



GCP Infrastructure Investments Limited
Half-yearly report and financial statements 2017

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A FTSE 250
Company

About us

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

The Company seeks to provide shareholders with regular, sustainable long-term dividends by investing substantially all its capital in debt secured against UK infrastructure projects that generate long-dated, public sector backed revenues. The Company is currently exposed to a diversified portfolio of partially inflation-protected loans to primarily the renewable energy, social housing and PFI sectors.

The Company is a closed-ended investment company incorporated in Jersey. It was admitted to the Official List and to trading on the London Stock Exchange’s Main Market in July 2010 and since then it has grown to a market capitalisation of over £945 million as at 31 March 2017.

Highlights for the six month period

- Dividends of 3.8 pence per share paid or declared for the six month period to 31 March 2017
- Total shareholder return for the period of 0.8% and total return since IPO in 2010 of 95.7%
- Profit for the period of £22.1 million
- £90 million successfully raised through a significantly oversubscribed share issue
- Loans advanced totalling £74 million secured against UK renewable energy, social housing and PFI projects, with a further £21.8 million advanced post period end
- Post period end entry into a conditional, binding commitment to acquire up to £140 million of loans as part of the UK Government’s sale of the GIB
- A further commitment made post period end of up to £40 million to finance supported living housing units
- Company NAV per ordinary share as at 31 March 2017 of 110.30 pence per share up 0.6% since 30 September 2016
- Third-party valuation of the Company’s investment portfolio at 31 March 2017 of £773.4 million

Investment objectives

The Company invests in UK infrastructure debt to meet the following key objectives:

Dividend income

To provide shareholders with regular, sustainable long-term dividends

The Company has maintained or progressively increased its dividend for every period since inception and has paid a dividend of 7.6 pence per share for each of the previous four financial years.

Diversification

To invest in a diversified portfolio of debt secured against UK infrastructure projects

The Company has increased the number of investments in its portfolio from 43 at 30 September 2016 to 46 at 31 March 2017. The investment portfolio is exposed to a wide variety of sectors in terms of project type and source of underlying cash flow.

Capital preservation

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

The valuation of the Company's investments is in excess of the principal value outstanding. The increase in valuation has resulted in a NAV at 31 March 2017 of 110.30 pence per share. The ordinary shares have traded at a premium to NAV since IPO in 2010.

Key performance highlights

3.8p

Dividends per share for the six month period to 31 March 2017

£22.1m

Profit for the six month period ended 31 March 2017

46

Number of investments at 31 March 2017

10.6%¹

Size of largest investment

110.30p

NAV per share at 31 March 2017

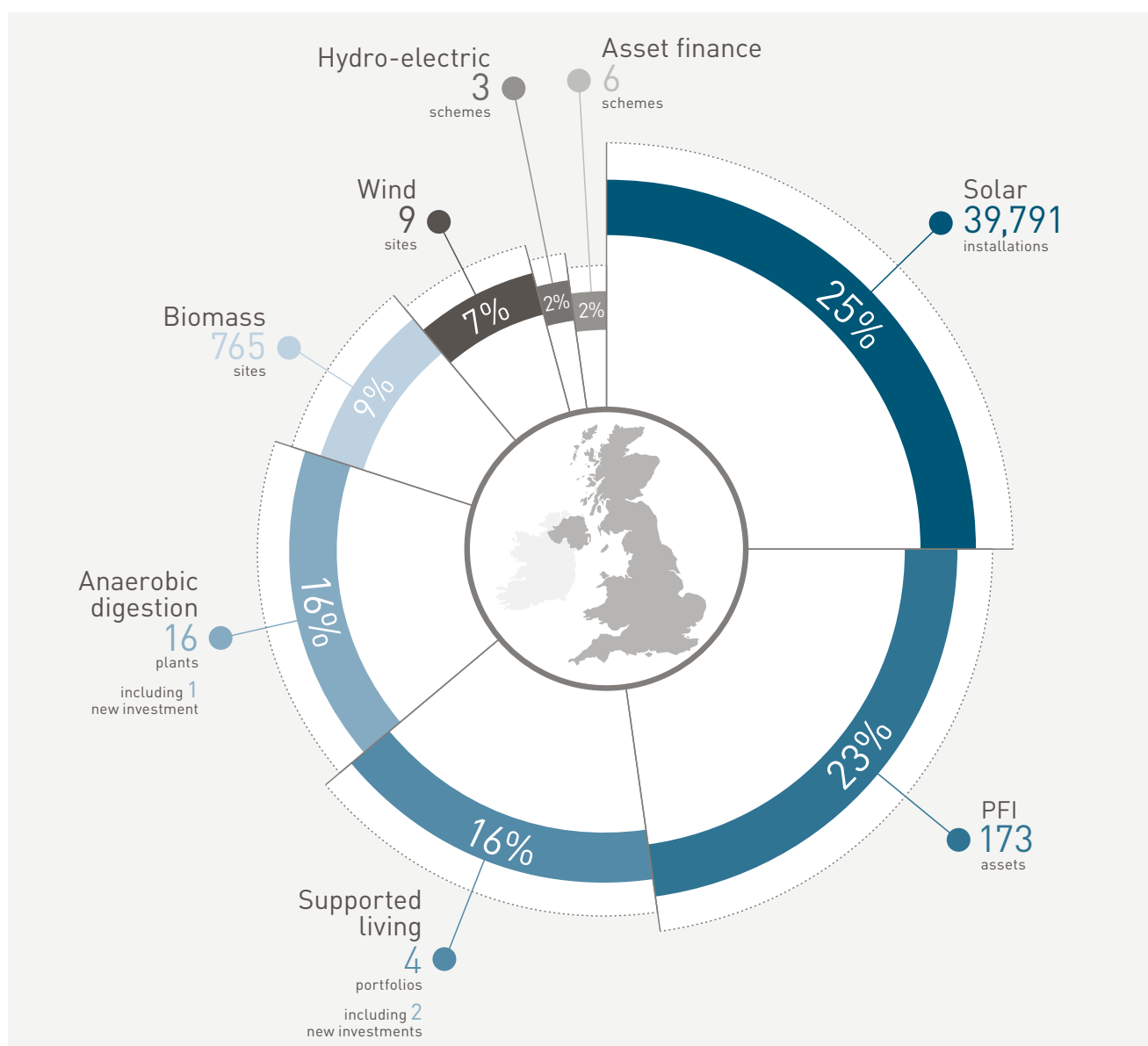
128.80p

Share price at 31 March 2017

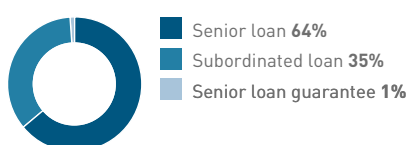
1. The size of the largest investment is calculated by reference to the percentage of total assets. The Cardale PFI loan is secured on a cross-collateralised basis against 14 separate operational PFI projects, with no exposure to any individual project being in excess of 10% of the investment portfolio.

