2011, the Company issued 63,744,500 C Shares and 3,661,012 Ordinary Shares, resulting in the Company's issued share capital consisting of 47,657,012 Ordinary Shares and 63,744,500 C Shares.
- 2.8 On 4 May 2012, as a result of the conversion of the 63,744,500 C Shares referred to in paragraph 2.7 above, the Company issued 61,902,283 new Ordinary Shares and 1,842,217 Deferred Shares.
- 2.9 As a result of a scrip dividend alternative announced on 1 June 2012, the Company issued, on 28 June 2012, 109,961 Ordinary Shares to Shareholders who decided to receive a scrip dividend in lieu of an interim dividend of 3.7 pence per Ordinary Share.
- 2.10 On 14 June 2012, the Company issued the Tap Shares.
- 2.11 As at 17 September 2012 (being the latest practicable date prior to the date of this document), there were 120,625,184 Ordinary Shares and no C Shares in issue.
- 2.12 The issued share capital of the Company immediately following Admission will constitute the 120,625,184 Ordinary Shares referred to in paragraph 2.11 above together with:
- 2.12.1 the C Shares (which will not exceed 150,000,000) which are issued pursuant to the Issue; and
  - 2.12.2 any Ordinary Shares issued to Master Fund Ordinary Shareholders who elect to swap their shares in the Master Fund for Ordinary Shares pursuant to the arrangements for Switching described in paragraph 19 of Part 1 of this document.
- 2.13 At an annual general meeting of the Company, held on 10 February 2012, it was resolved:
- 2.13.1 that the Directors be empowered to allot equity securities (as defined in the Articles) for cash, and/or sell equity securities held as treasury shares for cash, as if the pre-emption rights contained in the Articles in respect of such equity securities did not apply to any such allotment, provided that such power shall be limited to:
    - (a) the allotment and/or sale of equity securities in connection with an offer of such securities by way of a rights issue (as defined in the Articles); and
    - (b) the allotment and/or sale of equity securities, other than as referred to in paragraph 2.13.1 (a) above, up to a maximum nominal amount of £47,609,and such authority shall expire at the conclusion of the next annual general meeting of the Company, save that the Company may, before such expiry, make an offer or agreement which

would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the Directors may allot equity securities and/or sell equity securities held as treasury shares in pursuance of any such offer or agreement as if this power had not expired; and

2.13.2 that the Company be generally and unconditionally authorised to make market purchases of up to 14.99 per cent. of the number of Ordinary Shares in issue at such time, on such terms as the Directors think fit, provided that:

- (a) the minimum price, exclusive of any expenses, which may be paid for an Ordinary Share is one pence per Ordinary Share; and
- (b) the maximum price, exclusive of any expenses, which may be paid for each Ordinary Share is an amount equal to the higher of:
  - (i) 105 per cent. of the average of the middle market quotations for an Ordinary Share (as derived from the Daily Official List of London Stock Exchange plc) for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and
  - (ii) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003,

and such authority shall expire, unless previously revoked or varied, at the conclusion of the next annual general meeting of the Company, except in relation to the purchase of Ordinary Shares the contract for which was concluded before the expiry of such authority and which will or may be executed wholly or partly after such expiry.

- 2.14 The Company has convened the EGM to propose special resolutions which, if passed, will: (i) increase the authorised share capital of the Company from £5,000,000 to £6,500,000 by the creation of 100,000,000 Ordinary Shares and 50,000,000 C Shares to provide sufficient headroom for the Issue, Company Conversion and Switching; and (ii) disapply the pre-emption rights in the Articles of Association in respect of (a) the issue of up to 150,000,000 C Shares pursuant to the Issue, (b) the allotment of equity securities by way of a rights issue, and (c) the allotment of equity securities up to a maximum nominal amount equal to 9.99 per cent. of the nominal value of the Company's issued share capital as at the date of the EGM (and, if the Issue proceeds, up to a maximum nominal amount equal to 9.99 per cent. of the nominal value of the Company's issued share capital immediately following Admission).
- 2.15 As at 17 September 2012 (being the latest practicable date prior to the date of this document) the Company did not hold any Ordinary Shares or C Shares in treasury and no Ordinary Shares or C Shares are held by or on behalf of the Company itself or by subsidiaries of the Company.
- 2.16 Other than the issue of C Shares pursuant to the Issue and any Ordinary Shares to be issued pursuant to the arrangements for Switching described in paragraph 19 of Part 1 of this document, the Company has no present intention to issue any of the authorised but unissued Ordinary Shares or any of the authorised but unissued C Shares in the share capital of the Company.
- 2.17 As at 17 September 2012 (being the latest practicable date prior to the date of this document), the Company is aware of the following existing Shareholders who were at such time interested, directly or indirectly, in 3 per cent. or more of the Company's issued share capital:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of voting rights</i>
Cheviot Asset Management	10,264,479	8.52
West Yorkshire PF	10,166,919	8.44
CCLA Investment Management	9,710,998	8.06
Brewin Dolphin	9,294,822	7.71
Investec Wealth & Investment Limited	7,795,023	6.46

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of voting rights</i>
Insight Investment	7,475,351	6.20
JM Finn	6,560,680	5.44
Smith & Williamson	5,942,517	4.93
Premier Asset Management	4,793,297	3.98
Rathbones	4,523,234	3.75
Co-operative Asset Management	3,884,400	3.22
Close Brothers Asset Management	3,854,678	3.08

- 2.18 If Admission had taken place on 31 March 2012, assuming a fundraising of £80 million, the Issue would have increased the net assets of the Company by £78.5 million. If the Issue had taken place on 1 April 2012 it would have been earnings neutral.
- 2.19 The Company does not have in issue any securities not representing share capital.
- 2.20 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises or with a time limit after which entitlement to a dividend lapses and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 2.21 Save as disclosed in this paragraph 2, there has been no issue of share or loan capital of the Company since the Company's incorporation.
- 2.22 Save pursuant to the 2011 C Share Placing Agreement (which is summarised in paragraph 10 of Part 10 of this document) and the Placing Agreement (which is summarised in paragraph 8 of Part 10 of this document) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company.
- 2.23 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option, nor will any such share or loan capital be under option or agreed, conditionally or unconditionally, to be put under option at Admission.
- 2.24 Other than pursuant to the Issue and the arrangements for Switching described in paragraph 19 of Part 1 of this document, no shares of the Company have been sold or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares or C Shares to be admitted to the Official List.
- 2.25 The Switching Ordinary Shares and C Shares are in registered form. No temporary documents of title will be issued and prior to the issue of definitive certificates transfers will be certified against the register. It is expected that definitive share certificates for the Switching Ordinary Shares and C Shares not to be held through CREST will be posted to allottees by the week commencing 22 October 2012. The Switching Ordinary Shares and C Shares to be held through CREST will be credited to CREST accounts on Admission.
- 2.26 No convertible securities, exchangeable securities or securities with warrants have been issued by the Company.
- 2.27 No person has voting rights that differ from those of other Shareholders.

### **3. Issue of Tap Shares**

As noted in paragraph 2.10 of this Part 10 of this document, the Company issued the Tap Shares on 14 June 2012. Pursuant to the issue of the Tap Shares, the Company raised an aggregate gross amount of £11,257,216.02. The proceeds of the issue of the Tap Shares were used by the Company to subscribe for 10,961,261.94 Master Fund Income Shares at an issue price of £1.027 per Master Fund Income Share.

#### **4. Articles of Association**

In addition to the rights, restrictions and conversion mechanics of the C Shares and the Deferred Shares, which are summarised in Part 8 of this document, the Articles contain, *inter alia*, the following material provisions.

##### **4.1 Objects**

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

##### **4.2 Voting rights**

Subject to the rights or restrictions referred to in paragraph 4.3 below, and subject to any special rights or restrictions as to voting for the time being attached to any shares (including the relevant provisions relating to the C Shares and the Deferred Shares as described in paragraph 10 of Part 8 of this document), on a show of hands (a) every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative shall have one vote; and (b) every proxy appointed by a member shall have one vote save that every proxy appointed by one or more members to vote for the resolution and by one or more other members to vote against the resolution, has one vote for and one vote against.

##### **4.3 Restrictions on voting**

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

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

##### **4.4 Dividends**

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

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

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

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

##### **4.5 Return of capital**

If the Company is in liquidation, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the members *in specie* the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the same sanction, vest the whole or any part of the assets in trustees on trusts

for the benefit of the members as the liquidator, with the same sanction, thinks fit but no member shall be compelled to accept any assets on which there is any liability.

#### 4.6 *Variation of rights*

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

#### 4.7 *Transfer of shares*

Subject to the restrictions set out in this paragraph (and, in respect of the Deferred Shares, to the restrictions set out in paragraph 10 of Part 8 of this document), any member may transfer all or any of his shares in the Company in any manner which is permitted by the Statutes (as defined in the Articles) or in any other manner which is from time to time approved by the Board.

The instrument of transfer of any share in the Company shall be in writing in any usual common form or in any other form permitted by the Statutes (as defined in the Articles) or approved by the Board. The transferor is deemed to remain the holder of the shares concerned until the name of the transferee is entered in the register of members in respect of those shares. All transfers of uncertificated shares shall be made by means of the relevant system or in any other manner which is permitted by the Statutes or the Regulations (each as defined in the Articles) and is from time to time approved by the Board.

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

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

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

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

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

#### 4.8 *Pre-emption rights*

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



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

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

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

#### 4.9 *Disclosure of interests in shares*

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

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

The Company has the right, by service of notice in writing, to require a registered member to disclose to the Company the nature of his interest in shares in the Company held at such time or at any time in the previous 3 years including the identity of any person, other than the member, who has any interest in the shares held by the member, and the nature of such interest.

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

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

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

#### 4.11 *General meetings*

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

##### *Convening of general meetings*

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

##### *Notice of general meetings*

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

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

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

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

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

##### *Quorum*

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

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

If within 15 minutes from the time appointed for the holding of a general meeting a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to a day 10 clear days after the original meeting (or, if that day is not a business day, to the next business day) and the same time and place, as the original meeting, or to such

later business day, and at such other time and place outside the UK, as the Board may decide and in the latter case not less than seven clear days' notice of the adjourned meeting shall be given in any manner in which notice of a meeting may lawfully be given for the time being. If at an adjourned meeting a quorum is not present within 15 minutes from the time fixed for holding the meeting, the meeting shall be dissolved.

#### *Chairman*

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

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

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

#### *Adjournment*

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

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

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

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

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

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

#### *Taking a poll*

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

### *Proxies*

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

## 4.12 **Directors**

### *Number and residence*

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

### *Remuneration*

The Directors (other than any Director who for the time being holds an executive office of employment with the Company or a subsidiary of the Company) shall be paid out of the funds of the Company by way of remuneration for their services as Directors. The aggregate of such fees shall not exceed £100,000 per annum (or such larger sum as the Company may, by ordinary resolution, determine) as the Directors may decide to be divided among them in such proportion and manner as they may agree or, failing agreement, equally. Any fee payable to the Directors under the Articles shall be distinct from any remuneration or other amounts payable to a Director under other provisions of the Articles and shall accrue from day to day.

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

### *Retirement of Directors*

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

### *Retirement of Directors by rotation*

At each annual general meeting of the Company, one-third of the Directors (excluding any Director who has been appointed by the Directors since the previous annual general meeting) or, if their number is not an integral multiple of 3, the number nearest to one-third, but not exceeding one-third, shall retire from office. In addition, each Director shall retire from office at the third annual general meeting after he was appointed or reappointed, if he would not otherwise fall within the Directors to retire by rotation.

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

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

A retiring Director shall be eligible for re-appointment and (unless he is removed from office or his office is vacated in accordance with the Articles) shall retain office until the close of the meeting at

which he retires or (if earlier) when a resolution is passed at that meeting not to fill the vacancy or to appoint another person in his place or the resolution to re-appoint him is put to the meeting and lost.

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

#### *Executive Directors*

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

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

#### *Directors' interests*

A Director shall not be entitled to vote on a resolution (or attend or count in the quorum at those parts of a meeting regarding such resolution) relating to a transaction or arrangement with the Company in which he is interested, save where the other Directors resolve that the Director concerned should be entitled to do so where they are satisfied that the Director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest or save in any of the following circumstances:

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

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

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

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

#### *Authorisation of conflicts of interest*

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

The Non-Conflicted Directors shall meet to consider the matter as soon as possible after the matter is referred to them and they have received all relevant particulars relating to the situation. The quorum for a meeting of the Non-Conflicted Directors shall be the same as for a meeting of the Board. The Non-Conflicted Directors have authority to authorise any matter which gives rise to the conflict of interest concerned on such terms as they think fit.

#### *Benefits*

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

#### *Powers of the Board*

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

#### *Borrowing powers*

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

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

### *Indemnity of officers*

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

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

### *Board meetings*

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

### *Quorum*

The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two. Subject to the provisions of the Articles, any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of the Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

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

### *Voting*

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

#### 4.13 **CREST**

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

## **5. Directors' Interests**

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

<i>Name</i>	<i>Name of company/partnership</i>	<i>Position still held (Y/N)</i>
Ian Reeves CBE	Constructing Excellence Limited	Y
	FSI Worldwide Limited	Y
	Zigmaney Consulting Limited	Y
	New Airport Limited	Y
	Synaps Limited	Y
	Dealpride Limited	Y
	G4S FSI Limited	Y
	FSI Europe Limited	Y
	Synaps Partners LLP	Y
	A. McGee & Co. Limited	N
	Caddington Golf Club Limited	N
	Constructing Excellence in Learning Limited	N
	Carlton Partners LLP	N
	Carlton Financial Partners LLP	N
	Zigmaney Limited	N
	Plantray Limited	N
	Fantastic Solutions Marketing Limited	N
	Pridedeal Limited	N
	International Construction Systems & Technologies Limited	N
	London Greenways Limited	N
	Griffiths-McGee Demolition Company Limited	N
	McGee (Haulage) Limited	N
	McGee Asbestos Removal Limited	N
	McGee Environmental Ltd	N
	McGee Group (Holdings) Limited	N
	McGee Group Limited	N
	McGee Bedrock Limited	N
	Bedrock Tipping Company (UK) Limited	N
	Tomorrow's People Limited	N
	T. McGee & Co Limited	N
	Tomorrow's People (Services) Limited	N
	Carlton Corporate Finance Limited	N
	Carlton Financial Group Limited	N
	Verbus Systems Limited	N
Linscap LLP	N	
W1 Design LLP	N	
David Pirouet	D.L.R.S Advisory Services Ltd	Y
	Nordic Capital V Limited	Y
	Nordic Capital VI Limited	Y
	Ludgate Environmental Fund Limited	Y
	EMSA (formerly CRG) Fund Management (Jersey) Ltd	Y
	Kames (formerly Aegon) Target Healthcare General Partner Limited	Y
	Kreos Capital Group Limited	Y
	Emperor Marine Ltd	N
	PwC Channel Islands Ltd	N
	Sept Up Ltd	N
	Harle Syke Ltd	N
	PwC Properties (Jersey ) Limited	N
	PwC Pension Scheme Trustees Limited	N
	PwC Tax and Treasury Services Limited	N
	PwC Properties (Guernsey) Limited	N
	Midhurst Properties Limited	N



<i>Name</i>	<i>Name of company/partnership</i>	<i>Position still held (Y/N)</i>
David Pirouet	Pembroke House Limited	N
(continued)	Pricewaterhouse Coopers CI LLP	N
Trevor Hunt	GCP Infrastructure Fund Limited	Y
	Purissima Investment Fund (CI) Limited	Y
	Hero Absolute Return Fund PC (formerly Hero Income Fund PC)	Y
	Hero Funds PCC Limited	Y
	Hero Portfolio Fund PC	Y
	Hero Liquid Reserve Fund PC	Y
	Ukraine Liberty Fund Limited	Y
	GEM Capital Diamond Fund Limited	Y
	KIC Fund Managers (Guernsey) Limited	Y
	KIC Global Strategy Fund Limited	Y
	Wellington Partners Ventures Special (GP) Limited	Y
	Wellington Partners Management Limited	Y
	Overlord Europe Limited	Y
	Overlord Europe Asset Managers Limited	Y
	Overlord Europe Holdings Limited	Y
	Standfast Vision 1 Limited	Y
	CF IM Offshore Funds Limited	N
	Hero Captive Fund PC	N
	Golden Gate Real Estate Company Limited	N
	Ruffer International Funds Limited	N
	SIPP Residential Income Choice PCC Limited	N
	SIPP Residential Income Choice (First Cell) PC Limited	N
	Merebis Master Fund Limited	N
	Merebis International Fund Limited	N
	Merebis Capital Management (Jersey) Limited	N
	KIC Delta Limited	N
	Capita Financial Administrators (Jersey) Limited	N
	Capita Registrars (Guernsey) Limited	N
	Capita Registrars (Jersey) Limited	N
	ACP Capital Limited	N
	Class Solutions Limited	N
	Leebrook Total Return Fund Limited	N
	Leebrook Total Return Master Fund Limited	N
	Leebrook Limited	N
	Capita Fiduciary Group Limited	N
	Concerto Private Markets IC Limited	N
	Arch Sustainable Strategies IC Limited	N
	Arch Private Finance Strategies IC Limited	N
	Arch Multi Strategy ICC Limited	N
	Arch Keystone IC Limited	N
	Arch Foundations Property Opportunities IC Limited	N
	Concord Misr Investments (Guernsey) Limited	N

- 5.4 The business address of all of the Directors is 12 Castle Street, St. Helier, Jersey JE2 3RT.
- 5.5 Save as disclosed above, none of the Directors has at any time within the last five years preceding the date of this document:
- 5.5.1 been a member of the administrative, management or supervisory bodies or a partner of any company or partnership;
- 5.5.2 had any convictions (whether spent or unspent) in relation to offences involving fraud or dishonesty;

- 5.5.3 been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- 5.5.4 been a director or senior manager of a company which has been put into receivership, compulsory liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors; or
- 5.5.5 been the subject of any bankruptcy or been subject to an individual voluntary arrangement or a bankruptcy restrictions order.
- 5.6 There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Director was selected.
- 5.7 There are no restrictions agreed by any Director on the disposal within a certain period of time of his holdings in the Company's securities.
- 5.8 There are no outstanding loans or guarantees provided by the Company for the benefit of any of the Directors nor are there any loans or any guarantees provided by any of the Directors for the Company.
- 5.9 Trevor Hunt is a director of the Master Fund and may therefore face a conflict of interests in the event that the Company and the Master Fund are in dispute or the interests of the Company and the Master Fund otherwise diverge in relation to any matter. Otherwise, no Director or principal has any potential conflicts of interests between any duties the Director or principal owes to the Company and any private interests and/or other duties.
- 5.10 The Company will maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company to the extent that the Company is able to obtain such insurance.

