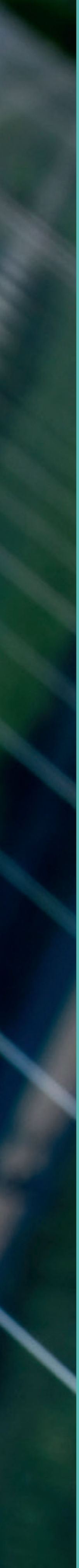
GCP INFRA

GCP Infrastructure Investments Limited

Half-yearly report and financial statements 2023

Gravis



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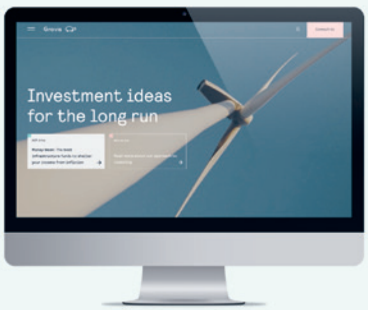
About the Company

GCP Infrastructure Investments Limited ("GCP Infra" or the "Company")

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

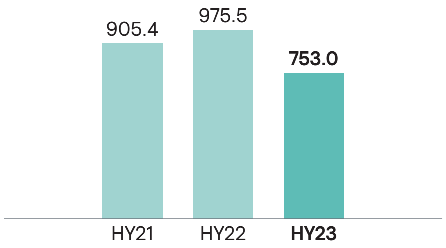
The Company is a FTSE 250, closed-ended investment company incorporated in Jersey. It was admitted to the Official List and to trading on the London Stock Exchange's Main Market in July 2010. At 31 March 2023 it had a market capitalisation of £753.0 million.



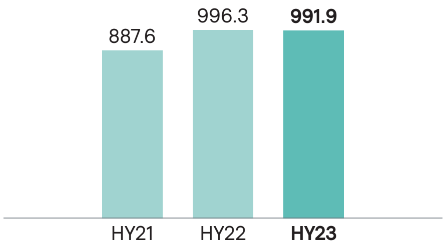
www.gcpinfra.com

At a glance

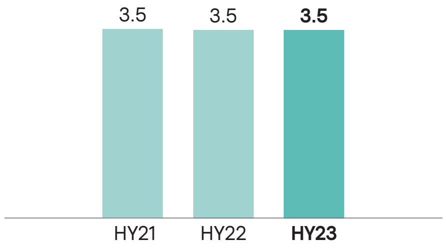
Market capitalisation £m



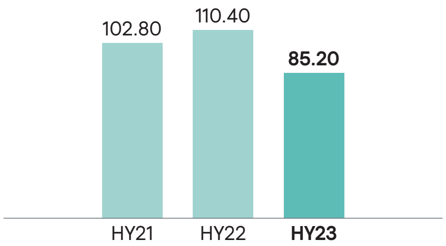
Net assets £m



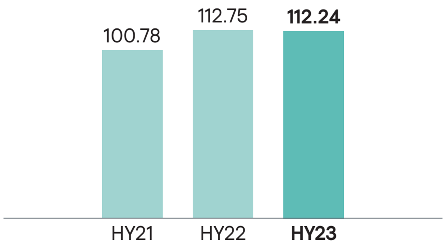
Dividends for the period p



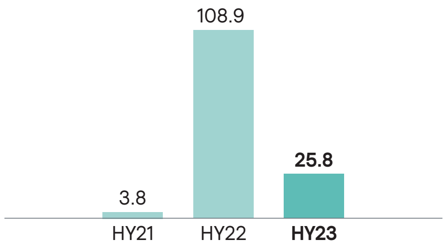
Share price p



NAV per share p



Profit for the period £m



Highlights for the period

- Dividends of 3.5 pence per share paid for the six month period to 31 March 2023 (31 March 2022: 3.5 pence per share), in line with the target[1] of 7.0 pence set for the financial year
- Profit for the period of £25.8 million (31 March 2022: £108.9 million) primarily reflects the impact of lower electricity prices compared to the prior period. For further information refer to the financial review on pages 22 and 23
- Total shareholder return[2] for the period of -9.7% (31 March 2022: 13.7%) and total shareholder return[2] since IPO in 2010 of 89.6%. Total NAV return[2] for the period of 2.7% (31 March 2022: 12.2%) and total NAV return[2] since IPO of 167.0%
- Loans advanced totalling £75.1 million, secured against UK renewable energy, social housing and PFI projects. The Company also received loan repayments of £25.0 million
- Company NAV per ordinary share at 31 March 2023 of 112.24 pence (31 March 2022: 112.75 pence)
- Third party independent valuation of the Company's partially inflation-protected investment portfolio at 31 March 2023 of £1.1 billion (31 March 2022: £1.1 billion). The principal value at 31 March 2023 was £1.0 billion
- Post period end, the Company made further advances of £2.1 million and received repayments of £2.3 million

1. The dividend target set out above is a target only and not a profit forecast or estimate and there can be no assurance that it will be met.
2. APM – for definition and calculation methodology, refer to the APMs section on pages 49 to 51.

Investment objectives and KPIs

The Company primarily invests in UK infrastructure debt and/or similar assets to meet the following key objectives:

Dividend income

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

Diversification

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

Capital preservation

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

Key performance indicators

The Company has set a dividend target[1] of 7.0 pence per share for the financial year ending 30 September 2023.

3.5p
Dividends paid for the six month period to 31 March 2023

£25.8m
Profit for the six month period ended 31 March 2023

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

49
Number of investments at 31 March 2023

11.1%[3]
Size of largest investment as a percentage of total assets

The Company's ordinary shares have predominantly traded at a premium[5] to their NAV since IPO in 2010[6].

112.24p
NAV per share at 31 March 2023

0.31%
Aggregate downward revaluations since IPO (annualised)[5]

ESG indicators

66%
Portfolio by value contributing to green economy[2]

34%
Portfolio by value that benefits end users within society[4]

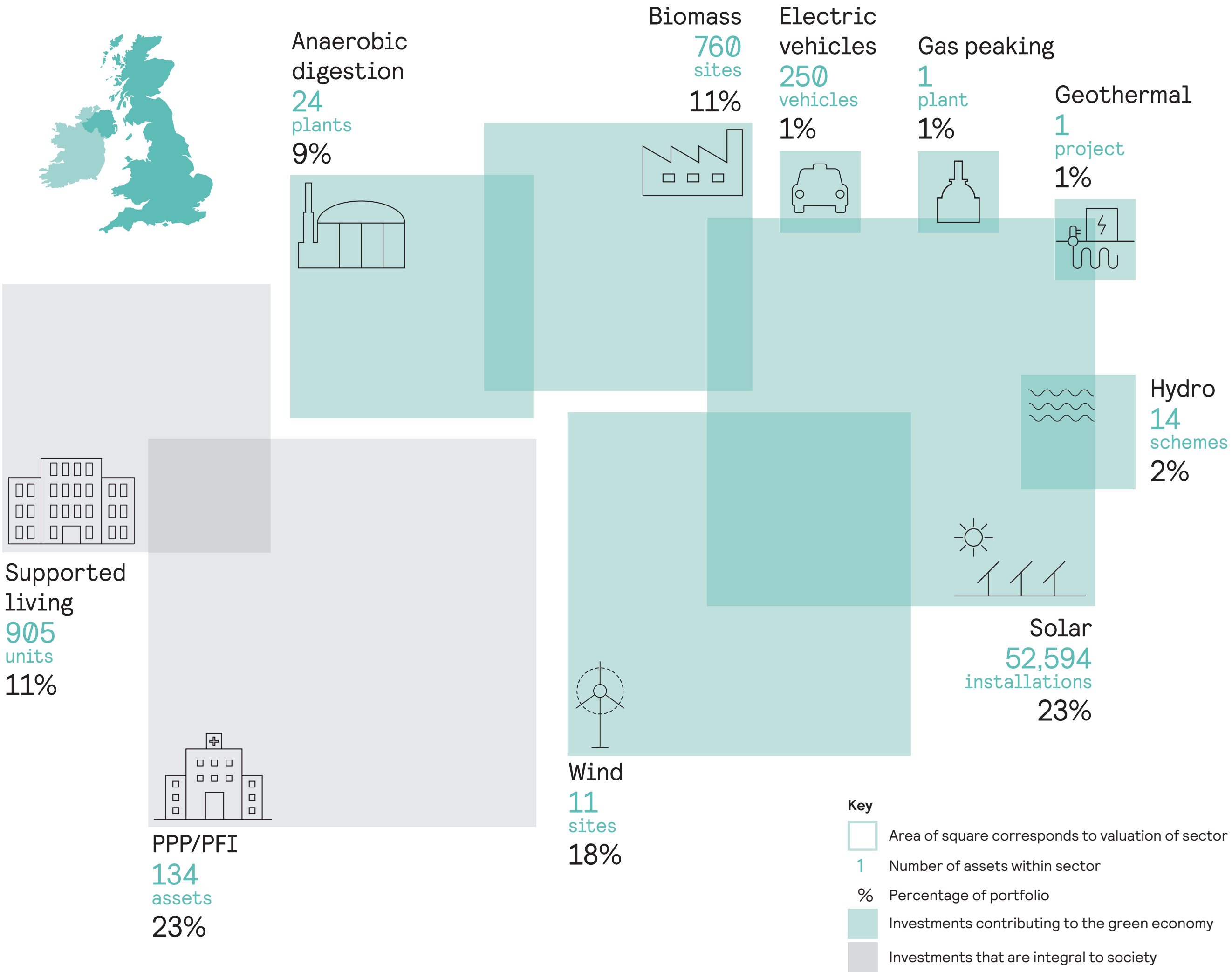
50%
Board gender and ethnic diversity[7]

Further information on Company performance can be found in the financial review on pages 22 and 23.

1. The dividend target set out above is a target only and not a profit forecast or estimate and there can be no assurance that it will be met.
2. The Company has been awarded the LSE Green Economy Mark which recognises London-listed companies generating more than half their revenues from green environmental products and services.
3. The Cardale PFI loan is secured on a cross-collateralised basis against 18 separate operational PFI projects, with no exposure to any individual project being in excess of 10% of the total portfolio (calculated by reference to the percentage of total assets excluding other receivables and prepayments).
4. The Company's portfolio is 32% invested in projects in the healthcare, education, justice and social housing sectors which are measured in alignment with the UN SDGs, and 2% of the portfolio is invested in leisure projects.
5. APM – for definition and calculation methodology, refer to the APMs section on pages 49 to 51.
6. At the period end, the Company's shares were trading at a discount[5] to NAV of 24.1%.
7. The Board is composed of one Director from a minority ethnic group and two female Directors, along with three male Directors.

Portfolio at a glance

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



Senior ranking security
40%

Weighted average annualised yield[1]
7.9%

Average life
10 years

Partially inflation protected
47%

Principal value of portfolio
£1.0bn

1. APM – for definition and calculation methodology, refer to the APMs section on pages 49 to 51.

Chairman's interim statement

I am pleased to present the half-yearly report of the Company for the period ended 31 March 2023.

Andrew Didham
Chairman

Introduction

The Company continues to offer its shareholders attractive risk-adjusted income underpinned by a diversified portfolio of UK-based infrastructure assets. Despite the background of economic turmoil and uncertainty, the assets performed well during the period due to being largely uncorrelated to the wider economic environment. Since its IPO in 2010, the Company has achieved a total shareholder return[1] of 89.6% and a total NAV return[1] of 167.0%.

Looking ahead, the Company is suitably positioned to benefit from the next wave of infrastructure investment in the UK, most notably associated with the decarbonisation of the economy. The interest rate environment also presents a potential opportunity for the Company, with partial inflation linkage on c.47% of the portfolio and an attractive pipeline of investments at prevailing rates.