Portfolio at a glance

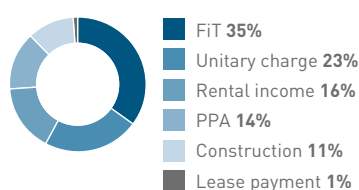
The Company's portfolio comprises underlying assets located across the UK and which fall under the following classifications:



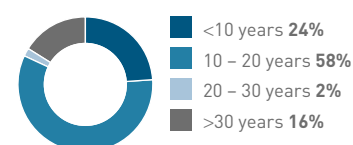
Portfolio by investment type



Portfolio by cash flow type



Portfolio by expected term



Chairman's interim statement



Mr Ian Reeves CBE
Chairman



On behalf of the Board, I am pleased to report another period of continued steady performance.

Overview

Over the six months to 31 March 2017, the period was a busy one for the Company which raised £90 million through the issuance of shares, and extended its revolving credit facility from £50 million to £75 million. The Company advanced £74 million of loans secured against a variety of UK renewable energy, social housing and PFI projects during the period, and a further £21.8 million post period end. The Company also published a prospectus in respect of a new share issuance programme for 2017. The performance of the investment portfolio enabled the Company to maintain its dividend distribution at 3.8 pence per share for the six month period to 31 March 2017.

On 19 April 2017, the Company entered into a conditional, binding commitment to buy loans with a value of up to c.£140 million over a c.two year period as part of the acquisition of the GIB by a Macquarie-led consortium. The delay in completing this beneficial transaction led to the Company suffering cash-drag and a consequent reduction in the earnings per share for the period. The loans are secured against projects in waste to energy, onshore wind, hydro, landfill gas and building retrofit schemes, highlighting the rare ability of the Company to analyse and acquire projects in a diverse range of sectors.

Market background

In terms of capital raising, this has been a very busy six months for the entire LSE listed infrastructure investment company sector.

Ten companies across the PFI, renewable energy and social housing sectors issued shares raising a total of £1.6 billion, a strong indication that there remains very significant investor demand for shares, such as shares in our Company, that offer dependable yields.

It is clear, however, that rising inflation and interest rates are looming larger in the minds of most investors. Although the low interest rate environment persists, both ten-year sterling interest and inflation swap rates have risen by about 0.4% over the period.

One of the key attractions of an investment in the Company is the inflation protection characteristics embedded in c.67% of the investment portfolio. Furthermore, the amortising nature of loan investments provides a continual supply of fresh capital to invest at prevailing interest rates, offsetting the risk of rising interest rates.



The ability of the Investment Adviser to fully understand and assess the opportunities from individual projects in many sectors makes the Company a highly attractive lender.

Sector overview

The considerable volume of capital entering our sector, not just from listed investment companies but also from direct institutional investors and private funds, means that the infrastructure market continues to be highly competitive. Deal flow on the other hand remains sporadic and somewhat unpredictable.

Whereas the Chancellor expounded at some length in the November 2016 Autumn Statement as to the benefits of infrastructure spending, he was far less forthcoming in his Budget speech in March 2017. The long awaited PF2 pipeline, alluded to briefly in January 2017, is now expected to be announced sometime during the first half of this year. The industry awaits with moderate hope.

The renewable energy market reached a milestone as the ROC regime closed to all new generating capacity on 31 March 2017. Subsidy levels in ongoing regimes such as the FiT or RHI have been reduced to such an extent as to make the majority of new projects uneconomic. The primary mechanism for governmental support for future renewable energy projects are contracts for difference. The results of the next auction round for contracts, expected in the third quarter of 2017, will give much needed clarity as to which projects will be developed in the near term.

In terms of existing projects, the Investment Adviser has reported the emergence of a more active secondary market in renewable energy debt, both from borrowers seeking to refinance existing facilities and from lenders looking to sell loans. This has been most clearly demonstrated by the Company's commitment to acquire a portfolio as part of the sale of the GIB by the UK Government, post period end.

In the social housing sector, there remains a healthy pipeline of opportunities as local care commissioners continue to embrace the benefits of the supported living model.

Investment focus

The Investment Adviser continues to find pockets of value in small-scale education assets, almost all identified through existing relationships. The Board remains highly supportive of further investment in public private partnership assets.

The Company is developing an increasing presence in the supported living sector of the social housing market and continues to work with a number of partners. Due to increased competitiveness, the focus has shifted to lending against portfolios of a smaller and more location specific nature, where the strength of the Company's existing relationships with registered providers and local authorities gives it a competitive advantage.

Financing new renewable energy projects has become challenging given subsidy levels and funder competition, but the ability of the Investment Adviser to fully understand and assess the opportunities from individual projects in many sectors makes the Company a highly attractive lender.

Placing programme

The Company raised £90 million of additional equity capital by way of a placing programme in November 2016, at a placing price of 123.50 pence per new ordinary share. The placing was significantly oversubscribed.

Pursuant to the Prospectus published on 28 March 2017, the new 2017 placing programme will enable the Company to issue up to 215 million new ordinary shares on a non pre-emptive basis to take advantage of suitable investment opportunities as they arise. For further details on movements in share capital, refer to note 10 to the unaudited interim condensed financial statements.

Chairman's interim statement continued

NAV and share price performance

The Company's NAV per ordinary share increased over the period from 109.67 pence to 110.30 pence. This was primarily driven by the accretive nature of the December 2016 placing though which new ordinary shares were issued at a premium to their prevailing NAV. The Company's net assets increased from £723.8 million as at 30 September 2016 to £809.3 million as at 31 March 2017 as a consequence of the net proceeds raised.

The Company's shares continued to trade at a significant premium to NAV during the period, with an average premium rating of 15.3%. At 31 March 2017 the ordinary shares traded at a 16.8% premium to NAV. The share price hit an all-time high of 134.80 pence on 3 October 2016; the low for the period of 122.00 pence on 21 December 2016 coincided with the period immediately following the December placing and the period of typically lower trading volumes in the lead up to the holiday period.

Financing

The Company has continued to make periodic use of its revolving credit facility in the period. On 17 January 2017, the Company entered into an agreement with RBSI to increase the facility from £50 million to £75 million. All amounts drawn under the facility are to be used in or towards the making of investments in accordance with the Company's investment policy. At 31 March 2017, the facility was undrawn.

Dividend policy

The Directors have absolute discretion as to the payment of dividends. An interim dividend of 1.90 pence per share for the period 1 October 2016 to 31 December 2016 was paid on 3 March 2017. A further interim dividend of 1.90 pence per share for the period from 1 January 2017 to 31 March 2017 was declared on 20 April 2017 and will be paid on 2 June 2017.