## 6. Directors' Remuneration and Service Agreements

- 6.1 All the Directors are non-executive directors. The remuneration received by the Directors from incorporation of the Company to 30 September 2011 is set out below.

<i>Name</i>	<i>Remuneration</i>
	£
Ian Reeves CBE ( <i>Chairman</i> )	40,992
Trevor Hunt	27,329
David Pirouet	27,329

- 6.2 Each of the Directors has entered into a letter of appointment with the Company. The annual base remuneration payable to each Director is as follows:

<i>Name</i>	<i>Annual fee</i>
	£
Ian Reeves CBE	35,400
Trevor Hunt	25,400
David Pirouet	25,400

Pursuant to amendment letters entered into by the Company and each of the Directors on 14 September 2012, it has been agreed that each Director's base annual fee, as set out in paragraph 6.2 above, shall increase on each occasion that the NAV of the Company increases through certain specified thresholds, being capped at a base annual fee of £45,000 for the chairman of the Company and a base annual fee of £35,000 for each of the other Directors. To the extent that the NAV of the Company increases to a level that would result in the Directors' aggregate base annual fees exceeding £100,000, any payments in excess of this amount shall be postponed and shall be conditional upon Shareholder approval to increase the current cap on the Directors' aggregate base annual fees, as provided for in the Articles. The Company intends to seek Shareholder approval in this respect at the next annual general meeting of the Company following Admission.

In addition to the Directors' base annual fees as set out above, the Company has agreed to pay the following special remuneration:

- (a) £5,000 to each Director for services provided in connection with each material capital raising by the Company (including the Issue); and
- (b) £5,000 per annum to David Pirouet as chairman of the audit committee of the Company and £2,500 per annum to each of Trevor Hunt and Ian Reeves as members of the audit committee of the Company.

Each of the Directors was appointed for a fixed initial period ending on the first anniversary of the IPO Date. The appointment of each of the Directors may now be terminated on not less than 3 months' notice. The Directors will not be entitled to any benefits upon termination of their appointment under the terms of their agreements with the Company.

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

## **7. Subsidiary**

The Company holds and, immediately following Admission will hold, the majority of the issued shares of the Master Fund and the Master Fund will therefore be a subsidiary of the Company.

## **8. Placing arrangements**

Under the Placing Agreement, the Placing Agent has agreed (conditional, *inter alia*, on Admission becoming effective not later than 8.00 a.m. on 17 October 2012 (or such other date as the Company and the Placing Agent may agree (not being later than 16 November 2012))) as agent for the Company to use its reasonable endeavours to procure subscribers for C Shares pursuant to the Placing.

Under the Placing Agreement:

- (a) the Company has agreed to pay the Placing Agent an advisory fee of £150,000 on the date of Admission; and
- (b) the Company has agreed to pay the Placing Agent a commission equal to 1.25 per cent. of the total Issue Price of all of the C Shares issued under the Placing and the Offer for Subscription,

together in each case with any applicable VAT.

The Placing Agent has agreed to pay out of its commission detailed above any commission to sub-placing agents it employs.

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

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

## **9. The City Code**

The City Code applies to all takeover and merger transactions in relation to the Company and operates principally to ensure that shareholders are treated fairly, are not denied an opportunity to decide on the merits of a takeover and to ensure that shareholders of the same class are afforded equivalent treatment.

The City Code provides an orderly framework within which takeovers are conducted and the Panel on Takeovers and Mergers has now been placed on a statutory footing.

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

## **10. Material Contracts**

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

### **10.1 *Placing Agreement***

The Placing Agreement, as described in paragraph 8 above.

### **10.2 *Subscription Agreement***

Under the Subscription Agreement, the Company has agreed (conditional on Admission taking place not later than 8.00 a.m. on 17 October 2012 (or such later time or date as the Company and the Master Fund may agree)) to subscribe for, and the Master Fund has agreed to issue and allot, Master Fund C Shares. The amount to be subscribed shall be notified to the Master Fund once the total amount to be raised pursuant to the Placing and Offer for Subscription is determined. The Company intends to use the Net Proceeds to subscribe for Master Fund C Shares at £1.00 per Master Fund C Share pursuant to the Subscription Agreement.

### **10.3 *The Company Investment Advisory Agreement***

The Investment Adviser was appointed by the Company with effect from the IPO Date to provide investment advisory services to the Company pursuant to the terms of the Company Investment Advisory Agreement.

The Investment Adviser advises the Directors to enable them to make informed decisions for the Company, advise on funding requirements of the Company (including advice and assistance in any equity/further fund raising process), oversee and arrange borrowings for the Company within the gearing limits set out in this document and will provide other investment advisory services as detailed in the Company Investment Advisory Agreement. The fee payable by the Company to the Investment Adviser for such services is £20,000 per annum payable by two semi-annual instalments in advance on each of 31 March and 30 September each year.

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

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

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

#### *Termination*

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

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

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

#### *Indemnity and extent of liability*

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

#### *Conflicts of Interest*

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

#### *Professional Indemnity Insurance*

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

### 10.4 ***The Company Administration Agreement***

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

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

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

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

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

The Company Administration Agreement was amended pursuant to a side letter dated 11 November 2011, in relation to additional services provided by the Administrator in respect to the previous issue of C Shares by the Company in December 2011, under which the Administrator received an additional one-off fee of £12,800 in consideration of providing such services.

Further, the Company Administration Agreement was amended pursuant to an additional side letter dated 14 September 2012 in respect of the additional services to be provided by the Administrator in relation to the Issue and Switching, under which the Administrator will receive an additional one-off fee of £30,000 in consideration of providing such services.

#### 10.5 ***The Receiving Agent Agreement***

The Receiving Agent has been appointed pursuant to the Receiving Agent Agreement to provide certain share registration and online services to the Company in respect of the Issue.

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

Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to a fee at an hourly rate (subject to a minimum fee of £2,000), plus a processing fee per application. The Receiving Agent will also be entitled to reimbursement of all out of pocket expenses reasonably incurred by it in connection with its duties. These fees will be for the account of the Company.

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

#### 10.6 *2011 C Share Placing Agreement*

Under the 2011 C Share Placing Agreement, the Placing Agent agreed as agent for the Company to use its reasonable endeavours to procure subscribers for C Shares pursuant to the previous Placing of C Shares by the Company in December 2011.

Under the 2011 C Share Placing Agreement:

- (a) the Company agreed to pay the Placing Agent an advisory fee of £150,000 on the date of admission of the C Shares to the Official List and to trading on the London Stock Exchange's Main Market for listed securities; and
- (b) the Company agreed to pay the Placing Agent a commission equal to 1.25 per cent. of the aggregate subscription price of all of the C Shares issued pursuant to the 2011 C Share Placing Agreement,

together in each case with any applicable VAT.

The 2011 C Share Placing Agreement contained warranties given by the Company and the Investment Adviser and (in respect of certain matters only) to the Placing Agent as to the accuracy of the information contained in the prospectus published by the Company in connection with the previous placing of C Shares in December 2011 and other matters relating to the Company and its business, and also contained indemnities given by the Company to the Placing Agent in a form customary for this type of agreement.

#### 10.7 *2011 C Share Subscription Agreement*

Under the 2011 C Share Subscription Agreement, the Company agreed to subscribe for, and the Master Fund agreed to issue and allot, Master Fund C Shares. The Company agreed to use the available net proceeds from the previous issue of C Shares in December 2011 to subscribe for Master Fund C Shares pursuant to the 2011 C Share Subscription Agreement at £1.00 per Master Fund C Share.

#### 10.8 *Master Fund Administration Agreement*

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

The Master Fund Administration Agreement provides for the payment by the Master Fund of an annual fee based on a percentage of the Net Asset Value of the Master Fund (calculated and accrued on the last Business Day of each month and payable monthly in arrears), being:

- (a) where the Net Asset Value of the Master Fund is less than or equal to £50 million, 0.15 per cent. of the Net Asset Value of the Master Fund; or
- (b) where the Net Asset Value of the Master Fund is greater than £50 million but less than or equal to £100 million, 0.125 per cent. of the Net Asset Value; or
- (c) where the Net Asset Value of the Master Fund is over £100 million, an annual fee of 0.11 per cent. of the Net Asset Value will be charged,

subject to a minimum annual fee of £110,000.

In addition, certain registrar and transfer agency fees are payable by the Master Fund.

The Master Fund Administration Agreement contains provisions whereby the Master Fund indemnifies and holds harmless the Administrator from and against any and all Claims (as defined in the Master Fund Administration Agreement) against the Administrator resulting or arising from the Master Fund's breach of the Master Fund Administration Agreement and, in addition, any third party Claims relating to or arising from or in connection with the Master Fund Administration Agreement

or the services contemplated therein except to the extent that any such Claims have resulted from the negligence, fraud or wilful default of the Administrator. Further, the liability of the Administrator to the Master Fund under the Master Fund Administration Agreement is limited (in the absence of fraud) to the lesser of (a) £1,000,000 or (b) an amount equal to ten times the annual fee paid to the Administrator thereunder.

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

The Master Fund Administration Agreement was amended pursuant to a side letter dated 11 November 2011. Under the terms of the side letter, it was agreed that the Administrator would provide additional services in relation to the Master Fund C Shares and Switching and that the Administrator would receive an additional one-off fee of £17,150 in consideration of providing such services.

#### 10.9 ***Master Fund Custodian Agreement***

The Custodian has been appointed, pursuant to the Master Fund Custodian Agreement between the Master Fund and the Custodian, to act as custodian of the Master Fund. The Master Fund Custodian Agreement contains provisions whereby the Master Fund indemnifies the Custodian out of the assets of the Master Fund in certain circumstances save where such circumstances arise as a result of some act of negligence, fraud or wilful default on the part of the Custodian. The fees payable by the Master Fund pursuant to the Master Fund Custodian Agreement accrue daily at an agreed annual rate of 0.03 per cent. per annum of the NAV of the Master Fund subject to a minimum annual fee of £10,000. Such fees are payable quarterly in arrears on the last Business Day of each quarter.

The Master Fund Custodian Agreement is terminable, *inter alia*, (a) upon six months' written notice and (b) immediately upon the occurrence of certain events including the insolvency of the Master Fund or the Custodian, the Custodian becoming resident in the UK for tax purposes or a party committing a material breach of the Master Fund Custodian Agreement (where such breach has not been remedied within thirty days of written notice being given).

#### 10.10 ***Master Fund Investment Advisory Agreement***

The Investment Adviser was appointed as the investment adviser of the Master Fund on 3 June 2009 pursuant to an investment advisory agreement dated 3 June 2009 and entered into between the Master Fund and the Investment Adviser. This agreement was amended and restated on 28 June 2010.

Under the Master Fund Investment Advisory Agreement, the Investment Adviser will provide or procure the provision of certain investment advisory services, including recommending and regularly reviewing the Master Fund's investment policy and strategy, making investment recommendations to the Master Fund Board, identifying potential Master Fund investments and performing and/or procuring all due diligence in relation to potential Master Fund investments. The Master Fund is under no obligation to follow any advice of the Investment Adviser.

In addition, the Investment Adviser will be responsible, *inter alia*, for the following:

- (a) maintaining a website showing, *inter alia*, the Net Asset Value from time to time of the Master Fund Income Shares, the Master Fund Accumulation Shares and the Master Fund C Shares;
- (b) presenting to meetings of the Master Fund Board in relation to:
  - (i) performance of existing assets; and
  - (ii) opportunities in relation to new investments;
- (c) monitoring the financial and infrastructure markets generally;



- (d) maintaining, in conjunction with the Administrator, complete, up to date and accurate accounting records of the Master Fund and submitting such to the Master Fund on a quarterly basis in such form so as to enable the Administrator to calculate the Net Asset Value per share of the Master Fund; and
- (e) conducting investor relationship management activities, including making presentations to existing and potential investors and intermediaries.

The Master Fund Investment Advisory Agreement is for an initial term of five years, thereafter being terminable upon twelve months' written notice and at any time in the event of the insolvency of the Master Fund or the Investment Adviser. In addition, the Master Fund Investment Advisory Agreement may be terminated by the Master Fund giving 60 Business Days' written notice to the Investment Adviser upon the occurrence of a Key Person Event (as defined in the Master Fund Investment Advisory Agreement).

A Key Person Event occurs if, prior to the fifth anniversary of the IPO Date, (a) two or more of the Key Persons (being initially Stephen Ellis, Rollo Wright and Ronan Kierans) are unable to dedicate substantially all of their working time to acting as Investment Adviser to the Master Fund and (b) suitable replacement Key Persons have not been approved by the Master Fund.

#### *Indemnity and extent of liability*

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

#### *Conflicts of Interest*

The Investment Adviser or any Associate (as defined in the Master Fund Investment Advisory Agreement) or any directors, officers, employees, agents and affiliates of any of them (each an "**Interested Party**") may be involved in other financial, investment or other professional activities which may, on occasion, give rise to conflicts of interest with the Master Fund, including with regard to the allocation of investment opportunities to different clients. Whenever such conflicts arise, the Investment Adviser shall endeavour to ensure that they are resolved, and any relevant investment opportunities allocated, fairly. Each such conflict will be fully disclosed to the Master Fund by the Investment Adviser provided that such disclosure does not breach the rules of the FSA.

It is a provision of the Master Fund Investment Advisory Agreement that Stephen Ellis, Rollo Wright and Ronan Kierans dedicate substantially all their working time to the provision of investment advisory services to the Master Fund, except at such times as the Master Fund is at least 75 per cent. invested in its target assets, following which Stephen Ellis, Rollo Wright and Ronan Kierans will dedicate approximately 60 per cent. of their working time to the provision of investment advisory services to the Master Fund.

#### *Exclusivity and Non-Compete*

Neither the Investment Adviser nor, *inter alia*, any employee of the Investment Adviser, may (while the Master Fund Investment Advisory Agreement is in force) without the express prior written consent of the Master Fund act as the adviser, manager or sponsor of any fund or entity that may invest in assets within the scope of the Master Fund's investments or engage in any activity which may compete in the same or substantially similar investment area as the Master Fund.

### *Professional Indemnity Insurance*

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

#### **10.11 *Master Fund Valuation Engagement Letter***

The Valuation Agent has been appointed by the Master Fund pursuant to the Master Fund Valuation Engagement Letter. The Valuation Agent is responsible for the following:

- (a) providing a monthly valuation report to the Master Fund updating the monthly valuation of each Class Fund's portfolio of investments; and
- (b) valuing assets acquired as at acquisition.

The Master Fund Engagement Letter is terminable by 21 days' notice in writing given by either party.

#### **10.12 *Master Fund Deed***

The Master Fund has entered into a deed with the Placing Agent pursuant to which the Master Fund has given certain warranties to the Placing Agent as to the accuracy of the information contained in this document and other matters relating to the Master Fund and its business.

#### **10.13 *RBSI Facility***

The RBSI Facility is a revolving credit facility of up to £7 million which can be used to finance future investments by the Master Fund. The facility has a one year availability period and a two year term.

There are a number of financial covenants given by the Master Fund and which will be tested by RBSI on a monthly basis, including the Master Fund maintaining a minimum NAV of £50 million and holding a minimum of 10 assets which match the criteria for approved assets under the RBSI Facility. Events of default, including any breach of a financial covenant and any payment default, will enable RBSI, at its discretion, to prevent the Master Fund from making any further utilisations of the Facility Amount.