The Board recognises that judgement must be exercised when looking at new investments given the economic uncertainty and the price at which the Company's shares are trading relative to the NAV, and will consider alternatives such as buying back shares and reducing leverage alongside any investment decision.

Financial update

It has been a positive financial period with total income of £35.6 million (31 March 2022: £117.6 million), profit for the period of £25.8 million (31 March 2022: £108.9 million) and total dividends declared and paid of £31.0 million (31 March 2022: £30.9 million[2]). The comparative period last year included material positive revaluations resulting from significantly increased electricity price forecasts; this period saw significant volatility with lower short-term prices and lower long-term forecasts than the prior period.

From a cash generation perspective, the performance of the portfolio has continued to be strong. As in prior periods, electricity price hedging arrangements to partially mitigate NAV volatility and to lock in attractive prices were maintained. These arrangements continue to offset the impact of volatility in electricity prices on the NAV. The Company, through its Investment Adviser, continues to review hedging opportunities that mitigate exposure to volatile market prices (such as electricity prices) without taking on additional material credit or cash flow risks.

1. APM – for definition and calculation methodology, refer to the APMs section on pages 49 to 51.
2. Including dividends settled in shares, where shareholders have elected to take the scrip dividend alternative.

Share price performance

The Board is closely monitoring recent market volatility and its impact on the Company's share price. The Company's shares have traded at an average discount[1] to NAV of 14.3% during the period and an average premium[1] of 7.9% since IPO.

At 31 March 2023, the share price was 85.20 pence, representing a discount[1] to NAV of 24.1%. At the close of business on 19 June 2023, this had widened to 33.5%. The Board and the Investment Adviser consider that the current share price does not reflect the ongoing positive performance of, and attractive risk-adjusted returns generated by, the Company's portfolio.

Accordingly, and as an appropriate means of returning value whilst maximising sustainable long-term growth for shareholders, in March 2023, the Company commenced a share buyback programme of shares up to a maximum aggregate value of £15.0 million. Since commencement of the programme and up to the period end, 1,050,000 shares have been bought back under the authority at an average price of 88.92 pence per share, a discount to the prevailing NAV. Post period end, the Company bought back a further 4,805,000 shares at an average price of 85.88 pence per share.

The Board is pleased to be taking proactive measures to grasp the opportunity to buy back the Company's shares at this level as a highly attractive investment for the Company's shareholders.

Operational overview

The Company's investment portfolio performed well during the period. A continued focus on availability-based projects has meant the Company's portfolio has continued to generate predictable revenues despite the volatile economic backdrop.

Renewable investments have benefited from higher electricity prices than when initially investing, resulting in increased cash generation by these projects. From 1 January 2023, the Electricity Generator Levy will impact on the excess revenues of certain assets, but the net revenues will be higher, even with the levy, than the original investment case.

During the period, the Company progressed discussions with a number of investee companies in relation to the extension of the operational life of investments. Further information can be found in the Investment Adviser's report on page 10. No valuation benefit associated with potential life extensions has been recognised to date, but is expected to be of value to the Company in due course.

Investment activity

The Company's investment activity was predominately in the first quarter of the period under review and any future capital allocation will be considered alongside the alternatives of share buybacks and a reduction in leverage. Investments of note during the period were as follows:

In the period to December 2022, the Company advanced £46.4 million to repay third party senior debt secured against a portfolio of commercial solar projects and and a portfolio of renewable and PPP assets, improving the Company's security position.

The Company advanced £7.4 million against gas peaking plants being brought into operation by a borrower and a further £1.0 million to support the ongoing development and optimisation of three anaerobic digestion plants in the period to December 2022.

Two investments totalling £10.5 million were made in the electric vehicle sector in February 2023. This included a new senior loan of £7.5 million to finance the purchase of a fleet of 150 electric taxis and a follow-on investment of £3.0 million to grow an existing fleet. The new borrower benefited from Government grants to reduce the effective loan to value ratio against the vehicles.

1. APM – for definition and calculation methodology, refer to the APMs section on pages 49 to 51.

Chairman's interim statement continued

ESG

Whilst the Company does not have an explicit ESG purpose in its investment objective, all of the Company's investments deliver products or services that generate environmental or social benefits. For the year ended 30 September 2022[1], the Company's renewables portfolio exported 1,429 GWh of green energy, which is the equivalent power for c.438,000 homes. The remainder of the portfolio provided c.2,000 hospital beds, c.26,000 school places and supported living units housing c.3,000 people with learning, physical or mental disabilities. Further information can be found on pages 48 and 49 of the Company's 2022 annual report.

The Investment Adviser's management of the portfolio seeks to measure, engage with and encourage improvements in governance. This focus on ESG aims to reduce the risks of investment whilst supporting, or even increasing, the returns available.

The Board is committed to upholding best reporting practices on ESG matters, including promoting transparency on the Company's ESG performance, and will seek to publish further information in the Company's forthcoming 2023 annual report.

Dividends

The Company aims to provide shareholders with regular, sustained, long-term dividends. For the period to 31 March 2023, the Company paid dividends of 3.5 pence per share.

The Board and Investment Adviser do not believe there have been any material changes in the Company's ability to service sustained, long-term dividends since the assessment carried out in 2021 that established a dividend target[2] of 7.0 pence per share for this financial year.

The Company continues to assess dividend coverage by using several metrics, most notably an alternative performance measure, 'loan interest accrued'[3] which considers interest accruing to the benefit of the Company during the relevant period. In the period to 31 March 2023, dividend coverage using this metric (adjusted earnings cover[3]) was 1.1 times. Earnings cover under IFRS was 0.8 times.

The Company maintains an attractive pipeline of new investments and follow-on investments in existing investee companies as part of the optimisation programmes that will generate returns in excess of the reinvestment rate assumed during the 2021 exercise, further supporting the sustainability of the target[2] in the medium term.

The Board considers that the pipeline provides the Company with attractive opportunities at prevailing rates that would, if completed, support the target dividend. However, the Board recognises that the use of cash resources for new investments must be considered alongside repayment of the RCF or, whilst the Company's share price trades at a material discount, buying back shares.

Future market outlook

During the period, the UK economy experienced significant volatility and changes to sentiment. Against the background of recovery from the Covid-19 pandemic and, furthermore, the Russian invasion of Ukraine, there have been energy shocks increasing the costs, and volatility in the prices of, electricity and gas. Inflation has increased across the world, with the UK's inflation rate reaching the highest in 40 years. Interest rates rose as a result and with the 'mini-budget' in September 2022 there was a dramatic increase in borrowing costs.

Although the threat of recession during 2023 is, according to some commentators, receding, there still remain risks to economic activity given the cost-of-living crisis and high borrowing costs. However, the portfolio is largely focused on availability or contracted revenues and so the performance, and valuation, of the portfolio is not directly correlated to economic activity.

Given the ongoing need to decarbonise the economy, and significant investment required, the Board is confident in the Investment Adviser's ability to continue to generate a pipeline of attractive investments for the Company. In the medium term, the Investment Adviser is reviewing a number of investment opportunities in sectors including further electric vehicles and associated charging infrastructure, hydrogen, carbon capture, sustainable packaging and digital infrastructure as well as additional investments in existing sectors including anaerobic digestion and biomass. Further information on the pipeline of investment opportunities can be found on page 17.

1. Data at 30 June 2022 to facilitate inclusion in the 2022 annual report.
2. The dividend target set out above is a target only and not a profit forecast or estimate and there can be no assurance that it will be met.
3. APM – for definition and calculation methodology, refer to the APMs section on pages 49 to 51.

Financing

At 31 March 2023, the Company had £154.0 million drawn under the RCF (30 September 2022: £99.0 million). The facility provides the Company with access to flexible debt finance, enabling it to take advantage of investment opportunities as they arise, and may also be used to manage the Company's working capital requirements from time to time.

The RCF is due to expire in March 2024. The Investment Adviser is reviewing the Company's financing arrangements and has liaised with the existing lending group to obtain indicative quantum, appetite and terms. Further information on the RCF can be found in note 8.

At the period end, the Company had total cash resources of £26.0 million. Post period end, the Company refinanced a portfolio of biomass projects, due to generate net cash proceeds of c.£50.0 million, which will be used to partially repay the RCF in due course. The Company will receive fees, including prepayment fees, of c.£11.0 million associated with the refinance, which is expected to result in a contribution of c.1.2 pence per share to the Company's NAV.

Risks

As part of the Company's semi-annual risk assessment, the Board reviewed the principal risks and uncertainties detailed on pages 68 to 73 of the Company's 2022 annual report and considers share price discount to NAV to be a new principal risk at 31 March 2023. The existing principal risks and uncertainties are expected to remain relevant to the Company for the next six months of its financial year.

The Board also concluded that, although the existing principal risks are unchanged, the probability and impact of some have changed due to the current macro environment and a longer period of economic uncertainty. Refer to page 20 and 21 for further information.

Final thoughts

With long-term gilt yields at the same level as when the Company was launched in 2010, the investment proposition remains as compelling as ever.

The Company is advised by an experienced team with a proven track record of long-term value creation for shareholders. It has a well-diversified portfolio of assets that deliver products or services that are required for the effective operation of a modern economy whilst often generating positive environmental and social impacts. The Company also benefits from an active buyback programme and a strong pipeline of new investment opportunities in which to deploy available capital as appropriate.

Andrew Didham
Chairman

20 June 2023

For more information, please refer to the Investment Adviser's report on pages 8 to 21.

Investment Adviser's report

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

Investment objective and policy

Investment strategy

The Company's investment strategy is set out in its investment objective, policy and strategy below. It should be considered in conjunction with the Chairman's statement and the Investment Adviser's report, which provide an in-depth review of the Company's performance and future strategy. Further information on the business model and purpose is set out on pages 12 and 13 of the Company's annual report and financial statements for the year ended 30 September 2022.

Investment objective

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

Investment policy and strategy

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

Core projects

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

- pre-determined, long-term, public sector backed revenues;
- no construction or property risks; and
- benefit from contracts where revenues are availability based.

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

Non-core projects

The Company may also invest up to an absolute maximum of 25% of its total assets (at the time the relevant investment is made) in non-core projects, taking exposure to projects that have not yet completed construction, projects in the regulated utilities sector and projects with revenues that are entirely demand based or private sector backed (to the extent that the Investment Adviser considers that there is a reasonable level of certainty in relation to the likely level of demand and/or the stability of the resulting revenue). At 31 March 2023, the Company's exposure to non-core projects was 2.3% of the portfolio by value.

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

Diversification

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

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

Non-financial objectives of the Company

The key non-financial objectives of the Company are:

- to maintain strong relationships with all key stakeholders of the Company, including (but not limited to) shareholders and borrowers;
- to continue to focus on creating a long-term, sustainable business relevant to all stakeholders;
- to develop and increase the understanding of the investment strategy of the Company and infrastructure as an investment class; and
- to focus on the long-term sustainability of the portfolio and make a positive impact; through contributing towards the generation of renewable energy and financing infrastructure that is integral to society.

Key policies

Distribution

The Company seeks to provide its shareholders with regular, sustained, long-term dividend income.

The Company has authority to offer a scrip dividend alternative to shareholders. The offer of a scrip dividend alternative was suspended at the Board's discretion, for all dividends during the period, as a result of the discount[1] between the likely scrip dividend reference price and the relevant quarterly NAV per share of the Company. The Board intends to keep the payment of future scrip dividends under review.

Leverage and gearing

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

1. APM – for definition and calculation methodology, refer to the APMs section on pages 49 to 51.

Investment Adviser's report continued

Infrastructure sector overview and update

The Investment Adviser

Gravis Capital Management Limited ("Gravis" or the "Investment Adviser") is the appointed Investment Adviser and AIFM to the Company.

