GCP INFRA

What is infrastructure debt?

Infrastructure debt involves lending money to build or run essential infrastructure like hospitals, schools, energy networks and transport systems. It works just like a mortgage: a company borrows to cover the large upfront cost of an asset, then repays the loan over a long period, often using stable, contracted revenue from the asset itself.

Infrastructure projects are expensive to build but generate predictable income over decades. That combination of high upfront cost and long-term stable revenue makes them well suited to long-term borrowing.

Projects are funded publicly, privately or through some form of public-private partnership such as Private Finance Initiative (PFI) or Public-Private Partnership (PPP) structures. Under these, a private company builds and runs the asset under a long-term contract with government or a local authority, which gives lenders clear visibility over future revenue.

Who lends infrastructure debt?

Before the 2008 financial crisis, banks provided around 90% of private infrastructure debt. Post-crisis banking regulation made long-term lending less attractive to banks, and non-bank lenders such as insurance companies, pension funds and other institutional investors have stepped in. They favour infrastructure debt because its long repayment terms match the long-term payments they owe pension holders and policyholders.

Five reasons investors choose infrastructure debt

1. Predictable, long-term cash flows. Loan terms of 15to 30 years are common for high-quality assets (shorter, 5 to 7-year terms became more common for banks after post-2008 banking reforms). Debt is repaid before equity dividends, making returns more reliable than equity returns.

2. Steady demand. We always need power, water, schools and hospitals. Demand doesn't disappear in a downturn. Revenue is often locked in through long contracts (sometimes 20 years or more) or supported by government mechanisms like renewable energy Feed-in-Tariffs.

3. Diversification. Because demand is largely unaffected by economic cycles, infrastructure debt can diversify a portfolio away from market volatility. During the COVID-19 pandemic, many PFI/PPP-financed schools and leisure centres continued to be paid for being available, regardless of usage. This meant they were able to keep servicing their debt even though the facilities were not being used.

4. Inflation protection. Income from infrastructure debt is often linked to inflation, and that protection typically passes through to the investor.

5. ESG alignment. Infrastructure projects frequently deliver social and environmental benefits, offering ESG-conscious investors a lower-risk route than equity investments in the same projects.

Why invest in infrastructure debt?

Investing in infrastructure debt can be a rewarding strategy for any long-term investor – not just institutional investors. It gives them the opportunity to participate in the development and maintenance of essential infrastructure projects, while also enjoying stable and more predictable returns than infrastructure equity.

Why invest in GCP Infrastructure Investments Limited?

Since its IPO in 2010, GCP Infrastructure Investments Limited has delivered long-term, sustainable income through investment in essential UK infrastructure.

Born out of the post-financial crisis environment, GCP stepped into a funding gap left by traditional lenders, supporting projects with clear social and environmental purpose. From its beginnings with a £40 million raise and five PFI-backed investments, GCP has grown into one of the UK's most diversified infrastructure investors and has deployed nearly £2 billion across 17 infrastructure sectors.

Through its investment company structure, it gives all types of investors access to this asset class.