The rate of interest payable on the Facility Amount by the Master Fund is 300 basis points per annum plus LIBOR. Also, the Master Fund will pay a commitment fee of 1.5 per cent. per annum on the undrawn balance of the Facility Amount and an arrangement fee of 1.5 per cent. of the Facility Amount with 1 per cent. having been already paid by the Master Fund in January 2012 and the balance of 0.5 per cent. to be paid on 11 November 2012.

Any outstanding Facility Amount (together with any accrued interest) must be repaid by 11 November 2013. An event of default shall occur if the Master Fund is unable to repay any of the Facility Amount utilised when it becomes due. As a result of an event of default occurring, the Master Fund will be obliged to suspend any dividend payments to its shareholders and the rate of interest payable on the outstanding Facility Amount will be increased by 2 per cent.

## **11. Working Capital**

The Company is of the opinion that the working capital of the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

## 12. Capitalisation and Indebtedness

<i>Capitalisation and Indebtedness</i>	<i>£</i>
<b>Total debt and equity</b>	
Current debt as at 30 June 2012	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	(44,131,779)
<b>Total current debt</b>	<u>(44,131,779)</u>
<b>Non-current debt (excluding current portion of long-term debt) as at 30 June 2012</b>	
Guaranteed	–
Secured	(2,112,077)
Unguaranteed/unsecured	–
<b>Total non-current debt</b>	<u>(2,112,077)</u>
<b>Shareholders' equity as at 30 June 2012</b>	
Share capital	1,224,675
Legal reserve	121,637,937
Other reserves	–
<b>Total Shareholders' equity</b>	<u>122,862,612</u>

The information on total current debt, total non-current debt and shareholders' equity set out above has been extracted from unaudited consolidated accounts of the Company as at 30 June 2012.

	<i>As at</i>
	<i>30 June 12</i>
	<i>£</i>
<b>Net indebtedness</b>	
A. Cash	2,579,558
B. Cash equivalent	2,112,077
C. Trading securities	–
<b>D. Liquidity (A+B+C)</b>	4,691,635
E. Current financial receivables	8,828,215
F. Current bank debt	–
G. Current proportion of non-current debt	–
H. Other current financial debt	(44,131,779)
<b>I. Current financial debt (F+G+H)</b>	(44,131,779)
<b>J. Net current financial indebtedness (I-E-D)</b>	(30,611,929)
K. Non-current bank loans	–
L. Bonds issued	–
M. Other non-current loans	–
<b>N. Non-current financial indebtedness (K+L+M)</b>	–
<b>O. Net financial indebtedness (J+N)</b>	<u>(30,611,929)</u>

There is no indirect or contingent indebtedness. The information set out above has not been audited and has been extracted from unaudited information set out in the most recent unaudited consolidated accounts of the Company as at 30 June 2012.

## 13. Property, Plant and Equipment

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

#### **14. Litigation**

There are no governmental, legal or arbitral proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the 12 month period prior to the date of publication of this document which may have, or have had in the recent past, a significant effect on the Group's financial position or profitability.

#### **15. Related Party Transactions**

For details of related party transactions relating to the Group, please refer to note 20 on pages 63 – 65 of the unaudited consolidated financial statements of the Company for the six month period to 31 March 2012 which are incorporated by reference in this document. There are no other related party transactions that any member of the Group has entered into from its incorporation to the date of this document.

#### **16. Investment restrictions**

The Company is required to manage and invest its assets in accordance with its investment objective and policy which is set out in paragraph 9 of Part 1 of this document. The Company is not subject to any other investment restrictions.

#### **17. Third party information**

Where third party information has been referenced in this document, the source of that third party information has been disclosed. The Company and Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

#### **18. General**

18.1 Save to the extent disclosed below, there has been no significant change in the financial or trading position of the Group since 31 March 2012:

- (a) on 26 April 2012, the Master Fund advanced a loan of £11.3 million (the “**Civic Loan**”). The Civic Loan is secured on a subordinated basis against the cash flows arising from a portfolio of education and custodial PFI assets yielding an effective rate of 9.31 per cent. per annum annual equivalent with an expected remaining term of 17 years;
- (b) on 30 April 2012, the Master Fund advanced a loan of £14.4 million (the “**Solar Loan**”). The Solar Loan is secured on a senior basis against the cash flows arising from a portfolio of solar photovoltaic installations yielding an effective rate of 9.47 per cent. per annum annual equivalent with an expected remaining term of 24 years;
- (c) on 8 May 2012, 61,902,283 new Ordinary Shares were admitted to the Official List and to trading on the London Stock Exchange as a result of the conversion of the 63,744,500 C Shares as disclosed in the unaudited consolidated financial statements for the six month period to 31 March 2012 and in accordance with IAS32 (Financial Instruments: Presentation) the assets attributable to the C Shares issued by the Company in 2011 were designated as a financial liability due to the inherent variability in the number of Ordinary Shares attributable to the holders of C Shares. Conversion of the C Shares to Ordinary Shares in May 2012 resulted in any liabilities attributed to the C Shares converting into equity;
- (d) on 10 May 2012, the Master Fund declared a dividend of 4.15 pence per Master Fund Income Share which was paid to the relevant Master Fund Shareholders on 15 May 2012. As a result, the Group's cash and cash equivalents has been reduced by £862,318 and the corresponding liability for distribution payable to non-controlling interests has been reduced by the same amount;

- (e) on 12 June 2012 the Master Fund advanced a loan of £4.3 million (the “**Cardale Loan**”), which was secured against the cash flows arising from a varied portfolio of UK PFI assets yielding an effective rate of 9.74 per cent. per annum annual equivalent with an expected remaining term of 23 years;
  - (f) on 14 June 2012, the Company issued the Tap Shares at 102.75p to satisfy investor demand raising gross proceeds of £11,257,216. On 20 June 2012, the Company invested the gross proceeds of £11,257,216 to subscribe for 10,961,261.94 Master Fund Income Shares;
  - (g) on 22 June 2012, the Master Fund subscribed for loan notes with an aggregate value of approximately £13.5 million (the “**Notes**”) secured on a subordinated basis against a portfolio of senior UK PFI loans. The Notes will pay interest, at a rate of 3 month LIBOR plus 8.75 per cent. per annum, on a quarterly basis and have a final maturity date in approximately 29 years’ time, but the Investment Adviser expects the Notes to be redeemed in approximately 15 years;
  - (h) Group cash has reduced by £42.7 million primarily due to completion of investments (as described above) during the period resulting in an increase in the Group’s financial assets of £45.6 million (includes movements in fair value);
  - (i) as a result of a scrip dividend alternative offered by the Company, the Company issued, on 28 June 2012, 109,961 Ordinary Shares to Ordinary Shareholders;
  - (j) on 29 June 2012, the Company paid a dividend of 3.70 pence per Ordinary Share. This resulted in a reduction of Group cash and cash equivalents of £3.944 million (as at 30 June 2012) and Group equity;
  - (k) the fair value of non-controlling interest has increased from £31.8 million as at 31 March 2012 to £43.3 million as at 30 June 2012 primarily due to net subscriptions issued to non-controlling interest;
  - (l) net movement on financial assets and liabilities at fair value through profit or loss has increased from £2.9 million as at 31 March 2012 to £6.9 million as at 30 June 2012. The movement can be explained primarily by fixed interest income accrued for the period;
  - (m) borrowings of £7 million were repaid in full during this period; and
  - (n) on 7 August 2012, in addition to the above changes which affect the assets and liabilities of the Group, the Master Fund committed to subscribe for loan notes secured on a senior basis against a portfolio of approximately 1,000 domestic solar photovoltaic installations with an aggregate value of up to £6 million (the “**SPV Notes**”). As at 17 September 2012 (being the last practicable date prior to the date of this document), the Master Fund had subscribed for SPV Notes with an aggregate value of £2.9 million.
- 18.2 The estimated costs and expenses relating to the Issue payable by the Company are estimated to amount to £1,520,500, assuming that 80 million C Shares are issued pursuant to the Issue. The total Net Proceeds of the Issue, after settling fees and assuming that the Company raises a target gross amount in the sum of £80 million, will be approximately £78,479,500.
- 18.3 In the opinion of the Directors, if the Company raises the target gross amount of £80 million, it will be applied as follows:
- 18.3.1 subscription for Master Fund C Shares of £78,479,500; and
  - 18.3.2 costs and expenses payable under the Issue of £1,520,500.
- 18.4 Oriel Securities Limited is registered in England and Wales under number 04373759 and its registered office is at 150 Cheapside, London EC2V 6ET. Oriel Securities Limited is regulated by the Financial Services Authority and is acting in the capacity of sponsor and placing agent to the Company.

- 18.5 Oriel Securities Limited has given, and has not withdrawn, its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 18.6 There are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 18.7 As described in paragraph 2.11 of this Part 10 of this document, as at 17 September 2012 (being the latest practicable date prior to the date of this document), the issued and fully paid share capital of the Company was £1,206,251.84 representing 129,625,184 Ordinary Shares of £0.01 par value.
- 18.8 The Ordinary Shares and C Shares are not listed on any other market for securities.
- 18.9 The ISIN for the C Shares is JE00B8GM9429.
- 18.10 The ISIN for the Ordinary Shares is JE00B6173J15.
- 18.11 As at 17 September 2012 (being the latest practicable date before the publication of this document) there have been no public takeover bids in respect of the Company's share capital since its incorporation.
- 18.12 The Company is not aware of any person or persons who, immediately following Admission, directly or indirectly, jointly or severally, could exercise control over the Company, nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

## **19. Documents Available For Inspection**

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

- 19.1 the Memorandum and the Articles;
- 19.2 the memorandum of association of the Master Fund and the Master Fund Articles; and
- 19.3 the audited and unaudited consolidated financial statements of the Company that are incorporated by reference in Part 12 of this document.

## PART 11

### ADDITIONAL INFORMATION ON THE MASTER FUND

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

- 1.1 The Master Fund is a public company incorporated and registered in Jersey on 20 May 2009 under the Jersey Companies Law with registered number 103257 with the name of GCP Infrastructure Fund Limited.
- 1.2 The principal legislation under which the Master Fund operates, and under which the Master Fund Accumulation Shares, the Master Fund Income Shares and the Master Fund C Shares have been created, is the Jersey Companies Law.
- 1.3 The Master Fund's legal and commercial name is GCP Infrastructure Fund Limited.
- 1.4 The registered and head office and principal office of business of the Master Fund is at 12 Castle Street, St. Helier, Jersey JE2 3RT. The Master Fund is domiciled in Jersey. The telephone number of the Master Fund's registered office is +44 (0)1534 847060.
- 1.5 The Master Fund Income Shares and the Master Fund Accumulation Shares are admitted to the CISX.
- 1.6 Ernst & Young LLP has been the only auditor of the Master Fund since its incorporation. Ernst & Young LLP is a member of the Institute of Chartered Accountants in England and Wales. The annual report and accounts of the Master Fund will be prepared according to IFRS as adopted by the EU.

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

- 2.1 As at 17 September 2012 (being the latest practicable date prior to the date of this document) the authorised and issued share capital of the Master Fund was:

<i>Class of shares</i>	<i>Nominal value</i>	<i>Authorised</i>		<i>Issued<sup>(i)</sup></i>	
		<i>£</i>	<i>number</i>	<i>£</i>	<i>number</i>
Non-redeemable shares	£1	100	100	100	100
Ordinary redeemable accumulation shares	£1	250,000,000	250,000,000	13,134,518.87	13,134,518.87
Ordinary redeemable income shares	£1	250,000,000	250,000,000	142,983,866.63	142,983,866.63
Ordinary redeemable C shares	£1	250,000,000	250,000,000	0	0
Redeemable deferred shares	£1	250,000,000	250,000,000	0	0

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

- 2.2 Since 31 March 2012, being the date to which the last (unaudited) accounts of the Master Fund were prepared, there have been, in aggregate, the following issues and redemptions in the shares of the Master Fund:

	<i>Number of shares</i>	
	<i>Issues</i>	<i>Redemptions</i>
Master Fund Accumulation Shares	4,178,827.30	1,545,139.8
Master Fund Income Shares	17,661,550.45	174,392.70
Master Fund C Shares	Nil	Nil
Master Fund Deferred Shares	Nil	2,922,224

- 2.3 The issued share capital of the Master Fund immediately following completion of the Subscription will consist of the issued shares referred to in paragraph 2.1 above and any other shares issued by the Master Fund between 17 September 2012 and the date of the Subscription, less any shares in the Master Fund that are redeemed between 17 September 2012 and the date of the Subscription, together with the Master Fund C Shares to be issued to the Company pursuant to the Subscription.

- 2.4 As at 17 September 2012 (being the latest practicable date prior to the date of this document), the Master Fund is aware of the following existing Master Fund Shareholders who were at such time interested, directly or indirectly, in 3 per cent. or more of the Master Fund's issued share capital:

<i>Name</i>	<i>Number of Shares</i>	<i>Percentage of voting rights</i>
GCP Infrastructure Investments Limited	116,108,226.94	73.47
State Street Nominees Limited	10,733,790.47	6.88

- 2.5 Save as disclosed in paragraph 2.4 above, the Master Fund is not aware of any person or persons who, directly or indirectly, jointly or severally, exercises or could exercise control over the Master Fund nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Master Fund.
- 2.6 No person has voting rights that differ from those of other Master Fund Shareholders.
- 2.7 As at 17 September 2012 (being the latest practicable date prior to the date of this document) the Master Fund does not hold any Master Fund Accumulation Shares, Master Fund Income Shares or Master Fund C Shares in treasury and no Master Fund Accumulation Shares, Master Fund Income Shares or Master Fund C Shares are held by or on behalf of the Master Fund itself.
- 2.8 The Master Fund does not have in issue any securities not representing share capital.
- 2.9 No shares of the Master Fund are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 2.10 No commissions, discounts, brokerages or other special terms have been granted by the Master Fund in connection with the issue or sale of any share or loan capital of the Master Fund in the 3 years immediately preceding the date of this document.
- 2.11 No share or loan capital of the Master Fund is under option or has been agreed conditionally or unconditionally to be put under option, nor will any such share or loan capital be under option or agreed conditionally or unconditionally to be put under option at Admission.
- 2.12 No convertible securities, exchangeable securities or securities with warrants have been issued by the Master Fund.

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

In addition to the rights, restrictions and conversion mechanics of the Master Fund C Shares and the Master Fund Deferred Shares, which are summarised in Part 8 of this document, the Master Fund Articles of Association contain, *inter alia*, the following material provisions:

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

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

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

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

Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any shares in the Master Fund as may be specified in the terms of issue thereof or the Master Fund Articles (including the relevant provisions relating to the Master Fund C Shares as described in paragraph 10 of Part 8 of this document), (a) on a show of hands, every member of the Master Fund present otherwise than by proxy shall have one vote; and (b) on a poll, every member of the Master Fund present (including by proxy) shall have one vote for each share in the capital of the Master Fund



of which he is a holder. A member of the Master Fund may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting.

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

### 3.3 *Dividends*

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

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

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

### 3.4 *Return of capital*

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

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

### 3.5 *Variation of class rights*

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

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

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

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

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

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

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

The Master Fund Directors may, on such terms and subject to such restrictions as they may think necessary or desirable for the purpose of ensuring that a member or, any or each person who holds any interest (directly or indirectly) in Master Fund Income Shares or Master Fund Accumulation Shares and/or any proposed transferee of Master Fund Income Shares or Master Fund Accumulation Shares is or remains an expert investor, impose regulations ("**Expert Investor Provisions**") from time to time which may, *inter alia* (a) impose any restrictions and/or require the member to take any action (including to provide any evidence); (b) require the member to indemnify the Master Fund and/or any other person; (c) impose a penalty on the member (including without limitation a fine); or (d) require the member to repay the amount of any distributions paid with respect to the relevant share.

### 3.8 *Pre-emption rights*

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

### 3.9 *Alteration of capital*

The Master Fund may, by special resolution, alter its Memorandum so as to increase or reduce the number of shares which it is authorised to issue or consolidate or divide all or any part of its shares (whether issued or not) into fewer shares and may generally make such other alteration to its share capital as is from time to time permitted by the Jersey Companies Law. The Company may reduce its capital accounts in any way permitted by the Jersey Companies Law.

### 3.10 *General meetings of the Master Fund*

At least fourteen clear days' notice shall be given to the Master Fund Shareholders of every general meeting including, without limitation, every general meeting called for the passing of a special resolution. However, a meeting may be called by shorter notice if this is agreed by all members entitled to attend and vote thereat. All general meetings of the Master Fund shall be held outside of the UK.

The quorum for general meetings of the Master Fund shall be two holders of shares in the Master Fund present by attorney or by proxy or, in the case of a corporate holder, by representative. If, within half an hour from the time appointed for the meeting, a quorum is not present or if, during the meeting a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other time and place as the Master Fund Directors shall determine.

At any general meeting, a resolution put to the vote of the meeting shall be decided in the first instance on a show of hands unless, before or on the declaration of the result of the show of hands, a poll is demanded. On a show of hands, every holder of shares present otherwise than by proxy shall have one vote and, on a poll, every holder of shares present (including by proxy) shall have one vote for each share of which it is the holder. A poll may be demanded by the chairman or by a member or members representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.