The Investment Adviser has a long track record of working within the UK infrastructure market, particularly with regard to debt advisory work, and has established close relationships with many of the key participants in the UK infrastructure market, including equity investors and lenders. The senior management team at Gravis have extensive specialist expertise and a demonstrable track record of originating, structuring and managing infrastructure debt investments. Further information can be found on pages 80 to 83 of the 2022 annual report.

The Investment Adviser is an independently managed business with ORIX Corporation as majority shareholder. ORIX Corporation is a global financial services company based in Japan with assets under management of ¥55 trillion globally.

UK infrastructure sector overview

The Investment Adviser continues to see a disconnect between the Government's stated aims for infrastructure investment, in particular around the decarbonisation of the economy in order to meet the legally binding net zero targets, and the investment required to deliver these goals. The investment required to achieve net zero is, according to the Independent Committee for Climate Change, significantly greater than the actual private and public sector investment made or planned to date. The Investment Adviser believes that this will create opportunities for the Company to support the development of new infrastructure that will benefit from policy support.

In relation to energy security, the Government estimates that £50-£60 billion of investment is required annually to deliver on the UK's net zero ambitions. The majority of this investment will need to come from the private sector, and the Company will be well placed to participate given its investment focus and track record.

The Company has already benefited from one of its portfolio businesses being awarded a grant under the Net Zero Hydrogen Fund, which was set up to support the development and construction of low-carbon hydrogen plants.

The grant will benefit a wind farm located in Northern Ireland. A feasibility study has been undertaken in partnership with a local cement manufacturer. This presents the potential to generate additional revenue alongside a life extension for the wind farm, and also to help decarbonise an intensive manufacturing process by producing low-carbon cement. If the study is successful it is likely to both improve the returns on an existing investment whilst providing further attractive investment opportunities.

In the Environmental Improvement Plan the UK Government has set a legally binding target to halt the decline in domestic species abundance in England by 2030 and then increase the abundance by at least 10% to exceed 2022 levels by 2042. There are various incentives that the UK Government is using to create a market to reward this development, including through the Environment Act 2021. The UK Government is hoping that it can create market incentives to deliver at least £500 million of private investment a year, principally in nature-based solutions for carbon sequestration, flood risk management and water quality.

Sector update:

Renewable energy

The Company's portfolio is 66% invested in the renewables sector, with a valuation of £744.8 million.

The UK energy market is emerging from several years of unusual volatility. The reduction in economic activity as a result of the Covid-19 pandemic led to lower power prices; then in 2021 as the economy was recovering, a combination of below-average wind resources, maintenance of, and reduced output from, the French nuclear fleet and lower rainfall impacting hydro resources, prices started to rise. In 2022, with the Russian invasion of Ukraine, the sanctions and issues with gas exports from Russia led to significant price increases and volatility in both short and long-term price expectations.

During the period, the volatility in, and high levels of, electricity prices was seen to favour renewable energy generators. As a result, the UK Government imposed the Electricity Generator Levy to tax what were considered excess profits. The introduction of this tax was announced in the Autumn Statement in November 2022 and the expected valuation impact was reported in the Company's 2022 annual report: a reduction in the 30 September 2022 NAV of 1.50 pence per share. In December 2022, when the full details of the levy were announced, the actual impact of the tax was applied to the valuation of the portfolio. This impacted the NAV by 0.93 pence per share at 31 December 2022. The difference in the estimated and actual impact arose from the manner of the application of the levy to groups, demonstrating that the assumptions used were broadly accurate.

In the period, short-term prices have fallen back below 2022 prices, and the UK energy market forward curves have been lower despite market shocks, such as OPEC+ announcing that it intends to cut output. Whilst long-term price forecasts have historically been on a downward trajectory, the Investment Adviser has seen a structural shift, increasing current long-term electricity price expectations.

The long-term increase in prices can be explained by the increased focus on electricity security resulting from the Russian invasion of Ukraine. To reduce reliance on gas from Russia, the UK, and other European countries, will need to rely on imports of liquefied natural gas ("LNG"). In Germany, there has already been significant investment in its ability to import LNG, and this investment is set to continue. LNG tends to be more expensive (given costs to liquefy and regasify after transport) than piped gas and hence this will naturally increase long-term power costs.

The drive for energy security, including increased renewable energy, will require significant investment across Europe and this is also expected to increase long-term costs. Furthermore, electricity demand is expected to increase, driven by the decarbonisation of transport and heating amongst other factors.

The UK Government's 2023 Green Finance Strategy sets out how it intends to mobilise green investment. It highlights that the transition to a low-carbon economy is not only an environmental imperative but a growth opportunity for the UK. With an estimated £50-£60 billion of capital investment required each year to deliver the UK's net zero ambitions, there is significant opportunity for private sector capital investment. This includes strategies to deliver up to 50 GW of new offshore wind capacity by 2030, up to 70 GW of solar capacity by 2035 and up to 10 GW of low-carbon hydrogen production capacity by 2030.

Sector update:

Supported living

The Company's portfolio is 11% invested in the supported living sector, with a valuation of £118.1 million.

Since 2014, the Company has invested in the supported living sector, being among the first listed investment companies to do so. The Company continues to recognise the benefits of strong demand driven by the historic undersupply of suitable supported living accommodation, along with the associated health and social care benefits for individuals and the available cost efficiencies to the public sector.

As previously reported, the Company stopped making new investments into the sector in 2018 as other lenders came into the market which put pressure on potential returns. This increased demand also meant that some Registered Providers grew faster than their systems and processes for governance. The Company has actively reduced its exposure to the sector as a consequence.

The Regulator of Social Housing has been focused on governance and long-term financial viability of Registered Providers. Two Registered Providers that have leases with properties financed by the Company are currently in discussions with the Regulator. The Investment Adviser has been working with the borrowers to seek to mitigate any exposure to these Registered Providers, either to ensure that they remain viable and operate with good governance or by seeking to support the transfer of leases to other Registered Providers.

Sector update:

PPP/PFI

The Company's portfolio is 23% invested in the PPP/PFI sector, with a valuation of £257.2 million.

The departure by the UK Government and the devolved governments from PPP models has all but ended primary investment opportunities for the Company. At IPO, the portfolio comprised subordinated debt investments in projects procured under PPP models and these projects remain a core part of the portfolio. At the current time, the Investment Adviser continues to review secondary opportunities when presented, but they are typically small in scale and subject to competitive bidding processes.

These factors make it increasingly doubtful that the Company will make significant investment in assets developed under PPP models going forward. The Investment Adviser continues to actively review alternative funding models, including licence-based models such as the regulated asset base approach when applied to particular projects, or offshore or onshore transmission licensing frameworks.

Investment Adviser's report continued

Macro-economic update

Market update

The period under review has been dominated by high inflation, energy and political shocks. In September 2022, the mini-budget adversely impacted sentiment towards the UK, increasing the yields on Government debt whilst high inflation has created a cost-of-living crisis. Central banks, including the Bank of England, have increased base rates to seek to temper inflation, but they have been cautious following the failure of a number of banks. There has also been speculation as to whether the UK will suffer a recession during 2023, albeit this is now receding.

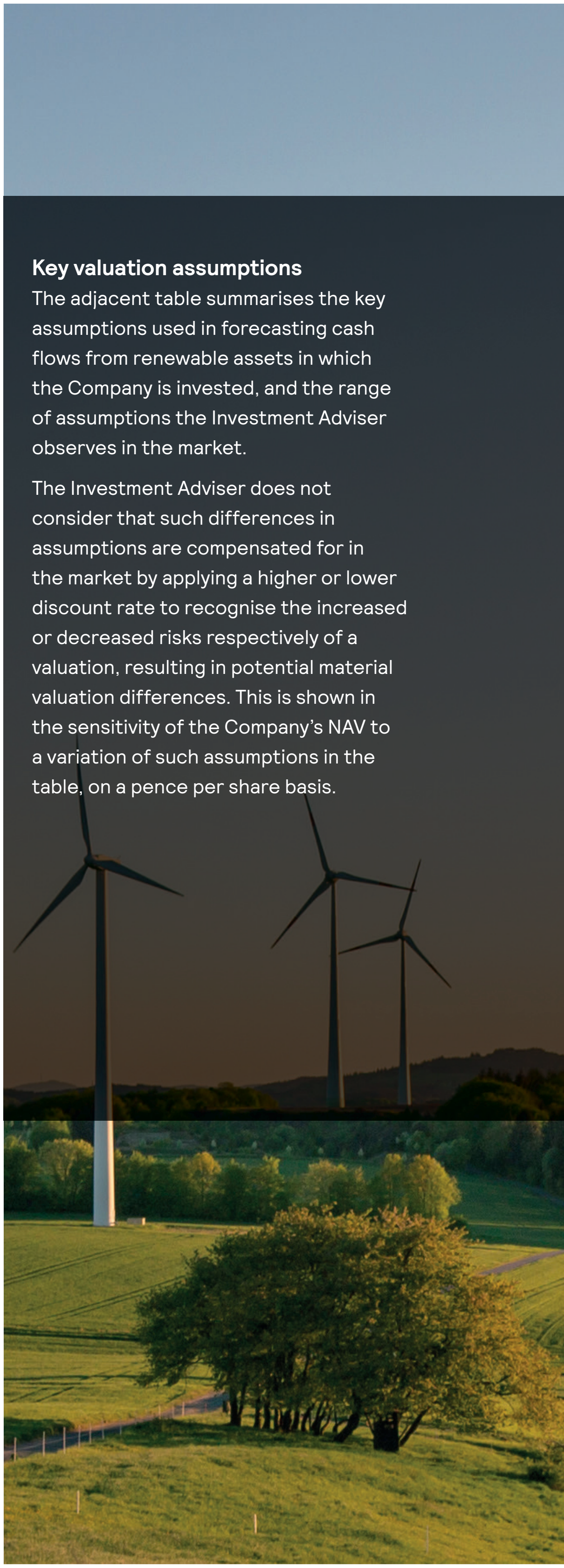
The UK energy market may now be approaching a new normal, following two years of volatility. Energy prices are higher than 2021 but lower than 2022, with long-term forecasts lower in the medium term but still showing a structural increase compared to before the Covid-19 pandemic.

The Company has been positively impacted by higher electricity prices and inflation, in particular the net cash flows expected from renewable energy assets. Whilst the Electricity Generator Levy will reduce the cash flows from high electricity prices, it also reduces the volatility in valuation associated with power price volatility when using a discounted cash flow methodology. Further detail on the Company's valuation methodology is provided on page 13 and in note 11.

Continuing demand for these assets amongst investors goes some way to mitigating the risk of negative revaluations associated with central bank base rate increases feeding through to discount rates applied in asset valuations.

The Company forecasts cash flows from renewable generation assets based on quoted futures prices using the ICE electricity baseload forward curve (adjusted for forecast capture price adjustments) for the three year period immediately following the valuation point. Thereafter, the Company uses the average of the last four quarterly electricity market forecast publications by AFRY, an independent market consultant (also adjusted for capture price forecasts).

Whilst absolute electricity price levels have benefited the Company over the period, the increased volatility of such prices remains an increased risk. Looking ahead, it is likely that structural changes will include a move towards higher cost alternatives such as LNG, as noted on page 11, positively impacting long-term electricity prices. The Investment Adviser continues to review opportunities to hedge electricity market prices to both lock in attractive price levels relative to the original investment forecasts and mitigate volatility in NAV.



Key valuation assumptions

The adjacent table summarises the key assumptions used in forecasting cash flows from renewable assets in which the Company is invested, and the range of assumptions the Investment Adviser observes in the market.

The Investment Adviser does not consider that such differences in assumptions are compensated for in the market by applying a higher or lower discount rate to recognise the increased or decreased risks respectively of a valuation, resulting in potential material valuation differences. This is shown in the sensitivity of the Company's NAV to a variation of such assumptions in the table, on a pence per share basis.