Governance and compliance

The Board recognises the importance of a strong corporate governance culture and continues to maintain principles of good corporate governance as set out in the UK Corporate Governance Code ("UK Code"), and the Association of Investment Companies Code of Corporate Governance and accompanying guide ("AIC Code and Guide") which were published in April 2016 and June 2016 respectively. A copy of the UK Code is available at www.frc.org.uk; a copy of the AIC Code and Guide can be found at www.theaic.co.uk.

Principal risks and uncertainties

The Directors consider that the principal risks and uncertainties facing the Company are substantially unchanged since the publication of the Company's 2016 annual report and financial statements and are expected to remain relevant to the Company for the next six months of its financial year.

Principal risks faced by the Company include (but are not limited to) execution risk, portfolio risk, financial risk, operational risk, cyber-crime risk, and regulatory, legal and compliance risk. The full details can be found on pages 30 to 33 of the annual report and financial statements for the year ended 30 September 2016.

Going concern statement

After making enquiries and considering the impact of risks and opportunities on expected cash flows, the Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future. For this reason, in preparing the unaudited interim condensed financial statements, they have adopted the going concern basis.

Related parties

The Directors consider that the related parties and related party transactions for the six month period to 31 March 2017, are consistent with the 30 September 2016 audited financial statements and are outlined in note 12 to the unaudited interim condensed financial statements.



Mr Ian Reeves CBE

Chairman

24 May 2017

Company performance

Key performance indicators

£22.1m

Profit for the period

HY 2016 – £21.9m

3.1p

Basic earnings per ordinary share for the period¹

HY 2016 – 3.7p

3.8p

Dividends per ordinary share for the period

HY 2016 – 3.8p

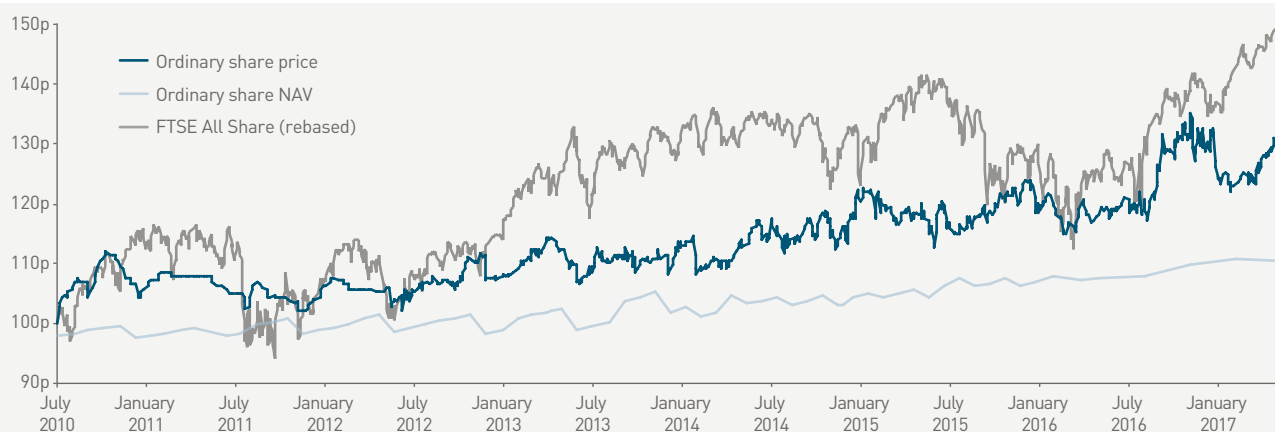
110.30p

NAV per share at 31 March 2017

30 September 2016 – 109.67p

1. Refer to the Chairman's interim statement and Investment Adviser's report.

Share price performance



Source: Bloomberg. Past performance is not a guide to future performance.

Total return analysis



Source: Bloomberg. Past performance is not a guide to future performance.



Investment Adviser's report

The objective of the Company is to generate exposure to infrastructure debt and/or similar assets.

The Investment Adviser, Gravis Capital Management Limited (formerly Gravis Capital Partners LLP), provides investment advisory services to the Company, including investment recommendations, any necessary investment due diligence, management of and reporting on the existing loan portfolio, and financial reporting support. The Investment Adviser also provides advice regarding the Company's equity and debt funding requirements. The Investment Adviser is the AIFM to the Company. The basis of the remuneration of the Investment Adviser is set out in note 12 to the unaudited interim condensed financial statements.

The Company novated its Investment Advisory Agreement on 20 April 2017 as part of the transfer of the Investment Adviser's fund management and advisory business. Further information in relation to the reorganisation of Gravis Capital Management Limited is set out in note 13 to the unaudited interim condensed financial statements.

Investment objectives and policies

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

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

The Company receives debt service payments in accordance with the terms of its investments. The debt service payments, comprising interest and principal payments are covered by expected cash flows generated by the underlying infrastructure Project Company.

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

Not more than 10% in value of the Company's total assets from time to time consist of securities or loans relating to any one individual infrastructure asset (having regard to the risks relating to any cross-default or cross-collateralisation provisions). This objective is subject to the Company having a sufficient level of investment capital from time to time, the ability of the Company to invest its cash in suitable investments and is subject to the investment restrictions described in the investment strategy (as explained in the Company's Prospectus dated 28 March 2017).

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

Advances made during the period

The Company made eleven advances totalling £74 million during the period, eight of which were made under existing facilities. Post period end the Company advanced £8.9 million under existing facilities and £12.9 million under new facilities.

Investment	Loan		Project
GCP Asset Finance 1 Limited ¹ C notes	Amount Term Security Status	£0.3 million 27 years Subordinated Construction	Construction of a number of availability based accommodation PPP assets in Scotland under the NPD procurement model.
GCP Biomass 3 Limited ¹	Amount Term Security Status	£2.5 million 15 years Senior Operational	Two anaerobic digestion schemes in England.
GCP Biomass 4 Limited ¹	Amount Term Security Status	£1.5 million 18 years Subordinated Construction	Construction of a waste to energy biomass facility in Widnes, England.
GCP Biomass 5 Limited ¹ B notes	Amount Term Security Status	£0.5 million 15 years Senior Construction	Construction of a food waste anaerobic digestion facility in Wales.
GCP Biomass 5 Limited ¹ C notes	Amount Term Security Status	£0.5 million 15 years Senior Construction	Construction of a food waste anaerobic digestion facility in England.
GCP Healthcare 1 Limited ¹	Amount Term Security Status	£0.3 million 27 years Subordinated Operational	Various operational LIFT projects in England.
GCP Programme Funding 1 Limited Series 1 notes	Amount Term Security Status	£49.9 million 35 years Senior Operational	Portfolio of housing units for occupation by adults with learning or physical difficulties in England and Wales.
GCP Programme Funding 1 Limited Series 2 notes	Amount Term Security Status	£1.0 million 2 years Senior Construction	Construction and renovation of housing unit for occupation by adults with learning difficulties in England.
GCP Programme Funding 1 Limited Series 3 notes	Amount Term Security Status	£6.5 million 16 years Senior Construction	An on-farm anaerobic digestion plant in Scotland.
GCP Social Housing 1 Limited ¹ B notes	Amount Term Security Status	£4.5 million 40 years Senior Operational	Portfolio of housing units for occupation by adults with learning or physical difficulties in England.
GCP Social Housing 1 Limited ¹ D notes	Amount Term Security Status	£6.5 million 35 years Senior Operational	Portfolio of housing units for occupation by adults with learning or physical difficulties in England.
Advances totalling £74 million			

