GCP Infrastructure Investments Limited

Annual Report and Audited Consolidated Financial Statements
For the period 21 May 2010 to 30 September 2011

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Company Information

The Company
GCP Infrastructure Investments Limited
12 Castle Street
St Helier
Jersey JE2 3RT

Directors
Mr. Ian Reeves CBE (Chairman)
Mr. Trevor Hunt
Mr. David Pirouet

Investment Adviser
Gravis Capital Partners LLP*
53/54 Grosvenor Street
London W1K 3HU

Financial Adviser & Broker
Oriel Securities Limited*
150 Cheapside
London
EC2V 6ET

Independent Auditors
Ernst & Young LLP
Liberation House
Castle Street
St Helier
Jersey JE1 1EY

Principal Bankers
Royal Bank of Scotland International Limited
(from 18 November 2010)
71 Bath Street
St Helier
Jersey JE4 8PJ

AIB Bank (CI) Limited
(former Bankers)
AIB House
25 Esplanade
St Helier
Jersey JE1 2AB

Custodian
Capita Trust Company (Jersey) Limited
12 Castle Street
St Helier
Jersey JE2 3RT

Administrator, Secretary and Registered Office of the Company
Capita Financial Administrators
(Jersey) Limited
12 Castle Street
St. Helier
Jersey JE2 3RT

Registrar
Capita Registrars (Jersey) Limited
12 Castle Street
St. Helier
Jersey JE2 3RT

Advisers on Jersey Law
Carey Olsen
47 Esplanade
St. Helier
Jersey JE1 0BD

Advisers on UK Law
Berwin Leighton Paisner LLP*
Adelaide House
London Bridge
London EC4R 9HA

Valuation Agent
Mazars LLP*
Tower Bridge House
St Katharine's Way
London E1W 1DD

* authorised and regulated by the Financial Services Authority

Overview

For the period 21 May 2010 to 30 September 2011 (the "Period")

- Successful initial public offering ("IPO") of GCP Infrastructure Investments Limited (the "Company") raised £40.0 million through the placing, the offer for subscription and the arrangements for switching (the "Issue")
- Shares of the Company admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities on 22 July 2010
- Further tap issues of 3,996,000 new ordinary shares raised £4.1 million (the "Further Issues")
- Investment of substantially all of the proceeds from the Issue and Further Issues in GCP Infrastructure Fund Limited (the "Master Fund"). The Company had a 58.01% holding of issued share capital in the Master Fund as at 30 September 2011. Together, the Company and the Master Fund form (the "Group")
- Five acquisitions by the Master Fund during the Period totalling £34.3 million
- Further commitments of £15 million since period end of which £5 million has been drawn down on 3 November 2011
- Master Fund investment portfolio performing in line with expectation, with loan interest payments all received in full and underlying infrastructure assets reporting no material operational issues
- Third party valuation of the Master Fund investment portfolio of £67.2 million as at 30 September 2011, of which the Company's share totals £39.0 million
- Net asset value of 100.37 pence per Company ordinary share as at 30 September 2011
- Net profit for the Period of £1.8 million
- Company distributions of 2.15 pence per share for the period from 21 May 2010 to 30 September 2010, and 2.30 pence per share for the six month period from 1 October 2010 to 31 March 2011. The Company expects to declare on 17 November 2011 a dividend of 3.00 pence per Ordinary share for the six month period from 1 April 2011 to 30 September 2011
- In light of strong pipeline of assets under investment consideration which is in excess of £60 million, announcement on 25 October 2011 of the Company's intention to raise a target of £60 million through a placing and offer for subscription of C shares
- The Company understands that the Master Fund is in advanced negotiations in relation to a debt facility which may be drawn down to finance part of the Master Fund's commitment in relation to the Solar Loans

The Board of Directors

Ian Reeves, CBE – Chairman (Independent Non-executive Director)
Age: 67

Length of Service: Appointed on 15 June 2010

Current Appointments: Constructing Excellence Limited, FSI Worldwide Limited, Zigmaney Consulting Limited, New Airport Limited, Synaps Partners LLP, Dealpride Limited, G4S FSI Limited, FSI Europe Limited

Employment by the Investment Adviser: None

Other Connections with Company or Investment Adviser: None

Shareholding In Company: None

David Pirouet – (Independent Non-executive Director)

Age: 57

Length of Service: Appointed on 15 June 2010

Current Appointments: D.L.R.S Advisory Services Limited, EMSA Fund Management (Jersey) Limited, Kames Target Healthcare General Partner Limited, Ludgate Environmental Fund Limited, Nordic Capital V Limited, Nordic Capital VI Limited

Employment by the Investment Adviser: None

Other Connections with Company or Investment Adviser: None

Shareholding In Company: None

Trevor Hunt – (Non-executive Director)

Age: 58

Length of Service: Appointed on 15 June 2010

Current Appointments: GCP Infrastructure Fund Limited, Purisima Investment Fund (CI) Limited, Ruffer International Funds Limited, Hero Funds PCC, Hero Absolute Return Fund PC, Hero Portfolio Fund PC, Hero Liquid Reserve Fund PC, SIPP Residential Income Choice PCC Limited, SIPP Residential Income Choice (First Cell) PC Limited, Ukraine Liberty Fund Limited, GEM Capital Diamond Fund Limited, KIC Fund Managers (Guernsey) Limited, KIC Global Strategy Fund Limited, Wellington Partners Ventures Special (GP) Limited, Wellington Partners Management Limited CF IM Offshore Fund Limited (in voluntary liquidation)

Employment by the Investment Adviser: None

Other Connections with Company or Investment Adviser: None

Shareholding In Company: None

Chairman's Statement

Overview

On behalf of the Board, I am pleased to report a successful first Period for the Company. The Company's initial public offering in July 2010 raised £40.0 million at a difficult time in the wider capital markets and was a welcome and encouraging indication of investor support for the Group's investment strategy. The proceeds of the initial public offering and a further £4.1 million raised through tap issues were all invested, via the Master Fund, in infrastructure debt assets that are currently performing in line with expectations. Given the continuing emergence of a robust pipeline of investment opportunities, the Company announced on 25 October 2011 its intention to raise additional capital through a placing and offer for subscription of C shares, with a target of £60 million.

Group update

Substantially all capital raised by the Company through the initial public offering and subsequent tap issues was invested directly into the Master Fund which made five investments during the period totalling £34.3 million. The Master Fund's loan investments have all performed as expected and all interest payments due were received in full. The infrastructure projects that support the loans have continued to run without significant operational issues and hence without material financial penalties.

The Investment Adviser has a strong pipeline of assets under consideration which is materially in excess of £60.0 million. As well as a continuing focus on debt exposure to UK PFI projects, the Investment Adviser is considering opportunities in other infrastructure sectors that offer suitable returns and that fit within the Group's investment policy. On 5 October 2011 the Master Fund announced its first commitment to advance a series of loans in an aggregate size of up to c. £15 million secured against cash flows payable under the UK government-sponsored feed-in-tariffs ("FIT") scheme from a portfolio of up to c. 1,500 domestic solar panel installations in England (the "Solar Loans"). The Solar Loans are expected to have a term of c.24 years and to generate a return within the target range of the Master Fund whilst benefitting from an element of inflation protection. The installations are being effected by A Shade Greener Limited ("ASG"), and the installed equipment will be owned by a single purpose affiliate of ASG.

The completion of this transaction followed an extensive period of analysing the opportunities available under the FIT scheme and of the capabilities of the companies active in the supply, installation and maintenance of renewable energy projects in the UK. It is the view of the Directors and the Investment Adviser that projects generating FIT payments offer many of the most attractive elements of PFI investments in that FIT cashflows are long term, predictable, public sector-backed and inflation-linked, whilst having the added benefit of significant spreading of risk at asset level.

The first drawdown of the Solar Loans in an amount of £5 million took place on 4 November 2011. In light of the Government's announcement on 31 October 2011 that FIT rates for all small-scale solar installations (such as those installed by ASG) registered after 12 December 2011 will be reduced, it is possible that the Solar Loans may not be fully drawn down. However, even at the reduced FIT rates the Investment Adviser is confident that there will be a continuing and substantial demand after 12 December 2011 from the more efficient and experienced solar installers for debt provided by the Master Fund.

The Company understands that the Master Fund is in advanced negotiations in relation to a debt facility which may be drawn down to finance part of the Master Fund's commitment in relation to the Solar Loans.

The contents of the two UK Government reports published over the last eighteen months regarding UK infrastructure, the "National Infrastructure Plan 2010" and the "Treasury's Guidance on Making Savings in Operational PFI contracts", have not, in the view of the Directors and the Investment Adviser, increased the risk of the UK Government failing to honour its obligations under existing PFI deals, nor indeed reduced the likely role of private finance in future public infrastructure projects or other infrastructure projects. In any event, in

Chairman's Statement *(continued)*

the Directors' and the Investment Adviser's view, the large number of existing UK PFI and other infrastructure projects provides the Company with significant medium term opportunities and means that the Company is not reliant on new infrastructure projects.

From the Group's perspective, however, two key aspects of the market do remain clear. The first is that amidst all this uncertainty, it appears certain that private investment will be an integral component in the funding of future UK infrastructure projects. The second is that operational PFI projects, such as those that currently underpin the entire Master Fund investment portfolio, are well insulated from changes in government policy. As such we remain confident that the existing portfolio will continue to perform as expected, and that there will be a considerable number of suitable future investment opportunities, and that the Group's strategy remains appropriate.

Financial Results

On a consolidated IFRS basis, the total comprehensive income for the Period was £1,848,570.

Distributions

The Company paid a dividend of 2.15 pence per share for the period from 21 May 2010 to 30 September 2010, and a dividend of 2.30 pence per share for the six month period from 1 October 2010 to 31 March 2011. The Company expects to declare on 17 November 2011 a dividend of 3.00 pence per share for the six month period from 1 April 2011 to 30 September 2011.

NAV and share price

The Company's share price has traded at a premium to net asset value throughout the Period. The Company's share price and net asset value per ordinary share as at 30 September 2011 were 104.75 pence per share and 100.37 pence per share respectively. As at 31 October 2011 the Company's share price and net asset value per ordinary share were 104.00 pence per share and 100.89 per share respectively.

C Share Issue

The Company was pleased to announce on 25 October 2011, its intention to proceed with an issue of C shares of £0.01 each ("C shares") by way of a placing and offer for subscription with a target size of £60 million and with an issue price of £1.00 per C Share (the "Issue").

The net proceeds of the Issue will be invested in the Master Fund and, if required, following conversion of the C shares issued pursuant to the Issue into ordinary shares of £0.01 each in the capital of the Company, may be utilised in part to pay down any debt drawn down pursuant to the facility referred to above. The Issue is expected to close in mid-December 2011.

The C shares will be a separate pool of capital of the Company which will convert into ordinary shares on 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.

Further details will follow in due course, and the Company expects to publish a prospectus in relation to the Issue in mid-November 2011.

Mr. Ian Reeves CBE

Investment Adviser's Report

The Group's investment strategy

The Company makes infrastructure investments by gaining exposure to subordinated infrastructure debt and/or similar assets (typically single purpose, ring-fenced companies) that are contracted to receive pre-determined, long-term, public sector-backed cash flows. It achieves this by investing substantially all its capital in the Master Fund. It is the view of 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 targets infrastructure investments after the design and build phases have been completed and the assets are operational.

The Master Fund may also consider, up to an absolute maximum of 25% of its total assets (at the time the relevant investment is made), investments in infrastructure assets that are either backed by regulated utility cash flows or are in construction. Full details on the Company and Master Fund's investment objective and policy are included on page 17.

Current Investment Focus

We are currently exploring a variety of investment options that meet the Master Fund's investment policy and return requirements. Below we give an overview of the Master Fund's current investment focus:

i) UK PFI

The Master Fund continues to target exposure to projects structured and financed under the UK Private Finance Initiative ("PFI"). PFI was introduced in the UK in the mid 1990's to provide the Government with a way of funding major capital investments in infrastructure assets such as schools, hospitals, prisons and court buildings, without immediate use of public sector capital, and to provide a mechanism whereby the private sector could bear a proportion of the risks associated with constructing and maintaining such assets.

In a typical UK PFI project, a private company (the "PFI Project Company") is contracted by a public sector entity (for example, a local authority in the case of schools, an NHS Trust in the case of hospitals) to design, finance, build and manage new infrastructure assets.

Once the infrastructure asset is built, the management contract between the public sector entity and the PFI Project Company typically lasts for 20 to 30 years, during which time the PFI Project Company operates the asset for the relevant public sector entity, and the public sector entity pays the PFI Project Company a fixed series of payments (in many cases these payments are linked to inflation).

The Master Fund primarily seeks to acquire subordinated debt issued by operational PFI Project Companies, or their owners. However, the Master Fund also looks for opportunities to generate exposure to portfolios of senior debt advanced to PFI Project Companies. This is typically achieved by the Master Fund providing a guarantee to a senior lender to PFI Project Companies that 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.