Assumption	Company approach	Lower valuations	Company valuation sensitivity (pps)	Higher valuations
Electricity price forecasts	Futures (three years) and AFRY four quarter average long term. Electricity Generator Levy applied to 31 March 2028	AFRY Q1 2023	(0.24) 8.07	Aurora Q1 2023
Capture prices (wind, solar)	Asset-specific curve applied to each project	15% capture prices (solar), AFRY high scenario capture price forecast (wind)	(0.66) 4.81	No capture prices
Asset life	Lesser of planning, lease, technical life (20–25 years)	Contractual limitations	– 2.78	Asset life of 40 years (solar) and 30 years (wind)
Corporation tax	Long-term corporation tax assumption of 25% from 1 April 2023	Long-term corporation tax assumption of 25% from 1 April 2023	– 1.08	Short-term corporation tax assumption of 25% then 19% thereafter
Indexation	OBR short term, 2.5% RPI and 2.0% CPI long term	OBR short term, 2.5% RPI and 2.0% CPI long term	– 0.35	0.5% increase to inflation forecasts

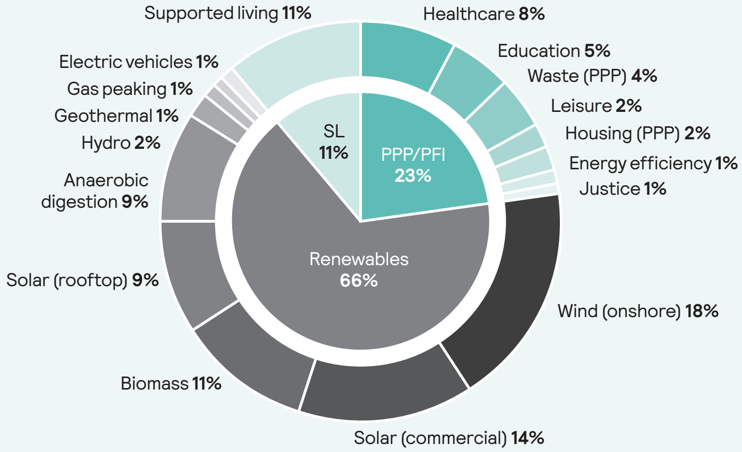
Investment Adviser's report continued

Investment and portfolio review

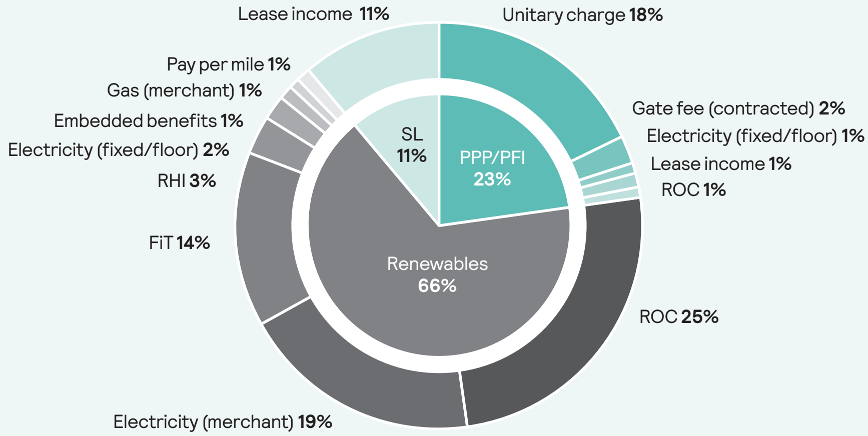
Portfolio summary

At the period end, the Company held exposure to 49 investments with a total valuation of £1.1 billion. Approximately 1% of the portfolio was exposed to assets in their construction phase.

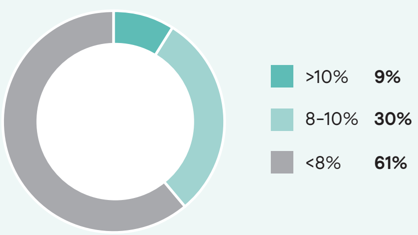
Portfolio by sector type



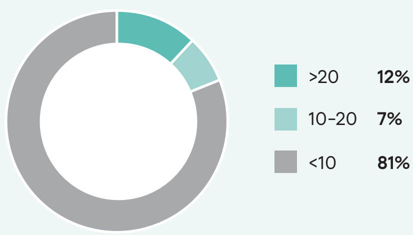
Portfolio by income type



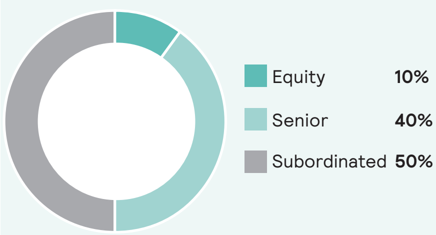
Portfolio by annualised yield[1]



Portfolio by average life (years)



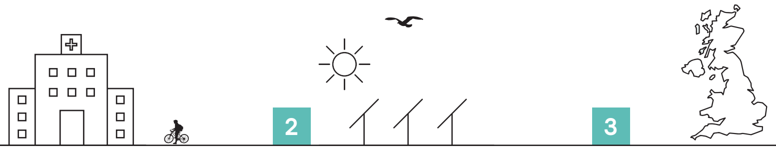
Portfolio by investment type



1. APM – for definition and calculation methodology, refer to the APMs section on pages 49 to 51.

Top ten investments

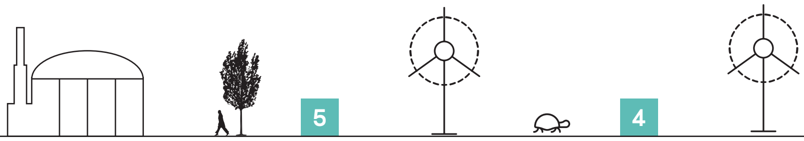
Key
1 Project type
2 % of total portfolio
3 Cash flow type



1 Cardale PFI Investments[1]
1 PPP/PFI
2 11.3%
3 Unitary charge

2 Gravis Solar 1
1 Commercial solar
2 9.4%
3 ROC/PPA/FiT

3 GCP Bridge Holdings[2]
1 Various
2 5.5%
3 ROC/FiT/Lease/PPA



4 Gravis Asset Holdings I
1 Onshore wind
2 4.8%
3 ROC/PPA

5 Gravis Asset Holdings H
1 Onshore wind
2 4.3%
3 ROC/PPA

6 GCP Programme Funding S3
1 Anaerobic digestion
2 4.1%
3 ROC/RHI

7 GCP Programme Funding S8
1 Biomass
2 3.9%
3 ROC/PPA

8 GCP Biomass 2
1 Biomass
2 3.8%
3 ROC/PPA

9 GCP Programme Funding S10
1 Supported living
2 3.6%
3 Lease

10 GCP Green Energy 1
1 Commercial solar/Onshore wind
2 3.4%
3 ROC/PPA

Top ten revenue counterparties	% of total portfolio
Viridian Energy Supply Limited	9%
Statkraft Markets GmbH	9%
Ecotricity Limited	8%
Power Ni Energy Limited	7%
Office of Gas and Electricity Markets	5%
Smartestenergy Limited	5%
Neas Energy Ltd	4%
Ceres Energy Ltd	4%
Good Energy Limited	4%
Gloucestershire County Council	4%

Top ten project service providers	% of total portfolio
PSH Operations Limited	13%
Vestas Celtic Wind Technology Limited	12%
Solar Maintenance Services Limited	10%
A Shade Greener Maintenance Limited	8%
Burmeister and Wain Scandinavian Contractor AS	8%
Engie FM Limited	5%
Atlantic Biogas Ltd	4%
Urbaser Limited	4%
Agrikomp Limited	3%
Robertson Facilities Management Limited	3%

1. Cardale PFI Investments is secured on a cross-collateralised basis against 18 separate operational PFI projects.
2. GCP Bridge Holdings is secured against a portfolio of six infrastructure investments in the renewable energy and PPP sectors.

Investment Adviser's report continued

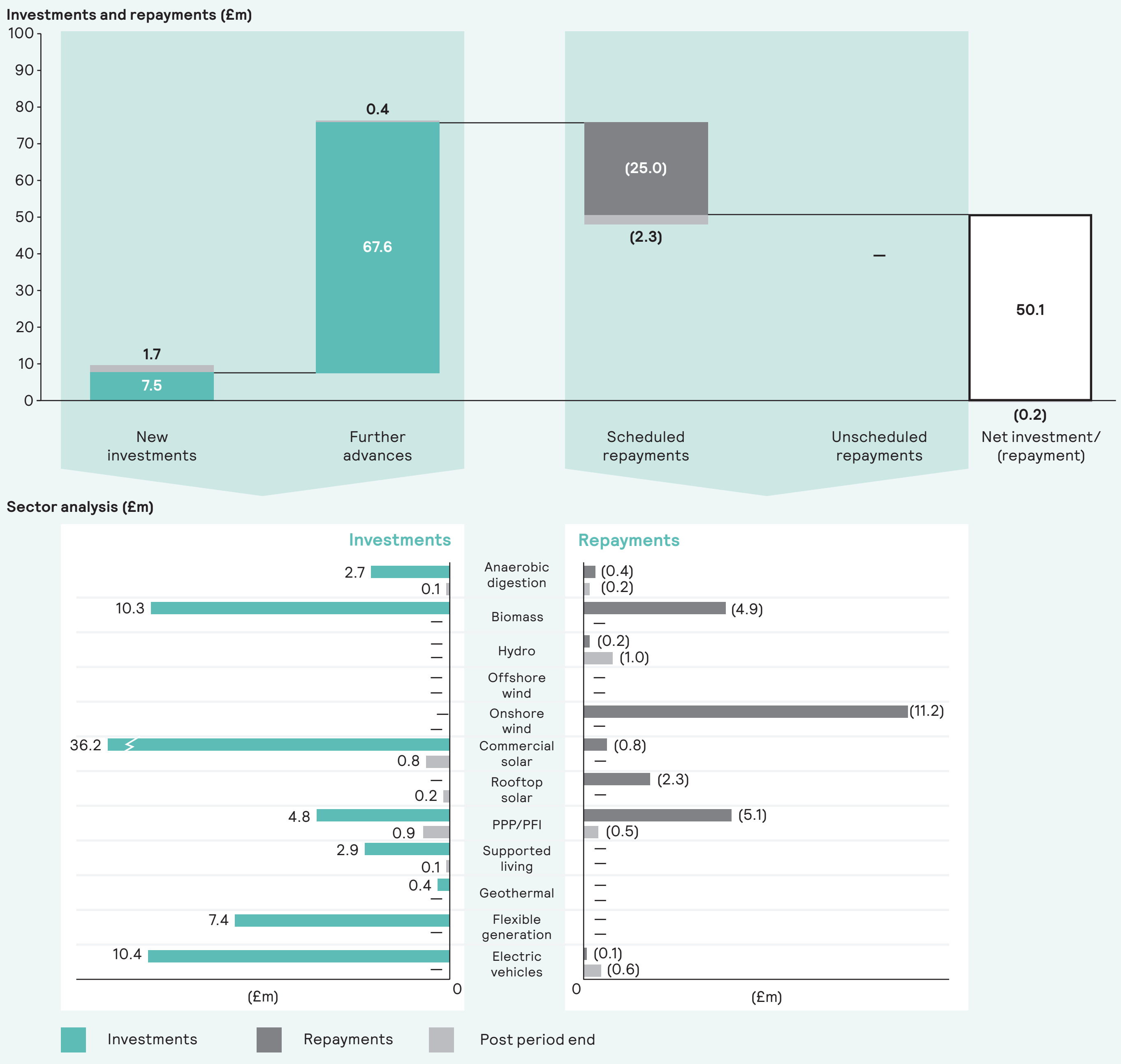
Investment and portfolio review continued

Investments and repayments

During the period, the Company made seven advances totalling £75.1 million; £7.5 million under one new facility and £67.6 million under existing facilities, increasing the number of investments to 49. The Company received 24 repayments totalling £25.0 million; all of which were scheduled repayments. Post period end, the Company made further advances of £2.1 million and received repayments of £2.3 million.