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

Investment Adviser's report continued

Advances made post period end

Investment	Loan		Project
GCP Asset Finance Limited ¹ C notes	Amount Term Security Status	£2.6 million 27 years Subordinated Construction	Construction of a number of availability based accommodation PPP assets in Scotland under the NPD procurement model
GCP Programme Funding 1 Limited Series 4 notes	Amount Term Security Status	£5.7 million 55 years Senior Operational	
GCP Social Housing 1 Limited ¹ B notes	Amount Term Security Status	£6.0 million 40 years Senior Operational	
GCP Programme Funding 1 Limited Series 3 notes	Amount Term Security Status	£7.2 million 16 years Senior Construction	
GCP Biomass 3 Limited ¹	Amount Term Security Status	£0.3 million 15 years Senior Operational	Two anaerobic digestion schemes in England.
Advances totalling £21.8 million			

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

Investment portfolio

As at 31 March 2017, the Company was exposed to a diversified portfolio of partially inflation protected investments in the UK comprising 46 investments with an unaudited valuation of £773.4 million.

As at that date, the weighted average annualised yield was 8.7% across the portfolio with a weighted average expected term of 16 years. Just over 89% of the projects the Company is exposed to are fully operational. The remaining projects are either committed or under construction.

Portfolio performance

The majority of the infrastructure projects that underpin the Company's investment portfolio, whether in construction or operation, are performing materially in line with expectations. The current cash flow and future forecast cash flow in each case is such that the Company expects to receive documented debt service payments in full.

There are two exceptions.

It is expected that the cash flows receivable by the Company under two loans secured against biomass projects will be lower than initially forecast at deal completion. In the first case, delays in grid connection and slower than predicted operational ramp up resulted in a valuation reduction as reported in the previous period. During the last six months, the Company, in consultation with the Investment Adviser, has appointed technical advisers to run the assets with the result that production has stabilised at satisfactory levels. No further valuation movement has been incurred.

In the second case, the operational performance of the plants has been materially below forecast and the Company and Investment Adviser have been implementing a number of measures to evaluate and carry out all necessary remedial capital works to bring the project up to the required standard. A valuation reduction of £2 million was incurred during the period to reflect the uncertainty arising from this review.



Investment Adviser's report continued

Key exposures

Top ten investments			
Loan	Cash flow type	Project type	% of total assets
Cardale PFI Investments Limited ¹	Unitary charge	Various UK PFI	10.6%
GCP Programme Funding 1 Limited Series 1 notes	Rental income	Supported living	6.3%
GCP Biomass 1 Limited	ROCs	Anaerobic digestion	5.5%
GCP Social Housing 1 Limited D notes	Rental income	Supported living	5.3%
GCP Green Energy 1 Limited	FiT	Commercial solar	4.5%
GCP Biomass 5 Limited	FiT	Anaerobic digestion	4.5%
GCP Rooftop Solar 4 Limited	FiT	Rooftop solar	4.2%
GCP Healthcare 1 Limited	Unitary charge	Various UK PFI	4.1%
GCP Rooftop Solar 5 Limited	FiT	Rooftop solar	3.4%
GCP Rooftop Solar 6 Limited	FiT	Rooftop solar	3.2%

1. The Cardale PFI loan is secured on a cross-collateralised basis against 14 separate operational PFI projects, with no exposure to any individual project being in excess of 10% of the investment portfolio.

Top ten project counterparties	% of total assets
E.ON Energy Ltd (Ofgem)	22.2%
Ofgem	17.4%
Power NI (Ofgem)	8.2%
First Priority Housing Association	6.9%
Bespoke Supported Tenancies	6.6%
Centrica (Ofgem)	3.3%
Inclusion	3.0%
Viridian Energy Supply Limited (Ofgem)	2.7%
Co-op Group (Ofgem)	2.7%
Various UK central and local Government	2.5%

Top ten facilities managers	% of total assets
A Shade Greener Maintenance Limited	21.4%
Agrivert Limited	8.2%
First Priority Housing Association	6.9%
Fairhome	6.6%
Agrikomp (UK) Limited	5.8%
Burmeister & Wain Scandinavian Contractor A/S	5.7%
Senvion SE	3.8%
Grosvenor Facilities Management	3.8%
Vestas Celtic Wind Technology Limited	3.7%
Inclusion	3.0%

Investment valuation

The Valuation Agent, Mazars LLP carries out a fair market valuation of the Company's investments on behalf of the Board on a quarterly basis.

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

The weighted average discount rate at 31 March 2017 was 7.91%, a decrease of two basis points from 7.93% at 30 September 2016. The valuation of investments is sensitive to changes in discount rates applied. Sensitivity analysis detailing the impact of a change in discount rates is given in note 11.

Financial performance

The Company has prepared its half-yearly report and financial statements in accordance with IAS 34 as adopted by the European Union, as with previous years.

In the six month period to 31 March 2017, the Company's portfolio generated net income/gains on investments of £26 million. The profit for the period was £22.1 million, with earnings per share of 3.1 pence.

The earnings per share is down from the prior period primarily due to the level of cash held on the Company's balance sheet during the period awaiting investment in the GIB assets.

The Company's ongoing charges percentage at 31 March 2017 was 1.14% on an annualised basis.

The Company has maintained an annual dividend of 7.6 pence per share, paying or declaring a dividend of 1.90 pence for each of the two quarters ending 31 December 2016 and 31 March 2017.

Cash position

The Company earned debt payments of £26.3 million during the period, comprising £22.8 million of interest payments and £3.5 million of loan principal repayments, materially in line with expectations. The Company paid dividends of £26.5 million (including £1.1 million in scrip dividends) during the period.

The Company repaid £36.5 million on its loan facility, raised £90 million of equity capital and made investments totalling £74 million. Total cash reserves at the period end were £37.7 million.

Project exposure

As at 31 March 2017, the Company does not have any exposure to projects purely in the regulated utilities sector or projects with demand based concessions. The Company's exposure to projects that have not yet completed construction with reference to total portfolio value at 31 March 2017 was 10.7%.

Conflicts of interest

The Company has given its consent for the Investment Adviser to act as the investment manager to GCP Asset Backed Income Fund Limited ("GABI"), a closed-ended investment company listed on the London Stock Exchange's Main Market. GABI is focused predominantly on debt investments secured against physical assets and/or contracted cash flows.