A resolution in writing (including a special resolution but excluding a resolution removing an Auditor) signed by all members who would be entitled to receive notice of and to attend and vote at a general meeting at which such a resolution would be proposed or by their duly appointed attorneys shall be as valid and effectual as if it had been passed at a general meeting of the Master Fund duly convened and held. Any such resolution may consist of several documents in the like form each signed by one or more of the members or their attorneys.

### 3.11 *Appointment of Master Fund Directors, number of Master Fund Directors and Master Fund Directors' interests*

The Master Fund Directors shall have power, at any time and from time to time, to appoint any person (other than a person who is disqualified or ineligible by law to act as a director of a company) to be a Master Fund Director either to fill a casual vacancy or as an addition to the existing Master Fund Directors provided that the appointment does not cause the number of Master Fund Directors to exceed any number fixed by or in accordance with the Master Fund Articles as the maximum number of Master Fund Directors. The members may, by special resolution, appoint any person (other than a person who is disqualified or ineligible by law to act as a director of a company) as a Master Fund Director.

The members may, by ordinary resolution, determine the maximum and minimum number of Master Fund Directors and, unless and until otherwise so determined, and subject to the provisions of the Jersey Companies Law, the minimum number of Master Fund Directors shall be 3. A Master Fund Director need not be a member. All Master Fund Directors (other than alternate Master Fund Directors) must be resident for tax purposes outside the United Kingdom.

A Master Fund Director who has, directly or indirectly, an interest in a transaction entered into or proposed to be entered into by the Master Fund or by a subsidiary of the Master Fund which, to a material extent, conflicts or may conflict with the interests of the Master Fund and of which he is aware, shall disclose to the Master Fund the nature and extent of his interest.

Subject to the provisions of the Jersey Companies Law, and provided that he has made such a disclosure, a Master Fund Director notwithstanding his office:

- (a) may be counted in the quorum present at any meeting of the Master Fund at which any contract or arrangement in which he is interested is considered and may vote in respect of any such contract or arrangement, except those concerning his own terms of appointment;
- (b) may be a party to or otherwise interested in any transaction or arrangement with the Master Fund or in which the Master Fund is otherwise interested;
- (c) may be a director or other officer of or employed by or a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Master Fund or in which the Master Fund is otherwise interested;
- (d) shall not by reason of his office be accountable to the Master Fund for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and
- (e) may act by himself or his firm in a professional capacity for the Master Fund and he or his firm shall be entitled to remuneration for professional services as if he were not a Master Fund Director.

### 3.12 *Powers of Master Fund Directors*

The business of the Master Fund shall be managed by the Master Fund Directors in accordance with the Master Fund's investment policy and strategy, who may pay all expenses incurred in or about the formation, promotion and operation of the Master Fund, including the expenses of registration and the offering of shares. The Master Fund Directors may exercise all such powers of the Master Fund as are not by the Jersey Companies Law or the Master Fund Articles required to be exercised by the Master Fund in general meeting. The Master Fund Directors may exercise all the powers of the Master Fund to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Master Fund or of any third party. Notwithstanding the foregoing, the Master Fund Directors shall not exercise such powers in breach of any limits or restrictions specified in the investment policy and strategy. The Master Fund Directors may not delegate or allow any other person to exercise their powers or decisions relating to the management or control of the Master Fund or its investments. The Master Fund Directors shall be entitled to such remuneration as the Master Fund Directors may determine and such remuneration shall accrue from day to day.

### 3.13 *Proceedings of Master Fund Directors*

The Master Fund Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. No meetings of Master Fund Directors shall be held in the United Kingdom and no Master Fund Director shall attend any meeting from the United Kingdom by telephone or other means. Any decision reached or resolution passed by the Master Fund Directors at any meeting which is held in the United Kingdom or which any Master Fund Director attends from the United Kingdom by telephone or other means shall be invalid and of no effect. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote. A Master Fund Director may, and the Master Fund secretary at the request of a Master Fund Director shall, at any time summon a meeting of the Master Fund Directors.

### 3.14 *Resignation, disqualification and removal of Master Fund Directors*

The office of a Master Fund Director shall be vacated if the Master Fund Director:

- (a) resigns his office by notice to the Master Fund;
- (b) ceases to be a Master Fund Director by virtue of any provision of the Jersey Companies Law or he becomes prohibited or disqualified by law from being a director of a company;
- (c) becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (d) becomes of unsound mind;
- (e) is removed from office by a special resolution of members; or
- (f) is removed from office by a resolution of all the other Master Fund Directors (being not less than two in number).

### 3.15 *Indemnity*

To the extent permitted by the Jersey Companies Law, the Master Fund may provide indemnity cover for its officers and former officers. To the fullest extent permitted by law (a) no Master Fund Director shall be liable to any Master Fund Shareholder or to the Master Fund for any decision taken by such Master Fund Director, or as a result of his position as a Master Fund Director, provided that he has acted in good faith with a view to the best interests of the Master Fund and had no reasonable cause to believe that his conduct was unlawful and (b) the determination of the Master Fund Directors in this respect shall be, in the absence of fraud, conclusive unless a question of law is involved.

## 4. **Redemption of shares in the Master Fund**

Master Fund Shareholders may redeem all or part of their holding of shares in the Master Fund in accordance with the Master Fund's memorandum, and currently on the last Business Day of each calendar month (or such other or additional days as the Master Fund Directors may determine) (each a "**Redemption Date**").

Any application to redeem shares in the Master Fund must be in writing (a "**Redemption Notice**") and made to and received by the Administrator at least four weeks prior to the intended Redemption Date (or at such other date and time as may be determined by the Master Fund Directors in their absolute discretion). The amount of shares in the Master Fund which may be redeemed must be an amount equal to or greater than the then current minimum redemption amount set by the Master Fund Directors from time to time (currently £10,000 or equivalent in value). A Redemption Notice, once received, may not be withdrawn except in certain limited circumstances set out in the Master Fund Articles.

Shares will normally be redeemed at a price equal to the NAV per Master Fund Income Share, Master Fund Accumulation Share or Master Fund C Share (as applicable) (the "**Redemption Price**"), less any fee (typically £25) that the Master Fund Directors may determine is payable to the Master Fund and any other amount as the Master Fund Directors consider an appropriate allowance to reflect any fiscal and sale charges which may be incurred by the Master Fund in meeting a redemption request.

Redemptions may be delayed or refused by the Master Fund Directors in certain circumstances. These include, for example, where there are insufficient subscription proceeds and/or insufficient cash available to a Class Fund to meet the redemption request (including normal expenses) or where the NAV of a Class Fund cannot be fairly calculated.

## 5. **Master Fund Directors' interests**

5.1 As at 17 September (being the latest practicable date prior to the date of this document), Paul de Gruchy held 125,743.98 Master Fund Accumulation Shares. No other Master Fund Directors hold shares in the Master Fund. Save as disclosed in this paragraph, it is not expected that any of the Master Fund Directors will have any interest in any shares in the Master Fund immediately following Admission.

- 5.2 No Master Fund Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Master Fund and which were effected by the Master Fund in the current financial year.
- 5.3 The Master Fund Directors currently hold, and have during the five years preceding the date of this document held, the following directorships (other than the Master Fund), partnerships or have been a member of the senior management:

<i>Name</i>	<i>Name of company/partnership</i>	<i>Position still held (Y/N)</i>
Trevor Hunt	GCP Infrastructure Investments Limited	Y
	Purisima Investment Fund (CI) Limited	Y
	Hero Funds PCC Limited	Y
	Hero Absolute Return Fund PC (formerly Hero Income Fund PC)	Y
	Hero Portfolio Fund PC	Y
	Hero Liquid Reserve Fund PC	Y
	Ukraine Liberty Fund Limited	Y
	GEM Capital Diamond Fund Limited	Y
	KIC Fund Managers (Guernsey) Limited	Y
	KIC Global Strategy Fund Limited	Y
	Wellington Partners Ventures Special (GP) Limited	Y
	Wellington Partners Management Limited	Y
	Overlord Europe Limited	Y
	Overlord Europe Asset Mangers Limited	Y
	Overlord Europe Holdings Limited	Y
	Standfast Vision 1 Limited	Y
	CF IM Offshore Funds Limited	N
	Hero Captive Fund PC	N
	Golden Gate Real Estate Company Limited	N
	Merebis Master Fund Limited	N
	Merebis International Fund Limited	N
	Merebis Capital Management (Jersey) Limited	N
	KIC Delta Limited	N
	Capita Financial Administrators (Jersey) Limited	N
	Capita Registrars (Guernsey) Limited	N
	Capita Registrars (Jersey) Limited	N
	ACP Capital Limited	N
	Class Solutions Limited	N
	Leebrook Total Return Fund Limited	N
	Leebrook Total Return Master Fund Limited	N
	Leebrook Limited	N
	Capita Fiduciary Group	N
	Concerto Private Markets IC Limited	N
	Arch Sustainable Strategies IC Limited	N
	Arch Private Finance Strategies IC Limited	N
	Arch Multi Strategy ICC Limited	N
	Arch Keystone IC Limited	N
	Arch Foundations Property Opportunities IC Limited	N
	Concord Misr Investments (Guernsey) Limited	N
	Ruffer International Funds Limited	N
	SIPP Residential Income Choice PCC Limited	N
	SIPP Residential Income Choice (First Cell) PC Limited	N

<i>Name</i>	<i>Name of company/partnership</i>	<i>Position still held (Y/N)</i>
Clive Spears	EPE Special Opportunities plc	Y
	Meridian Asset Management (C.I.) Limited	Y
	Nordic Capital Limited	Y
	Nordic Capital VII Limited	Y
	Nomura Fund of Funds GP Limited	Y
	Nomura European Mezzanine Fund GP 1 Limited	Y
	Lema Fund Limited	Y
	Gorey Investments Limited	Y
	Jersey Finance Limited	Y
	ICG Europe Fund V GP Limited	Y
	ICG Europe Fund V No. 1 Limited Partnership	Y
	ICG Europe Fund V Jersey Limited	Y
	ICG Fund V Limited Partnership	Y
	ICG Europe Fund V CIP Limited Partnership	Y
	ICG Fund V Investor Feeder Limited Partnership	Y
	ICG Fund Dutch CIP Limited Partnership	Y
	ICG EFV MLP Limited	Y
	ICG EFV MLP GP Limited	Y
	Rubicon Asset Management (Europe) Limited	Y
	Collosseum Hilversum Managing Trustee Limited	Y
	Invesco Leveraged High Yield Bond Fund Limited	Y
	Cidron Atta Limited	Y
	Kreos Capital Group Limited	Y
	Nordic Capital VIII Limited	Y
	Nordic Capital III Limited	N
	Nordic Capital IV Limited	N
	Nordic Capital V Limited	N
	Nordic Capital VI Limited	N
	Moor Park Real Estate Fund III G.P. Limited	N
	Warner Funds Limited	N
	EPIC 2007 NO.1 Single Property Real Estate Company Limited	N
	Jersey Post International Limited	N
	Warner Advisors (Jersey) Limited	N
Warner Estates GLO Limited	N	
Warner Estates AIF Limited	N	

5.4 The business address of all the Master Fund Directors is 12 Castle Street, St. Helier, Jersey JE2 3RT.

5.5 Save as disclosed above, none of the Master Fund Directors has at any time within the last five years:

- (a) been a member of the administrative, management or supervisory bodies or partner of any companies or partnerships;
- (b) had any convictions (whether spent or unspent) in relation to offences involving fraud or dishonesty;
- (c) been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- (d) been a director or senior manager of a company which has been put into receivership, compulsory liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors; or

- (e) been the subject of any bankruptcy or been subject to an individual voluntary arrangement or a bankruptcy restrictions order.
- 5.6 There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Master Fund Director was selected.
- 5.7 There are no restrictions agreed by any Master Fund Director on the disposal within a certain period of time of their holdings in the Master Fund's securities.
- 5.8 There are no outstanding loans or guarantees provided by the Master Fund for the benefit of any of the Master Fund Directors nor are there any loans or any guarantees provided by any of the Master Fund Directors for the benefit of the Master Fund.
- 5.9 Trevor Hunt is a director of the Company. Otherwise, no Master Fund Director has any potential conflicts of interests between any duties the Master Fund Director owes to the Master Fund and any private interests and/or other duties.

## 6. Master Fund Directors' Remuneration and Service Agreements

- 6.1 The remuneration received by the Master Fund Directors in respect of the financial year ended 30 September 2011 is set out below.

<i>Name</i>	<i>Remuneration</i> £
Clive Spears	17,535.90
Paul de Gruchy	12,101.03
Trevor Hunt	12,101.03

- 6.2 Each of the Master Fund Directors has entered into a letter of appointment with the Master Fund. The annual fees payable to each Master Fund Director are currently as follows:

<i>Name</i>	<i>Annual fee</i> £
Clive Spears	29,000
Paul de Gruchy	22,000
Trevor Hunt	22,000

- 6.3 Each of the Master Fund Directors has been appointed on terms which may be terminated by either party on 3 months' notice. The Master Fund Directors will not be entitled to any benefits upon termination of their appointment with the Master Fund.

## 7. The City Code

The Master Fund is not subject to the City Code. Accordingly, Master Fund Shareholders (including the Company) will not benefit from the protections of the City Code, including, in particular, Rule 9 of the City Code.

## 8. Property, Plant and Equipment

The Master Fund has no existing or planned material tangible fixed assets.

## 9. Investment restrictions

The Master Fund is required to manage and invest its assets in accordance with its published investment policy and strategy. The investment policy and strategy of the Master Fund is summarised in paragraphs 2 and 4 of Part 4 of this document. The investment policy and strategy of the Master Fund may be amended from time to time by an ordinary resolution of the Master Fund Shareholders. The Master Fund is not subject to any other investment restrictions.



## **10. General**

- 10.1 Ernst & Young LLP has been the auditor of the Master Fund since incorporation and has given an unqualified audit report on the accounts of the Master Fund for the financial period ended 30 September 2011. This report did not contain any statement under Article 111(2) of the Jersey Companies Law. The audited accounts of the Master Fund for the period ended 30 September 2011 have been delivered to the Jersey Registrar of Companies.
- 10.2 Save as otherwise disclosed in this document there are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Master Fund's business or profitability.
- 10.3 As at 17 September 2012 (being the latest practicable date prior to the date of this document), there have been no public takeover bids by third parties in respect of the Master Fund's share capital since incorporation.
- 10.4 The Master Fund has no subsidiaries.

## PART 12

### FINANCIAL INFORMATION ON THE COMPANY

#### 1. Audited consolidated financial statements for the financial year ended 30 September 2011 and the unaudited consolidated financial statements for the six month period to 31 March 2012

The audited consolidated financial statements of the Company for the financial year ended 30 September 2011 and the unaudited consolidated financial statements for the six month period to 31 March 2012 have both been prepared in accordance with International Financial Reporting Standards and have both been submitted to the National Storage Mechanism and are available for inspection at [www.Hemscott.com/nsm.do](http://www.Hemscott.com/nsm.do) and are incorporated into this document by reference.

The audited financial statements of the Company for the financial year ended 30 September 2011 and the unaudited consolidated financial statements for the six month period to 31 March 2012 (which have both been incorporated in this document by reference), include, on the pages specified in the table below, the following information:

<i>Nature of information</i>	<i>For the year ended 30 September 2011 Page No(s)</i>	<i>For the six month period to 31 March 2012 Page No(s)</i>
Consolidated Statement of Comprehensive Income	36	21–23
Consolidated Statement of Financial Position	35	18–20
Consolidated Statement of Cash Flow	38	27–29
Consolidated Statement of Changes in Equity	37	24–26
Significant Accounting policies	39–47	30–38
Notes to the Consolidated Financial Statements	39–68	30–67
Independent Auditor’s Report	33–34	N/A
Investment Adviser’s Report	7–11	6–10
Chairman’s Statement	5–6	4–5
Overview	3	3
Group Portfolio	12–15	11–14
Company Information	2	2
Financial Statistics	16	15–16

Any statement contained in the audited consolidated financial statements of the Company for the financial year to 30 September 2011 and the unaudited consolidated financial statements for the six month period to 31 March 2012 which are deemed to be incorporated by reference herein, shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

The Company will provide, without charge, to each person to whom a copy of this document has been delivered, upon the written request of such person, a copy of the audited consolidated financial statements of the Company for the financial year to 30 September 2011 and the unaudited consolidated financial statements for the six month period to 31 March 2012 that are both incorporated by reference herein. Written requests should be directed to the Company at its registered office.