A detailed breakdown of the movements in valuation of the investment portfolio is provided on page 18.

Investment analysis for the period



Pipeline of investment opportunities

The Company maintains an attractive pipeline of investments across existing sectors, emerging infrastructure sectors and follow-on investments in the existing portfolio, at returns that would be accretive to dividend coverage and that reflect the current market pricing for credit that is in line with the underlying risk. However, the Company recognises that the use of cash resources for pipeline investments must be weighed against repayment of the Company's RCF or, whilst the Company's share price trades at a material discount to the net asset value, buying back shares.

Portfolio sensitivities

This section details the sensitivity of the value of the investment portfolio to a number of the risk factors to which it is exposed. A summary of the overall investment portfolio risks, and the Investment Adviser's approach to risk, can be found on pages 17 and 18 of the Company's annual report and financial statements for the year ended 30 September 2022.

Electricity prices

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

The Company adapted its approach to electricity price forecasts as a result of the UK Government's announcement in November 2022 of the proposed introduction of a levy. The levy was introduced to tax excess profits generated by electricity generators, equal to 45% of any excess revenues over £75 per MWh, subject to minimum revenue of £10 million and applicable to generators producing over 100 GWh per annum.

The Company reported the expected valuation impact in the 2022 annual report: a predicted reduction in the 30 September 2022 NAV of 1.50 pence per share. In December 2022, when the full details of the levy were announced, the actual impact of the tax was applied to the valuation of the portfolio. This impacted the NAV by 0.93 pence per share at 31 December 2022. The difference in the predicted and actual impact arose from the manner of the application of the levy to groups, demonstrating that the assumptions used were broadly accurate. Thereafter, the Company's approach of using the quoted futures prices for the three year period immediately after a valuation date, and the AFRY average thereafter, has not changed year on year.

The table below shows the forecast impact on the portfolio of a given percentage change in electricity prices over the full life of the forecast period to the maturity of the hedge, the impact on hedging arrangements, and the subsequent net impact on a pence per share basis. Further information on the Company's hedging arrangements is detailed in note 10 to the financial statements.

Sensitivity applied to base case electricity price forecast assumption	**(10%)**	**(5%)**	**0%**	**5%**	**10%**
Portfolio sensitivity (pence per share)	(5.37)	(2.76)	—	1.70	3.41
Hedge sensitivity (pence per share)	0.04	0.02	—	(0.02)	(0.04)
Net sensitivity (pence per share)	**(5.33)**	**(2.74)**	**—**	**1.68**	**3.37**

Inflation

Almost half of the Company's investments, c.47% by portfolio value, have some form of inflation protection. This is structured as a direct link between the return and realised inflation (relevant to the supported living assets and certain renewables) and/or a principal indexation mechanism which increases the principal value of the Company's loans outstanding by a share of realised inflation over a pre-determined strike level (typically 2.75% to 3.00%).

The table below summarises the change in interest accruals and potential NAV impact that would be associated with a movement in inflation.

Sensitivity applied to base case inflation forecast assumption	**(2.0%)**	**(1.5%)**	**(1.0%)**	**(0.5%)**	**0.0%**	**0.5%**	**1.0%**	**1.5%**	**2.0%**
NAV impact (pence per share)	**(6.48)**	**(5.01)**	**(3.44)**	**(1.77)**	**—**	**1.95**	**4.29**	**6.72**	**9.10**

Investment Adviser's report continued

Investment and portfolio review continued

Portfolio performance update

Operationally, the portfolio has performed well during the period. The weighted average discount rate used across the Company's portfolio at 31 March 2023 was 7.44% (30 September 2022: 7.47%). At the period end, c.1% (30 September 2022: c.1%) of the Company's portfolio was exposed to assets at the construction stage.

Strong electricity prices continue to boost performance of the Company's renewables investments, and some investee companies have been able to fix prices under power purchase agreements to lock in such higher levels over the next twelve months. Whilst revenues over £75 per MWh are, in certain assets, subject to the Electricity Generator Levy, these assets still benefit from increased output over and above the original forecasts. As in prior periods, electricity price hedging arrangements to partially mitigate NAV volatility and to lock in attractive prices have been maintained. The valuation of the Company's direct exposures in the renewables sector (where the Company has stepped into projects and/or has direct exposure through its investment structure) and the debt service coverage ratios across all investments, have been further boosted by:

— increases to the inflation forecasts published by the OBR, which the Company adopts in the short term. The Company's long-term expectations remain at 2.5% and 2.0% for RPI and CPI, respectively; and

— increases in the electricity price forecasts used in the valuation of the renewables portfolio.

Post period end, ROCs were revoked by Ofgem on an additional project under audit, meaning that three projects in the portfolio have now had ROCs revoked. The Company has made a claim in connection with its rights under the original investment documentation in respect of the losses it has incurred as a result of such revocation. The Investment Adviser remains confident that it will be able to either solely or cumulatively: (i) address Ofgem's queries to prevent or mitigate negative impact on a further eight assets that remain under audit; (ii) successfully challenge any adverse decision by Ofgem on other assets under audit; or (iii) recover losses it incurs from third parties in relation to a breach of investment documentation across all affected assets.

Valuation performance attribution

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

Driver	Description	Impact (£m)	Impact (pps)
Inflation	Higher inflation actuals and higher OBR medium-term inflation forecast	5.8	0.66
Biomass valuation	Higher electricity prices and cost efficiencies implemented	3.1	0.35
Other upward movements	Other upward movements across the portfolio	1.5	0.17
	Total upward valuation movements	**10.4**	**1.18**
Actuals performance	Impact of renewables actual generation lower than forecast	(2.1)	(0.24)
Discount rates	Increase in discount rate for a portfolio asset	(2.4)	(0.27)
Tax	Impact of the latest tax computations	(1.2)	(0.14)
Electricity Generator Levy	Effect on valuation of incorporating the Electricity Generator Levy legislation	(8.2)	(0.93)
Electricity prices[1]	Electricity price movements in the period	(4.7)	(0.53)
Social housing valuation	Valuation adjustment reflecting continued uncertainty in the sector	(5.2)	(0.59)
Other downward movements	Other downward movements	(2.0)	(0.23)
	Total downward valuation movements	**(25.8)**	**(2.93)**
Interest receipts	Net valuation movements attributable to the timing of debt service payments between periods	(2.0)	(0.23)
	Total other valuation movements	**(2.0)**	**(0.23)**
	Total net valuation movements before hedging	**(17.4)**	**(1.98)**
Commodity swap – unrealised[2]	Derivative financial instrument entered into for the purpose of hedging electricity price movements	5.8	0.66
Commodity swap – realised[2]		6.1	0.69
	Total net valuation movements after hedging	**(5.5)**	**(0.63)**

1. Refer to commodity swap below.
2. The derivative financial instrument was utilised to mitigate volatility in electricity price movements as detailed above; refer to notes 10 and 13 for further details.

Interest capitalised

During the period, £43.5 million (31 March 2022: £40.9 million) of loan interest accrued[1] on the underlying investment portfolio for the benefit of the Company. Of this, £40.9 million (31 March 2022: £35.8 million) was received in cash or capitalised in the period. The capitalisation of interest occurs for three reasons:

1. Where interest has been paid to the Company late (often as a result of moving cash through the Company and borrower corporate structures), a capitalisation automatically occurs from an accounting point of view.
2. On a scheduled basis, where a loan has been designed to contain an element of capitalisation of interest due to the nature of the underlying cash flows. Examples include projects in construction that are not generating operational cash flows, or subordinated loans where the bulk of subordinated cash flows are towards the end of the assumed life of a project, after the repayment of senior loans. Planning future capital investment commitments in this way forms an effective way of reinvesting repayments received from the portfolio back into other portfolio projects.
3. Loans are not performing in line with the financial model, resulting in:

   (i) lock-up of cash flows to investors who are junior to senior lenders; and

   (ii) cash generation is not sufficient to service debt.

The table below shows a breakdown of interest capitalised during the period and amounts paid as part of final repayment or disposal proceeds:

	31 March 2023 £'000	**31 March 2023 £'000**	31 March 2022 £'000	31 March 2022 £'000
Loan interest received		**30,928**		23,018
Capitalised amounts settled as part of final repayment or disposal proceeds		**–**		9,727
Capitalised (planned)	**8,301**		7,445	
Capitalised (unscheduled)	**1,717**		5,319	
Loan interest capitalised	**10,018**		12,764	
Capitalised amounts subsequently settled as part of repayments	**(4,752)**	**4,752**	(6,928)	6,928
Adjusted loan interest capitalised[1]	**5,266**		5,836	
Adjusted loan interest received[1]		**35,680**		39,673

The table below illustrates the forecast component of interest capitalised that is planned and unscheduled.

The Investment Adviser and the independent Valuation Agent review any capitalisation of interest and associated increase to borrowings to confirm that such increase in debt, and associated cost of interest, can ultimately be serviced over the life of the asset. To the extent an increase in loan balance is not serviceable, a downward revaluation is recognised, notwithstanding that such amount remains due and payable by the underlying borrower and where capitalisation has not been scheduled, it attracts default interest payable.

	30 September					
% of total interest	2022	2023	2024	2025	2026	2027
Capitalised (planned)	17%	11%	9%	8%	9%	8%
Capitalised (unscheduled)	8%	7%	1%	2%	0%	0%

1. APM – for definition and calculation methodology, refer to the APMs section on pages 49 to 51.

Investment Adviser's report continued

Risks and viability

In the period, three of the principal risks included in the Company's 2022 annual report and financial statements have seen their residual risk decrease or increase (risks 1, 2 and 5), with all other principal risks remaining stable (risks 3, 4 and 6–10). In addition, the Board has identified a new principal risk, which is set out on page 21 (risk 11).

Category 1: Execution risk

Risk	Impact	How the risk is managed	Change in residual risk over the period
1 Investment due diligence Investment due diligence may not reveal all the facts relevant in connection with an investment and may not highlight issues that could affect that investment's performance. This risk is likely to be greater in new investment sectors such as geothermal, hydrogen storage, forestry and electric vehicles. **Link to strategy:** 1 3	If an investment underperforms relative to expectations, the interest and principal received on the investment may be lower than envisaged, negatively impacting the performance of the Company.	In addition to due diligence carried out by the Investment committee of the Board and the Investment Adviser, various third party financial, technical, insurance and legal experts are engaged to advise on specific project risks.	**Increased** The current macro-economic environment is uncertain, and the future outlook for inflation and interest rates is difficult to predict with accuracy. The current climate has been exacerbated by the war in Ukraine, causing volatility in gas and electricity prices and resulting in government intervention.
2 Availability of suitable investments and reinvestment risk There is no guarantee that the Company will be able to identify suitable investments with risk and return characteristics that fit within the investment strategy of the Company. Where suitable investments can be identified, the Company may face competition in closing a transaction. This is a risk when raising capital and when reinvesting capital repaid to the Company under existing loan agreements. **Link to strategy:** 1 2 3	If the Company cannot invest capital in suitable assets in a timely and appropriate manner, the uninvested cash balance will have a negative impact on the Company's returns. If the only available investments with an appropriate risk profile yield lower rates of return than have historically been achievable, the Company's overall returns may be adversely affected. Furthermore, if loans are prepaid earlier than expected the repayment of capital is accelerated, leading to potential cash drag. Ultimately, this risks the sustainability of the dividend.	The Investment Adviser is constantly in touch with the market seeking new deals and builds a specifically identified investment pipeline before the Company seeks to raise additional capital in order to ensure that it is deployed in a timely fashion. Consideration is also given to any scheduled capital repayments.	**Decreased** The Company made investments during the period totalling £75.1 million and has an active pipeline of investment opportunities under consideration. The investment pipeline comprises investment opportunities with an appropriate risk profile to deliver the required returns. Further information on the investment pipeline is included on page 17. In an increasing interest rate environment the availability of suitable projects within the return objectives of the Company may increase. The refinancing of loans and early prepayments may also become less likely.