The Company has given its consent on the basis that where the Investment Adviser identifies an investment which, in its opinion acting reasonably and in good faith, falls within the Company's remit, the Company will have a right of first refusal.

Statement of Directors' responsibilities

Under the terms of the Disclosure Guidance and Transparency Rules of the UK Listing Authority, the Directors are responsible for preparing the half-yearly report and unaudited interim condensed financial statements in accordance with applicable regulations.

The Directors are required to:

- select suitable accounting policies and apply them consistently;
- 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 of 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;
- make judgements and estimates that are reasonable and prudent; and
- 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. 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 are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In preparing the half-yearly financial report and unaudited interim condensed financial statements, the Directors are responsible for ensuring that they give a true and fair view of the state of affairs of the Company at the end of the period and the profit or loss of the Company for that period.

Directors' responsibility statement

The Directors confirm to the best of their knowledge that:

- the unaudited interim condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union;
- the Chairman's interim statement and the Investment Adviser's report constitute the Company's interim management report, which includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board



Mr Ian Reeves CBE

Chairman
24 May 2017



Mr David Pirouet FCA

Director
24 May 2017

Independent review report

To GCP Infrastructure Investments Limited

Introduction

We have been engaged by GCP Infrastructure Investments Limited (the "Company") to review the interim condensed financial statements in the half-yearly report for the six months ended 31 March 2017 which comprises the unaudited interim condensed statement of comprehensive income, the unaudited interim condensed statement of financial position, the unaudited interim condensed statement of changes in equity, the unaudited interim condensed statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the unaudited interim condensed financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules (the "DTR") of the UK's Financial Conduct Authority (the "UK FCA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). The interim condensed financial statements included in this half-yearly report have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the interim condensed financial statements in the half-yearly report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the unaudited interim condensed set of financial statements in the half-yearly report for the six months ended 31 March 2017 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.



Steven D. Stormonth

For and on behalf of
KPMG Channel Islands Limited
Chartered Accountants and
Recognised Auditor
Jersey

24 May 2017

Unaudited interim condensed statement of comprehensive income

For the period 1 October 2016 to 31 March 2017

	Notes	Period ended 31 March 2017 £'000	Period ended 31 March 2016 £'000
Income			
Net income/gains on investments at fair value through profit or loss	3	26,008	25,484
Other income	3	1,015	1,214
Total income		27,023	26,698
Expense			
Investment advisory fees	12	(3,321)	(2,803)
Operating expenses		(1,057)	(1,181)
Total expense		(4,378)	(3,984)
Total operating profit before finance costs		22,645	22,714
Finance costs			
Finance expenses		(518)	(813)
Total profit and comprehensive income for the period		22,127	21,901
Basic and diluted earnings per share (pence)	6	3.1220	3.7273

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

Unaudited interim condensed statement of financial position

As at 31 March 2017

	Notes	As at 31 March 2017 £'000	As at 30 September 2016 (audited) £'000
Assets			
Cash and cash equivalents		37,712	52,057
Other receivables and prepayments	7	738	303
Financial assets at fair value through profit or loss	11	773,373	699,682
Total assets		811,823	752,042
Liabilities			
Other payables and accrued expenses	8	(2,539)	(1,998)
Interest bearing loans and borrowings	9	—	(26,208)
Total liabilities		(2,539)	(28,206)
Net assets		809,284	723,836
Capital and reserves			
Share capital	10	7,337	6,600
Share premium	10	783,460	694,406
Capital redemption reserve		101	101
Retained earnings		18,386	22,729
Total capital and reserves		809,284	723,836
Ordinary shares in issue		733,743,716	660,025,921
NAV per ordinary share (pence per share)		110.30	109.67

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



Mr Ian Reeves CBE

Chairman

24 May 2017



Mr David Pirouet FCA

Director

24 May 2017

Unaudited interim condensed statement of changes in equity

For the period 1 October 2016 to 31 March 2017

	Notes	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2015		5,765	599,242	101	14,436	619,544
Total profit and comprehensive income for the period		—	—	—	21,901	21,901
Equity shares issued		181	21,188	—	—	21,369
Share issue costs		—	(329)	—	—	(329)
Dividends	5	—	—	—	(22,239)	(22,239)
At 31 March 2016		5,946	620,101	101	14,098	640,246
At 1 October 2016		6,600	694,406	101	22,729	723,836
Total profit and comprehensive income for the period		—	—	—	22,127	22,127
Equity shares issued	10	737	90,320	—	—	91,057
Share issue costs		—	(1,266)	—	—	(1,266)
Dividends	5	—	—	—	(26,470)	(26,470)
At 31 March 2017		7,337	783,460	101	18,386	809,284

Unaudited interim condensed statement of cash flows

For the period 1 October 2016 to 31 March 2017

	Notes	Period ended 31 March 2017 £'000	Period ended 31 March 2016 £'000
Cash flows from operating activities			
Profit for the period		22,127	21,901
Finance expense		518	813
Purchase of financial assets		(73,973)	(43,649)
Repayment of financial assets		3,493	15,646
Unrealised income/gains on investments at fair value through profit or loss		(3,210)	(1,671)
Increase in other payables and accrued expenses		477	135
Increase in other receivables and prepayments		(435)	(18)
Net cash flow used in operating activities		(51,003)	(6,843)
Cash flows from financing activities			
Proceeds from issue of shares		88,735	19,664
Proceeds from interest bearing loans and borrowings		10,000	8,400
Repayment of interest bearing loans and borrowings		(36,500)	—
Dividends paid	5	(25,413)	(20,863)
Finance costs paid		(164)	(805)
Net cash flow generated from financing activities		36,658	6,396
Decrease in cash and cash equivalents		(14,345)	(447)
Cash and cash equivalents at beginning of the period		52,057	4,906
Cash and cash equivalents at end of the period		37,712	4,459
Net cash generated from operating activities includes:			
Investment income received		22,798	26,561
Deposit interest received		7	10
Non-cash items			
Purchase of financial assets (capitalised loan interest)	3	(3,030)	(2,748)

Notes to the unaudited interim condensed financial statements

For the period 1 October 2016 to 31 March 2017

1. General information

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

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

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

2. Significant accounting policies

2.1 Basis of preparation

The unaudited interim condensed financial statements for the six month period to 31 March 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

The unaudited interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 30 September 2016. The financial statements for the year ended 30 September 2016 were audited by KPMG Channel Islands Limited who issued an unqualified audit opinion thereon.

The audited financial statements of the Company as at and for the year ended 30 September 2016 were prepared in accordance with IFRS as adopted by the European Union.

The financial information contained in the unaudited interim condensed financial statements for the period 1 October 2016 to 31 March 2017 have not been audited but have undergone a review by the Company's Auditor in accordance with International Standards on Review Engagements (UK & Ireland) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK.