## DEFINITIONS

The following definitions apply throughout this Prospectus unless the context otherwise requires:

<b>“2011 C Share Subscription Agreement”</b>	the subscription agreement in respect of Master Fund C Shares dated 22 November 2011 between the Company and the Master Fund as described in paragraph 10.7 of Part 10 of this document
<b>“2011 C Share Placing Agreement”</b>	the Placing Agreement dated 22 November 2011 between the Company and the Placing Agent, details of which are set out in paragraph 10.6 of Part 10 of this document
<b>“2011 Prospectus”</b>	the prospectus published by the Company on 22 November 2011
<b>“Administrator”</b>	Capita Financial Administrators (Jersey) Limited or such administrator as may be appointed from time to time by the Company or the Master Fund, as the context may require
<b>“Admission”</b>	admission of the C Shares to be issued pursuant to the Issue to the Standard Listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities and/or admission of any Ordinary Shares to be issued to Master Fund Ordinary Shareholders who elect to swap their shares in the Master Fund for Ordinary Shares at Admission pursuant to the Switching arrangements described in paragraph 19 of Part 1 of this document to the Premium Listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities, as the context may require
<b>“AIC”</b>	the Association of Investment Companies
<b>“AIC Code”</b>	the AIC’s Code of Corporate Governance, as amended from time to time
<b>“Application Form”</b>	the application form forming part of this Prospectus for use in connection with the Offer for Subscription
<b>“Articles of Association” or “Articles”</b>	the articles of association of the Company in force from time to time
<b>“Auditors”</b>	Ernst & Young LLP or such auditor (who shall be suitably qualified under Jersey Companies Law) as may be appointed from time to time by the Company or the Master Fund, as the context may require
<b>“Board” or “Board of Directors”</b>	the board of directors of the Company
<b>“Business Day”</b>	any day (other than a Saturday or a Sunday) on which commercial banks are open for business in London and Jersey
<b>“C Shareholders”</b>	the holders of the C Shares (prior to the conversion of the C Shares into Ordinary Shares in accordance with the Articles)
<b>“C Shares”</b>	C ordinary shares of £0.01 each in the capital of the Company having the rights set out in the Articles and as summarised in this document
<b>“certificated” or “in certificated form”</b>	in certificated form, that is, not in CREST

<b>“CISX”</b>	the Channel Islands Stock Exchange, which is not a regulated market for the purposes of MiFID
<b>“City Code”</b>	the City Code on Takeovers and Mergers
<b>“Class Fund”</b>	a class fund established in respect of a class of shares in the Master Fund
<b>“Company”</b>	GCP Infrastructure Investments Limited
<b>“Company Administration Agreement”</b>	the administration agreement dated 28 June 2010 between the Company and the Administrator as amended pursuant to a side letter dated 11 November 2011 and a side letter dated 10 September 2012
<b>“Company Calculation Time”</b>	has the meaning given in Part 8 of this document
<b>“Company Conversion”</b>	has the meaning given in Part 8 of this document
<b>“Company Conversion Time”</b>	has the meaning given in Part 8 of this document
<b>“Company Investment Advisory Agreement”</b>	the investment advisory agreement dated 28 June 2010 between the Company and the Investment Adviser, details of which are set out in paragraph 10.3 of Part 10 of this document
<b>“CREST”</b>	the computerised settlement system operated by Euroclear UK and Ireland Limited which facilitates the transfer of title to shares in uncertificated form
<b>“Current Portfolio”</b>	the Master Fund’s current investment portfolio, as described in Part 5 of this document
<b>“Custodian”</b>	Capita Trust Company (Jersey) Limited
<b>“Deferred Shares”</b>	has the meaning given in Part 8 of this document
<b>“Director”</b>	a director of the Company from time to time
<b>“Disclosure and Transparency Rules”</b>	the disclosure and transparency rules made by the FSA under Part VI of FSMA
<b>“EGM”</b>	the extraordinary general meeting of the Company to be held on 5 October 2012
<b>“equity securities”</b>	has the meaning given to that expression in the Articles
<b>“Expert Fund”</b>	a fund established in Jersey pursuant to the Collective Investment Funds (Jersey) Law 1988 and the policies contained in the Expert Fund Guide published by the JFSC
<b>“Feed-in Tariff” or “FIT”</b>	the Feed-in Tariff scheme as introduced on 1 April 2010 under the Energy Act 2008
<b>“FSA” or “Financial Services Authority”</b>	the Financial Services Authority of the United Kingdom in its capacity as the competent authority for the purposes of FSMA
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 of the United Kingdom, as amended
<b>“Group”</b>	the Company and the Master Fund
<b>“IFRS”</b>	International Financial Reporting Standards (including International Accounting Standards)

<b>“Independent Directors”</b>	members of the Board of Directors of the Company not affiliated with the Master Fund being, on Admission, David Pirouet and Ian Reeves CBE
<b>“Investment Adviser”</b>	Gravis Capital Partners LLP, being the investment adviser to the Company and the Master Fund
<b>“Investment Company Act”</b>	the United States Investment Company Act of 1940, as amended
<b>“IPO”</b>	the initial public offer of the Company pursuant to which 40,000,000 Ordinary Shares were admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange’s Main Market for listed securities on the IPO Date
<b>“IPO Date”</b>	the date on which the Ordinary Shares were first admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities, being 22 July 2010
<b>“IPO Price”</b>	the price per Ordinary Share at which the Ordinary Shares were issued pursuant to the IPO, being £1.00 per Ordinary Share
<b>“Issue”</b>	the issue of the C Shares pursuant to the Placing and the Offer for Subscription
<b>“Issue Price”</b>	£1.00 per C Share
<b>“Jersey Companies Law”</b>	the Companies (Jersey) Law, 1991 (as amended)
<b>“JFSC”</b>	the Jersey Financial Services Commission
<b>“LIBOR”</b>	the London Interbank Offered Rate, being the average rate of interest that leading banks in London charge when lending to other banks
<b>“Listing Rules”</b>	the listing rules made by the UK Listing Authority under section 73A of FSMA
<b>“London Stock Exchange”</b>	London Stock Exchange plc, the main market of which is a regulated market for the purposes of MiFID
<b>“Master Fund”</b>	GCP Infrastructure Fund Limited, a public company incorporated in Jersey
<b>“Master Fund Accumulation Shares”</b>	ordinary redeemable accumulation shares of £1.00 each in the Master Fund in respect of which no dividends are paid and all income is reinvested
<b>“Master Fund Administration Agreement”</b>	the administration agreement dated 9 June 2009 between the Master Fund and the Administrator, as amended pursuant to a letter dated 28 June 2010, details of which are set out in paragraph 10.8 of Part 10 of this document
<b>“Master Fund Articles” or “Master Fund Articles of Association”</b>	the articles of association of the Master Fund in force from time to time
<b>“Master Fund Board” or “Master Fund Board of Directors”</b>	the board of directors of the Master Fund

<b>“Master Fund C Shares”</b>	C shares of £1.00 each in the capital of the Master Fund, having the rights set out in the Master Fund Articles and as summarised in this document
<b>“Master Fund C Share Conversion”</b>	has the meaning given in Part 8 of this document
<b>“Master Fund Calculation Time”</b>	has the meaning given in Part 8 of this document
<b>“Master Fund Conversion”</b>	has the meaning given in Part 8 of this document
<b>“Master Fund Conversion Ratio”</b>	has the meaning given in Part 8 of this document
<b>“Master Fund Conversion Time”</b>	has the meaning given in Part 8 of this document
<b>“Master Fund Deferred Shares”</b>	has the meaning given in Part 8 of this document
<b>“Master Fund Director”</b>	a director of the Master Fund from time to time
<b>“Master Fund EGM”</b>	the extraordinary general meeting of the Master Fund to be held on 5 October 2012
<b>“Master Fund Income Shares”</b>	ordinary redeemable income shares of £1.00 each in the Master Fund in respect of which distributions are paid half yearly on or around 15 May and 15 November
<b>“Master Fund Investment Advisory Agreement”</b>	the investment advisory agreement dated 3 June 2009 (as amended on 28 June 2010) between the Master Fund and the Investment Adviser, details of which are set out in paragraph 10.11 of Part 10 of this document
<b>“Master Fund Ordinary Shareholders”</b>	holders of Master Fund Ordinary Shares
<b>“Master Fund Ordinary Shares”</b>	the Master Fund Income Shares and the Master Fund Accumulation Shares
<b>“Master Fund Valuation Engagement Letter”</b>	the valuation engagement letter dated 6 September 2011 between the Master Fund and the Valuation Agent, details of which are set out in paragraph 10.12 of Part 10 of this document
<b>“Master Fund Shareholders”</b>	holders of Master Fund Income Shares, Master Fund Accumulation Shares and, following Admission, Master Fund C Shares
<b>“Memorandum”</b>	the memorandum of association of the Company or the Master Fund (as the context requires) in force from time to time
<b>“MiFID”</b>	the European Parliament and Council Directive on markets in financial instruments (No. 2004/39/EC)
<b>“NAV” or “Net Asset Value”</b>	in the case of the Company, the value of the assets of the Company less its liabilities as determined in accordance with the procedure set out in paragraph 15 of Part 1 of this document in the paragraph entitled “Valuation” and, in the case of the Master Fund, the value of the assets of the Master Fund less its liabilities determined in accordance with the procedure set out in paragraph 9 of Part 4 of this document in the paragraph entitled “Monthly net asset valuation of the Master Fund”
<b>“Net Proceeds”</b>	the proceeds of the Issue less the costs and expenses associated with the Issue

<b>“Offer for Subscription” or “Offer”</b>	the offer for subscription to the public in the UK of the C Shares on the terms set out in this Prospectus
<b>“Official List”</b>	the official list of the UK Listing Authority
<b>“Ordinary Shares”</b>	ordinary shares of £0.01 each in the capital of the Company
<b>“Ordinary Shareholders”</b>	holders of Ordinary Shares from time to time
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“PFI”</b>	private finance initiative
<b>“Placing”</b>	the conditional placing of the C Shares pursuant to the Placing Agreement, details of which are set out in paragraph 10.1 of Part 10 of this Prospectus
<b>“Placing Agreement”</b>	the placing agreement dated 18 September 2012 between the Company and the Placing Agent, details of which are set out in paragraph 8 of Part 10 of this Prospectus
<b>“Premium Listing”</b>	a listing on the Official List which complies with the requirements of the Listing Rules for a premium listing
<b>“project agreement”</b>	the agreement or group of agreements entered into by a Project Company which regulates its rights and obligations with regard to the relevant infrastructure project
<b>“Project Company”</b>	means a single purpose vehicle established to design and/or finance and/or construct and/or operate and/or acquire one or more infrastructure assets
<b>“Prospectus”</b>	this document, which constitutes a prospectus relating to the Company in accordance with the Prospectus Rules
<b>“Prospectus Rules”</b>	the rules made for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission of securities to trading on a regulated market
<b>“RBSI”</b>	Royal Bank of Scotland International Limited
<b>“RBSI Facility”</b>	the unsecured revolving credit facility dated 11 November 2011 entered into between the Master Fund and RBSI, details of which are set out in paragraph 10.13 of Part 10 of this document
<b>“Receiving Agent”</b>	Capita Registrars Limited
<b>“Receiving Agent Agreement”</b>	the receiving agent agreement dated 1 August 2012 between the Company and the Receiving Agent of the Company, details of which are set out in paragraph 10.5 of Part 10 of this document
<b>“Regulated Information Service”</b>	a regulated information service approved by the FSA and on the list of Regulatory Information Services maintained by the FSA
<b>“ROC”</b>	Renewables Obligation Certificates, as described in Part 3 of this document
<b>“RPI”</b>	the All Items Retail Prices Index published by the Office for National Statistics
<b>“Securities Act”</b>	the United States Securities Act of 1933 (as amended)

<b>“Shareholders”</b>	Ordinary Shareholders and, following Admission, C Shareholders
<b>“Social Housing”</b>	infrastructure projects involving the development of housing that is owned and managed by not for profit organisations such as local authorities or housing associations
<b>“Sponsor” or “Placing Agent”</b>	Oriel Securities Limited
<b>“Standard Listing”</b>	a listing on the Official List that is not a Premium Listing
<b>“Subscription”</b>	the subscription by the Company for Master Fund C Shares pursuant to the Subscription Agreement
<b>“Subscription Agreement”</b>	the subscription agreement dated 18 September 2012 between the Company and the Master Fund in relation to the Subscription, details of which are set out in paragraph 10.2 of Part 10 of this document
<b>“Switching”</b>	the arrangements for Master Fund Ordinary Shareholders to swap their shares in the Master Fund for Ordinary Shares with effect from Admission as described in paragraph 19 of Part 1 of this document
<b>“Switching Application Form”</b>	the application form for Switching Ordinary Shares in connection with Switching which forms part of this Prospectus
<b>“Switching Ordinary Shares”</b>	the Ordinary Shares to be issued to the Master Fund Ordinary Shareholders who participate in the arrangements for Switching
<b>“Tap Shares”</b>	means the 10,955,928 Ordinary Shares issued at 102.75 pence per Ordinary Share, by way of a tap issue on 14 June 2012, the net proceeds of such issue being invested in further Master Fund Income Shares
<b>“Target Net Yield”</b>	has the meaning given to that expression in paragraph 11 of Part 1 of this document
<b>“UK Corporate Governance Code”</b>	the UK Corporate Governance Code published in June 2010 by the Financial Reporting Council
<b>“UK Listing Authority”</b>	the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“US” or “United States”</b>	the United States of America, its states, territories and possessions, including the District of Columbia
<b>“Valuation Agent”</b>	Mazars LLP or such other independent valuer as may be appointed by the Master Fund from time to time
<b>“Valuation Date”</b>	the last Business Day in each calendar month (or such other day as the Directors may determine)
<b>“VAT”</b>	value added tax
<b>“£” and “p”</b>	respectively pounds and pence sterling, the lawful currency of the United Kingdom



## **TERMS AND CONDITIONS OF APPLICATIONS UNDER THE OFFER FOR SUBSCRIPTION**

If you apply for the C Shares under the Offer for Subscription, you will be agreeing with the Company, the Sponsor and Capita Registrars Limited to be bound by the terms and conditions set out below.

In the case of a joint application, references to you in these terms and conditions are to each of you, and your liability is joint and several. Please ensure you read these terms and conditions in full before completing the Application Form.

In these terms and conditions, which apply to the Offer for Subscription:

**“Applicant”** means a person or persons (in the case of joint applicants) whose name(s) appear(s) on the registration details of an Application Form;

**“Application”** means the offer made by an Applicant by completing an Application Form and posting (or delivering it by hand during normal business hours only) it to the Receiving Agent at Capita Registrars Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as specified in the Prospectus;

**“Money Laundering Directive”** means the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing);

**“Money Laundering Regulations”** means the Money Laundering (Jersey) Order 2008;

**“Prospectus”** means the prospectus dated 18 September 2012 published by the Company;

**“Receiving Agent”** means Capita Registrars Limited; and

**“Registrar”** means Capita Registrars (Jersey) Limited.

Save where the context otherwise requires, words and expressions defined in the Prospectus have the same meanings when used in these terms and conditions and in the Application Form and explanatory notes in relation thereto.

### **The terms and conditions**

The contract created by the acceptance of an Application under the Offer for Subscription will be conditional on:

- Admission occurring on or before 8.00 a.m. (London time) on 17 October 2012 (or such time and/or date as the Company and the Placing Agent may agree, being not later than 16 November 2012); and
- the Placing Agreement becoming otherwise unconditional in all respects (save for conditions relating to Admission) and not having been terminated in accordance with its terms before Admission.

The right is reserved by the Company to present all cheques and banker’s drafts for payment on receipt and to retain Application monies and refrain from delivering an Applicant’s C Shares into CREST, pending clearance of the successful Applicant’s cheques and banker’s drafts. The Company also reserves the right to reject in whole or part, or to scale down or limit, any Application. The Company may treat Applications as valid and binding if made in accordance with the prescribed instructions and the Company may, at its discretion, accept an Application in respect of which payment is not received by the Company prior to the closing of the Offer for Subscription. If any Application is not accepted in full or if any contract created by acceptance does not become unconditional, the Application monies or, as the case may be, the balance thereof will be returned (without interest) by returning each relevant Applicant’s cheque or banker’s draft or by crossed cheque in favour of the first Applicant, through the post at the risk of the person(s) entitled thereto. In the meantime, Application monies will be retained by the Receiving Agent in a separate account.

The Directors (acting together) reserve the right, subject to the prior approval of the Sponsor, to bring forward or to postpone the closing time and date for the Placing and Offer for Subscription by up to two weeks if they conclude that this is in the best interests of the Company and/or Shareholders as a whole.

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom, or on whose behalf, an Application Form is lodged with payment. If the Application Form is submitted by a UK regulated broker or intermediary acting as agent, and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent.

The person lodging the Application Form with payment, and in accordance with the other terms as described above, including any person who appears to the Receiving Agent to be acting on behalf of some other person, shall apply under the Offer for Subscription in respect of such number of offered C Shares as is referred to therein and shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any Application, the relevant C Shares (notwithstanding any other term of the Offer for Subscription) will not be issued to the relevant Applicant unless and until the verification of identity requirements have been satisfied in respect of that Applicant or Application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any Applicant or Application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant Application as invalid, in which event the monies payable will be returned (at the Applicant's risk) without interest.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company and the Receiving Agent from the Applicant that the Money Laundering Regulations will not be breached by application of such remittance. The verification of identity requirements will not usually apply:

- (a) if the Applicant is an organisation required to comply with the Money Laundering Directive; or
- (b) if the Applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (c) if the Applicant (not being an Applicant who delivers his Application in person) makes payment by way of a cheque drawn on an account in the Applicant's name; or
- (d) if the aggregate subscription price for the offered C Shares is less than £1,000.