Key to strategy references

1 Dividend income
2 Diversification
3 Capital preservation

Category 2: Portfolio risk

Risk	Impact	How the risk is managed	Change in residual risk over the period
5 **Performance of, and reliance on, subcontractors** The performance of the Company's investments is typically, to a considerable degree, dependent on the performance of subcontractors, most notably facilities managers and operations and maintenance subcontractors. The Company is heavily reliant on subcontractors to carry out their obligations in accordance with the terms of their appointment and to exercise due skill and care. Recovery from the Covid-19 pandemic may continue to impact subcontractors' supply chains. **Link to strategy:** 1 3	If a key subcontractor was to be replaced due to the insolvency of that subcontractor or for any other reason, the replacement subcontractor may charge a higher price for the relevant services than previously paid. The resulting increase in costs may result in the Company receiving lower interest and principal payments than envisaged.	The competence and financial strength of subcontractors, as well as the terms and feasibility of their engagements, are a key focus of investment due diligence. The Board and the Investment Adviser monitor the Company's exposure to any given subcontractor and ensure that the risk of underperformance is mitigated by diversification.	**Increased** Ongoing inflationary pressures, supply chain disruption and higher interest rates are putting strain on subcontractors' finances and operations.

Category 4: Other risks

Risk	Impact	How the risk is managed	Change in residual risk over the period
11 **Share price discount or premium to NAV** The Company's share price discount[1] to NAV will persist and widen to a significant level, or will remain at an insufficiently large or consistent premium[1]. **Link to strategy:** 2 3	A significant discount[1] may prevent the Company raising more capital. If the Company was unable to secure further capital for investment, this may adversely affect the Company's investment returns and may have a material adverse effect on the Company's financial position and results from operations.	The level of discount[1] that the Company's shares are trading has meant that buybacks have become an attractive option from an investment point of view relative to other opportunities. Consequently, during the period, the Company has commenced a share buyback programme of shares up to an aggregate value of £15.0 million. The decision to buy back shares is subject to the ongoing evaluation by the Board of the Company's share price, the investment pipeline and the available cash resources of the Company. The level of discount[1] relative to the NAV per share is closely monitored by the Board.	**New** The Company's shares have traded at an average discount[1] of 14.3% during the period and an average premium[1] of 7.9% since IPO. The level of share price discount[1] is being closely monitored by the Board.

1. APM – for definition and calculation methodology, refer to the APMs section on pages 49 to 51.

Key to strategy references

1 Dividend income

2 Diversification

3 Capital preservation

Financial review

The Company generated income of £35.6 million and a profit of £25.8 million. The Company's total shareholder return[1] was -9.7% and the NAV total return[1] was 2.7%.

Operating review

It has been a positive financial period for the Company, with revaluations of investments positively impacting profitability.

The Company generated operating income of £35.6 million (31 March 2022: £117.6 million) including loan interest income of £40.9 million and net unrealised valuation losses on investments of £17.4 million (31 March 2022: loan interest income of £35.8 million, net unrealised valuation gains on investments of £72.0 million).

The comparative period last year included material upward revaluations resulting from significantly increased electricity price forecasts; this period saw significant volatility but with lower short-term prices and lower long-term forecasts than last year. Net gains on derivative financial instruments at period end were £11.9 million (31 March 2022: £4.2 million), reflecting the electricity price hedging arrangements which locked in attractive price levels for the Company.

Administration costs of £5.7 million (31 March 2022: £6.6 million) were incurred during the period; these include the Investment Adviser's fee, the Directors' fees and other third party service provider fees. These, and other, operating costs have remained broadly in line with previous years, with no further costs attributable to the Company in respect of professional fees associated with ongoing audits being carried out by Ofgem (refer to page 18 for further details) and no costs in relation to aborted transactions per the prior year. The Company's ongoing charges ratio[1] has remained broadly in line year on year at 1.1% (31 March 2022: 1.2%).

Finance costs have increased to £4.1 million from £2.1 million, reflecting higher amounts drawn on the RCF compared to the comparative period and increased interest rates in the period.

Total profit generated for the period was £25.8 million (31 March 2022: £108.9 million). The decrease primarily reflects the impact of lower electricity prices and long-term forecasts than the prior year.

Cash generation

The Company received loan principal payments of £25.0 million and made seven advances totalling £75.1 million in the period (31 March 2022: £109.7 million in principal payments and 16 advances totalling £72.8 million). Further, the Company made drawdowns of £55.0 million on its RCF.

Loan interest receipts of £30.9 million were used along with principal repayments to pay cash dividends of £31.0 million (31 March 2022: £23.0 million and £29.4 million respectively). The Company aims to manage its cash position effectively by minimising cash balances, while maintaining the financial flexibility to pursue a pipeline of investment opportunities.

The Directors have assessed the Company's cash resources and availability of funding as part of the going concern assessment. The Company held cash balances of £26.0 million at the period end and does not expect the level of annual expense to increase materially. The Directors and the Investment Adviser believe that together with scheduled loan interest receipts, repayments and the Company's RCF will provide sufficient liquidity for the Company.

Dividends

The Company paid dividends of 3.5 pence per share in respect of the six months to 31 March 2023. This is in line with the dividend target[2] set out for year ending 30 September 2023 of 7.0 pence per share. On an annualised basis, this represents a yield of 8.2% against the share price at 31 March 2023.

Share price performance

The Company's total shareholder return[2] was -9.7% for the period and 89.6% since IPO in 2010. The Company has continued to experience significant volatility in its share price in line with global equity markets. The shares have traded at an average discount[1] to NAV of 14.3% over the period and an average premium[1] of 7.9% since IPO. The share price at the period end was 85.20 pence per share, which represents a discount[1] to NAV of 24.1%.

Financing

At the beginning of the period, £99.0 million was drawn on the RCF. Subsequently, in October 2022, the Company made a utilisation of £15.0 million, followed by a further utilisation of £40.0 million in December 2022. The RCF is due to expire in March 2024. The Investment Adviser is liaising with the existing lending group in order to refinance the RCF in advance of the date of expiry. Further information is included in note 2.1.

At 31 March 2023, £154.0 million of the £190.0 million RCF was drawn. Further details on the Company's RCF can be found in notes 8 and 13.

1. APM – for definition and calculation methodology, refer to the APMs section on pages 49 to 51.
2. The dividend target set out above is a target only and not a profit forecast or estimate and there can be no assurance that it will be met.

Statement of Directors' responsibilities

Under the terms of the DTRs of the FCA, the Directors are responsible for preparing the half-yearly report and unaudited interim condensed financial statements in accordance with applicable regulations.

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 EU;

— 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).

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.

On behalf of the Board

Andrew Didham
Chairman

20 June 2023

Independent review report

To GCP Infrastructure Investments Limited

Conclusion

We have been engaged by GCP Infrastructure Investments Limited (the "Company") to review the unaudited interim condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2023 of the Company, which comprises the statements of financial position, comprehensive income, changes in equity, cash flows and the related explanatory notes.

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 financial report for the six months ended 31 March 2023 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules (the "DTR") of the UK's Financial Conduct Authority (the "UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("ISRE (UK) 2410") issued by the Financial Reporting Council 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. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the unaudited interim condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) 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.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the scope of review section of this report, nothing has come to our attention to suggest that the Directors have inappropriately adopted the going concern basis of accounting or that the Directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Company to cease to continue as a going concern, and the above conclusions are not a guarantee that the Company will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial 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 as adopted by the EU. The Directors are responsible for preparing the unaudited interim condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

In preparing the half-yearly financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Company a conclusion on the unaudited interim condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the scope of review paragraph of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement letter to assist the Company in meeting the requirements of the DTR of 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.

Andrew Quinn
For and on behalf of
KPMG Channel Islands Limited

Chartered Accountants and
Recognised Auditors

Jersey

20 June 2023

Unaudited interim condensed statement of comprehensive income

For the period 1 October 2022 to 31 March 2023

	Notes	**Period ended 31 March 2023 £'000**	Period ended 31 March 2022 £'000
Income			
Net income/gains on financial assets at fair value through profit or loss	3	**23,526**	113,242
Net gains on derivative financial instruments at fair value through profit or loss	3	**11,853**	4,247
Other income	3	**171**	64
Total income		**35,550**	117,553
Expense			
Investment advisory fees	12	**(4,385)**	(4,123)
Operating expenses		**(1,283)**	(2,428)
Total expenses		**(5,668)**	(6,551)
Total operating profit before finance costs		**29,882**	111,002
Finance costs		**(4,121)**	(2,101)
Total profit and comprehensive income for the period		**25,761**	108,901
Basic and diluted earnings per share (pence)	6	**2.91**	12.34

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

The accompanying notes on pages 30 to 48 form an integral part of the financial statements.

Unaudited interim condensed statement of financial position

As at 31 March 2023

	Notes	As at 31 March 2023 £'000	(Audited) As at 30 September 2022 £'000
Assets			
Cash and cash equivalents		**25,997**	15,981
Other receivables and prepayments		**154**	185
Derivative financial instruments at fair value through profit or loss	10	**1,925**	—
Financial assets at fair value through profit or loss	11	**1,120,113**	1,087,331
Total assets		**1,148,189**	1,103,497
Liabilities			
Derivative financial instruments at fair value through profit or loss	10	**—**	(3,861)
Other payables and accrued expenses	7	**(2,938)**	(3,570)
Interest bearing loans and borrowings	8	**(153,341)**	(98,009)
Total liabilities		**(156,279)**	(105,440)
Net assets		**991,910**	998,057
Equity			
Share capital	9	**8,837**	8,848
Share premium	9	**870,677**	871,606
Capital redemption reserve		**101**	101
Retained earnings		**112,295**	117,502
Total equity		**991,910**	998,057
Ordinary shares in issue (excluding treasury shares)		**883,747,669**	884,797,669
NAV per ordinary share (pence per share)		**112.24**	112.80

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

Andrew Didham
Chairman

20 June 2023

Steven Wilderspin
Director

20 June 2023

The accompanying notes on pages 30 to 48 form an integral part of the financial statements.

Unaudited interim condensed statement of changes in equity

For the period 1 October 2022 to 31 March 2023

	Notes	Share capital £'000	Share premium[1] £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2021		8,822	868,867	101	39,009	916,799
Total profit and comprehensive income for the period		—	—	—	108,901	108,901
Equity shares issued		14	1,488	—	—	1,502
Share issue costs		—	(27)	—	—	(27)
Dividends	5	—	—	—	(30,888)	(30,888)
At 31 March 2022		8,836	870,328	101	117,022	996,287
At 1 October 2022		**8,848**	**871,606**	**101**	**117,502**	**998,057**
Total profit and comprehensive income for the period		**—**	**—**	**—**	**25,761**	**25,761**
Share repurchases	9	**(11)**	**(927)**	**—**	**—**	**(938)**
Share repurchase costs	9	**—**	**(2)**	**—**	**—**	**(2)**
Dividends	5	**—**	**—**	**—**	**(30,968)**	**(30,968)**
At 31 March 2023		**8,837**	**870,677**	**101**	**112,295**	**991,910**

1. The share premium is a distributable reserve in accordance with Jersey Company Law. Refer to note 5 for further information.