The unaudited interim condensed financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through profit or loss.

The accounting policies adopted in the preparation of the unaudited interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 September 2016.

Going concern

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

2.2 Significant accounting judgements and estimates

The preparation of unaudited interim condensed financial statements in accordance with IFRS requires the Directors of the Company to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts recognised in the unaudited interim condensed financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future. As the Company's financial assets are in the form of debt instruments, judgement has been involved in determining their valuation. The valuation process is dependent on assumptions and estimates which are significant to the reported amounts recognised in the unaudited interim condensed financial statements taking into account the structure of the Company and the extent of its investment activities.

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

2.3 (a) Functional and presentation currency

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

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

2.3 (b) Segmental information

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

	31 March 2017 £'000	31 March 2016 £'000
Channel Islands	12	10
United Kingdom	27,011	26,688
Total	27,023	26,698

3. Operating income

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

	31 March 2017 £'000	31 March 2016 £'000
Interest on cash and cash equivalents	12	10
Net movement in fair value of financial assets through profit or loss	26,008	25,484
Other income	1,003	1,204
Total	27,023	26,698

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

	31 March 2017 £'000	31 March 2016 £'000
Loan interest – cash	19,768	23,813
Loan interest – capitalised	3,030	2,748
Unrealised gains on investments at fair value through profit or loss	7,136	4,023
Unrealised losses on investments at fair value through profit or loss	(3,926)	(5,100)
Total	26,008	25,484

Notes to the unaudited interim condensed financial statements continued

For the period 1 October 2016 to 31 March 2017

4. Taxation

Profits arising in the Company for the period from 1 October 2016 to 31 March 2017 are subject to tax at the standard rate of 0% (31 March 2016: 0%) in accordance with the Income Tax (Jersey) Law 1961, as amended.

5. Dividends

Total dividends paid or declared for the period 1 October 2016 to 31 March 2017 were 3.8 pence per share as follows:

	Pence	31 March 2017 £'000	31 March 2016 £'000
Current period dividends			
31 March 2017	1.9	—	—
31 December 2016/15	1.9	13,929	11,286
Total	3.8	13,929	11,286
Prior period dividends			
30 September 2016/15	1.9	12,541	10,953
30 June 2016	1.9	—	—
Total	3.8	12,541	10,953
Dividends in statement of changes in equity		26,470	22,239
Dividends settled in shares ¹		(1,057)	(1,376)
Dividends in cash flow statement		25,413	20,863

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

6. Earnings per share

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

	Total profit £'000	Weighted average number of ordinary shares	Pence per share
Period ended 31 March 2017			
Basic and diluted earnings per ordinary share	22,127	708,723,471	3.1220
Period ended 31 March 2016			
Basic and diluted earnings per ordinary share	21,901	587,571,646	3.7273

7. Other receivables and prepayments

	31 March 2017 £'000	30 September 2016 £'000
Other receivables	375	227
Prepayments	363	76
Total	738	303

8. Other payables and accrued expenses

	31 March 2017 £'000	30 September 2016 £'000
Investment advisory fees	1,704	1,540
Payables	835	458
Total	2,539	1,998

9. Interest bearing loans and borrowings

	31 March 2017 £'000	30 September 2016 £'000
RBSI loan facility	—	26,500
Unamortised arrangement fees	—	(292)
Total	—	26,208

The table below analyses the movement for the period:

	31 March 2017 £'000	30 September 2016 £'000
Opening balance	26,500	41,600
Proceeds from interest bearing loans and borrowings	10,000	76,900
Repayment of interest bearing loans and borrowings	(36,500)	(92,000)
Total	—	26,500

On 23 March 2015, the Company entered into a three-year £50 million revolving credit facility with RBSI (the "Facility"). Interest on amounts drawn under the Facility is charged at LIBOR plus 2.25% per annum. A commitment fee is payable on undrawn amounts. The total costs incurred to establish the Facility of £754,000 (including the arrangement fee of £675,000) were offset against the amount drawn down. During the period, the Company drew down a further £10 million on 22 November 2016, resulting in a total amount of £36.5 million drawn down. The Company repaid the balance of £36.5 million on 7 December 2016.

On 17 January 2017, the Company entered into an agreement with RBSI in respect of a £25 million increase to the Facility. The increased Facility is for an amount of £75 million. All amounts drawn under the Facility are to be used in or towards the making of investments in accordance with the Company's investment policy.

The Facility is secured against the portfolio of assets held by the Company.

Notes to the unaudited interim condensed financial statements continued

For the period 1 October 2016 to 31 March 2017

10. Authorised and issued share capital

	31 March 2017		30 September 2016	
	Number of shares	£'000	Number of shares	£'000
Share capital				
Ordinary shares issued and fully paid				
At 1 October	660,025,921	6,600	576,481,586	5,765
Equity shares issued through:				
Dividends settled in shares	843,301	8	2,217,500	22
Placing programmes	72,874,494	729	81,326,835	813
Total	733,743,716	7,337	660,025,921	6,600

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

The 73,717,795 shares issued in the period represent 72,874,494 ordinary shares issued under the placing programme and 843,301 ordinary shares issued under the scrip dividend alternative. These are further analysed below.

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

Quantitative information about the Company's share capital is also provided in the statement of changes in equity.

	31 March 2017	30 September 2016
	£'000	£'000
Share premium		
Premium on ordinary shares issued and fully paid		
Opening balance	694,406	599,242
Premium on equity shares issued through:		
Dividends settled in shares	1,049	2,616
Placing programmes	89,271	94,187
Share issue costs charged to premium	(1,266)	(1,639)
Total	783,460	694,406

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

Date	No of shares issued	Description	Period
21 October 2016	211,066	Ordinary shares issued in respect of the offer of a scrip dividend alternative	1 July 2016 to 30 September 2016
1 December 2016	72,874,494	Ordinary shares issued by way of a fundraising of £90 million under a placing programme	n/a
3 March 2017	632,235	Ordinary shares issued in respect of the offer of a scrip dividend alternative	1 October 2016 to 31 December 2016
Total	73,717,795		

As at 31 March 2017, the Company's issued share capital comprised 733,743,716 ordinary shares, none of which were held in treasury.

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

11. Financial instruments

11.1 Capital management

The Company is wholly funded from equity balances, comprising issued ordinary share capital, as detailed in note 10 and retained earnings, as well as a revolving credit facility, as detailed in note 9.

The Company may seek to raise additional capital from time to time, to the extent that the Directors and the Investment Adviser believe the Company will be able to make suitable investments. The Company raises capital on a highly conservative basis only when it has a clear view of a robust pipeline of highly advanced investment opportunities.

The Company may borrow up to 20% of its NAV as at such time any such borrowings are drawn down. At the period end, borrowings amounted to 0% of NAV (2016: 3.7%).