To put in place a senior debt guarantee, the Master Fund and a senior PFI lender will identify a portfolio of senior loans made by the senior lender. In return for a fee paid to the Master Fund, the Master Fund will agree to bear the losses of the senior lender on any of the loans in the senior loan portfolio up to an aggregate agreed 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.

Investment Adviser's Report *(continued)*

ii) The Feed-in Tariff ("FIT") scheme

Renewable energy is energy from resources which are naturally replenished, such as sunlight, wind, tides and geothermal energy. In recent years there have arisen significant concerns around 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.

In the UK a variety of incentives has been introduced by the government in order to increase the country's use of renewable energy. Most notably from the perspective of the Master Fund is the FIT scheme that was introduced by the Government on 1 April 2010 with the aim of incentivising small scale renewable electricity generation schemes. The FIT is paid by electricity supply companies, but the costs are recovered through levies on electricity bills. Electricity generated from certain specified renewable sources up to an installation size of 5MW qualifies for the FIT, and the owner of the system receives a guaranteed payment for every kWh of electricity generated, plus a further payment for every kWh not used but exported to the grid. The FIT rates are linked to inflation.

The introduction of the FIT scheme sparked a particular increase in the installation of photovoltaic ("PV") solar panels. With input from the Master Fund's technical advisers, we have carried out in depth analyses of investments supported by FIT cash flows in respect of PV solar panel installations, and the key risks therein. Specific scrutiny has been paid to the productivity of PV solar panels, the capabilities of the companies active in the supply, installation and maintenance of the panels, the robustness of manufacturer warranties, the validity of legal title, and the provisioning for panel maintenance and insurance.

The fact that there is currently a time pressure to complete new installations before 12 December 2011 when the FIT payment levels are expected to decrease, and that banks are reluctant to lend beyond 5 or 7 years (compared to the 25 year contracted cash flows arising under the FIT scheme), has meant that we have seen the emergence of a significant pipeline of suitable debt investment opportunities for the Master Fund in this area. Indeed in light of the lack of available capital for solar PV installers, we have been considering lending opportunities at a senior level. The expected reduction to the FIT payment levels for installations completed after 12 December 2011 will, in the view of the Investment Adviser, result in the survival of only the most well established and efficient companies in the market, many of whom we are in discussions with. It is worth noting that the Company has not, and would never, consider investing in the construction phase of solar PV projects, only once the FIT payments have started to flow.

iii) Affordable Housing

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. In our view, the affordable housing sector is likely to generate very substantial investment opportunities for the Master Fund 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.

The Master Fund is seeking to generate exposure to the long-dated cash flows arising from opportunities of this type by making senior or subordinated loans secured against cash flows arising from long-term leases of, for example, social housing or other assets leased or to be leased by local authorities, Arms Length Management Organisations or registered social landlords.

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).

UK PFI market update

Following the UK Government's Comprehensive Spending Review 2010 and the National Infrastructure Plan 2010 there was considerable speculation and concern amongst UK infrastructure investors as to how the government might seek to alter the economics of existing PFI projects, specifically through the renegotiation of existing contracts, enforced profit sharing and the harsher implementation of penalty regimes.

In July 2011, the Treasury published its updated Guidance on Making Savings in Operational PFI Contracts (the "Guidance") based on the analysis of four operational PFI projects. In our view, the Guidance demonstrated the robustness of current PFI contracts and the payment mechanisms that calculate the unitary charge payable to the project sponsor, and it seems clear that there is little political will to seek to reduce contracted unitary charges when looking at savings in PFI. Instead, the Treasury sees savings coming from three main areas in operational PFIs:

- Effective management of contracts, for example, through the public sector sharing in savings on insurance.
- Making efficient use of space, for example, from subletting surplus building space.
- Reviewing soft service requirements, for example ensuring that only needed facilities management services are acquired.

There has also been some concern that cuts in local government and healthcare budgets will affect the credit quality of government or quasi-government bodies. However, given the integral social role of most PFI projects and the adverse publicity that would arise from a failing public body, it seems likely that central government would support struggling grantors. Indeed, in the case of healthcare assets, NHS Trusts are explicitly supported by central government through the Residual Liabilities Act, 1996.

The direct impact of cuts would seem to relate primarily to the pipeline of new PFI projects, with many of these in the UK having already been cancelled or curtailed. However, we still believe that whilst the exact procurement methodology of public infrastructure projects might change, the fact that the Government is continuing to investigate the use of a range of alternative private financing mechanisms to use in the future should mean, in the view of the Investment Adviser, that there will continue to be a stream of new investment opportunities for the Master Fund under similar structures that essentially give similar exposure and risk/reward profiles. Indeed, the Government announced in July 2011 that a £2 billion programme of educational PFI is to be launched.

Investment Adviser's Report *(continued)*

Our conclusion is the current Government plans will not materially impact operational, availability based, government or quasi-government backed UK infrastructure projects.

UK debt market update

The impact of the financial crisis remains evident in the balance sheets and lending activities of banks. The majority of banks are very reluctant to advance any form of longer term (>7 year) debt, and those that are willing currently only offer relatively low loan to value financing with margin step up terms that heavily incentivise borrowers to refinance in the medium term. This reduction in banks' appetite to provide debt is further exacerbated by the banks' capital constraints, particularly with the spectre of Basel III approaching, and their concerns in relation to long-term liquidity and the additional capital costs of not matching long dated assets with scarce funding of a similar term. As such, the Master Fund's offering of long dated, fixed interest, debt financing remains, in the view of the Investment Adviser, an attractive option for many holders of operational infrastructure assets and infrastructure senior debt.

Portfolio overview

i) Acquisitions

During the period, the Master Fund made five acquisitions totalling £34.28 million:

1. £2.35 million (in addition to c. £6.95 million acquired in July 2010) of loan notes secured against 3 operational leisure PFI projects, yielding 10.51% p.a. annual equivalent with an average life of c. 28 years.
2. a £2.33 million loan note that provides a subordinated exposure to a portfolio of senior PFI loans originated by a major bank lender to the UK PFI sector. The initial yield on the loan notes is 9.84% p.a. annual equivalent, rising to 10.11% from the end of year five, plus the extent to which, on average over the expected 10 year term, Libor exceeds 2.85%.
3. a £1.80 million subordinated loan secured against four PFI schools in North Yorkshire, yielding 9.62% p.a. annual equivalent with an average life of 27 years.
4. a £2.30 million subordinated loan secured against three education PFI projects in Kirklees, yielding 9.62% p.a. annual equivalent with an average life of 19 years.
5. three subordinated loans totalling £25.50 million secured against the cash flows arising from a portfolio of 3 healthcare and 2 accommodation UK PFI projects principally owned by UME Group LLP, currently yielding 9.59% p.a. annual equivalent with an average life of 26 years.

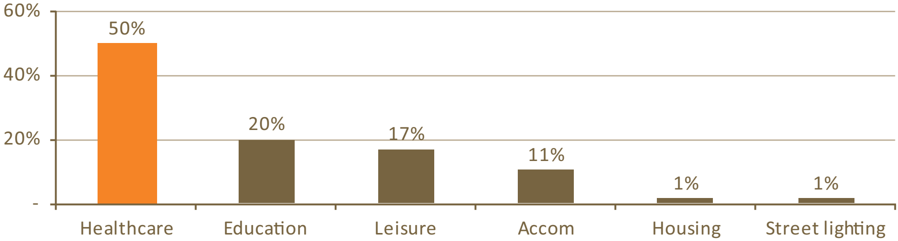
Subsequent to the Period end, the Master Fund also secured a debt commitment advanced for a series of loans in an aggregate size of up to c. £15 million secured against cash flows payable under the UK government-sponsored FIT scheme from a portfolio of up to c. 1,500 domestic solar panel installations in England. As at 4 November 2011, £5 million of this commitment had been drawn down.

ii) Portfolio exposure

The Group's portfolio consists of 17 subordinated infrastructure loans (the "Loans"). The Loans have all been made against the performance of a number of availability based UK PFI projects (the "Projects").

50% of the Loans are exposed to the healthcare sector, 20% to the education sector, 17% to the leisure sector, 11% to accommodation assets and the remainder to street lighting and housing projects. The weighted average expected remaining term of the Loans is 22 years.

Portfolio by sector



iii) Performance

None of the Projects has reported any material operational performance issues during the period and, to date, all interest payments due under the Loans have been received in full.

Valuation and Discount rates

An independent third party valuation is carried out on a monthly basis by the Valuation Agent, Mazars LLP. 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;
- general infrastructure market activity and investor sentiment
- changes to the economic, legal, taxation or regulatory environment.

The Valuation Agent exercises its judgment in assessing the expected future cash flows from each investment. Given that the investments of the Master Fund will be fixed income debt instruments (in some cases with elements of inflation protection), the focus of the Valuation Agent is on assessing the likelihood of any interruptions to the debt service payments, in light of the operational performance of the underlying asset.

The valuation of the Master Fund's investment portfolio as at 30 September 2011 was £67.2 million. The discount rates used by the Valuation Agent to value the Company's investments ranging between 9.45% and 10.35%, with a weighted average discount rate across the portfolio of 9.73%.

Investment pipeline

We are in advanced discussions on a wide range of potential suitable transactions across the infrastructure sector, specifically relating to education and healthcare PFI assets, senior PFI debt portfolios, long term leases to housing associations and photovoltaic solar projects. We remain confident that subject to the Company's ability to raise capital, the Company can continue to grow steadily and to build an increasingly diversified and granular investment portfolio.

Group Portfolio
As at 30 September 2011

Asset	Asset type	Sector	Value* (£m)	Expected Remaining Term (yrs)
GEM B1	Senior loan guarantee	Various**	3.07	8.6
GEM B2	Senior loan guarantee	Various**	3.08	8.6
GEM B3	Senior loan guarantee	Various**	3.06	8.6
GEM B4	Senior loan guarantee	Various**	2.69	8.6
GEM B5	Senior loan guarantee	Various**	2.37	8.6
GPFI Braintree	Subordinated loan	Healthcare	3.10	27.1
GPFI Lanchester	Subordinated loan	Healthcare	3.10	27.1
GPFI N Yorks Schools	Subordinated loan	Education	1.84	28.0
GPFI Runwell	Subordinated loan	Healthcare	3.10	27.1
GPFI Stanley	Subordinated loan	Healthcare	3.10	27.1
Infra Intermediaries A	Subordinated loan	Healthcare	7.78	28.6
Infra Intermediaries B	Subordinated loan	Healthcare	8.11	21.1
Infra Intermediaries C	Subordinated loan	Various***	10.54	27.1
Kirklees	Subordinated loan	Education	2.41	19.0
LIIL Amber Valley	Subordinated loan	Leisure	4.17	27.5
LIIL Rotherham	Subordinated loan	Leisure	3.17	29.5
LIIL Wolverhampton	Subordinated loan	Leisure	2.48	24.5
Total			**67.17**	

* based on the Valuation Agent's valuation as at 30 September 2011
** 1 leisure, 1 street lighting, 1 housing, 1 health and 10 education projects
*** 1 healthcare and 2 accommodation projects

Total Exposure by Borrowers	£	%
Infrastructure Intermediaries No. 1 Limited	26,421,469	39
White Rock Insurance (SAC) Ltd, T-26 GEM Infrastructure	14,272,713	21
Grosvenor PFI Holdings Limited	14,254,164	21
Leisure Infrastructure Investors Limited	9,820,189	15
Kirklees PFI Limited	2,405,468	4
Total	**67,174,003**	**100**

Total Exposure by Sector	£	%
Healthcare	33,550,465	50
Education	13,749,816	20
Leisure	11,500,574	17
Accommodation	7,080,964	11
Housing	726,372	1
Street lighting	565,812	1
Total	**67,174,003**	**100**

Top Ten Exposures by Project Counterparty	£	%
South London Healthcare NHS Trust	8,106,615	12
NHS Greater Glasgow and Clyde	7,775,552	12
Hertfordshire County Council	4,534,020	7
Amber Valley Borough Council	4,170,940	6
Hull Primary Care Trusts	3,458,337	5
Leeds City Council	3,367,264	5
Rotherham Metropolitan Borough Council	3,167,803	5
Tees, Esk and Wear Valleys NHS Foundation Trust	3,100,743	5
County Durham Primary Care Trust	3,100,743	5
Mid Essex NHS Trust	3,100,743	5
South Essex Partnership	3,100,743	5
14 other Project Counterparties with exposure < £2.6m	20,190,500	28
Total	**67,174,003**	**100**