The accompanying notes on pages 30 to 48 form an integral part of the financial statements.

Unaudited interim condensed statement of cash flows

For the period 1 October 2022 to 31 March 2023

	Notes	Period ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
Cash flows from operating activities			
Total operating profit before finance costs		**29,882**	111,002
Adjustments for:			
Loan interest income	3	**(40,946)**	(35,782)
Net losses/(gains) on financial assets at fair value through profit or loss	3	**17,420**	(77,460)
Net gains on derivative financial instruments at fair value through profit or loss	3	**(11,853)**	(4,247)
(Decrease)/increase in other payables and accrued expenses		**(480)**	32
Decrease in other receivables and prepayments		**49**	2
Total		**(5,928)**	(6,453)
Loan interest received	3	**30,928**	23,018
Purchase of financial assets at fair value through profit or loss	11.7	**(65,080)**	(30,150)
Repayment of financial assets at fair value through profit or loss	11.7	**24,896**	80,677
Proceeds from derivative financial instruments at fair value through profit or loss	3	**6,067**	—
Settlement of derivative financial instruments at fair value through profit or loss	3	**—**	(10,889)
Net cash flows (used in)/generated from operating activities		**(9,117)**	56,203
Cash flows from financing activities			
Proceeds from revolving credit facility		**55,000**	6,000
Repayment of revolving credit facility		**—**	(15,000)
Share issue costs		**—**	(27)
Share repurchases		**(938)**	—
Share repurchase costs		**(2)**	—
Dividends paid	5	**(30,968)**	(29,386)
Finance costs paid		**(3,959)**	(1,863)
Net cash flows generated from/(used in) financing activities		**19,133**	(40,276)
Increase in cash and cash equivalents		**10,016**	15,927
Cash and cash equivalents at beginning of the period		**15,981**	7,470
Cash and cash equivalents at end of the period		**25,997**	23,397
Net cash flows from operating activities includes:			
Other income	3	**53**	64
Deposit interest received	3	**118**	—

The accompanying notes on pages 30 to 48 form an integral part of the financial statements.

Notes to the unaudited interim condensed financial statements

For the period 1 October 2022 to 31 March 2023

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 Jersey Company Law and the CIF Law.

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

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

2. Significant accounting policies

2.1 Basis of preparation

The unaudited interim condensed financial statements for the six month period 1 October 2022 to 31 March 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU.

The unaudited interim condensed financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual report and financial statements for the year ended 30 September 2022. The financial statements for the year ended 30 September 2022 were prepared in accordance with IFRS as adopted by the EU and audited by KPMG Channel Islands Limited, who issued an unqualified audit opinion.

The financial information contained in the unaudited interim condensed financial statements for the period 1 October 2022 to 31 March 2023 has not been audited, but has undergone a review by the Company's auditor in accordance with International Standards on Review Engagements (UK) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Financial Reporting Council 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 2022, except for the new standards and amendments to standards disclosed below.

Changes in presentation of statement of cash flows

As noted in the 2022 annual report, the Company changed the presentation of operating activities in the statement of cash flows. The update to the presentation, which comprises presenting loan interest income and loan interest received separately in net cash flows generated from operating activities, provides more reliable and relevant information to users of the financial statements. There has been no change in the net cash flows generated from operating activities in the comparative statement of cash flows for 31 March 2022.

New standards, amendments and interpretations

In the period under review, the Company has applied amendments to IFRS issued by the IASB. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements.

This incorporated:

- onerous contracts – cost of fulfilling a contract (amendments to IAS 37);
- annual improvements to IFRS standards;
- disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2); and
- definition of accounting estimates (amendments to IAS 8).

The adoption of the changes to accounting standards has had no material impact on these or prior periods' financial statements. There are amendments to IFRS that will apply from 1 January 2024 as follows:

- classification of liabilities as current or non-current (amendments to IAS 1); and
- non-current liabilities with covenants (amendments to IAS 1).

The Directors do not anticipate that the adoption of these will have a material impact on the financial statements. Other than those detailed above, there are no new IFRS or IFRIC interpretations that are issued but not effective that would be expected to have a material impact on the Company's financial statements.

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

The financial statements are presented in Pound Sterling and all values have been rounded to the nearest thousand pounds (£'000), except where otherwise indicated.

Going concern
The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future and for a period of at least twelve months from the date of the authorisation of these unaudited interim condensed financial statements.

The Investment Adviser has prepared cash flow forecasts which were challenged and approved by the Directors and included consideration of: cash flow forecasts and stress scenarios, including the impacts of volatile energy prices; the availability of the Company's RCF (refer below); high inflation; further increases to interest rates; and supply chain disruptions.

The Company has in place a RCF which is due to expire in March 2024. The Investment Adviser is reviewing the Company's financing arrangements and has liaised with the existing lending group to obtain indicative quantum, appetite and terms. Each of the lenders in the group have confirmed appetite to participate at the same level or potentially increase their exposure. The Directors are therefore satisfied that the Company will be able to refinance its RCF in line with previous years and that the refinance does not cause significant doubt from a going concern perspective.

Furthermore, the Directors are not aware of any other material uncertainties that may cast 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.

(a) Critical accounting estimates and assumptions

Fair value of instruments not quoted in an active market

The valuation process is dependent on assumptions and estimates which are significant to the reported amounts recognised in the unaudited interim condensed financial statements, taking into account the structure of the Company and the extent of its investment activities (refer to note 11 for further information).

(b) Critical judgements

Assessment as an investment entity

The Directors have determined that the SPVs through which the Company invests fall under the control of the Company in accordance with the control criteria prescribed by IFRS 10 and therefore meet the definition of subsidiaries. In addition, the Directors continue to hold the view that the Company meets the definition of an investment entity and therefore can measure and present the SPVs at fair value through profit or loss. This process requires a significant degree of judgement, taking into account the complexity of the structure of the Company and extent of investment activities (refer to note 11 of the annual report and financial statements for the year ended 30 September 2022).

Notes to the unaudited interim condensed financial statements continued
For the period 1 October 2022 to 31 March 2023

2. Significant accounting policies continued

2.2 Significant accounting judgements and estimates continued

(b) Critical judgements continued

Segmental information

For management purposes, the Company is organised into one main operating segment. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions by the Board (as the chief operating decision maker) are based upon 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 2023 £'000	31 March 2022 £'000
Channel Islands	**118**	—
United Kingdom	**35,432**	117,553
Total	**35,550**	117,553

3. Operating income

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

	31 March 2023 £'000	31 March 2022 £'000
Interest on cash and cash equivalents	**118**	—
Other operating income	**53**	64[1]
Other income	**171**	64
Net changes in fair value of financial assets and derivative financial instruments at fair value through profit or loss	**35,379**	117,489
Total	**35,550**	117,553

The table below analyses the net changes in fair value of the Company's financial assets and derivative financial instruments at fair value through profit or loss:

	31 March 2023 £'000	31 March 2022 £'000
Loan interest received	30,928	23,018
Loan interest capitalised	10,018	12,764
Total loan interest income	40,946	35,782
Unrealised gains on investments at fair value through profit or loss	20,240	80,831[1]
Unrealised losses on investments at fair value through profit or loss	(37,660)	(8,865)
Net unrealised (losses)/gains on investments at fair value through profit or loss	(17,420)	71,966
Net realised gains on disposal of investments at fair value through profit or loss	—	5,494
Net (losses)/gains on investments at fair value through profit or loss	(17,420)	77,460
Net income/gains on financial assets at fair value through profit or loss	23,526	113,242
Unrealised gains on derivative financial instruments at fair value through profit or loss	5,786	15,136
Realised gains/(losses) on repayment of derivative financial instruments at fair value through profit or loss	6,067	(10,889)
Net gains on derivative financial instruments at fair value through profit or loss	11,853	4,247
Net changes in fair value of financial assets and derivative financial instruments at fair value through profit or loss	35,379	117,489

4. Taxation

Profits arising in the Company for the period 1 October 2022 to 31 March 2023 are subject to tax at the standard rate of 0% (31 March 2022: 0%) in accordance with the Income Tax (Jersey) Law 1961, as amended.

5. Dividends

Dividends paid for the six month period to 31 March 2023 were 3.50 pence per share (31 March 2022: 3.50 pence per share) as follows:

		31 March 2023		31 March 2022	
Quarter ended	Dividend	Pence	£'000	Pence	£'000
Current period dividends					
31 March 2023/22	Second interim dividend	1.75	—	1.75	—
31 December 2022/21	First interim dividend	1.75	15,484	1.75	15,449
Total		3.50	15,484	3.50	15,449
Prior period dividends					
30 September 2022/21	Fourth interim dividend	1.75	15,484	1.75	15,439
30 June 2022/21	Third interim dividend	1.75	—	1.75	—
Total		3.50	15,484	3.50	15,439
Dividends in statement of changes in equity			30,968		30,888
Dividends settled in shares[2]			—		(1,502)
Dividends in cash flow statement			30,968		29,386

1. Principal indexation of £878,000 applied to a loan has been reclassified from other operating income to unrealised gains on investments at fair value through profit or loss.
2. The dividends settled in shares are where shareholders have elected to take the scrip dividend alternative.

Notes to the unaudited interim condensed financial statements continued
For the period 1 October 2022 to 31 March 2023

5. Dividends continued
On 27 April 2023, the Company announced a second interim dividend of 1.75 pence per ordinary share amounting to £15.5 million paid on 14 June 2023 to ordinary shareholders on the register at 12 May 2023.

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

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

The Board, at its discretion, has suspended the scrip dividend alternative as a result of the likely discount between any scrip dividend reference price of the shares and the NAV per share of the Company. The Board intends to keep the payment of future scrip dividends under review.

6. Earnings per share
Basic and diluted earnings per share are calculated by dividing total profit and comprehensive income 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 and comprehensive income £'000	Weighted average number of ordinary shares[1]	Pence per share
Period ended 31 March 2023			
Basic and diluted earnings per ordinary share	**25,761**	**884,737,778**	**2.91**
Period ended 31 March 2022			
Basic and diluted earnings per ordinary share	108,901	882,704,452	12.34

7. Other payables and accrued expenses

	31 March 2023 £'000	(Audited) 30 September 2022 £'000
Investment advisory fees	**2,147**	2,234
Other payables and accrued expenses	**791**	1,336
Total	**2,938**	3,570

1. Excluding shares repurchased and held in treasury.

8. Interest bearing loans and borrowings

	31 March 2023 £'000	(Audited) 30 September 2022 £'000
Loan facilities	**154,000**	99,000
Unamortised arrangement fees	**(659)**	(991)
Total	**153,341**	98,009

The table below analyses the movement for the period:

	31 March 2023 £'000	(Audited) 30 September 2022 £'000
Opening balance	**98,009**	163,412
Changes from cash flow		
Proceeds from revolving credit facility	**55,000**	11,000
Repayment of revolving credit facility	**—**	(77,000)
Loan arrangement fees	**—**	(54)
Non-cash changes		
Amortisation of loan arrangement fees	**332**	651
Closing balance	**153,341**	98,009

Revolving credit facility

The Company entered into a RCF agreement dated 29 March 2021, as amended and restated on 29 June 2021, and with an additional commitment side letter dated 24 February 2022, with RBSI, Allied Irish Bank, Lloyds Bank, Clydesdale Bank and Mizuho Bank. The RCF has £190.0 million total commitments and will expire on 29 March 2024. The Investment Adviser is liaising with the existing lending group in order to refinance the RCF in advance of the date of expiry. It is secured against a portfolio of certain underlying assets held by the Company. The interest on amounts drawn is charged at SONIA plus 2.00% per annum and a commitment fee of 0.70% is payable on the undrawn amounts.