In other cases, the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (a) if payment is made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom or the Channel Islands which is either a Settlement Member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited and which bears a UK bank sort code number in the top right hand corner the following applies. Cheques should be made payable to "Capita Registrars Limited re: GCP Infrastructure Investments Limited – OFS A/C" and crossed "A/C Payee Only". Third party cheques or banker's drafts will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the building society cheque/banker's draft to such effect. However, third party cheques may be subject to the Money Laundering Regulations which

would delay Shareholders receiving their C Shares. The account name should be the same as that shown on the Application Form; or

- (b) if the Application Form is lodged with payment by an agent which is an organisation required to comply with the Money Laundering Directive or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will, on demand, make such evidence available to the Receiving Agent. If the agent is not such an organisation, it should contact the Receiving Agent at Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or the Registrar at 12 Castle Street, St. Helier, Jersey JE2 3RT.

To confirm the acceptability of any written assurance referred to in (b) above, or in any other case, the Applicant should telephone the Shareholder Helpline on 0871 664 0321 (calls to this number are charged at 10 pence per minute (including VAT) from a BT landline, other network providers' costs may vary) or +44 20 8639 3399 if calling from outside the UK. Calls to the helpline from outside the UK will be charged at applicable international rates. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday (except UK public holidays). Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Placing and Offer for Subscription nor give any financial, legal or tax advice.

If the Application Form(s) is/are in respect of C Shares is/are lodged by hand by the Applicant in person, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address. If, within a reasonable period of time following a request for verification of identity, and in any case by 4.30 p.m. on 10 October 2012, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, at its discretion, as agent of the Company, reject the relevant Application, in which event the monies submitted in respect of that Application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

All payments must be made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom or the Channel Islands of a bank or a building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by those companies or committees and must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual Applicant where they have sole or joint title to the funds, should be made payable to "Capita Registrars Limited re: GCP Infrastructure Investments Limited – OFS A/C" and crossed "A/C Payee Only". Third party cheques or banker's drafts will not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the building society cheque/banker's draft to such effect. Cheques should be for the full amount payable on Application. Post-dated cheques and payment via CHAPS, BACS or electronic transfer will not be accepted.

The account name should be the same as that shown on the Application.

The following is provided by way of guidance to reduce the likelihood of difficulties, delays and potential rejection of an Application Form (but without limiting the Receiving Agent's right to require verification of identity as indicated above):

- (a) Applicants should make payment by a cheque drawn on an account in their own name and write their name and address on the back of the banker's draft or cheque and, in the case of an individual, record his date of birth against his name; banker's drafts should be duly endorsed by the bank or building society on the reverse of the cheque as described above; and
- (b) if an Applicant makes the Application as agent for one or more persons, he or she should indicate on the Application Form whether he or she is a UK or EU regulated person or institution (for example, a bank or stockbroker) and specify his or her status. If an Applicant is not a UK or EU regulated person or institution, he or she should contact the Receiving Agent.

By completing and delivering an Application Form, you, as the Applicant (and, if you sign the Application Form on behalf of somebody else or a corporation, that person or corporation, except as referred to in paragraph (viii) below):

- (i) offer to subscribe for the number of C Shares specified in your Application Form (or such lesser number for which your Application is accepted) on the terms of and subject to the Prospectus, including these terms and conditions, and subject to the Memorandum and Articles of Association of the Company;
- (ii) agree that, in consideration of the Company agreeing to process your Application, your Application cannot be revoked after 4.30 p.m. on 10 October 2012 (or such later time and date as the Directors may determine if they may postpone the closing of the Offer for Subscription in accordance with the Prospectus) and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand during normal business hours only) on receipt by, the Receiving Agent of your Application Form;
- (iii) agree and warrant that your cheque or banker's draft may be presented for payment on receipt and will be honoured on first presentation and agree that, if it is not so honoured, you will not be entitled to receive the C Shares until you make payment in cleared funds for the C Shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it, the Receiving Agent and the Registrar against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the Company of such late payment, the Company may (without prejudice to its other rights) avoid the agreement to subscribe such C Shares and may issue or allot such C Shares to some other person, in which case you will not be entitled to any payment in respect of such C Shares other than the refund to you at your risk of the proceeds (if any) of the cheque or banker's draft accompanying your Application, without interest;
- (iv) agree that (a) any monies returnable to you may be retained pending clearance of your remittance and the completion of any verification of identity required by the Money Laundering Regulations; and (b) monies pending allocation will be retained in a separate account and that such monies will not bear interest;
- (v) undertake to provide satisfactory evidence of your identity within such reasonable time (in each case to be determined in the absolute discretion of the Company and the Receiving Agent) to ensure compliance with the Money Laundering Regulations;
- (vi) agree that, in respect of those C Shares for which your Application has been received and is not rejected, acceptance of your Application shall be constituted, at the election of the Company, either (a) by notification to the UK Listing Authority and the London Stock Exchange of the basis of allocation (in which case acceptance shall be on that basis) or (b) by notification of acceptance thereof to the Receiving Agent;

- (vii) authorise the Receiving Agent and/or Registrar to procure that your name (together with the name(s) of any other joint Applicant(s)) is/are placed on the register of members of the Company in Jersey in respect of such C Shares and to send a crossed cheque for any monies returnable by post without interest, at the risk of the persons entitled thereto, to the address of the person (or in the case of joint holders, the first-named person) named as an Applicant in the Application Form;
- (viii) warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person or corporation, and such person or corporation will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained herein and undertake to enclose your power of attorney or a copy thereof duly certified by a solicitor or bank with the Application Form;
- (ix) agree that all Applications, acceptances of Applications and contracts resulting therefrom shall be governed by and construed in accordance with Jersey law, and that you submit to the jurisdiction of the Jersey Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (x) confirm that, in making such Application, neither you nor any person on whose behalf you are applying are relying on any information or representation in relation to the Company other than the information contained in the Prospectus and, accordingly, you agree that no person (responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof) shall have any liability for any such information or representation;
- (xi) irrevocably authorise the Company or any person authorised by it, to do all things necessary to effect registration of any C Shares subscribed by or issued to you into your name(s) or into the name(s) of any person(s) in whose favour the entitlement to any such C Shares has been transferred and authorise any representative of the Company to execute any document required therefor;
- (xii) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations concerning the Company and the C Shares contained therein;
- (xiii) confirm that you have reviewed the restrictions contained in these terms and conditions;
- (xiv) warrant that, if you are an individual, you are not under the age of 18;
- (xv) agree that all documents, cheques and banker's drafts sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at the risk of the person(s) entitled thereto;
- (xvi) warrant that, in connection with your Application, you have observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue or transfer or other taxes due in connection with your Application in any territory and that you have not taken any action which will or may result in the Company acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your Application;
- (xvii) save where you have satisfied the Company that an appropriate exemption applies so as to permit you to subscribe, represent and agree that you are not (a) a US Person (meaning any person who is a US Person within the meaning of Regulation S adopted under the United States Securities Act of 1933 (as amended)) and are not acting on behalf of a US Person, that you are not purchasing with a view to re sale in the US or to or for the account of a US Person and that you are not an employee benefit plan as defined in section 3(3) of the United States Employee Retirement Income Security Act 1974 ("ERISA") (whether or not subject to the provisions of Title 1 of ERISA) or an individual retirement account as defined in section 408 of the US Internal Revenue Code or (b) a resident of Canada, Australia or Japan; and
- (xviii) agree, on request by the Company, the Receiving Agent or Registrar on behalf of the Company, to disclose promptly in writing to the Company, the Receiving Agent or the Registrar any information

which the Company, the Receiving Agent or the Registrar may reasonably request in connection with your Application and authorise the Company, or the Receiving Agent or Registrar on behalf of the Company, to disclose any information relating to your Application as it considers appropriate.

No person receiving a copy of this Prospectus and/or an Application Form in any territory other than the UK may treat the same as constituting an invitation or an offer to him or her; nor should he or she in any event use an Application Form unless in the relevant territory such an invitation or offer could lawfully be made to him or her or the Application Form could lawfully be used without contravention of any legal or regulatory requirements. It is the responsibility of any person outside the UK wishing to apply for C Shares under the Offer for Subscription to satisfy himself as to full observance of the laws of any relevant territory in connection with any such Application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in any such territory and paying any issue, transfer or other taxes required to be paid in any such territory.

The C Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, US Persons. The Company has not been and will not be registered as an “investment company” under the Investment Company Act, and investors will not be entitled to the benefits of that Act. In addition, relevant clearances have not been, and will not be, obtained from the Securities Commission of any province of Canada, Australia or Japan and, accordingly, unless an exemption under any relevant legislation or regulations is applicable, none of the C Shares may be offered, sold, renounced, transferred or delivered, directly or indirectly, in Canada, Australia or Japan. Unless the Company has expressly agreed otherwise in writing, you represent and warrant to the Company that you are not a US Person or a resident of Canada, Australia or Japan and that you are not subscribing for such C Shares for the account of any US Person or resident of Canada, Australia or Japan and that you will not offer, sell, renounce, transfer or deliver, directly or indirectly, C Shares subscribed for by you in the United States, Canada, Australia or Japan or to any US Person or resident of Canada, Australia or Japan. Subject to certain exceptions, no Application will be accepted if it bears an address in the United States, Canada, Australia or Japan unless an appropriate exemption is available as referred to above.

Pursuant to the Data Protection (Jersey) Law 2005, the Company and/or the Registrar may hold personal data relating to past and present Shareholders. Such personal data held is used by the Registrar to maintain the Company’s register of Shareholders and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when (a) effecting the payment of dividends to Shareholders and the payment of commissions to third parties and (b) filing returns of Shareholders and their respective transactions in C Shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used.

The countries referred to above include, but need not be limited to, those in the European Economic Area and any of their respective dependent territories overseas, Argentina, Australia, Brazil, Canada, Hong Kong, Hungary, Japan, New Zealand, Singapore, South Africa, Switzerland and the United States.

By becoming registered as a holder of C Shares in the Company, a person becomes a data subject and is deemed to have consented to the processing by the Company or the Registrar of any personal data relating to them in the manner described above.

The basis of allocation will be determined by Oriel Securities after consultation with the Company at their absolute discretion. The right is reserved to reject in whole or in part and/or scale down and/or ballot any Application or any part thereof. The right is reserved to treat as valid any Application not in all respects completed in accordance with the instructions relating to the Application Form, including if the accompanying cheque or banker’s draft is for the wrong amount.

## NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Applications should be returned so as to be received by Capita Registrars at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 11.00 a.m. on 9 October 2012.

**HELP DESK:** If you have a query concerning the completion of this Application Form, please telephone Capita Registrars between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on 0871 664 0321 from within the UK or +44 (0)20 8639 3399 if calling from outside the UK. Calls to this number are charged at 10 pence per minute (including VAT) from a BT landline (other network providers' costs may vary). Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Placing or Offer for Subscription nor give any financial, legal or tax advice.

### **1. Application**

Fill in (in figures) in Box 1 the amount of money being subscribed for the C Shares. The amount being subscribed must be for a minimum of £50,000 and thereafter in multiples of £1,000. Financial intermediaries who are investing on behalf of clients should make separate Applications for each client.

### **2A. Holder details**

Fill in (in block capitals) the full name(s) and addresses of each holder and the address of the first named holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference. A maximum of four joint holders is permitted. All holders named must sign the Application Form in section 3 and insert the date.

### **2B. CREST**

If you wish your C Shares to be deposited in a CREST account in the name of the holders given in section 2A, enter in section 2B the details of that CREST account. Where it is requested that C Shares be deposited into a CREST Account, please note that payment for such C Shares must be made prior to the day such C Shares might be allotted and issued. It is not possible for an Applicant to request that C Shares be deposited in their CREST account on an against payment basis. Any Application Form received containing such a request will be rejected.

### **3. Signature**

All holders named in section 2A must sign section 3 and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The original power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which will be returned by post at the Applicant's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

### **4. Reliable introducer declaration**

Jersey money laundering legislation allows the Receiving Agent, in certain circumstances and upon meeting certain criteria, to meet its obligations in respect of customer due diligence procedures by relying upon an reliable introducer to have applied appropriate identification procedures. This provision, while providing for an efficient process by eliminating the need to duplicate the identification process and copying of documentation, does require adherence to a formal process.

### ***Criteria/Capacity of the introducer***

Jersey legal requirements dictate that in order for the Receiving Agent to be able to rely upon reliable introducer then that introducer must be regulated in an equivalent jurisdiction as detailed in section 4 of the Application Form, and acting in a capacity of either:

- (a) deposit taking business,
- (b) collective investment fund functionary,
- (c) investment business or fund services business,
- (d) insurance business.

Confirmation of this is achieved by the completion of section 4 of the Application form.

### ***Customer information profile***

It is necessary for the Receiving Agent to obtain a customer information profile on the underlying investor; this is achieved by the completion of section 4 of the Application Form.

The above will provide the Receiving Agent with the required information in order to rely on the reliable introducer process. However, in certain circumstances it may be necessary for the Receiving Agent to require additional information.

### ***No third party information chain***

The certification process is only allowed where the reliable introducer actually holds the customer due diligence information/documentation and the reliable introducer is not relying upon another party to hold the customer due diligence information.

If the declaration cannot be completed, and in the event that the subscription is being made by an individual, corporation, trust or designated body, in accordance with internationally recognised standards for the prevention of money laundering, the documents listed below must be provided with the completed Application Form. Notwithstanding that the declaration has been completed and signed, the Receiving Agent reserves the right to request of you the identity documents listed below and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time your Application may be rejected or revoked. Where certified copies of documents are requested below, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

## **5. Contact details**

To ensure the efficient and timely processing of your Application Form, please provide contact details of a person the Receiving Agent may contact with all enquiries concerning your Application. Ordinarily this contact person should be the person signing in section 3 on behalf of the first named holder. If no details are entered here and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your Application being rejected or revoked.



**6A. AML documentation required for individual Applicants**

In order to invest, we require the following:

**Tick box**

- 1 **A fully completed Application.**
- 2 **All money to be invested must be from the Applicant’s own bank account by way of a cheque or banker’s draft. We require details of the bank account, including a/c number and name, and bank name, address and contact name.**
- 3 **If introduced through a Reliable Introducer, the Reliable Introducer Certificate in part 4 completed by your introducer.**

*Either*

- 4.1 Reliable Introducer Certificate fully completed by your introducer. *Or*
- 4.2 Notarised or certified copy of the Applicant’s passport/driver’s licence or other form of government issued identity with photograph included, and
- 4.3 Recent (no more than 3 months old) utility bill in the Applicant’s name (original, notarised or certified) identifying the current residential address.

**6B. AML documentation required for corporations (quoted on a recognised stock exchange)**

In order to invest, we require the following:

**Tick box**

- 1 **A fully completed Application.**
- 2 **All money to be invested must be from the Applicant’s own bank account by way of a cheque or banker’s draft. We require details of the bank account, including a/c number and name, and bank name, address and contact name.**
- 3 If introduced through a Reliable Introducer, the Reliable Introducer Certificate in part 4 completed by your introducer.
- 4 A properly authorised mandate of the Directors to open/operate an account or establish the business relationship.
- 5 A list of authorised signatories.

*Either*

- 6.1 Reliable Introducer Certificate fully completed by your introducer. *Or*
- 6.2 The original or notarised copy of the Certificate of Incorporation or the Certificate to Trade (copies may alternatively be certified), and
- 6.3 A list of Directors’ names, occupations, residential and business addresses and dates of birth.