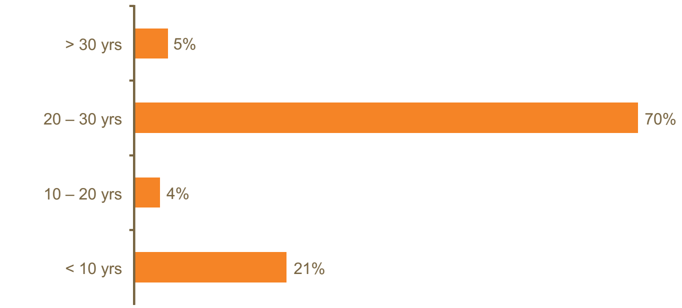
Group Portfolio *(continued)*
As at 30 September 2011

Top Ten Exposures by Facilities Manager	£	%
Grosvenor Facilities Management	14,254,164	21
GE Medical Systems Limited	8,106,615	12
Parsons Brinckerhoff Limited	7,775,552	12
EMCOR Facilities Services	5,649,249	8
Community Building Services Limited	4,534,020	7
DC Leisure Management	4,170,940	6
Sewells Facilities Management Limited	3,458,337	5
Interserve FM Ltd	3,367,264	5
Eldon Housing Association Limited	2,546,944	4
Pinnacle PSG Limited	2,405,468	4
11 other Facilities Managers with exposure < £1.8m	10,905,450	16
Total	**67,174,003**	**100**

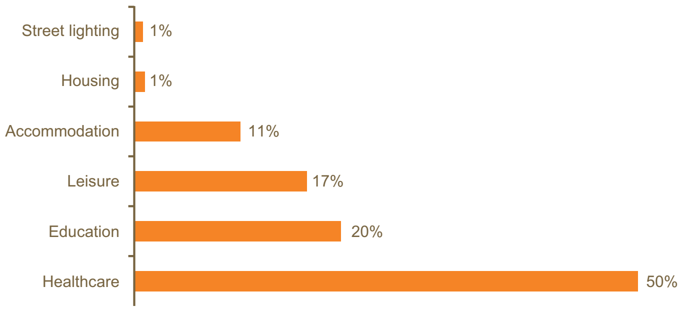
Total Exposure by Expected Term	£	%
< 10 yrs	14,272,713	21
10–20 yrs	2,405,468	4
20–30 yrs	47,328,019	70
> 30 yrs	3,167,803	5
Total	**67,174,003**	**100**

Total Exposure by Annual Equivalent Running Yield	£	%
9.5%–9.75%	43,081,101	64
9.75%–10%	14,272,713	21
10%–10.25%	–	–
10.25%–10.5%	9,820,189	15
Total	**67,174,003**	**100**

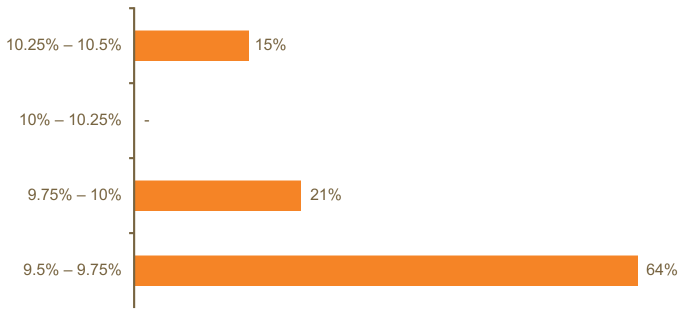
Portfolio Exposure by Expected Term



Portfolio Exposure by Sector



Porfolio Exposure by Annualised Yield



Financial Statistics

For the period 21 May 2010 to 30 September 2011

Detailed below is the net asset value (NAV) of the Company, calculated in accordance with the Company's Prospectus.

A reconciliation of the net asset value per the Consolidated Financial Statements to the calculation in accordance with the Company's Prospectus is detailed in Note 19.

Period end position

	As at 30 September 2011 £
Net assets attributable to Ordinary Shares per NAV calculation	44,156,803
Net asset value per Ordinary Share per NAV calculation	1.0037
Total return per share per NAV calculation	0.0482

Record since IPO

Date	Net Assets £	Net Asset Value per Ordinary Shares pps	Share Price pps	(Discount)/ Premium %
31 August 2010	41,166,952	100.41	106.2	5.77
30 September 2010	40,557,204	98.92	104.2	5.34
29 October 2010	42,222,387	99.35	111.0	11.73
30 November 2010	42,298,329	99.53	109.5	10.02
31 December 2010	41,510,005	97.67	106.5	9.04
31 January 2011	41,622,790	97.94	107.0	9.25
28 February 2011	41,731,678	98.19	108.6	10.60
31 March 2011	42,107,838	99.08	108.0	9.00
29 April 2011	42,213,303	99.33	107.8	8.53
31 May 2011	42,358,994	99.67	108.0	8.36
30 June 2011	41,592,849	97.87	105.6	7.90
29 July 2011	41,821,852	98.40	105.0	6.71
31 August 2011	43,893,238	99.77	106.8	7.00
30 September 2011	44,156,803	100.37	104.8	4.36

Key Performance Indicators

The Company targets dividend payments of 8% per annum (by reference to the IPO share price). The Directors monitor the actual and forecast dividend yield on a quarterly basis with reference to the above target.

The Company paid a distribution of 2.15 pence for the period to 30 September 2010 and a further distribution of 2.30 pence for the six month period to 31 March 2011. The Master Fund declared a dividend for the six months to 30 September 2011 of 3.50 pence, receivable by the Company on 14 November 2011.

The Company's dividends paid for the period from IPO to 30 September 2011 is reflective of the fact that the Master Fund had a considerable cash holding and only became substantially fully invested in May 2011.

Directors' Report

For the period 21 May 2010 to 30 September 2011

The Directors are pleased to present their Annual Report and consolidated financial statements for the period 21 May 2010 to 30 September 2011.

These consolidated financial statements consolidate the financial statements of GCP Infrastructure Investments Limited (the "Company") and GCP Infrastructure Fund Limited (the "Master Fund") (together the "Group").

Principal activity and Business review

The Business Review has been prepared by the Directors and should be read in conjunction with the Chairman's Statement and the Investment Adviser's Report which form part of the Annual Report to Shareholders.

Nature and Status

The Company is a public company incorporated on 21 May 2010 in Jersey with registration number 105775. The Company is governed by the provisions of the Companies (Jersey) Law, 1991, as amended (the "Law").

The Company is a closed-ended investment company. The shares of the Company were listed on the London Stock Exchange ("LSE") on 22 July 2010.

Investment Objective and 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 achieves its investment objectives by investing substantially all of its capital in ordinary redeemable income shares of the Master Fund.

Target Assets

The Master Fund makes infrastructure investments, typically through acquiring (or acquiring interests in) subordinated debt instruments issued by infrastructure project companies (or by their existing lenders or holding vehicles) that are contracted by public sector to design, finance, build and operate public infrastructure assets. Such projects are typically structured and financed under the UK Private Finance Initiative ('PFI').

Background information in relation to the PFI industry and the classes of debt investment opportunities relating to the PFI industry that are targeted by the Master Fund are set out in the Investment Adviser's Report.

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

The position within the capital structure of an infrastructure project company of the subordinated debt instruments in which the Master Fund typically seeks to invest means, in general, any losses suffered by investors in a project company will be suffered first by the equity investors in the project company itself. 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.

Directors' Report *(continued)*
For the period 21 May 2010 to 30 September 2011

Target Assets (continued)
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 such investments as described above will make up a minimum of 75 per cent. of the Master Fund's total assets.

It should be noted that (in the context of the strategy referred to above) the Master Fund views as "public sector-backed" all revenues arising from UK central government or local authorities, or from entities themselves substantially funded by UK central government or local authorities, and will include obligations of NHS Trusts, UK registered social landlords and universities in this classification.

The Master Fund also considers that assets relating to 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 fall within scope of the 75% exposure detailed above.

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 projects, which will include projects involving:

- Project companies which have started but not yet completed the construction phases of their concessions;
- Project companies in the regulated utilities sector; and
- 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 the likely level of demand; and the stability of the resulting revenue.

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

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

Gearing

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.

The Master Fund may use borrowings for investment and 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.

Financial Position

During the Period, the Company has made a series of investments into the Master Fund totalling £42.82m resulting in a holding of 58.01% of the total voting rights as at 30 September 2011.

The Net Asset Value ('NAV') of the Company per Ordinary Share at 30 September 2011 was 100.37p. The movement in NAV and NAV per Ordinary Share during the Period is presented in tabular form on page 16.

The Group's borrowings at 30 September 2011 were nil and cash balances amounted to £9.22m.

Results for the Period

The results for the Period are shown in the Consolidated Statement of Comprehensive Income on page 36.

Future Developments

The Group's future developments are outlined in the Chairman's Statement.

Share Capital

During the Period the Company issued 44,006,000 Ordinary shares of £0.01 and surrendered 10,000 Ordinary shares of £0.01 for cancellation. Details of the movements in share capital during the Period are set out in the Consolidated Statement of Changes in Equity on page 35.

At 30 September 2011 the Company's issued share capital comprised 43,996,000 Ordinary Shares of £0.01, none of which were held in treasury. At general meetings of the Company, every holder shall have one vote in respect of every Ordinary Share held.

Revenue and Dividends

The net revenue for the Period, after expenses and taxation amounted to £1.85m. The Company paid a distribution of 2.15 pence per share for the period 21 May 2010 to 30 September 2010 and a further distribution of 2.30 pence per share for the six month period from 1 October 2010 to 31 March 2011. The Master Fund declared a dividend for the six month period from 1 April 2011 to 30 September 2011 of 3.50 pence per share, receivable by the Company on 14 November 2011. The Company expects to declare on 17 November 2011 a dividend of 3 pence per Ordinary share for the six month period from 1 April 2011 to 30 September 2011.

The Company's dividend paid for the period from IPO to 30 September 2011 is reflective of the fact that the Master Fund had a considerable cash holding and only became substantially fully invested in May 2011. The target dividend yield remains at 8% per annum when the Master Fund is fully invested.

Directors' Report *(continued)*
For the period 21 May 2010 to 30 September 2011

Significant Voting Rights
As at 7 November 2011 the Company is aware of the following holdings of 3% and over of the Company's issued share capital and unrestricted voting rights.

Fund Manager	Current Shares	% at 7 November 2011
Brewin Dolphin, stockbrokers	7,756,081	17.63
Insight Investment	4,489,842	10.21
Vivendi Corporate Trustee	3,500,000	7.96
West Yorkshire PF	3,130,726	7.12
Smith & Williamson	2,373,703	5.40
JM Finn, stockbrokers	2,192,630	4.98
Williams de Broe, stockbrokers	1,874,303	4.26
EFG Harris Allday, stockbrokers	1,626,260	3.70
Barclays Wealth	1,550,546	3.52
Adam & Co Investment Management	1,512,467	3.44
Williams de Broe, stockbrokers (ND)	1,396,658	3.17

Investment Portfolio
Following the initial acquisition of Master Fund shares by the Company on 30 July 2010, five new assets were acquired by the Master Fund at a cost of £34.3m. The Group's assets under management at 30 September 2011 were £67.17m of which the Company has an interest in of £39.0m. A summary of the Group's investment portfolio and exposures is presented on pages 12 to 15.

The tables on pages 12 and 13 shows the composition of the investment portfolio at 30 September 2011 by value according to asset type and industry sector.

Valuation Policy
The valuation principles used by Mazars LLP (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. Further details on the valuation policy are set out on pages 57 to 59.

Corporate Social Responsibility
The Company has no employees and the Board is comprised entirely of non-executive Directors. As the Company is an investment company, it has no direct impact on the environment however the Board seek to ensure that the Company's operations are conducted responsibly, ethically and fairly.

The Group's investment policy takes ethical, social and environmental factors into consideration prior to the acquisition.

Principal Risks and Uncertainties

The principal financial risks and the Company's policies for managing such risks are set out under note 17 to the Consolidated Financial Statements. The following additional risks and uncertainties which have been identified by the Board are detailed below:

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.
- Existing Master Fund Shareholders may redeem their shares in the Master Fund, which may reduce the capital of the Master Fund and could in turn affect the Company's performance.
- The Master Fund and, therefore, the Company, may be exposed to a very limited number of investments.
- The Company may cease to be the majority shareholder of the Master Fund in the future. This would reduce the ability of the Company to influence the affairs of the Master Fund.

Risks relating to the Investment Adviser

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

Risks associated with the Master Fund's investments

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

Directors' Report *(continued)*
For the period 21 May 2010 to 30 September 2011

Risks associated with the Master Fund's investments *(continued)*
- Changes in infrastructure funding policy could lead to public bodies seeking to terminate existing PFI type projects.

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

Directors
The Directors in office as at 30 September 2011 are listed on page 4.

Each Director will stand for re-appointment at the next Annual General Meeting ("AGM") of the Company. Further details as to the Directors terms of appointment can be found in the Corporate Governance Statement on pages 25 to 30 and the Directors' Remuneration Report on pages 31 and 32.