11.2 Financial risk management objectives

The Company has an investment policy and strategy as summarised in its prospectus dated 28 March 2017 that sets out its overall investment strategy and its general risk management philosophy and has established processes to monitor and control these in a timely and accurate manner. These guidelines are the subject of regular operational reviews undertaken by the Investment Adviser to ensure that the Company's policies are adhered to as it is the Investment Adviser's duty to identify and assist in the control of risk. The Investment Adviser reports regularly to the Directors who have ultimate responsibility for the overall risk management approach.

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

11.3 Market risk

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

The Valuation Agent considers the movements in comparable credit markets and publicly available information in respect of each project in assessing the expected future cash flows from each investment.

The valuation principles used are based on a discounted cash flow methodology. A fair value for each asset acquired by the Company is calculated by applying a relevant market discount rate to the contractual cash flows expected to arise from each asset.

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

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

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

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

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

Notes to the unaudited interim condensed financial statements continued

For the period 1 October 2016 to 31 March 2017

11. Financial instruments continued

11.3 Market risk continued

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

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

31 March 2017					
Change in discount rate	0.50%	0.25%	0.00%	(0.25%)	(0.50%)
Valuation of financial assets at fair value (£'000)	745,376	759,137	773,373	788,107	803,363
Change in valuation of financial assets at fair value (£'000)	(27,997)	(14,236)	—	14,734	29,990

As at 31 March 2017, the discount rates used in the valuation of financial assets ranged from 6.5% to 10.4%.

11.4 Interest rate risk

Interest rate risk has the following effect:

Fair value of financial assets

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

Future cash flows

The Company primarily invests in senior and subordinated debt instruments of infrastructure Project Companies. The financial assets have fixed interest rate coupons, albeit with some inflation protection, and as such movements in interest rates will not directly affect the future cash flows payable to the Company.

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

Where the debt instrument is subordinated, the Company is indirectly exposed to the gearing of the infrastructure Project Companies. The Investment Adviser ensures as part of its due diligence that the Project Company debt ranking senior to the Company's investment has been hedged against movement in interest rates where appropriate, through the use of interest rate swaps.

Borrowings

During the period the Company made use of its Facility with RBSI, which was used to finance investments made by the Company. Details of the RBSI Facility are given in note 9.

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

11.5 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The assets classified at fair value through profit or loss do not have a published credit rating, however the Investment Adviser monitors the financial position and performance of the Project Companies on a regular basis to ensure that credit risk is appropriately managed.

The Company is exposed to differing levels of credit risk on all its assets. The Company's total exposure to credit risk is £811 million (2016: £752 million) being the balance of total assets less prepayments. Cash is held at a number of financial institutions to spread credit risk, with cash awaiting investment being held on behalf of the Company at banks which carry a minimum rating of A-1, P-1 or F-1 from Standard & Poor's, Moody's or Fitch respectively or in one or more similarly rated money market or short-dated gilt funds.

Before an investment decision is made the Investment Adviser performs extensive due diligence complemented by professional third-party advisers, including technical advisers, financial and legal advisers and valuation and insurance experts. After an investment is made the Investment Adviser uses detailed cash flow forecasts to assess the continued credit worthiness of Project Companies and their ability to pay all costs as they fall due. The forecasts are regularly updated with information provided by the Project Companies in order to monitor ongoing financial performance.

The Project Companies receive a significant portion of revenue from government departments and public sector or local authority clients.

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

The concentration of credit risk to any individual project did not exceed 10% of the Company's portfolio at the period end. The Investment Adviser also monitors the concentration of risk based upon the nature of each underlying project.

The concentration of credit risk associated with counterparties is deemed to be low. The counterparties are typically public sector entities which generate pre-determined, long-term, public sector backed revenues in the form of subsidy payments (FiT and ROCs payments) for renewables transactions, unitary charge payments for PFI transactions or lease payments for social housing projects. In the view of the Investment Adviser and Board, the UK Government has both the ability and willingness to satisfy its obligations to these public sector entities.

The credit risk associated with each Project Company is further mitigated because the cash flows receivable are secured over the assets of the Project Company, which in turn has security over the assets of the underlying projects. The debt instruments held by the Company are held at fair value, and the credit risk associated with these investments is one of the factors which the Valuation Agent takes into account when valuing the financial assets.

The Investment Adviser regularly monitors the concentration of risk based upon the nature of each underlying project to ensure appropriate diversification and risk remains within acceptable parameters.

Changes in credit risk affect the discount rate. The Directors have assessed the credit quality of the portfolio at the period end and based on the parameters set out above are satisfied that the credit quality remains within an acceptable range for long-dated debt.

11.6 Liquidity risk

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

The following table analyses all of the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period from 31 March 2017 to the contractual maturity date. The Directors have elected to present both assets and liabilities in the liquidity disclosure below to illustrate the net liquidity exposure of the Company.

Notes to the unaudited interim condensed financial statements continued

For the period 1 October 2016 to 31 March 2017

11. Financial instruments continued

11.6 Liquidity risk continued

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

	Less than one month £'000	One to three months £'000	Three to twelve months £'000	Greater than twelve months £'000	Total £'000
31 March 2017					
Financial assets					
Cash and cash equivalents	37,712	—	—	—	37,712
Other receivables and prepayments	—	—	738	—	738
Financial assets at fair value through profit or loss	17,743	8,935	65,582	1,568,633	1,660,893
Total financial assets	55,455	8,935	66,320	1,568,633	1,699,343
Financial liabilities					
Other payables and accrued expenses	—	2,539	—	—	2,539
Total financial liabilities	—	2,539	—	—	2,539
Net exposure	55,455	6,396	66,320	1,568,633	1,696,804
30 September 2016					
Financial assets					
Cash and cash equivalents	52,057	—	—	—	52,057
Other receivables and prepayments	—	—	303	—	303
Financial assets at fair value through profit or loss	14,998	9,074	48,164	1,373,897	1,446,133
Total financial assets	67,055	9,074	48,467	1,373,897	1,498,493
Financial liabilities					
Other payables and accrued expenses	—	1,998	—	—	1,998
Interest bearing loans and borrowings	—	26,208	—	—	26,208
Total financial liabilities	—	28,206	—	—	28,206
Net exposure	67,055	(19,132)	48,467	1,373,897	1,470,287

11.7 Fair values of financial assets

Basis of determining fair value

The Valuation Agent carries out quarterly fair valuations of the financial assets of the Company. These valuations are reviewed by the Investment Adviser and the subsequent NAV is reviewed and approved by the Directors on a quarterly basis. The basis for the Valuation Agent's valuations is described in note 11.3.