**6C. AML documentation required for corporations, partnerships and limited liability companies (unless the company is quoted on a recognised stock exchange)**

In order to invest, we will require the following:

- |   | <b>Tick box</b>          |
|---|--------------------------|
| 1 <b>A fully completed Application</b>  | <input type="checkbox"/> |
| 2 <b>All money to be invested must be from the Applicant’s own bank account by way of a cheque or banker’s draft. We require details of the bank account, including a/c number and name, and bank name, address and contact name.</b> | <input type="checkbox"/> |
| 3 Minutes, resolutions or declaration confirming the power to invest and approving the investment in the Company.   | <input type="checkbox"/> |
| 4 A list of authorised signatories.   | <input type="checkbox"/> |
| 5 If introduced through a Reliable Introducer, the Reliable Introducer Certificate in part 4 completed by your introducer.  | <input type="checkbox"/> |

*Either*

- |  |                          |
|--|--------------------------|
| 6.1 Reliable Introducer Certificate fully completed by your introducer.  | <input type="checkbox"/> |
| 6.2 Notarised or certified copy of, or original Certificate of Incorporation/partnership agreement (if any) or other agreement establishing the unincorporated business, and any Change of Name Certificate. | <input type="checkbox"/> |
| 6.3 Notarised or certified copy of, or original Memorandum and Articles of Association (if applicable).  | <input type="checkbox"/> |
| 6.4 In respect of 2 directors, or partners, and anyone authorised as a signatory for this transaction, as well as all beneficial owners of the Applicant (more than 10 per cent.), the following:            |                          |
| (i) Notarised or certified copy of passport/driver’s licence or other form of government issued identity with photograph included  | <input type="checkbox"/> |
| (ii) Recent (no more than 3 months old) utility bill in your name (original, notarised or certified) identifying the current residential address   | <input type="checkbox"/> |
| (iii) Specimen signatures.   | <input type="checkbox"/> |
| 6.5 Certificate of Good Standing from relevant company registrar, or equivalent document, may be required, and   | <input type="checkbox"/> |
| 6.6 If other corporate entities own more than 25 per cent. each of the Applicant, the information as per 6.2 to 6.4 must be given for these entities.  | <input type="checkbox"/> |

**6D. AML documentation required for trusts**

In order to invest, we require the following:

**Tick Box**

- 1 **A fully completed Application.**
- 2 **All money to be invested must be from the Applicant’s own bank account by way of a cheque or banker’s draft. We require details of the bank account, including a/c number and name, and bank name, address and contact name.**

*Either*

- 3.1 **If introduced through a Reliable Introducer, the Reliable Introducer Certificate in part 4 completed by your introducer.**

*Or*

- 3.2 Notarised or certified copy of, or original Trust Deeds, and
- 3.3 In respect of the Trustees (if individuals – corporate Trustees should also provide all information required for a corporation), beneficiaries or anyone else who is the object of a power (e.g. a Protector) and are authorised to sign for this Application, the following:
  - (i) Notarised or certified copy of passport/driver’s licence or other form of government issued identity with photograph included,
  - (ii) Recent (no more than 3 months old) utility bill in your name (original, notarised or certified) identifying the current residential address, and
  - (iii) Specimen signatures.

**6E. AML documentation required for designated bodies**

If investing as a principal, but not deemed a “Designated Body”, then the Applicant must supply the same information as requested for a Corporate Entity (see 6B above). If investing on a nominee basis, but not deemed a “Designated Body”, the Receiving Agent will deal with each case on an individual basis, to satisfy its obligations.

A “Designated Body” (“DB”) means, in the context of this Application, a financial institution that is regulated in an equivalent jurisdiction as listed in Appendix B of the Jersey Financial Services Commission’s Anti Money Laundering Handbook (the “**Handbook**”) (see [www.jerseyfsc.org](http://www.jerseyfsc.org)).

- (i) In the case of a DB acting as principal, the following must be provided:

**Tick box**

- 1 **A fully completed Application.**
- 2 **All money to be invested must be from the Applicant’s own bank account by way of a cheque or banker’s draft. We require details of the bank account, including a/c number and name, and bank name, address and contact name.**
- 3 Confirmation that the DB is a “Designated Body”, to include confirmation of membership or association with appropriate regulatory body.
- 4 Membership/Registered Number and contact name at regulatory body.
- 5 Confirmation that the DB is investing and is allowed to invest as principal for its own account.
- 6 Authorised signatories list.

(ii) In the case of a DB acting as Nominee, the following must be provided:

**Tick box**

- 1 A fully completed Application.   
All money to be invested must be from the Applicant’s own bank account by way of a cheque or banker’s draft. We require details of the bank account, including a/c number and name, and bank name, address and contact name.
- 2 Confirmation that the DB is a “Designated Body”, to include confirmation of membership or association with appropriate regulatory body.
- 3 Membership/Registered Number and contact name at regulatory body.
- 4 Written confirmation that the DB will provide, within a reasonable time-frame, copies of its due diligence information on the underlying client(s) should the information be required by the Registrar.
- 5 Authorised signatories list.

**Cheque payment details**

Payment must be made by either cheque or banker’s draft and must accompany your Application. All payments by cheque or banker’s draft must accompany your Application Form and be for the exact amount inserted in section 1 of your Application Form. Your cheque or banker’s draft must be made payable to “Capita Registrars Limited re: GCP Infrastructure Investments Limited – OFS A/C” and crossed “A/C Payee Only”. If you use a building society cheque you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque and adds its stamp. Cheques should be drawn on the personal account to which you have sole or joint title to the funds. Your cheque must be drawn in pounds sterling on an account at a bank branch in the United Kingdom or the Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques to be cleared through the facilities provided by any of those companies or committees and must bear a United Kingdom bank sort code number in the top right hand corner. Third party cheques will not be accepted with the exception of building society cheques where the bank or building society has confirmed the name of the account holder by stamping and endorsing the cheque to such effect. Your payment must relate solely to this Application. No receipt will be issued.

# GCP INFRASTRUCTURE INVESTMENTS LIMITED

## APPLICATION FORM

Please send this completed form by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received no later than 4.30 p.m. on 10 October 2012.

Important: Before completing this Application Form, you should read the accompanying notes. To: GCP Infrastructure Investments Limited and Capita Registrars.

### 1. APPLICATION

I/We the person(s) detailed in section 2A below offer to subscribe the amount shown in Box 1 for C Shares subject to the Terms and Condition set out in the Prospectus dated 18 September 2012 and subject to the Memorandum and Articles of Association of the Company.

Box 1: (Minimum of £50,000 and in multiples of £1,000 thereafter)
---

### 2A. DETAILS OF HOLDER(S) IN WHOSE NAME(S) SHARES WILL BE ISSUED (BLOCK CAPITALS)

Mr. Mrs., Miss or Title	Forenames (in full)
Surname/Company Name	
Address (in Full)	
Postcode:	
Designation (if any):	

Mr. Mrs., Miss or Title	Forenames (in full)
Surname/Company Name	
Address (in Full)	
Postcode:	
Designation (if any):	

Mr. Mrs., Miss or Title	Forenames (in full)
Surname/Company Name	
Address (in Full)	
Postcode:	
Designation (if any):	

Mr. Mrs., Miss or Title	Forenames (in full)
Surname/Company Name	
Address (in Full)	
Postcode:	
Designation (if any):	

**2B. CREST DETAILS**

**(Only complete this section if C Shares allotted are to be deposited in a CREST account, which must be in the same name as the holder(s) given in section 2A).**

CREST Participant ID:..... CREST Participant ID: .....

**3. SIGNATURE(S) ALL HOLDERS MUST SIGN**

First holder signature:	Second holder signature:
Name (Print)	Name (Print)
Third holder signature:	Third holder signature:
Name (Print)	Name (Print)

Dated:

**4. RELIABLE INTRODUCER DECLARATION**

Completion and signing of this declaration by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 6 of the notes on how to complete the Application Form.

The declaration below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the “**Firm**”) which is itself subject in its own country to operation of “know your customer” and anti-money laundering regulations no less stringent than those which prevail in Jersey. Acceptable countries include Australia, Austria, Belgium, Bulgaria, Canada, Cayman Islands, Cyprus, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hong Kong, Hungary, Iceland, Ireland, Isle of Man, Italy, Japan, Jersey, Latvia, Liechtenstein, Luxembourg, Malta, Netherlands (excluding Netherlands Antilles and Aruba), New Zealand, Norway, Poland, Portugal, Romania, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, the United Kingdom and the United States of America.

**DECLARATION: To the Company and the Receiving Agent**

With reference to the holder(s) detailed in section 2A, all persons signing at section 3 (collectively the “**subjects**”) **WE HEREBY DECLARE:**

*We confirm that the information provided accurately reflects the customer due diligence information that we hold.*

*We confirm that the introduced customer has an established relationship with us.*

*We confirm that we have identified and verified the identity of the underlying customer/introduced customer (and any beneficial owners and controllers) and recorded the evidence of identity according to procedures established and maintained by us.*

*We confirm that our customer due diligence procedures and record keeping procedures are consistent with the standards established in the Financial Action Task Force’s Forty Recommendations and Nine Special Recommendations.*

*We consent to the Receiving Agent relying on our performance of these procedures.*

*We agree to provide other relevant customer due diligence information and copies of documentation establishing evidence of identity of the underlying customer/introduced customer (and any beneficial owners*

and controllers) upon request and without delay; we undertake to use best efforts to do so within five working days of the request.

We agree to notify the Receiving Agent of material changes to the information provided in this certificate.

Applicant’s name (in full)	
Applicant identification information	
Applicant address	
Postcode	Country
Type of entity	

**Relationship information**

Purpose/intended nature of business relationship
Type, volume and value of activity expected
Source of funds
Source of wealth
Details of any known existing relationships with the relevant person
Name of regulator, if applicable

<p>Additional information:</p> <ul style="list-style-type: none"> <li>• Ownership and control, including underlying companies</li> <li>• Nature of activities and geographical sphere</li> <li>• Classes of beneficiaries (for trusts only)</li> </ul>
--

**Risk factors**

Risk factors identified (provide details)	
Is the investor or Applicant associated with a PEP? (yes/no)	Are commission/consultancy fees a source of wealth? (yes/no)
Is the investor or Applicant connected with a high risk jurisdiction? (yes/no)	Is the Applicant part of a complex corporate or trust structure? (yes/no)
Is the Applicant involved in trading? (yes/no)	Does the Applicant have any bearer shares in issue? (yes/no)

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of this firm or its officials.

Signed .....

Name.....

Position.....having authority to bind the firm

Name of regulatory authority .....

Firm's licence number .....

Website address or telephone number of regulatory authority .....

STAMP of firm giving full name and business address

**5. CONTACT DETAILS**

To ensure the efficient and timely processing of this Application please enter below the contact details of a person the Receiving Agent may contact with all enquiries concerning this application. Ordinarily this contact person should be the person signing in section 3 on behalf of the first named holder. If no details are entered here and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Contact name.....E-mail address.....

Contact address.....

Postcode.....

Telephone No.....Fax No.....



## **TERMS AND CONDITIONS OF APPLICATIONS UNDER THE PLACING**

In these terms and conditions, which apply to the Placing:

“**EEA States**” means the states which comprise the European Economic Area;

“**Money Laundering Regulations**” means the Money Laundering (Jersey) Order 2008;

“**Regulation S**” means Regulation S under the Securities Act;

“**Rule 144A**” means Rule 144A of the Securities Act; and

“**US Person**” means a “US Person” as defined in Regulation S of the Securities Act.

Save where the context otherwise requires, words and expressions defined in the Prospectus of which these terms and conditions form part have the same meanings where they are used in these terms and conditions.

### **The terms and conditions**

These terms and conditions apply to persons making an offer to subscribe for C Shares under the Placing (which may include the Placing Agent or its nominee(s)).

Each person to whom these conditions apply, as described above, who confirms its agreement to the Placing Agent to subscribe for C Shares (an “**Investor**”) hereby agrees with the Placing Agent and the Company to be bound by these terms and conditions as being the terms and conditions upon which C Shares will be subscribed under the Placing. An Investor shall, without limitation, become so bound if the Placing Agent confirms to the Investor its allocation.

### **Agreement to purchase C Shares**

Conditional on (i) Admission occurring on or prior to 8.00 a.m. (London Time) on 17 October 2012 (or such later time and/or date as the Placing Agent and the Company may agree (not being later than 16 November 2012)) and (ii) the Placing Agreement becoming unconditional in all respects (save for conditions relating to Admission) and not having been terminated in accordance with its terms before Admission an Investor agrees to subscribe for, as more particularly described below, at the Issue Price, the number of C Shares allocated to such Investor under the Placing in accordance with the arrangements described in these terms and conditions. To the fullest extent permitted by law, each Investor acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights such Investor may have.

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

### **Payment for C Shares**

Each Investor undertakes to pay the Issue Price for the C Shares issued to such Investor in such manner as shall be directed by the Placing Agent.

In the event of any failure by any Investor to pay as so directed by the Placing Agent, the relevant Investor shall be deemed hereby to have appointed the Placing Agent or any nominee of the Placing Agent as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the C Shares in respect of which payment shall not have been made as directed by the Placing Agent and to indemnify the Placing Agent and its respective affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales. A sale of all or any of such C Shares shall not release the relevant Investor from the obligation to make such payment for C Shares to the extent that the Placing Agent or its nominee have failed to sell such C Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, exceeds the Issue Price per C Share.

## Representations and warranties

By receiving this Prospectus and making the confirmation in the paragraph above entitled “The terms and conditions” each Investor who confirms its agreement to subscribe for C Shares confirms, represents, warrants and undertakes to the Placing Agent and the Company on the terms and subject to the conditions set out in this Prospectus:

- that the exercise by the Placing Agent of any rights or discretion under the Placing Agreement shall be within the absolute discretion of the Placing Agent and the Placing Agent need not have any reference to the Investor and shall have no responsibility or liability to the Investor whatsoever in connection with any decision to exercise or not to exercise any such right. Each Investor agrees that they have no rights against the Placing Agent or any of its affiliates, the Company and any of its respective directors and employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999;
- that, in agreeing to subscribe for C Shares under the Placing, each Investor is relying on this Prospectus only, and not on any other information or representation or warranty concerning the Company, any of its shares or the Placing (provided that nothing in these terms and conditions shall exclude the liability of any person for fraudulent misrepresentation);
- that the Investor and, as the case may be, its clients, acknowledge that the Placing Agent has no duties or responsibilities to the Investor similar or comparable to the duties of “best execution” and “suitability” imposed by the Conduct of Business Sourcebook contained in the Financial Services Authority’s Handbook of Rules and Guidance and that the Placing Agent is not acting for the Investor or its clients and that the Placing Agent will not be responsible to the Investor or its clients for providing the protections afforded to their respective customers;
- that, save in the event of fraud on the part of the Placing Agent (and to the extent permitted by the rules of the Financial Services Authority), neither the Placing Agent, its holding companies nor any direct or indirect subsidiary undertakings of such holding company, nor any of their respective directors, members, partners, officers and employees, shall be responsible or liable to the Investor or any of its clients for any matter arising out of the Placing Agent’s role as sponsor and bookrunner or otherwise in connection with the Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Investor and, if relevant, its clients, will immediately waive any claim against any of such persons which the Investor or any of its clients may have in respect thereof;
- that, in the case of a person who confirms to the Placing Agent on behalf of an Investor an agreement to subscribe for and/or purchase (as applicable) C Shares, that person represents and warrants that he has the authority to do so on behalf of the relevant Investor and that:
  - such person has complied with the customer due diligence measures required by the Money Laundering Regulations in relation to the Investor (and any beneficial owner);
  - such person has complied fully with his obligations pursuant to the Money Laundering Regulations; and
  - such person will provide the Placing Agent on demand with any information it might require for the purposes of verification under any applicable money laundering laws and regulations;
- that they are aware of, have complied with and will at all times comply with their obligations in connection with money laundering under the United Kingdom Proceeds of Crime Act 2002;
- that they are not and are not applying as nominee or agent for a person who is, or may be, mentioned in any of the sections 67, 70, 93 or 96 of the United Kingdom Finance Act 1986 (depository receipts and clearance services);
- that the Investor is entitled to subscribe for the C Shares in its allocation under the laws of all relevant jurisdictions which apply to such Investor and that such Investor has fully observed such laws,

obtained all governmental and other consents which may be required thereunder or otherwise and complied with all necessary formalities;

- that the Investor is not a resident of Canada, Australia or Japan and is not subscribing for C Shares for the account of any resident of Canada, Australia or Japan; and
- that the Investor, if in the UK, is a person of a kind described in paragraph 5 of Article 19 or paragraph 2 of Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

### **Supply and disclosure of information**

If the Company, the Placing Agent or any of their respective agents request any information about an Investor or its agreement to subscribe for C Shares, such Investor must promptly disclose it to them.

### **Miscellaneous**

The rights and remedies of the Placing Agent and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, each Investor may be asked to disclose, in writing or orally, to the Placing Agent:

- if he is an individual, his nationality; or
- if it is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.

All documents will be sent at the Investor's risk. They may be sent by post to such Investor at an address notified to the Placing Agent.

Each Investor agrees to be bound by the Company's articles of association (as amended from time to time) once the C Shares which such Investor has agreed to subscribe for have been issued to such Investor.

The contract to subscribe for C Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Placing Agent and the Company, each Investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of the matters referred to in these terms and conditions. This does not prevent an action being taken against an Investor in any other jurisdiction.

In the case of a joint agreement to subscribe for C Shares, references to an Investor in these terms and conditions are to each such Investor and the Investors' liability is joint and several.

Monies received from applicants pursuant to the Placing will be held in accordance with the terms and conditions of the Placing Agreement until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 16 November 2012, application monies will be returned without interest at the risk of the applicant.

### **Selling restrictions**

#### ***Sales outside the United States to Non-US Persons***

Each purchaser of the C Shares offered in reliance on Regulation S will be deemed to represent and agree as follows:

- it and any person, if any, for whose account it is acquiring the C Shares, is not a US Person (as defined in Regulation S) or to a person known by it to be a US Person and is purchasing the C Shares outside the United States in an offshore transaction meeting the requirements of Regulation S (including, for the avoidance of doubt, a *bona fide* sale on a market of the London Stock Exchange for listed securities), and the transaction was not pre-arranged with a buyer in the United States or a US Person;
- it is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the C Shares;

- it is aware that the C Shares have not been and will not be registered under the Securities Act and are being offered outside the United States in reliance on Regulation S;
- it is not acquiring the C Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such C Shares into the United States or any jurisdiction referred to above;
- it has received, carefully read and understands this Prospectus, and has not distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the C Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- that the Company and the Placing Agent, their affiliates and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations or agreements made by it, if it becomes aware that the foregoing acknowledgements, representations or agreements are no longer accurate or have not been complied with, it will immediately notify the Company and, if it is acquiring any C Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make such foregoing acknowledgements, representations and agreements on behalf of each such account.