Directors Interests
None of the Directors have a direct or indirect holding in the Company nor have they been granted options to acquire shares in the Company.

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

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

Directors and Officers Liability Insurance and Indemnity Agreements
The Company has purchased insurance to cover Directors' and Officers' liability as permitted by the Law.

Advisers and Principal Service providers
The Company's main service providers are the Investment Adviser and the Administrator. The Company has the following additional advisers and principal service providers:

- Oriel Securities Limited as Broker;
- Ernst and Young LLP as Independent Auditor;
- Capita Registrars (Jersey) Limited as Registrar;
- Capita Financial Administrators (Jersey) Limited as Company Secretary; and
- Mazars LLP as Valuation Agent.

The Investment Adviser and Company Secretary

Gravis Capital Partners LLP (the "Investment Adviser"), provides advice to the Directors within the Group to enable them to make informed decisions for the Group's funding requirements (including advice and assistance in any equity/further fund raising process) and also borrowings/gearing requirements.

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

Capita Financial Administrators (Jersey) Limited (the "Company Secretary"), has administrative responsibility for the meetings of the Board and its committees and is responsible for advising the Board through the Chairman on all governance matters. All of the Directors have access to the advice and services of the Company Secretary. Directors may also take independent professional advice at the Company's expense where necessary in the performance of their duties.

The Directors undertake an annual review of the effectiveness of all third party service providers. Following this review, it is the Directors' opinion that the continuing appointment of the Investment Adviser and the Company Secretary on the terms agreed, is in the best interests of the Company and its Shareholders. The remuneration of the Investment Adviser and the Company Secretary is set out in note 18 to the Financial Statements.

Supplier payment policy

It is the Company's policy to obtain the best terms for all business, including purchase of investments, and to abide by those agreed terms.

Donations

The Company made no political or charitable donations during the period.

Annual General Meetings

The Company's next AGM will be held at 10.00 am on 11 November 2011. The Notice of Meeting was delivered to shareholders on 24 October 2011.

2012 AGM

The Annual Report and consolidated financial statements for the Period will be tabled for approval at the Company's 2012 AGM. It is anticipated that this AGM will be held on 3 February 2012.

By Order of the Board
Mr David Pirouet
7 November 2011

Statement of Directors' Responsibilities
For the period 21 May 2010 to 30 September 2011

The Directors are responsible for preparing the Annual Report and the consolidated financial statements in accordance with applicable Companies (Jersey) Law 1991 and International Financial Reporting Standards as adopted by the European Union.

International Accounting Standard 1: Presentation of Financial Statements, requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board 'Framework for preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- ensure that the Chairman's Statement together with the following reports presents a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face;
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements when preparing these consolidated financial statements.

On behalf of the Board
Mr David Pirouet
7 November 2011

Corporate Governance Statement

For the period 21 May 2010 to 30 September 2011

Corporate Governance

The principles of good corporate governance set out in the UK Corporate Governance Code (the "Code") (formerly the Combined Code of Corporate Governance (2008 Combined Code)) and the Association of Investment Companies ("AIC") Code of Corporate Governance and accompanying Guide (the "AIC Code and Guide") are adopted by the Company where appropriate. The Board understands its accountability to shareholders for the governance of the Company's operations.

Statement of Compliance with the AIC Code and Guide

The AIC Code and Guide has been endorsed by the Financial Reporting Council ("FRC"), as issuer of the UK Corporate Governance Code and the United Kingdom's ("UK") independent regulator for corporate reporting. The terms of the FRC's endorsement are such that AIC Members, who report against the AIC Code and Guide, meet fully their obligations under the UK Corporate Governance Code and the related disclosure requirements contained in the Listing Rules of the United Kingdom Listing Authority ("UKLA").

As a member of the AIC, the Company has elected to report on its corporate governance provisions in accordance with the AIC Code and Guide.

The Board considers that it has managed its operations in compliance with the AIC Code and Guide during the Period, except in instances where compliance with any specific principle or recommendation of the AIC Code and Guide is considered inappropriate. Any digression from the AIC Code and Guide is "explained" within this statement. All the issues which are not considered in this report in detail are excluded because the Board has deemed them to be irrelevant to the Company as explained in the AIC Code and Guide .

In respect of the Period the Company complied with the Code save with regard to the following provisions:

- The role of the chief executive: The Board considers that the post of chief executive officer is not relevant for the Company.
- The appointment of a Senior Independent Director: The Board considers the merit of a Senior Independent Director to be inappropriate due to the overall size of the Board and the Company.
- Executive Directors' remuneration: As the Board has no executive directors, it is not required to comply with the principles of the Code in respect of executive directors' remuneration and does not have a remuneration committee.
- 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.
- Internal audit function: The Company delegates the majority of its operations to third parties and has no employees. These third parties have their own internal audit function and the Board has therefore determined that the requirement for the Company to have its own internal audit function is redundant. The Directors consider bi-annually the principal risks relating to the operations of the Company. Such a review requires the consideration of whether the Company's third parties have sufficient internal controls.

Corporate Governance Statement *(continued)*
For the period 21 May 2010 to 30 September 2011

Statement of Compliance with the AIC Code and Guide *(continued)*

- 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.

Composition of the Board
The Board consists of three Directors, all of whom are non-executive Directors. Two of these Directors are Independent Directors. Trevor Hunt is not considered an Independent Director as he is a member of the Master Fund's Board of Directors.

Ian Reeves, CBE – Chairman (Independent Non-executive Director)
Ian Reeves, aged 67, is a businessman and management consultant. He is a consultant to Sprecher Grier Halberstam LLP Solicitors, a practice based in the City of London. He is also the chairman of Dealpride Ltd, the ultimate holding company of the McGee Group, the civil engineering, building and demolition contractors, and the 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, Construction 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 stockbrokers.

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.

David Pirouet (Independent Non-executive Director)
David Pirouet, aged 57, is a qualified chartered 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 Jersey Financial Services Commission ("JFSC") for the provision of services as a non-executive director.

Composition of the Board *(continued)*

Trevor Hunt (Non-executive Director)

Trevor Hunt, aged 58, 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. Mr Hunt left BNP Paribas Securities Services on 30 September 2011 to focus on providing non-executive directorship services to a limited number of funds and fund management companies.

Mr Hunt is regulated by the JFSC for the provision of services as a non-executive director and is a Member of the Jersey Association of Directors and Officers.

Mr Hunt is a Director of GCP Infrastructure Fund Limited (the "Master Fund").

Each of the Directors has signed letters of appointment which set out the terms and conditions of their appointment. No director has any contract or arrangement in place between themselves and the Company. Further details as to the terms of appointment of the Directors are set out in the Directors Remuneration Report on pages 31 and 32.

Independence

The Board has reviewed the independence of each Director and of the Board as a whole and considers the tenure of each Director on an annual basis.

In accordance with the AIC Code and Guide, a director is not considered independent should they sit on the board of more than one company which is managed by the same manager. Mr Hunt sits on the board of the Master Fund and is therefore not considered independent.

Mr Reeves and Mr Pirouet are considered independent by the Board.

Performance of the Board

An evaluation of the performance of individual Directors and the Chairman was carried out during the Period which concluded that the Board and its committees are performing satisfactorily in the areas reviewed, such areas include: Board composition and meeting process, Board information, training, Board dynamics, Board accountability and effectiveness and an evaluation of the Chairman.

The Board attempts to ensure that it has the appropriate balance of skills, experience, knowledge and independence in order to remain effective. Biographical details of the Directors are shown on page 4.

Board Responsibilities

At each quarterly meeting of the Board, the Directors follow a formal agenda which includes a review of the Group's investments and associated matters such as gearing, asset allocation, principal risks, marketing and investor relations and economic and industrial issues. The Board are also active in ensuring any regulatory developments which may affect the operations of the Company are considered. The Board regularly considers the Company's investment objective and strategy.

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

Corporate Governance Statement *(continued)*

For the period 21 May 2010 to 30 September 2011

Board Operation

The Board holds formal meetings on a quarterly basis and additional ad-hoc meetings are held when necessary. Attendance at Board and Audit Committee meetings by the respective members of the Board, are displayed in the Table 1 below.

The Board has formally adopted a schedule of matters specifically reserved for the Board. Such matters include:

- Approval of setting the long-term objectives and strategy;
- Managing the Capital Structure;
- Approval of loans and borrowing;
- Assessing and controlling risk;
- Approval of the dividend policy; and
- Approval of any significant changes in accounting policies or practices.

The schedule of matters reserved for the Board is available on request or on the Company's website.

Meetings

The number of meetings of the Board and Committees held during the period under review and the attendance of individual Directors are shown below:

Table 1

Director	Quarterly Meetings	Ad Hoc Meetings	Audit Committee Meetings
Ian Reeves CBE	5	3	1
David Pirouet	5	8	1
Trevor Hunt	5	8	1

Remuneration, Management and Nominations Committees

The Board has not established a management engagement, nomination or remuneration committee as it considers that the functions of these committees can be more appropriately managed by the Board as a whole under the chairmanship of Mr Reeves.

The Board currently considers its size to be appropriate for the purpose of discharging its responsibilities and therefore does not feel it necessary to formulate a nominations policy at present.

When undertaking the function of a remuneration committee, the Board attempts to ensure that the Directors are rewarded in accordance with their individual performance, and market trends congruent to that of the Company.

The Directors are all non-executive and the fees for their services are approved by the Board as a whole. Details of the Directors' remuneration are provided in the Directors Remuneration Report on pages 31 and 32 and in note 5 to the Consolidated Financial Statements.

Audit Committee

The Audit Committee's membership is comprised of all the Company's Directors and is chaired by David Pirouet, who is a Chartered Accountant and a former audit partner. The Board considers that the independence, experience and knowledge of each of the Audit Committee members is sufficient for discharging its responsibilities. The Audit Committee meets at least once a year.

The Audit Committee operates within clearly defined terms of reference, a copy of which is available on request from the Company Secretary and can be found on the Company's website. The terms of reference require the Audit Committee to monitor the Company's financial reporting, internal controls and risks and external audit processes. The Audit Committee is responsible for making recommendations to the Board in respect of the appointment, re-appointment and remuneration of the Auditor. The Audit Committee is also responsible for assessing the independence of the Auditor.

The Audit Committee has conducted a review of the audit and non-audit services provided by the Auditor to the Company and are satisfied that the Auditor has fulfilled its obligations to the Company and its Shareholders.

During the Period the Audit Committee discharged its responsibilities by:

- reviewing and approving the external Auditors' terms of engagement and remuneration;
- reviewing the external auditors' plan for the audit of the Company's Consolidated Financial Statements, including identification of key risks and confirmation of auditor independence;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing the Company's draft Consolidated Annual Financial Statements and Half Yearly results statement prior to Board approval;
- reviewing the external auditors' detailed report to the committee on the Consolidated Annual Financial Statements; and
- recommending to the Board and shareholders the reappointment of the Auditor as the independent auditors of the Company.

Internal Controls Review

The Directors acknowledge that they have overall responsibility for ensuring that there are in place, systems of internal control, both financial and non-financial, and for reviewing their effectiveness. The purpose of the internal financial controls is to ensure that proper accounting records are maintained, the Company's assets are safeguarded and the financial information used within the business and for publication is accurate and reliable; such a system can provide only reasonable and not absolute assurance against material mis-statement or loss. The Board reviews all financial performance and results notifications together with the Investment Adviser.

Non-financial internal controls include the systems of operational and compliance controls maintained by the Administrator and the Investment Adviser in relation to the Company's business as well as the management of key risks as referred to in the Directors' Report.

Corporate Governance Statement *(continued)*
For the period 21 May 2010 to 30 September 2011

Internal Controls Review *(continued)*
Responsibility for accounting and secretarial services has been contractually delegated to the Administrator. The Administrator has established its own system of internal controls in relation to these matters, details of which have been reviewed by the Board as part of the bi-annual risk assessment.

Internal Control Assessment Process
The Board conducts a risk assessment on a bi-annual basis. The review covers the operation, compliance and financial risks facing the Group.

The Directors confirm that by means of the procedures set out above, and in accordance with the UK Corporate Governance Code and the AIC Code and Guide, they have established a continuing process for identifying, evaluating and managing the significant potential risks faced by the Company and have reviewed the effectiveness of the internal control systems. This process has been in place throughout and subsequent to the accounting period under review.

Dialogue with Shareholders
The Company, through its Directors, Company Secretary, Investment Adviser and Broker, engages in ongoing communication with its shareholders. The Board encourages shareholders to attend and vote at the AGM where the Chairman of the Board and the Audit Committee are made available to answer any questions posed by the shareholders.

The Company's annual and interim results are dispatched to shareholders by mail and are also available for downloading from the Investment Adviser's website, http://www.gcpuk.com/investor-relations/gcp-infrastructure-investments-limited/detail/. This information is supplemented by the monthly calculation and publication at the London Stock Exchange of the Net Asset Value of the Company's shares.