Fair value measurements

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

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

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

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

	Fair value hierarchy	31 March 2017 £'000	30 September 2016 £'000
Financial assets at fair value through profit or loss			
Loan notes – PFI and renewables excluding biomass	Level 2	582,935	520,296
Loan notes – biomass	Level 3	190,438	179,386

The Directors have classified the financial instruments as Level 2 or Level 3 depending on whether or not there is a consistent data set of comparable and observable market transactions. Due to the limited number of comparable and observable market transactions in the biomass sector, the Directors have classified the Company's investments in biomass projects as Level 3. Discount rates between 7.2% and 10.3% were applied to the investments categorised as Level 3.

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and end of the period:

	31 March 2017 £'000	30 September 2016 £'000
Opening balance	179,386	165,431
Purchases	11,465	29,827
Repayments	(1,350)	(7,125)
Unrealised gains on investments at fair value through profit or loss	3,089	1,081
Unrealised losses on investments at fair value through profit or loss	(2,152)	(9,828)
Closing balance	190,438	179,386

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

31 March 2017					
Level 3	0.50%	0.25%	0.00%	(0.25%)	(0.50%)
Valuation of financial assets at fair value (£'000)	184,719	187,543	190,438	193,406	196,449
Change in valuation of financial assets at fair value (£'000)	(5,720)	(2,895)	—	2,968	6,011

In determining the discount rate for calculating the fair value of financial assets at fair value through profit or loss, movements to Pound Sterling interest rates, comparable credit markets and observable yield on comparable instruments could give rise to changes in the discount rate.

Notes to the unaudited interim condensed financial statements continued

For the period 1 October 2016 to 31 March 2017

11. Financial instruments continued

11.7 Fair value of financial assets continued

The Directors consider the inputs used in the valuation of investments and the appropriateness of their classification in the fair value hierarchy. In particular the Directors are satisfied that significant inputs into the discount rate, other than in respect of the biomass investments as noted on page 29, are market observable. Should the valuation approach change causing an investment to meet the characteristics of a different level of the fair value hierarchy, it will be reclassified accordingly. During the period, there were no transfers of investments between levels therefore no further disclosure is considered necessary by the Directors.

12. Related party disclosures

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

Directors

The non-executive Directors are considered to be the key management personnel of the Company. Directors' remuneration for the period totalled £160,000 (31 March 2016: £165,000). At 31 March 2017, liabilities in respect of these services amounted to £78,000 (30 September 2016: £67,000).

At 31 March 2017, Mr Paul De Gruchy, together with his family members held 467,493 ordinary shares in the Company. At 31 March 2017, Mr Clive Spears held 25,756 ordinary shares.

Investment Adviser

The Company is party to an Investment Advisory Agreement with the Investment Adviser, which was amended and restated in November 2015 and novated on 20 April 2017 (see note 13), pursuant to which the Company has appointed the Investment Adviser to provide advisory services relating to the assets on a day-to-day basis in accordance with its investment objectives and policies, subject to the overall supervision and direction of the Board of Directors. As a result of the responsibilities delegated under this Agreement, the Company considers it to be a related party by virtue of being "key management personnel".

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

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

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

The Investment Adviser has committed additional resource in providing its client funds, including the Company, a more comprehensive service which strengthens the level of transaction and marketing support for the Company, in a cost-efficient manner. The Investment Adviser receives a fee of 0.25% of the aggregate gross proceeds from any issue of new shares in consideration for the provision of marketing and investor introduction services. The Investment Adviser has appointed Highland Capital Partners Limited ("Highland Capital") to assist it with the provision of such services and pays all fees due to Highland Capital out of the fees it receives from the Company.

With effect from 22 July 2014, the Company's Investment Adviser was authorised as an AIFM by the FCA under the AIFMD regulations. The Company has provided disclosures on its website, www.gcpuk.com/gcp-infrastructure-investments-ltd, incorporating the requirements of the AIFMD regulations.

During the period, the Company expensed £3,596,000 (31 March 2016: £2,803,000) in respect of investment advisory fees and expenses, marketing fees and transaction management and documentation services, £3,321,000 which is included within administration expenses in the consolidated income statement and £275,000 included within the share issue costs relating to share issues during the period. As at 31 March 2017, liabilities in respect of these services amounted to £1,704,000 (30 September 2016: £1,540,000).

The Directors of the Investment Adviser also sit on the boards of several SPVs through which the Company invests. The Company has delegated to the Investment Adviser through the Investment Advisory Agreement, the day-to-day operations of these SPVs.

The voting Directors of the Investment Adviser hold directly or indirectly, and together with their family members, 2,877,787 ordinary shares in the Company.

The non-voting Directors of the Investment Adviser hold directly or indirectly, and together with their family members, 5,838,674 ordinary shares in the Company.

13. Subsequent events after the report date

On 19 April 2017, the Company entered into a conditional, binding commitment to subscribe for two series of loan notes with a value of c.£140 million as part of the acquisition of the GIB by a Macquarie-led consortium.

On 26 April 2017, the Company committed to subscribe for a loan note of up to £40 million. The loan note, with an expected term of c.35 years will be used to provide funding for the acquisition of operational supported living housing units.

Three loans totalling £21.8 million have been advanced to Project Companies since the period end, £8.9 million under existing facilities with a further £12.9 million under new facilities.

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

14. Non-consolidated SPVs

As explained in note 2.2, the Company invests through certain SPVs which are not consolidated as the Company meets the consolidation exemption criteria as prescribed by IFRS 10.

For details of the non-consolidated SPVs, refer to the Company's annual report and financial statements for the year ended 30 September 2016.

15. Ultimate controlling party

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

Glossary of key terms

AIFM	Alternative Investment Fund Manager	LIFT	Local Improvement Finance Trust
AIFMD	Alternative Investment Fund Managers Directive	LSE	London Stock Exchange
Borrower	The entity which issues loan notes to GCP Infrastructure Investments Limited, usually a special purpose vehicle	The Law	The Companies (Jersey) Law 1991, (as amended)
CIF Law	Collective Investment Funds (Jersey) Law 1988	NAV	Net asset value
The Company	GCP Infrastructure Investments Limited	NPD	Non-profit distributing procurement model
C shares	A share class issued by the Company from time to time. Conversion shares are used to raise new funds without penalising existing shareholders. The funds raised are ring-fenced from the rest of the Company until they are substantially invested	Ordinary shares	The ordinary share capital of GCP Infrastructure Investments Limited
Facility	Revolving credit facility with RBSI	PFI	Private Finance Initiative
FCA	Fellow of the Institute of the Chartered Accountants in England and Wales	PF2	Private Finance 2
FiT	Feed-in tariff	PPA	Power purchase agreement
GIB	Green Investment Bank	PPP	Public private partnership
IFRS	International Financial Reporting Standards	Project Company	A special purpose company which owns and operates an asset
		RBSI	Royal Bank of Scotland International Limited
		RHI	Renewable heat incentive
		ROCs	Renewable obligation certificates
		SPV	Special purpose vehicle

Corporate information

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