In addition, until 40 days after commencement of the Placing, an offer or sale of the C Shares within the United States by a dealer (whether or not participating in the offer) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

Prospective investors are hereby notified that sellers of C Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act.

**LETTER FROM THE COMPANY TO MASTER FUND  
ORDINARY SHAREHOLDERS IN RESPECT OF SWITCHING  
GCP INFRASTRUCTURE INVESTMENTS LIMITED**

12 Castle Street, St. Helier, Jersey JE2 3RT

18 September 2012

**SWITCHING ARRANGEMENTS RELATING TO SHARES IN GCP INFRASTRUCTURE  
INVESTMENTS LIMITED (THE “COMPANY”)**

The Company announced on 22 August 2012 its intention to target a fundraising of in excess of £80 million (before expenses) by way of a placing and offer for subscription of C shares of £0.01 each (“C Shares” and the “Issue”), in connection with which it will make an application for admission to the Standard Listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities of the C Shares (“Admission”).

The Company will invest all of the net proceeds of the Issue by subscribing for C shares in GCP Infrastructure Fund Limited (the “Master Fund”).

The Company is writing to all holders of ordinary redeemable shares in the Master Fund to give details of the opportunity to swap their ordinary redeemable shares in the Master Fund for ordinary shares of £0.01 each in the capital of the Company (“Switching Ordinary Shares”) at Admission (“Switching”).

There is no requirement for existing Master Fund shareholders to do this. Enclosed with this letter is:

1. **the UK Listing Authority approved Prospectus (the “Prospectus”) relating to the Issue and the arrangements for Switching; and**
2. **an application form relating to Switching.**

If you would like to swap any of your ordinary redeemable shares in the Master Fund for Switching Ordinary Shares pursuant to the arrangements for Switching, please fill out the enclosed application form and return it to Capita Financial Administrators (Jersey) Limited, 12 Castle Street, St. Helier, Jersey JE2 3RT not later than 4.30 p.m. on 10 October 2012.

**There will not be an ongoing facility for Master Fund shareholders to subscribe for Ordinary Shares in the Company.**

**Further information**

For further information please contact:

Stephen Ellis	020	7518	1495
Rollo Wright	020	7518	1493

.....  
Director

GCP Infrastructure Investments Limited

[Intentionally left blank]

## SWITCHING APPLICATION FORM

### CAPITA FINANCIAL ADMINISTRATORS (JERSEY) LIMITED

12 Castle Street, St. Helier, Jersey JE2 3RT

Tel: (01534)847060 Fax: (01534) 847061

### GCP INFRASTRUCTURE FUND LIMITED (THE “MASTER FUND”)

### SWITCHING APPLICATION FORM FOR ORDINARY SHARES OF £0.01 EACH IN THE CAPITAL OF GCP INFRASTRUCTURE INVESTMENTS LIMITED (THE “COMPANY”)

This application form (this “**Switching Application Form**”) should be completed by a shareholder of the Master Fund (a “**Shareholder**”) that wishes to swap their existing income and/or accumulation shares in the Master Fund (the “**Master Fund Income Shares**” and/or the “**Master Fund Accumulation Shares**” (as applicable), and together the “**Master Fund Shares**”) for ordinary shares of £0.01 each in the capital of the Company (the “**Switching Ordinary Shares**”).

The completed Switching Application Form should be returned to Capita Financial Administrators (Jersey) Limited by no later than 4.30 p.m. on 10 October 2012:

- either by fax (01534 847061), or by email (cfci@capita.com); **and**
- by post to Capita Financial Administrators (Jersey) Limited, 12 Castle Street, St. Helier, Jersey JE2 3RT.

Terms used and not otherwise defined in this Switching Application Form shall have the meaning given to such terms in the prospectus issued by the Company dated 18 September 2012 (the “**Prospectus**”) and the terms and conditions of applications for Switching Ordinary Shares annexed to this Switching Application Form.

#### 1. VALUATION OF SHARES

The value of the Master Fund Shares to be transferred to the Company (the “**Subscription Amount**”) shall be determined by the following formula:

**(number of Master Fund Income Shares) times by (the net asset value per Master Fund Income Share as at the business day falling three business days before the announcement of the results of the Issue)**

*and/or*

**(number of Master Fund Accumulation Shares) times by (the Net Asset Value per Master Fund Accumulation Share as at the business day falling three business days before the announcement of the results of the Issue)**

Shareholders whose applications are accepted will receive a number of Switching Ordinary Shares calculated using the following formula:

**Subscription Amount** *divided by the net asset value per Ordinary Share on the business day falling three business days before the announcement of the results of the Issue*

## 2. INDIVIDUAL SHAREHOLDER DETAILS

To: Capita Financial Administrators (Jersey) Limited, 12 Castle Street, St. Helier, Jersey JE2 3RT

Title (Mr, Mrs., Miss, Ms):

Surname:

Forenames in Full:

Investor ID:

CREST ID:

Address of Investor:

Date & Place of Birth:

(or Incorporation if corporate entity)

Telephone:

Fax:

Occupation:

Please send all correspondence  
(if different from above) to:

Contact Name:

Address:

Telephone:

Fax:



To: Capita Financial Administrators (Jersey) Limited, 12 Castle Street, St. Helier, Jersey JE2 3RT

Corporate Name:

ID/Designation:

Contact Name:

Address:

Telephone:

Fax:

Occupation:

Email:

**3. SIPP/SSAS/TRUST/COMPANY AND OFFSHORE BOND DETAILS**

To: Capita Financial Administrators (Jersey) Limited, 12 Castle Street, St. Helier, Jersey JE2 3RT

Corporate Name:

ID/Designation:

**CREST ID:**

Contact Name:

Address:

Telephone:

Fax:

Occupation:

Email:

**4. SWITCHING DETAILS**

I/We hereby irrevocably subscribe for the Subscription Amount of Switching Ordinary Shares and wish to pay for such subscription by transferring the following Master Fund Shares held by me/us to the Company (the “Switched Shares”):

**Master Fund Accumulation Shares**

**ISIN**                    **JE00B54TFB36**

**Number of Shares:**

*Number in figures*

*Number in words*

**Master Fund Income Shares**

**ISIN**                    **JE00B554NM47**

**Number of Shares:**

*Number in figures*

*Number in words*

**I/We hereby acknowledge and agree that:**

- (a) the contract created by the acceptance of this Application will be conditional on Admission of the Switching Ordinary Shares occurring on or before 8.00 a.m. (London time) on 17 October 2012 (or such time and/or date as the Company and the Sponsor may agree, being not later than 16 November 2012);**
- (b) the Company reserves the right to reject in whole or part, or to scale down or limit, any Application made under this Switching Application Form;**
- (c) in consideration of the Company agreeing to process this Switching Application Form, an Application made under this Switching Application Form cannot be revoked;**
- (d) in respect of those shares in the Company for which this Application has been received and is not rejected, acceptance of such Application shall be constituted, at the election of the Company, either (a) by notification to the UK Listing Authority and the London Stock Exchange of the basis of allocation (in which case acceptance shall be on that basis) or (b) by notification of acceptance thereof to the Receiving Agent AND THAT the Receiving Agent be and is authorised to procure that my/our name (together with the name(s) of any other joint Applicant(s) for Switching Ordinary Shares) is/are placed on the register of members of the Company in Jersey in respect of such Switching Ordinary Shares;**
- (e) agree that all Switching Application Forms and acceptances and contracts resulting therefrom shall be governed by and construed in accordance with Jersey law, and that I/We submit to the jurisdiction of the Jersey Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any such Switching Application Forms, acceptances by the Company of Applications for Switching Ordinary Shares and contracts in any other manner permitted by law or in any court of competent jurisdiction;**
- (f) the Company or any person authorised by it be irrevocably authorised to do all things necessary to effect registration of any Switching Ordinary Shares subscribed by or issued to me/us into my/our name(s) or into the name(s) of any person(s) in whose favour the entitlement to any such Switching Ordinary Shares has been transferred and authorise any representative of the Company to execute any document required therefore;**
- (g) having had the opportunity to read the Prospectus, I/we shall be deemed to have had notice of all information and representations concerning the Company and the Switching Ordinary Shares contained therein;**
- (h) all documents, cheques and banker's drafts sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at the risk of the person(s) entitled thereto;**
- (i) on request by the Company, or the Receiving Agent on behalf of the Company, I/we shall disclose promptly in writing to the Company or the Receiving Agent any information which the Company, or the Receiving Agent, may reasonably request in connection with this Switching Application Form and authorise the Company, or the Receiving Agent on behalf of the Company, to disclose any information relating to this Switching Application Form as it considers appropriate; and**
- (j) pursuant to the Data Protection (Jersey) Law 2005, the Company and/or the Registrar may hold personal data relating to past and present Shareholders. Such personal data held is used by the Registrar to maintain the Company's register of Shareholders and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when (a) effecting the payment of dividends to Shareholders and the payment of commissions to third parties and (b) filing returns of Shareholders and their respective transactions in shares of the Company with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it**

is no longer used. The countries referred to above include, but need not be limited to, those in the European Economic Area and any of their respective dependent territories overseas, Argentina, Australia, Brazil, Canada, Hong Kong, Hungary, Japan, New Zealand, Singapore, South Africa, Switzerland and the United States. By becoming registered as a holder of shares in the Company, a person becomes a data subject and is deemed to have consented to the processing.

I/We hereby warrant to the Company and the Receiving Agent that:

- (a) EITHER if this Switching Application Form is signed on behalf of somebody else or on behalf of a corporation, I/We have due authority to do so on behalf of that other person or corporation, and such person or corporation will also be bound accordingly and will be deemed also to have given the acknowledgements, agreements, confirmations, warranties and undertakings contained herein OR I am/we are the registered holder and beneficial owner of all of the relevant Master Fund Ordinary Shares, have full power and authority to transfer the relevant Master Fund Shares and all rights attaching thereto without requiring the consent of any other person, company or any other entity to transfer the same upon the terms and conditions of this Switching Application Form;
- (b) in making this Application for Switching, neither I/we nor any person on whose behalf I am/we are applying are relying on any information or representation in relation to the Company other than the information contained in the Prospectus and, accordingly, I/We agree that no person (responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof) shall have any liability for any such information or representation;
- (c) no other person or company or any other entity has a right to acquire any of the Switching Ordinary Shares; and
- (d) in connection with this Switching Application Form, I/we have observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue or transfer or other taxes due in connection with this Application for Switching Ordinary Shares in any territory and that I/we have not taken any action which will or may result in the Company acting in breach of the regulatory or legal requirements of any territory in connection with this Application.

Should the Application for Switching Ordinary Shares contained herein be accepted by the Company, I/We hereby request and instruct the Master Fund to register the transfer of the Master Fund Ordinary Shares specified above to the Company, such transfer to be registered upon presentation of this Switching Application Form (which for such purposes shall constitute an executed instrument of transfer) by the Company to the Master Fund.

The undersigned has executed this Switching Application Form as of the date set forth below.

Signature:	<input type="text"/>	Signature:	<input type="text"/>
Name:	<input type="text"/>	Name:	<input type="text"/>
Position:	<input type="text"/>	Position:	<input type="text"/>

Date & place of execution:

## TERMS AND CONDITIONS OF APPLICATIONS FOR SWITCHING ORDINARY SHARES

If you apply for Switching Ordinary Shares, you will be agreeing with the Company, the Sponsor and Capita Registrars Limited to be bound by the terms and conditions set out below.

In the case of a joint application, references to you in these terms and conditions are to each of you, and your liability is joint and several. Please ensure you read these terms and conditions in full before completing the Switching Application Form.

In these terms and conditions, which apply to applications for Switching Ordinary Shares:

“**Applicant**” means a person or persons (in the case of joint applicants) whose name(s) appear(s) on the registration details of the Switching Application Form;

“**Application**” means the offer made by an Applicant by completing a Switching Application Form and posting it (or delivering it by hand during normal business hours only) to Capita Financial Administrators (Jersey) Limited, 12 Castle Street, St. Helier, Jersey JE2 3RT;

“**Prospectus**” means the prospectus dated 18 September 2012 published by the Company;

“**Receiving Agent**” means Capita Registrars Limited; and

“**Registrar**” means Capita Registrars (Jersey) Limited.

Save where the context otherwise requires, words and expressions defined in the Prospectus have the same meanings when used in these terms and conditions and in the Switching Application Form.

### **The terms and conditions**

The contract created by the acceptance of an Application will be conditional on Admission of the Switching Ordinary Shares occurring on or before 8.00 a.m. (London time) on 17 October 2012 (or such time and/or date as the Company may specify, being not later than 16 November 2012).

The Company reserves the right to reject, in whole or part, or to scale down or limit, any Applications. Applications, once made, are irrevocable.

Acceptance of an Application shall be constituted, at the election of the Company, either (a) by notification to the UK Listing Authority and the London Stock Exchange of the basis of allocation of Switching Ordinary Shares (in which case acceptance shall be on that basis) or (b) by notification of acceptance thereof to the Receiving Agent and the Receiving Agent be and is authorised to procure that the Applicant’s name (together with the name(s) of any other joint Applicant(s) for Switching Ordinary Shares) is/are placed on the register of members of the Company in Jersey in respect of such Switching Ordinary Shares.

All Applications and acceptances and contracts resulting therefrom shall be governed by and construed in accordance with the laws of Jersey and Applicants shall submit to the jurisdiction of the Jersey Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any such Application or acceptances by the Company of Applications in any other manner permitted by law or in any court of competent jurisdiction.

The Company or any person authorised by it is irrevocably authorised to do all things necessary to effect the registration of any Switching Ordinary Shares subscribed by or issued to Applicants or any person in whose favour the entitlement to any such Switching Ordinary Shares has been transferred and any representative of the Company is authorised to execute any document required therefore.

Having had the opportunity to read the Prospectus, Applicants shall be deemed to have had notice of all information and representations concerning the Company and the Switching Ordinary Shares contained therein.

All documents, cheques and banker’s drafts sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at the risk of the person(s) entitled thereto.

On request by the Company, or the Receiving Agent on behalf of the Company, Applicants must disclose promptly in writing to the Company or the Receiving Agent any information which the Company, or the Receiving Agent, may reasonably request in connection with the Application and authorise the Company, or

the Receiving Agent on behalf of the Company, to disclose any information relating to the Application as it considers appropriate.

Pursuant to the Data Protection (Jersey) Law 2005, the Company and/or the Registrar may hold personal data relating to past and present Shareholders. Such personal data held is used by the Registrar to maintain the Company's register of Shareholders and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when (a) effecting the payment of dividends to Shareholders and the payment of commissions to third parties and (b) filing returns of Shareholders and their respective transactions in shares of the Company with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used. The countries referred to above include, but need not be limited to, those in the European Economic Area and any of their respective dependent territories overseas, Argentina, Australia, Brazil, Canada, Hong Kong, Hungary, Japan, New Zealand, Singapore, South Africa, Switzerland and the United States. By becoming registered as a holder of Shares in the Company, a person becomes a data subject and is deemed to have consented to the processing.

### **Representations and warranties**

By completing the Switching Application Form, Applicants confirm, represent, warrant and undertake to the Company and the Receiving Agent that:

- they have full power and authority to transfer the Master Fund Ordinary Shares in respect of which they are completing a Switching Application Form and all rights attaching thereto without requiring the consent of any other person, company or any other entity to transfer the same upon the terms and conditions relating to Switching;
- they are only relying on the information contained in the Prospectus and not on any other information or representation or warranty concerning the Company, and no person (responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof) shall have any liability for any such information or representation; and
- in connection with the Switching Application Form, the Applicants have observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue or transfer or other taxes due in connection with the Application in any territory and have not taken any action which will or may result in the Company acting in breach of the regulatory or legal requirements of any territory in connection with the Application.

### **Valuation of Shares**

The value of the Master Fund Ordinary Shares to be transferred to the Company (the "**Subscription Amount**") shall be determined by the following formula:

**(number of Master Fund Income Shares) times by (the net asset value per Master Fund Income Share as at the business day falling three business days before the announcement of the results of the Issue)**

*and/or*

**(number of Master Fund Accumulation Shares) times by (the net asset value per Master Fund Accumulation Share as at the business day falling three business days before the announcement of the results of the Issue)**

Shareholders whose applications are accepted will receive a number of Switching Ordinary Shares calculated using the following formula:

**Subscription Amount** *divided by the Net Asset Value per Ordinary Share on the business day falling three business days before the announcement of the results of the Issue*

### **Closing date for Applications**

Applications must be received by the Receiving Agent by no later than 4.30 p.m. on 10 October 2012.