Directors Remuneration Report
For the period 21 May 2010 to 30 September 2011

The Board has prepared this report in accordance with Listing Rule 9.8.8 of the Financial Services Authority and describes how the Board has applied the principles relating to Directors' remuneration.

The Company's independent auditors are Ernst & Young LLP. Their report is set out on pages 33 and 34.

The Board consists of three Directors, all of whom are non-executive directors.

Remuneration Committee
The Board comprises solely of non-executive Directors and accordingly the Board as a whole performs the function of the remuneration committee.

Remuneration Policy
The Board considers that Directors' fees should reflect the time commitment required and the level of responsibility borne by Directors, and should be broadly comparable to those paid by similar companies. It is not considered appropriate that Directors' remuneration should be performance related, and none of the Directors are eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits in respect of their services as non-executive directors of the Company.

Directors' fees were reviewed by the Board during its meeting in September 2011, when it was recommended that annual fees should remain unchanged at £30,000 for the Chairman of the Board and at £20,000 for the other Directors until 31 December 2011 when a more formal review will take place following the expected growth of the Group. Article 76 of the Articles of Association place an overall limit of £100,000 per annum in aggregate for Directors' remuneration.

Directors Fees
The fees paid to Directors for the period from 21 May 2010 to 30 September 2011 are presented in Table 2 below:

Table 2

Director	**Period from appointment to 30 September 2011**
Ian Reeves CBE	40,992
David Pirouet	27,329
Trevor Hunt	27,329

Directors expenses for the Period totalled £5,995, no other remuneration or compensation was paid or payable by the Company during the Period to any of the Directors.

Directors Remuneration Report *(continued)*

For the period 21 May 2010 to 30 September 2011

Terms of Appointment

Article 70 of the Company's Articles of Association require, and the provisions of the UK Corporate Governance Code recommend, that any Director appointed by the Board since the previous AGM submit themselves for appointment at the first AGM of the Company following their appointment. Accordingly, all of the Directors have chosen to submit themselves for re-appointment by Shareholders at the first AGM of the Company.

At each AGM any Director who has been appointed by the Board since the previous AGM and any Director selected to retire by rotation pursuant to Article 71 shall retire from office.

At each AGM one-third of the Directors (excluding any Director who has been appointed by the Board since the previous AGM) or, if their number is not an integral multiple of three, the number nearest to one-third but not exceeding one-third shall retire from office (but so that if there are fewer than three directors who are subject to retirement by rotation under this Article one shall retire).

Any Director who is not required to retire by rotation in accordance with Article 71 but who has been in office for three years or more since his appointment or his last re-appointment or who would (but for the operation of Article 71) have held office at not less than three consecutive AGM's of the Company without retiring shall retire from office.

On behalf of the Board
Mr David Pirouet
7 November 2011

Independent Auditor's Report

For the period 21 May 2010 to 30 September 2011

We have audited the financial statements of GCP Infrastructure Investments Limited for the period ended 30 September 2011 which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flow and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors Responsibilities set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2011 and of its profit for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Geraint Davies
For and on behalf of Ernst & Young LLP
Jersey, Channel Islands
7 November 2011

Notes:

1. The maintenance and integrity of the Gravis Capital Partners LLP web site is the responsibility of the partners; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Statement of Financial Position

As at 30 September 2011

	Notes	As at 30 September 2011 £
Assets		
Cash and cash equivalents	13	9,220,402
Amounts receivable on subscription of Master Fund shares		1,074,987
Other receivables and prepayments	10	107,730
Amounts held on Security Account	14	2,377,807
Financial assets at fair value through profit or loss	17	67,174,003
Total Assets		**79,954,929**
Liabilities		
Amounts payable on redemption of Master Fund shares		(521,151)
Distribution payable to non controlling interest		(681,168)
Other payables and accrued expenses	11	(442,993)
Amounts held on Security Account	14	(2,377,807)
Financial liabilities at fair value through profit or loss	17	(31,833,570)
Total Liabilities		(35,856,689)
Net assets attributable to owners of the Company		**44,098,240**
Capital and Reserves		
Share Capital	12	439,960
Share Premium	12	43,700,960
Retained earnings		(42,680)
Total equity		**44,098,240**

On behalf of the Board of Directors

Mr. David Pirouet

Mr. Trevor Hunt

Date: 7 November 2011

The accompanying notes on pages 39 to 68 form an integral part of these audited consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the period 21 May 2010 to 30 September 2011

	Notes	Period ended 30 September 2011 £
Income		
Deposit interest income		164,626
Net movement on financial assets and liabilities at fair value through profit or loss	3	5,926,645
		6,091,271
Expense		
Investment Advisory fees	18	(358,279)
Custodian fees	18	(22,676)
Administration fees	18	(176,164)
Directors' remuneration	5	(152,917)
Set up costs		(827,201)
Other general expenses	4	(455,288)
		(1,992,525)
Total operating profit before finance costs		4,098,746
Finance costs	16	(2,250,176)
Profit for the period		1,848,570
Other Comprehensive income		–
Total Comprehensive income		**1,848,570**
Earnings per share (pps)	8	4.3991

The accompanying notes on pages 39 to 68 form an integral part of these audited consolidated financial statements.

Consolidated Statement of Changes in Equity

For the period 21 May 2010 to 30 September 2011

	Notes	Share Capital £	Share Premium £	Retained Earnings £	Total equity attributable to owners of the Company £
Balance as at the beginning of the period		–	–	–	–
Profit for the period		–	–	1,848,570	1,848,570
Other Comprehensive Income		–	–	–	–
Total Comprehensive Income		**–**	**–**	**1,848,570**	**1,848,570**
Equity shares issued	12	439,960	43,700,960	–	44,140,920
Distributions	7	–	–	(1,891,250)	(1,891,250)
As at 30 September 2011		**439,960**	**43,700,960**	**(42,680)**	**44,098,240**

The accompanying notes on pages 39 to 68 form an integral part of these audited consolidated financial statements.

Consolidated Statement of Cash Flow

For the period 21 May 2010 to 30 September 2011

Cash flows from operating activities	Notes	£	**Period ended 30 September 2011** £
Total operating profit before finance costs			4,098,746
Net movement in financial assets at fair value through profit or loss	3		(1,979,147)
Net movement in financial liabilities at fair value through profit or loss	3		(355,569)
Increase in other payables and accrued expenses	11	442,993	
Less: other payables and accrued expenses on acquisition	9	(143,420)	
			299,573
Increase in trade and other receivables	10	(107,730)	
Less: trade and other receivables on acquisition	9	11,119	
			(96,611)
Net cash flow from operating activities			**1,966,992**
Cash flows from investing activities			
Purchase of financial assets			(34,242,796)
Acquisition of subsidiary cash	9		548,582
Net cash flow used in investing activities			**(33,694,214)**
Cash flows from financing activities			
Proceeds from issue of share capital	12		439,960
Premium received	12		43,700,960
Proceeds from issue of non redeemable shares in Master Fund			100
Distributions paid			(1,891,250)
Net repayment to Non Controlling Interest			(545,488)
Finance costs paid			(756,658)
Net cash flow used in financing activities			**40,947,624**
Net increase in cash and cash equivalents	13		9,220,402
Cash and cash equivalents at beginning of the period			–
Cash and cash equivalents at end of the period			**9,220,402**
Non cash items			
Increase in amounts held on Security Account			2,377,807
Increase in amounts held on Security Account payable			(2,376,292)
Increase in interest held on Security Account payable			(1,515)
			–
Non cash items arising from switching shares			
Issue of share capital and share premium			10,159,112
Redemption of non controlling interests			(10,159,112)
			–
Net cash generated by operating activities includes:			
Interest received			164,626

The accompanying notes on pages 39 to 68 form an integral part of these audited consolidated financial statements.

Notes to the Consolidated Financial Statements

For the period 21 May 2010 to 30 September 2011

1. General Information

GCP Infrastructure Investments Limited (the "Company") is a public company incorporated in Jersey with registration number 105775, on 21 May 2010. The Company is governed by the provisions of the Companies (Jersey) Law, 1991, as amended.

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

GCP Infrastructure Fund Limited (the 'Master Fund') makes infrastructure investments through acquiring (or acquiring interest in) subordinated debt instruments issued by infrastructure project companies (or by their existing lenders or holding vehicles) that are contracted by the public sector to design, finance, build and operate public infrastructure assets. The Master Fund primarily targets projects structured and financed under the UK PFI.

These consolidated financial statements consolidate the financial statements of the Company and its subsidiary, the Master Fund (together the "Group").

2. Significant Accounting Policies

2.1 Basis of preparation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the International Financial Reporting Interpretations Committee of the International Accounting Standards Board ("IASB") as they apply to the Financial Statements of the Group for the period 21 May 2010 to 30 September 2011 as required by IFRS and as adopted by the European Union.

The Consolidated Statement of Financial Position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current assets.

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

These consolidated financial statements consolidate the financial statements of the Company and its subsidiary, the Master Fund on the basis that it has the power to exercise control over the operations of the Master Fund. All transactions and balances between the Company and the Master Fund have been eliminated on consolidation. The remaining outstanding Ordinary Redeemable Income Shares and Ordinary Redeemable Accumulation Shares of the Master Fund, equate to 41.99% of the total issued share capital of the Master Fund and are represented as Financial liabilities at fair value through profit or loss within the Consolidated Statement of Financial Position. Liabilities arising from the redeemable shares are carried at the redemption amount being the net asset value of the Master Fund at the Consolidated Statement of Financial Position date.

Master Fund shareholders have the right to have their shares redeemed at a proportionate share based on the Master Fund's net asset value per share on the redemption date. For the purpose of calculating the net assets attributable to shareholders in accordance with the Master Fund's constitution, the Master Fund's valuation of net asset value is different from the IFRS valuation requirements. This is due to the treatment of set up costs where under IFRS they are expensed in full.

Notes to the Consolidated Financial Statements *(continued)*
For the period 21 May 2010 to 30 September 2011

2.1 Basis of preparation *(continued)*
Standards, amendments and interpretations that have no impact or no significant impact

The accounting policies adopted are consistent with those of the prior financial period except as follows.

Amendments to the following accounting standards and interpretations were made effective for this financial period but have no impact or not significant impact on the financial statements:

(a) Improvements to IFRS
Minor amendments to various standards and interpretations resulting from the April 2009 Annual Improvements to IFRSs are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010 respectively.

(b) IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments
The interpretation is effective for annual periods beginning on or after 1 July 2010.

(c) IFRS 1 – First Time Adoption of International Financial Reporting Standards – Additional Exemptions for First –time Adoption
The amendment provides relief from the full retrospective application of IFRS in certain circumstances and is effective for annual periods beginning on or after 1 January 2010.

(d) IFRS 2 – Share-based payments
The amendment relates to group cash-settled share-based payment transactions and is effective for annual periods beginning on or after 1 January 2010.

(e) IAS 32 – Financial Instruments: Presentation
The amendments relate to classification of rights issues and are effective for annual periods beginning on or after 1 February 2010.

The following accounting standards, amendments and interpretations were in issue at the year end but will not in be in effect until after this financial year. They are not expected to significantly impact the Company's financial statements.

(f) IFRS 3 – Business Combinations
The amendment makes comprehensive revision on applying the acquisition method and is effective for annual periods beginning on or after 1 January 2013.

(g) Improvements to IFRS
Minor amendments to various standards and interpretations resulting from the May 2010 Annual Improvements to IFRSs are effective for annual periods beginning on or after 1 January 2011.

(h) IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction — November 2009
The interpretation contains amendments with respect to voluntary prepaid contributions and is effective for annual periods beginning on or after 1 January 2011.

2.1 Basis of preparation *(continued)*

(i) IFRS 1 – First-time adoption of International Financial Reporting Standards

The amendments replace fixed dates for certain exemptions with the date of transition to IFRS and gives additional exemption for entities ceasing to suffer from severe hyperinflation and is effective for annual periods beginning on or after 1 July 2011.

(j) IAS 12 – Income Taxes- Limited scope amendment (recovery of underlying assets)

The amendment is effective for annual periods beginning on or after 1 January 2012.

(k) IAS 19 – Employee Benefits

The amended standard results from the Post Employment Benefits and Termination Benefits projects and is effective for annual periods beginning on or after 1 July 2013.

(l) IAS 27 – Separate Financial Statements (as amended in 2011)

This standard replaces IAS 27 – Consolidated and Separate Financial Statements and is effective for annual periods beginning on or after 1 July 2013.

(m) IAS 28 – Investments in Associates and Joint Ventures (as amended in 2011)

This standard replaces IAS 28 – Investments in Associates and is effective for annual periods beginning on or after 1 July 2013.

(n) IFRS 10 – Consolidated Financial Statements

This new standard is effective for annual periods beginning on or after 1 January 2013.

(o) IFRS 11 – Joint Arrangements

This new standard is effective for annual periods beginning on or after 1 January 2013.

(p) IFRS 12 – Disclosure of Interests in Other Entities

This new standard is effective for annual periods beginning on or after 1 January 2013.

Standards, amendments and interpretations that are not yet effective and have not been early adopted

The following accounting standards, amendments and interpretations were in issue at the year end but will not be in effect until after this financial year. They are expected to impact the Company's financial statements in the coming years.

(a) IAS 24 – Related Party Disclosures

The amendments revise the definition of related parties and are effective for annual periods beginning on or after 1 January 2011.

(b) IAS 1 – Presentation of Financial Statements

The amendments revise the way other comprehensive income is presented and are effective for annual periods beginning on or after 1 July 2012.

(c) IFRS 9 – Financial Instruments – Classification and Measurement

This new standard has been issued as part of the IAS 39 replacement project and is effective for annual periods beginning on or after 1 January 2013.

(d) IFRS 7– Financial Instruments: Disclosures

The amendments enhance disclosures about transfers of financial assets and are effective for annual periods beginning on or after 1 July 2011.

(e) IFRS 13 – Fair Value Measurement

This new standard is effective for annual periods beginning on or after 1 January 2013.

Notes to the Consolidated Financial Statements *(continued)*

For the period 21 May 2010 to 30 September 2011

2.2 Significant accounting judgements and estimates

The preparation of consolidated financial statements in accordance with IFRS requires the Directors of the Group to make judgements, estimates and assumptions that affect the reported amounts recognised in the consolidated financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. For more details, refer to note 17.

Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements have been prepared on the going concern basis.

2.3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Financial Instruments

(i) Classification

The Group classifies its financial assets and financial liabilities into the categories below in accordance with IAS 39.

Financial assets and liabilities at fair value through profit or loss

This category consists of financial instruments designated as fair value through profit or loss upon initial recognition. These include debt instruments that are not held for trading. These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with the risk management and investment strategies of the Company, as set out in the Prospectus document dated 28 June 2010. The financial information about these financial assets of the Group is provided by the Investment Adviser to the Directors of the Master Fund with the valuation model being supplied by the Valuation Agent.

The outstanding Ordinary Redeemable Income Shares and Ordinary Redeemable Accumulation Shares of the Master Fund, equate to 41.99% of the total issued share capital of the Master Fund and are represented as Financial Liabilities at fair value through profit or loss within the Consolidated Statement of Financial Position. Liabilities arising from the Master Fund redeemable shares are carried at the redemption amount being the Master Fund net asset value.

2.3 Summary of significant accounting policies *(continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. The Group includes in this category amounts relating to short-term receivables.

(ii) Recognition

The Group recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

(iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group transfers its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

(iv) Initial measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the Consolidated Statement of Financial Position at fair value. All transaction costs for such instruments are recognised directly in the Consolidated Statement of Comprehensive Income.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself classified as held for trading or designated as at fair value through profit or loss. Embedded derivatives separated from the host are carried at fair value with changes in fair value recognised in profit or loss.

Loans and receivables and other financial liabilities (other than those classified as at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Notes to the Consolidated Financial Statements *(continued)*
For the period 21 May 2010 to 30 September 2011

2.3 Summary of significant accounting policies *(continued)*

(v) Subsequent measurement
After initial measurement, the Group measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in the Consolidated Statement of Comprehensive Income.

The Group's existing financial liabilities at fair value through profit or loss are carried at fair value, being net asset value on the Master Funds Statement of Financial Position date of all non controlling interest shares, less set up costs amortised at Master Fund level as a result of the requirement to expense the cost in full for IFRS purposes.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in the Consolidated Statement of Comprehensive Income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(b) Basis of consolidation
Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

(c) Business Combinations
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non controlling interest in the acquiree. For each business combination, the acquirer measures the non controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

(d) Determination of fair value
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

2.3 Summary of significant accounting policies *(continued)*

(d) Determination of fair value *(continued)*

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include using recent arm's length market transactions, reference to appropriate current market data, and discounted cash flow analysis, at all times making as much use of available and supportable market data as possible.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 17.

(e) Functional and presentation currency

The primary objective of the Group is to generate returns in Sterling, its capital-raising currency. The Group's performance is evaluated in Sterling. Therefore, the Directors consider Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have therefore adopted it as the presentation currency.

(f) Distributions to shareholders

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

(g) Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position and Consolidated Statement of Cash Flow comprise cash on hand, demand deposits, short-term deposits in banks with original maturities of three months or less and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Deposit interest revenue and expense

Interest revenue and expense are recognised in the Consolidated Statement of Comprehensive Income for all interest-bearing financial instruments using the effective interest method.

(i) Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as 'held at fair value through profit or loss' and excludes interest and dividend income and expense.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior periods' unrealised gains and losses for financial instruments which were realised in the reporting period.

(j) Fees and commissions

Unless included in the effective interest calculation, fees and commissions are recognised on an accrual basis. Legal and audit fees are included within 'other general expenses'.

Notes to the Consolidated Financial Statements *(continued)*
For the period 21 May 2010 to 30 September 2011

2.3 Summary of significant accounting policies *(continued)*

(k) Finance costs
Finance costs are recognised in the Consolidated Statement of Comprehensive Income in the period they are incurred and are in relation to distributions payable by the Master Fund to the non controlling interest (classified as financial liabilities at fair value through profit or loss). This is in accordance with the Master Fund's constitution and the Master Fund will distribute the income it receives to the fullest extent that is deemed appropriate. The distributions are payable in May and November.

(l) Share Capital
The share capital of the Company comprises of non-redeemable shares.

The non-redeemable shares are classified as an equity instrument due to the following features:

- It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- The non-redeemable shares are in the class of instruments that is subordinate to all other classes of instruments.
- All non-redeemable shares in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The non-redeemable shares do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Company's net assets.
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Company over the life of the instrument.

In addition to the non-redeemable shares having all the above features, the Company must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets and unrecognised net assets of the Company.
- The effect of substantially restricting or fixing the residual return to the redeemable shareholders.

The Company continually assesses the classification of the non-redeemable shares. If the non-redeemable shares cease to have all the features or meet all the conditions set out to be classified as equity, the Company will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the non-redeemable shares subsequently have all the features and meet the conditions as equity, the Company will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of reclassification.

2.3 Summary of significant accounting policies *(continued)*

(l) Share Capital *(continued)*

The issuance, acquisition and resale of non-redeemable shares are accounted for as equity transactions.

Upon issuance of shares, the consideration received is included in equity.

Transaction costs incurred by the Company in issuing, acquiring or reselling its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Own equity instruments which are acquired are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs.

No gain or loss is recognised in the Consolidated Statement of Comprehensive Income on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3. Segment Information

For management purposes, the Group is organised into one main operating segment. All of the Group's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The table below analyses the Group's operating income per geographical location. The basis for attributing the operating income is the place of incorporation of the investments counterparty.

	30 September 2011 £
Channel Islands	164,626
United Kingdom	5,926,645
Total	**6,091,271**

The table below analyses the Group's operating income for the period ended 30 September 2011 per investment type.

	30 September 2011 £
Cash and cash equivalents	164,626
Financial assets and liabilities at fair value through profit or loss	5,926,645
Total	**6,091,271**

Notes to the Consolidated Financial Statements *(continued)*
For the period 21 May 2010 to 30 September 2011

3. Segment Information *(continued)*

The table below analyses the Group's financial assets and liabilities at fair value through profit and loss.

	30 September 2011 £
Arrangement fee income	175,000
Fixed interest income	3,416,929
Net movement in financial assets at fair value through profit or loss	1,979,147
Net movement in financial liabilities at fair value through profit or loss	355,569
Total	**5,926,645**

4. Other General Expenses

	30 September 2011 £
Audit fees	63,588
Brokers fees	51,762
Director's insurance	13,623
Financial advisory fees	71,671
General insurance fees	20,923
Legal & professional fees	82,553
Other expenses	1,463
Printing fees	14,306
Public relations fees	43,348
Receiving agents fees	11,945
Registrar's fees	21,936
Stock exchange fees	8,439
Valuation agents fees	49,731
Total	**455,288**

5. Directors Remuneration

The Directors of the Company and Master Fund are remunerated on the following basis.

	30 September 2011 £
Mr Ian Reeves CBE	40,992
Mr David Pirouet	27,329
Mr Trevor Hunt	27,329
Master Fund Directors' fees	49,759
Directors' expenses	5,995
Master Fund Directors' expenses	1,513
Total fees	**152,917**

6. Taxation

Profits arising in the Group for the period from 21 May 2010 to 30 September 2011 will be subject to tax at the rate of 0%.

7. Distributions

Total dividends per share at Company level totalled 4.45 pence per share as follows:

	Pence	£
For the period from 21 May 2010 to 30 September 2010	2.15	913,750
For the period from 1 October 2010 to 31 March 2011	2.30	977,500
	4.45	**1,891,250**

8. Earnings per share

Basic (and diluted) earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares outstanding during the Period.

	Profit £	Weighted average number of shares	30 September 2011 pence per share
Earnings per share (basic and diluted)	1,848,570	42,021,766	4.3991

Notes to the Consolidated Financial Statements *(continued)*

For the period 21 May 2010 to 30 September 2011

8. Group earnings per share *(continued)*

Weighted average number of shares have been calculated by dividing the total shares in issue by the total days in the period, multiplied by the number of days they were in issue:

Weighted average	Shares in issue	Days	Weighted
Issued upon the Company's admission to the London Stock Exchange (LSE)	40,000,000	88	7,068,273
As at 17 August 2010	41,000,000	52	4,281,124
As at 8 October 2010	42,500,000	318	27,138,554
As at 22 August 2011	43,996,000	40	3,533,815
Total		**498**	**42,021,766**

There have been no transactions involving Ordinary Shares between the reporting date and the date of completion of these financial statements.

9. Business combinations

The consolidated financial statements comprise the financial statements of the Company and its subsidiary, the Master Fund, for the Period from 30 July 2010 to 30 September 2011.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non controlling interest in the acquiree. For each business combination, the acquirer measures the non controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

9. Business combinations *(continued)*

The Company invested in the Master Fund and in accordance with the Company's investment objective, the investment in the Master Fund will aim to provide its shareholders with regular sustained long term distributions. The Company will achieve its investment objective by investing substantially all of its capital in the Ordinary Income shares of the Master Fund, which in turn will generate income from subordinated PFI debt and/or similar assets.

The fair value of the identifiable assets and liabilities of the Master Fund upon acquisition at 30 July 2010 were:

Assets	**£**
Investments at fair value	30,952,060
Cash and cash equivalents	548,582
Amounts held on Security Account	2,828,938
Trade and other receivables	11,119
Amounts receivable on subscription of redeemable shares	38,877,435
	73,218,134
Liabilities	
Amounts held on Security Account	(2,828,938)
Other payables and accrued expenses	(143,420)
Amounts payable on redemption of redeemable shares	(10,159,135)
	(13,131,493)
Total identifiable net assets at fair value	60,086,641
Non controlling interest at fair value	(21,408,197)
Purchase consideration transferred	**38,678,444**

Purchase consideration:	**£**
Non cash items from share switching	10,159,112
Cash consideration	28,519,332
	38,678,444

Analysis of cash flows on acquisition:	**£**
Transaction cost of the acquisition	–
Net cash acquired with subsidiary	548,582
Net cash flow on acquisition	**548,582**

Notes to the Consolidated Financial Statements *(continued)*

For the period 21 May 2010 to 30 September 2011

9. Business combinations *(continued)*

On 30 July 2010 the Company acquired 27,916,360 shares in the Master Fund at a fair value of £28,519,332 (£1.0216 per Ordinary income share). On the same date the Company converted 9,944,315 Ordinary shares at a fair value of £10,159,112 (£1.0216 per ordinary income share) into Master Fund ordinary income shares.

Acquisition of additional holdings in the subsidiary (the 'Master Fund')

On 30 September 2010, the Company bought an additional 1,007,069 (1.69%) Ordinary income shares at a fair value of £1,040,000. At this point the Company owned 65.09% of the issued share capital of the Master Fund, with a non controlling interest of 34.91% of the issued share capital of the Master Fund.

On 29 October 2010, the Company bought a further 1,560,951 Ordinary income shares (2.52%) at a fair value of £1,575,000, at this point the Company owned 65.30% of the issued share capital of the Master Fund, with a non controlling interest share of 34.70% of the issued share capital of the Master Fund.

On 30 August 2011 the Company bought an additional 1,469,067 Ordinary income shares (2.09%) at a fair value of £1,525,920. At this point the Company owned 58.44% of the issued share capital of the Master Fund, with a non controlling interest share of 41.56% of the issued share capital of the Master Fund.

Since 30 August 2011 the effective proportionate non controlling interest holdings of the Master Fund shares has increased. As at 30 September 2011 the Company owned 58.01% of the issued share capital of the Master Fund, with a non controlling interest share of 41.99% of the issued share capital of the Master Fund.

Transactions with owners have not resulted in any material fair value gains or losses, therefore no further disclosure has been made.

10. Other receivables and prepayments

	30 September 2011 £
Directors insurance fees	6,897
Financial adviser fees	18,329
FSA fees	1,995
General insurance fees	10,681
Interest receivable	176
Legal & professional fees	65,130
Permit fees	1,496
Stock Exchange listing fees	3,026
Total	**107,730**

11. Other payables and accrued expenses

	30 September 2011 £
Administration fees	25,890
Audit fees	48,790
Custody fees	6,921
Directors' fees	28,356
Investment advisory fees	274,495
Other expenses	3,538
Publishing fees	11,800
Receiving agents fees	11,945
Registrars fees	3,125
Set up costs	11,502
Valuation agents fees	16,631
Total	**442,993**

Notes to the Consolidated Financial Statements *(continued)*

For the period 21 May 2010 to 30 September 2011

12. Authorised and issued share capital

Share Capital	Number of shares	30 September 2011 £
Authorised Shares		
Ordinary Shares of £0.01 each	200,000,000	2,000,000
	200,000,000	2,000,000
Ordinary Shares issued and unpaid		
Ordinary shares of £0.01 each		
At 21 May 2010		
Issued on incorporation of the Company	10,000	100
Forfeited and cancelled on 27 June 2011	(10,000)	(100)
At 30 September 2011	–	–
Ordinary Shares issued and fully paid		
Ordinary shares of £0.01 each		
At 21 May 2010	–	–
Issued upon the Company's admission to the London Stock Exchange (LSE)	40,000,000	400,000
Issued on 17 August 2010	1,000,000	10,000
Issued on 8 October 2010	1,500,000	15,000
Issued on 22 August 2011	1,496,000	14,960
At 30 September 2011	**43,996,000**	**439,960**

Share Premium	£
At 21 May 2010	–
Issued upon the Company's admission to the London Stock Exchange (LSE)	39,600,000
Issued on 17 August 2010	1,030,000
Issued on 8 October 2010	1,560,000
Issued on 22 August 2011	1,510,960
At 30 September 2011	**43,700,960**

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.

12. Authorised and issued share capital *(continued)*

The authorised share capital of the Company was amended on 28 July 2010 resulting in an authorised share capital of the Company of £2,000,000 divided into 200,000,000 Ordinary Shares. The issued share capital of the Company at this date was £100 divided into 10,000 Ordinary Shares of £0.01 each.

On 27 June 2011, the 10,000 unlisted shares which were created on incorporation of the Company but not paid up (the “Unlisted Shares”) were surrendered and subsequently cancelled.

On 22 July 2010, the Company announced its successful admission of 40,000,000 Ordinary Shares to trading on the Official List and to trading on the LSE’s main market for listed securities following the fundraising of £40.0 million through the placing, the offer for subscription and the arrangements for switching between the Master Fund and the Company. 3,996,000 Ordinary shares were subsequently blocklisted and added to the Official List of the UK Listing Authority of which 3,996,000 have been issued to shareholders.

Upon the Company’s admission to the LSE 40,000,000 Ordinary Shares with an aggregate nominal value of £400,000 were issued at £1.00 each.

On 17 August 2010 following the Company’s “Block Listing Application” dated 16 August 2010, 1,000,000 Ordinary Shares with an aggregate nominal value of £10,000 were issued at £1.04 each. On 8 October 2010, 1,500,000 Ordinary Shares with an aggregate nominal value of £15,000 were issued at £1.05 each. On 22 August 2011, 1,496,000 Ordinary Shares with an aggregate nominal value of £14,960 were issued at £1.02 each.

As at 30 September 2011 the Company’s issued share capital comprised 43,996,000 Ordinary Shares, none of which were held in treasury.

The Company’s share capital is represented by Ordinary Shares. Quantative information about the Company’s capital is provided in the Consolidated Statement of Changes in Equity.

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

13. Cash and Cash Equivalents

	30 September 2011 £
Company cash and cash equivalents	407,098
Master Fund cash and cash equivalents*	8,813,304
Total	**9,220,402**

* at 30 July 2010 the Company acquired £548,582 as part of the initial acquisition of the Master Fund (note 9).

Notes to the Consolidated Financial Statements *(continued)*

For the period 21 May 2010 to 30 September 2011

14. Amounts held on Security Account

	30 September 2011 £
Amounts held on Security Account payable	2,376,292
Interest payable on Security Account	1,515
Total amounts held on Security	**2,377,807**

'Amounts held on Security' relates to a cash deposit of £2,377,807 belonging to GPFI Holdings Limited. The cash is held in a segregated Master Fund account (the "Security Account"). The Master Fund is holding the cash as collateral to protect the Master Fund against underperformance of the GPFI Loans.

In the event that the GPFI Loans perform as expected the funds within the Security Account will be released over time, but will remain above £1,000,000 for as long as the Company owns the GPFI loans.

The amount is held as an asset and a liability on the face of the Consolidated Statement of Financial Position.

15. Group Contingent Liabilities

At 30 September 2011 there were no contingent liabilities.

16. Finance costs

The finance costs payable for the Period to the non controlling interest of the Group comprise of the following:

	30 September 2011 £
Distributions in respect of non controlling interest income shares	1,437,826
Distributions in respect of non controlling interest accumulation shares	812,350
Total finance costs	**2,250,176**

17 Financial Risk, Management Objectives and Policies

The Company has an investment policy and strategy as summarised in its Prospectus dated 28 June 2010 that sets out its overall investment strategy and its general risk management philosophy and has established processes to monitor and control these in a timely and accurate manner. These guidelines are the subject of regular operational reviews undertaken by the Investment Adviser to ensure that the Company's policies are adhered to as it is the Investment Adviser's duty to identify and assist in the control of risks. The Investment Adviser reports regularly to the Directors as ultimate responsibility for the overall risk management approach lies with the Directors.

17. Financial Risk, Management Objectives and Policies *(continued)*

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

Fair Value

The Group's existing financial assets are designated as financial assets at fair value through profit or loss. These financial instruments are held at fair value.

The Group's existing financial liabilities at fair value through profit or loss are carried at fair value, being net asset value of the Master Fund at 30 September 2011, less set up costs amortised at Master Fund level as a result of the requirement to expense the cost in full for IFRS purposes.

The Valuation Agent carries out monthly fair valuations of the financial assets of the Master Fund. These valuations are reviewed by both the Investment Adviser and the Directors of the Master Fund. The valuation methodology is outlined in the Prospectus dated 28 June 2010, and in the section below entitled 'Fair Valuation Methodology of Financial assets at fair value through profit or loss'.

Investments measured and reported at fair value are classified and disclosed in one of the following fair value hierarchy levels depending on whether their fair value is based on:

- Quoted prices in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included in level one that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

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

Notes to the Consolidated Financial Statements *(continued)*

For the period 21 May 2010 to 30 September 2011

17. Financial Risk, Management Objectives and Policies *(continued)*

Fair Value (continued)

The table below summarises all securities held by the Group based on the fair valuation technique adopted.

	As at 30 September 2011			
Financial assets at fair value through profit or loss	**Level 1 £**	**Level 2 £**	**Level 3 £**	**Total £**
Subordinated loan notes	–	67,174,003	–	67,174,003
	–	**67,174,003**	**–**	**67,174,003**

	As at 30 September 2011			
Financial liabilities at fair value through profit or loss	**Level 1 £**	**Level 2 £**	**Level 3 £**	**Total £**
Non Controlling Interest	–	31,833,570	–	31,833,570
	–	**31,833,570**	**–**	**31,833,570**

During the Period there were no transfers of investments between levels therefore no further disclosure is considered necessary by the Board of Directors. No level 3 reconciliation has been disclosed as it is the first reporting period of the Company and there have been no assets classified or transferred requiring reconciliation to the level 3 hierarchy.

The Valuation Agent has been appointed by the Directors to carry out the fair market valuation of the Group's investments (classified as Financial assets at fair value through profit or loss) on a monthly basis. These valuations are reviewed by both the Investment Adviser and the Directors.

Fair Valuation Methodology of Financial assets at fair value through profit or loss

The valuation principles used are based on a discounted cash flow methodology. A fair value for each asset acquired by the Group is calculated by applying what the Valuation Agent believes at the relevant time to be a market discount rate to the contractual cash flow expected to arise from each such asset.

The Valuation Agent believes that a discount rate driven solely by publicly-available electronic feeds is not possible or appropriate when valuing the investments of the Group due to the lack of publicly-disclosed financial information relating to UK infrastructure transactions, and the fact that it is often in the detail of each individual infrastructure project that the value or areas of concern are to be found.

17. Financial Risk, Management Objectives and Policies *(continued)*

Fair Value Methodology of Financial assets through profit and loss (continued)

The Valuation Agent therefore exercises its judgement in assessing the discount rate used for valuing each investment taking, inter alia, the following into account:

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

The Valuation Agent exercises its judgement in assessing the expected future cash flows from each investment. Given that the investments of the Master Fund will typically be fixed income debt instruments (with elements of inflation protection), the focus of the Valuation Agent is on assessing the likelihood of any interruptions to the debt service payments given the operational performance of the underlying asset.

Following the formation of the Master Fund, the Master Fund Directors agreed the valuation methodology to be used to value the investments of the Master fund. The Master Fund Directors reviewed the valuation model used by the Valuation Agent to ensure it performs in line with the agreed valuation methodology, and to ensure the suitability and relevance of comparators and benchmarks. The valuation model is also reviewed having due regard for the requirements of accounting standards.

Monthly valuations carried out by the Valuation Agent are reviewed by the Master Fund Directors and the Investment Adviser, with any movements tracked and justified by the Valuation Agent.

On a quarterly basis the Investment Adviser produces a report that details the performance of each investment, and includes an analysis of the exposures of the Master Fund by infrastructure sector, facilities manager, project counterparty and borrower. A separate review is carried out by the Investment Adviser on an annual basis of all facilities managers active in the infrastructure sector.

In addition to the above, at least annually the Master Fund Directors and the Investment Adviser assess whether the valuation methodologies remain appropriate. During the Period the Master Fund Directors have met with both the Valuation Agent and the Master Fund's technical adviser, EC Harris, to appraise in particular the valuation methodology, the key risks and due diligence process relating to transactions supported by Feed-in Tariff payments, in light of the fact that this is a sector the Master Fund is investing in for the first time.

Notes to the Consolidated Financial Statements *(continued)*
For the period 21 May 2010 to 30 September 2011

17. Financial Risk, Management Objectives and Policies *(continued)*

Fair Value Methodology of Financial assets through profit and loss (continued)

For every new investment entered into by the Master Fund, the Master Fund Directors receive third party due diligence reports from the Valuation Agent and legal and financial advisers as a key part of the deal approval process.

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

Change in discount rate	0.50%	0.25%	0%	(0.25%)	(0.50%)
Valuation of financial assets at fair value	64,589,212	65,858,388	67,174,003	68,538,312	69,953,692
Change in valuation of financial assets at fair value	(2,584,791)	(1,315,615)	–	1,364,309	2,779,689

The Group recognises the non controlling interest as a financial liability at fair value through profit or loss. The value is recognised as the net asset value price of the Master Fund.

For all other financial assets and liabilities, the carrying amounts are approximate to their respective fair value.

Currency Risk
The Group would engage in currency hedging only with a view to protecting the level of sterling dividends and other distributions to be paid by the Group in relation to the Ordinary Shares. It is not currently the intention of the Group to invest in non-sterling denominated assets, or raise non-sterling denominated liabilities, and such currency hedging is therefore not currently envisaged.

Interest Rate Risk
Interest rate risk arises from the effects of fluctuations in the prevailing level of market interest rates on the fair value of financial assets and liabilities, future cash flows and borrowings.

Interest rate risk has the following effect:

Fair value of financial assets and liabilities
Interest rates are one of the factors which the Valuation Agent takes into account when valuing the financial assets. Sensitivity analysis on the discount rate used in the valuations, which will be impacted by the interest rate, is included above.

17. Financial Risk, Management Objectives and Policies *(continued)*

Interest Rate Risk (continued)

Future cash flows

The Group primarily invests in subordinated loans of infrastructure project companies. The Group's current financial assets have fixed interest rate coupons, albeit with some inflation protection, and as such movements in interest rates will not directly affect the future cash flows payable to the Group.

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 Group in line with its investment policy and strategy.

The Group is indirectly exposed to the gearing of the infrastructure project companies. The Investment Adviser ensures as part of its due diligence that the project company senior debt has been hedged where appropriate.

Borrowings

The Master Fund has made no use of borrowings to finance the acquisition of its current investments, and may only use borrowings for short-term purposes as may be necessary for the settlement of transactions, to facilitate share redemptions (where applicable) or to meet ongoing expenses. The 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 Company's borrowing shall not in any event exceed 20 per cent of the Company's net asset value as at the time any such borrowing are drawn down.

Any potential financial impact of movements in interest rates on the cost of borrowings on the Group will be mitigated by the short term nature of such borrowings.

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group. Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty is not an exchange-clearing house.

The role and position within an infrastructure project structure of the Group's direct counterparty will vary from deal to deal. However, in most cases it is the credit position of the project company and its group companies that is of ultimate importance.

The Investment Adviser uses detailed cash flow forecasts to assess the credit-worthiness of project companies and their ability to pay all costs as they fall due. After an investment is made, the forecasts are regularly updated with information provided by the project companies in order to monitor ongoing financial performance.

The project companies will receive a significant portion of revenue from government departments, and public sector or local authority clients.

Notes to the Consolidated Financial Statements *(continued)*

For the period 21 May 2010 to 30 September 2011

17. Financial Risk, Management Objectives and Policies *(continued)*

Credit Risk (continued)

The project companies are also reliant on their subcontractors, particularly facilities managers, continuing to perform their service delivery obligations such that revenues are not disrupted. The credit standing of each significant subcontractor is monitored on an ongoing basis, and period-end exposures are reported to the Directors of the Master Fund quarterly.

All the existing financial assets at fair value of the Group are unrated debt instruments issued by Infrastructure Intermediaries No. 1 Limited, White Rock Insurance (SAC) Ltd, T-26 GEM Infrastructure, Grosvenor PFI Holdings Limited, Leisure Infrastructure Investors Limited and Kirklees PFI Limited who manage the affairs of the portfolios.

Total Exposure by Borrowers	£	%
Infrastructure Intermediaries No. 1 Limited	26,421,469	39
White Rock Insurance (SAC) Ltd, T-26 GEM Infrastructure	14,272,713	21
Grosvenor PFI Holdings Limited	14,254,164	21
Leisure Infrastructure Investors Limited	9,820,189	15
Kirklees PFI Limited	2,405,468	4
Total	**67,174,003**	**100**

Total Exposure by Sector	£	%
Healthcare	33,550,465	50
Education	13,749,816	20
Leisure	11,500,574	17
Accommodation	7,080,964	11
Housing	726,372	1
Street lighting	565,812	1
Total	**67,174,003**	**100**

17. Financial Risk, Management Objectives and Policies *(continued)*

Credit Risk (continued)

Top Ten Exposures by Project Counterparty	£	%
South London Healthcare NHS Trust	8,106,615	12
NHS Greater Glasgow and Clyde	7,775,552	12
Hertfordshire County Council	4,534,020	7
Amber Valley Borough Council	4,170,940	6
Hull Primary Care Trusts	3,458,337	5
Leeds City Council	3,367,264	5
Rotherham Metropolitan Borough Council	3,167,803	5
Tees, Esk and Wear Valleys NHS Foundation Trust	3,100,743	5
County Durham Primary Care Trust	3,100,743	5
Mid Essex NHS Trust	3,100,743	5
South Essex Partnership	3,100,743	5
14 other Project Counterparties with exposure < £2.6m	20,190,500	28
Total	**67,174,003**	**100**

Top Ten Exposures by Facilities Manager	£	%
Grosvenor Facilities Management	14,254,164	21
GE Medical Systems Limited	8,106,615	12
Parsons Brinckerhoff Limited	7,775,552	12
EMCOR Facilities Services	5,649,249	8
Community Building Services Limited	4,534,020	7
DC Leisure Management	4,170,940	6
Sewells Facilities Management Limited	3,458,337	5
Interserve FM Ltd	3,367,264	5
Eldon Housing Association Limited	2,546,944	4
Pinnacle PSG Limited	2,405,468	4
11 other Facilities Managers with exposure < £1.8m	10,905,450	16
Total	**67,174,003**	**100**

Notes to the Consolidated Financial Statements *(continued)*

For the period 21 May 2010 to 30 September 2011

17. Financial Risk, Management Objectives and Policies *(continued)*

Credit Risk (continued)

Total Exposure by Expected Term	**£**	**%**
< 10 yrs	14,272,713	21
10–20 yrs	2,405,468	4
20–30 yrs	47,328,019	70
> 30 yrs	3,167,803	5
Total	**67,174,003**	**100**

Total Exposure by Annual Equivalent Running Yield	**£**	**%**
9.5%–9.75%	43,081,101	64
9.75%–10%	14,272,713	21
10%–10.25%	–	–
10.25%–10.5%	9,820,189	15
Total	**67,174,003**	**100**

Liquidity Risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Group could be required to pay its liabilities or redeem its shares earlier than expected.

The Group is exposed to cash redemptions of participating redeemable shares of the Master Fund, on a regular basis. Shares of the Master Fund are redeemable at the holder's option based on the Fund's net asset value per share at the time of redemption, calculated in accordance with the Master Fund's constitution.

The Master Fund manages its obligation to repurchase the shares when required to do so and its overall liquidity risk by requiring a four week notice period before redemptions. The Directors of the Master Fund also have the right to declare a suspension of redemption of shares.

17. Financial Risk, Management Objectives and Policies *(continued)*

Liquidity Risk (continued)

The table below analyses all of the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the Consolidated Statement of Financial Position date to the contractual maturity date.

30 September 2011	Less than 1 month £	1 – 3 months £	3 – 12 months £	Greater than 12 months £	No stated maturity £	Total £
Assets						
Cash and cash equivalents	9,220,402	–	–	–	–	9,220,402
Amounts receivable on subscription of Master Fund shares	1,074,987	–	–	–	–	1,074,987
Other receivables and prepayments	–	–	107,730	–	–	107,730
Amounts held on Security Account	–	–	–	2,377,807	–	2,377,807
Financial assets at fair value through profit or loss	2,299,466	335,233	3,345,212	188,113,500	–	194,093,411
Total financial assets	**12,594,855**	**335,233**	**3,452,942**	**190,491,307**	**–**	**206,874,337**
Liabilities						
Amounts payable on redemption of Master Fund shares	521,151	–	–	–	–	521,151
Distribution payable to non controlling interest	–	681,168	–	–	–	681,168
Other payables and accrued expenses	–	442,993	–	–	–	442,993
Amounts held on Security Account	–	–	–	2,377,807	–	2,377,807
Financial liabilities at fair value through profit or loss	–	–	–	–	31,833,570	31,833,570
Total financial liabilities	**521,151**	**1,124,161**	**–**	**2,377,807**	**31,833,570**	**35,856,689**

Notes to the Consolidated Financial Statements *(continued)*
For the period 21 May 2010 to 30 September 2011

18. Related Party Disclosures

As defined by IAS 24 'Related Party Disclosures', parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Subsidiary

GCP Infrastructure Investments Limited as at 30 September 2011 owns a 58.01% controlling stake in GCP Infrastructure Fund Limited (the 'Master Fund'), together they form 'the Group'.

Directors

Directors remuneration totals £152,917 in the Period, and there is a balance outstanding at the period end of £28,356 included within other payables and accrued expenses in note 11.

Investment Adviser

The Company and the Master Fund are party to Investment Adviser Agreements with the Investment Adviser, dated 28 June 2010 and 3 June 2009 respectively, pursuant to which the Company and the Master Fund have appointed the Investment Adviser to provide advisory services with respect to the respective assets on a day-to-day basis in accordance with their respective investment objectives and policies, subject to the overall supervision and direction of their respective Boards of Directors.

For its services to the Company, the Investment Adviser receives an annual fee of £20,000.

For its services to the Master Fund, the Investment Adviser receives a fee at the rate of 0.90% p.a. (or such lesser amount as may be demanded by the Investment Adviser at its own absolute discretion) multiplied by the sum of:

- the net asset value of the Master Fund, less;
- the value of the cash holdings of the Master Fund pro rata to the period for which such cash holdings have been held.

The Investment Adviser is also entitled to claim for expenses arising in relation to the performance of certain duties in respect of the Master Fund.

During the period, the Group expensed £358,279 in respect of Investment Advisory fees and expenses, of which £274,495 is included within investment advisory fees and expenses payable as at 30 September 2011. The expensed balance comprised as follows:

- £25,150 related to the contractual fee at Company level for the period 21 May 2010 to 30 September 2011, of which £55 was outstanding at the end of the Period;
- £326,635 related to the contractual fee at Master Fund level for the period 31 July 2010 to 30 September 2011. During this Period, the Investment Adviser waived the right to receive £169,012 of their contractual fee at Master fund level, £274,440 was outstanding at the end of the Period; and
- £6,494 related to expenses claimed at Group level for the period 31 July 2010 to 30 September 2011.

18. Related Party Disclosures *(continued)*

Custodian

The Master Fund is party to a Custodian Agreement with the Custodian, dated 21 July 2009. For its services to the Master Fund, the Custodian receives fees charged on the net asset value of the Master Fund, subject to a minimum annual fee of £10,000.

During the period from 31 July 2010 to 30 September 2011, the Group expensed £22,676 in respect of Custodian fees, of which £6,921 was outstanding at the end of the Period.

Administrator

The Company and the Master Fund are party to Administration Agreements with the Administrator, dated 28 June 2010 and 9 June 2009 respectively, pursuant to which the Company and the Master Fund have appointed the Administrator to provide administrative services on a day-to-day basis.

For its services to the Company, the Administrator receives an annual fee of £40,000.

For its services to the Master Fund, the Administrator receives fees charged on the net asset value of the Master Fund, subject to a minimum annual fee of £110,000.

The Administrator is also entitled to claim for expenses arising in relation to the performance of certain duties in respect of the Group.

During the Period, the Group expensed £176,164 in respect of Administration fees, of which £25,890 is included within administration fees payable as at 30 September 2011. The expensed balance comprised as follows:

- £47,781 related to the contractual fee at Company level for the period 21 May 2010 to 30 September 2011, of which £6,904 was outstanding at the end of the Period; and
- £128,383 related to the contractual fee at Master Fund level for the period 31 July 2010 to 30 September 2011, of which £18,986 was outstanding at the end of the Period.

Grosvenor PFI Holdings Limited

The owners of Grosvenor PFI Holdings Limited have a 15% non-voting partnership interest in the Investment Adviser.

19. Reconciliation of Net Asset Value

This note reconciles the Net Asset Value ("NAV") per the Consolidated Financial Statements to the adjusted NAV as calculated in accordance with the Prospectus' rules for calculating the NAV for dealing purposes.

Establishment costs are all costs and expenses incurred in relation to the establishment of the Company.

In accordance with the NAV calculation prepared in line with the requirements of IFRS, establishment costs are expensed in the period they are incurred.

Notes to the Consolidated Financial Statements *(continued)*
For the period 21 May 2010 to 30 September 2011

19. Reconciliation of Net Asset Value *(continued)*

In accordance with the NAV calculation rules as stipulated in the Master Fund's Information Memorandum, establishment costs are capitalised and subsequently amortised on a straight-line basis over a five year period for the purpose of calculating the net asset value per share class for the issuance and redemption of redeemable participating accumulation and income shares.

The Company's net asset value per ordinary share at 30 September 2011 can be reconciled to the net asset value per ordinary share class, as calculated in accordance with IFRS, as follows:

	30 September 2011	
Ordinary share class reconciliation	**Total £**	**Per share £**
Valuation in accordance with the Information Memorandum	44,156,803	1.0037
Adjustment for Master Fund set-up costs	(58,563)	(0.0013)
Valuation as per Consolidated Financial Statements	**44,098,240**	**1.0024**

20. Subsequent events after the Report date

On 4 October 2011, the Master Fund committed to advance a series of loans in an aggregate size of up to approximately £15 million (the "ASG Loans"). The ASG Loans will be secured on a senior basis against the cashflows arising under the UK Government's Feed-In Tariff scheme from a portfolio of up to approximately 1,500 domestic solar panel installations in England. The ASG Loans are expected to have a term of approximately 23.5 years and to generate a return within the target range of the Master Fund whilst benefitting from an element of inflation protection. The drawdown of the ASG Loans is expected to take place at a rate of approximately £5 million per month commencing early November 2011 against a schedule of completed installations. The installations will be effected by A Shade Greener Limited.

On 6 October 2011 the Master Fund advanced a loan of £462,500 currently yielding 9.59% per annum annual equivalent with an expected term of 26 years, secured on a subordinated basis against the cash flows arising from a portfolio of three healthcare and two accommodation UK PFI projects principally owned by UME Master Fund LLP.

On 25 October 2011, the Company announced its intention to raise additional capital through a placing and offer for subscription of C shares, with a target of £60 million.

21. Ultimate Controlling Party

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

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GCP Infrastructure Investments Limited
12 Castle Street, St Helier
Jersey JE2 3RT