At 31 March 2023, the total amount drawn on the RCF was £154.0 million (30 September 2022: £99.0 million).

All amounts drawn under the RCF are to be used in or towards the making of investments in accordance with the Company's investment policy. The facility provides the Company with continued access to flexible debt finance, enabling it to take advantage of investment opportunities as they arise, and may also be used to manage the Company's working capital requirements from time to time.

The RCF includes loan to value[1] and interest cover[1] covenants that are measured at Company level. The Company has maintained sufficient headroom against all measures throughout the financial period and is in full compliance with all loan covenants at 31 March 2023.

1. APM – for definition and calculation methodology, refer to the APMs section on pages 49 to 51.

Notes to the unaudited interim condensed financial statements continued
For the period 1 October 2022 to 31 March 2023

9. Authorised and issued share capital

Share capital	**31 March 2023** Number of shares	**31 March 2023** £'000	(Audited) 30 September 2022 Number of shares	(Audited) 30 September 2022 £'000
Ordinary shares issued and fully paid				
Opening balance	**884,797,669**	**8,848**	882,210,228	8,822
Equity shares issued through:				
Dividends settled in shares[1]	**—**	**—**	2,587,441	26
Total shares in issue	**884,797,669**	**8,848**	884,797,669	8,848
Treasury shares				
Opening balance	**—**	**—**	—	—
Shares repurchased	**(1,050,000)**	**(11)**	—	—
Total shares repurchased and held in treasury	**(1,050,000)**	**(11)**	—	—
Total ordinary share capital excluding treasury shares	**883,747,669**	**8,837**	884,797,669	8,848

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

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

Share premium	**31 March 2023 £'000**	(Audited) 30 September 2022 £'000
Premium on ordinary shares issued and fully paid:		
Opening balance	**871,606**	868,867
Premium on equity shares issued through:		
Dividends settled in shares[1]	**—**	2,793
Share issue costs	**—**	(54)
Share repurchases	**(927)**	—
Share repurchase costs	**(2)**	—
Total	**870,677**	871,606

Share premium represents amounts subscribed for share capital in excess of nominal value less associated costs of the issue, less dividend payments charged to premium as and when appropriate. Share premium is a distributable reserve in accordance with Jersey Company Law.

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

At 31 March 2023, the Company's issued share capital comprised 884,797,669 ordinary shares (31 March 2022: 883,643,978), of which 1,050,000 (31 March 2022: none) were held in treasury, and there were no C shares or deferred shares in issue.

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

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

10. Derivative financial instruments at fair value through profit or loss

On 13 July 2022, the Company entered into a commodity swap agreement with Axpo Solutions AG under the ISDA master agreement for risk management purposes, which includes full right of set off. The derivative financial instrument comprises a commodity swap on electricity/baseload for the purpose of hedging electricity price market movements, in cases where the Company has stepped into projects and/or has direct exposure through its investment structure. This commodity swap agreement expired on 31 March 2023 and was settled in April 2023 in line with the contractual terms.

On 15 February 2023, the Company entered into a new a commodity swap agreement with Axpo Solutions AG under the same terms which is due to expire on 30 September 2023.

The Company has been granted a credit line of £50.0 million by Axpo Solutions AG in order to mitigate the need for regular cash flows associated with the hedge.

The table below sets out the valuation of the swap held by the Company at the period end, provided by Axpo Solutions AG:

Derivative	Maturity	Total notional quantity	Notional quantity per hour
Commodity swap – electricity/baseload 'winter 2022/23'	31 March 2023	26,208 MWh	6 MW
Commodity swap – electricity/baseload 'summer 2023'	30 September 2023	26,352 MWh	6 MW

		31 March 2023 £'000	(Audited) 30 September 2022 £'000
Fixed			
Fixed price: winter 2022/23	£434.0/MWh	**1,935**	11,374
Fixed price: summer 2023	£140.5/MWh	**3,702**	—
Floating			
Commodity Reference Price Index: winter 2022/23	Electricity N2EX UK Power Index Day Ahead	**(514)**	(15,235)
Commodity Reference Price Index: summer 2023	Electricity N2EX UK Power Index Day Ahead	**(3,198)**	—
Fair value		**1,925**	(3,861)

11. Financial instruments

11.1 Capital management

The Company is funded from equity balances, comprising issued ordinary share capital, as detailed in note 9, and retained earnings, in addition to a revolving credit facility, as detailed in note 8. The Company may seek to raise additional capital from time to time, to the extent that the Directors and the Investment Adviser believe the Company will be able to make suitable investments, with consideration also given to the alternatives of share buybacks and a reduction in leverage.

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 at any such time borrowings are drawn down. At the period end, the Company remains modestly geared with loan to value[1] of 13% (30 September 2022: 10%).

1. APM – for definition and calculation methodology, refer to the APMs section on pages 49 to 51.

Notes to the unaudited interim condensed financial statements continued

For the period 1 October 2022 to 31 March 2023

11. Financial instruments continued

11.2 Financial risk management objectives

The Company has an investment policy and strategy as summarised on page 9 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 the 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), interest rate risk, credit risk and liquidity risk. Further, the Company is exposed to a number of shareholder interests, c.10% of the portfolio by value, either as a result of the specific targeting of these positions or through enforcing its security as a result of the occurrence of defaults. Such exposures are more sensitive to changes in market factors, such as electricity prices, and the operational performance of projects, and are therefore likely to result in increased volatility in the valuation of the portfolio.

Geopolitical and market uncertainties

In the last year, there has been a significant increase in political and economic uncertainty driven by the war in Ukraine, recovery from the Covid-19 pandemic, high inflation and a cost-of-living crisis, and the rapid change of personnel in Government. The Company's infrastructure investments are generally low volatility investments with stable, pre-determined, very long-term, public sector backed revenues; half of the Company's investment portfolio is exposed to some form of inflation protection mechanism.

The war in Ukraine continues to be monitored by the Board and the Investment Adviser for any potential impacts on the Company. The uncertainty around the conflict, and the associated global response through sanctions, has resulted in increased market volatility, in particular in energy and commodity markets. There have been significant increases in gas and power prices, shortages of wheat and other supply chain disruptions.

In November 2022, the UK Government announced the introduction of an Electricity Generator Levy to tax certain renewable energy generating assets from 1 January 2023. The impacts of this levy were initially estimated and reported in the 2022 annual report, with the actual levy applied to the valuation of the portfolio once full details were published by the UK Government in December 2022. Whilst the levy will impact the profitability potential of certain investments, it does not adversely impact their viability and these assets still benefit from increased output over and above the original forecasts.

Climate risk

During the year ended 30 September 2022, the Investment Adviser carried out a climate risk assessment for each underlying portfolio asset to assess the actual and potential impacts of climate-related risks and opportunities across the portfolio. The Investment Adviser intends to complete this assessment on an annual basis. No changes to financial forecasts were proposed due to the climate risk based on the analysis undertaken. Further information is given on pages 53 to 55 of the annual report and financial statements for the year ended 30 September 2022.

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 assets' underlying performance. The fair value of the Company's financial assets is measured and monitored on a quarterly basis by the Investment Adviser with the assistance of the Valuation Agent.

The valuation principles used are based on a discounted cash flow methodology, where applicable. A fair value for each asset acquired by the Company is calculated by applying a relevant market discount rate to the contractual cash flows expected to arise from each asset. At period end, all investments were classified as Level 3; refer to note 11.7 for additional information.

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. Where appropriate, the Valuation Agent will also consider long-term assumptions that have a direct impact on valuation, such as electricity prices, inflation and availability. Given fluctuating electricity prices, the Investment Adviser has continued with a hedging programme to reduce volatility in the portfolio. Further information can be found in notes 10 and 13.

The table below shows how changes in discount rates 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 2023 **Change in discount rate**	**0.50%**	**0.25%**	**0.00%**	**(0.25%)**	**(0.50%)**
Valuation of financial assets at fair value (£'000)	**1,087,877**	**1,103,756**	**1,120,113**	**1,136,970**	**1,154,349**
Change in valuation of financial assets at fair value through profit or loss (£'000)	**(32,236)**	**(16,357)**	**—**	**16,857**	**34,236**

At 31 March 2023, the discount rates used in the valuation of financial assets ranged from 6.08% to 10.38% with a rate of 20.00% being applied to one financial asset due to changes in the perceived risk associated with one project representing 0.54% of the portfolio.

30 September 2022 (audited) Change in discount rate	0.50%	0.25%	0.00%	(0.25%)	(0.50%)
Valuation of financial assets at fair value (£'000)	1,056,545	1,071,707	1,087,331	1,103,437	1,120,047
Change in valuation of financial assets at fair value through profit or loss (£'000)	(30,786)	(15,624)	—	16,106	32,716

At 30 September 2022, the discount rates used in the valuation of financial assets ranged from 6.08% to 10.38%.

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. Interest rate risk is incorporated by the Valuation Agent into the discount rate applied to the financial assets at fair value through profit or loss. Discount rate sensitivity analysis is disclosed in note 11.3.

Notes to the unaudited interim condensed financial statements continued

For the period 1 October 2022 to 31 March 2023

11. Financial instruments continued

11.4 Interest rate risk continued

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 protection against falling interest rates in relation to assets that do not have a minimum fixed rate of return acceptable to the Company in line with its investment policy and strategy.

Where the debt instrument is subordinated, the Company is indirectly exposed to the gearing of the infrastructure Project Companies. The Investment Adviser ensures as part of its due diligence that the Project Company debt ranking senior to the Company's investment has been, where appropriate, hedged against movement in interest rates, through the use of interest rate swaps. At 31 March 2023, the Company had not entered into any interest rate swap contracts (30 September 2022: none).

Borrowings

During the period, the Company made use of its revolving credit facility, which is used to finance investments; details of the revolving credit facility are given in note 8.

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.

The table below shows how changes in the interest rate affects the interest rate expense incurred on amounts drawn under the RCF at the period end, with all other variables being held constant.

The amounts drawn under the RCF were £154.0 million (31 March 2022: £156.0 million).

31 March 2023 **Change in interest rates**	**2.0%**	**1.0%**	**0.0%**	**(1.0%)**	**(2.0%)**
Interest expense (£'000)	**6,297**	**5,527**	**4,757**	**3,987**	**3,217**
Change in interest expense (£'000)	**1,540**	**770**	**—**	**(770)**	**(1,540)**

31 March 2022 Change in interest rates	2.0%	1.0%	0.0%	(1.0%)	(2.0%)
Interest expense (£'000)	3,658	2,878	2,098	1,318	538
Change in interest expense (£'000)	1,560	780	—	(780)	(1,560)

Other financial assets and liabilities

Bank deposits and payables and accrued expenses are exposed to and affected by fluctuations in interest rates. However, the impact of interest rate risk on these assets and liabilities is not considered material.

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 of its assets. Per the unaudited interim condensed statement of financial position, the Company's total exposure to credit risk is £1,148.0 million (30 September 2022: £1,103.0 million), being the balance of total assets less other receivables and prepayments. As a matter of general policy, cash is held at a number of financial institutions to spread credit risk, with cash awaiting investment being held on behalf of the Company at banks carrying a minimum rating of A-1, P-1 or F1 from Standard & Poor's, Moody's or Fitch respectively or in one or more similarly rated money market or short-dated gilt funds. Cash is generally held on a short-term basis, pending subsequent investment. The amount of working capital that may be held at RBSI is limited to the higher of £4.0 million or one quarter of the Company's running costs. Any excess uninvested/surplus cash is held at other financial institutions with minimum credit ratings described above. The maximum amount to be held at any one of these other financial institutions is £25.0 million or 25% of total cash balances, whichever is the larger. At period end, £21.5 million of the Company's cash balance was held at Barclays Bank (30 September 2022: £12.0 million held at Lloyds Bank). It is also recognised by the Board that the arrival of ring-fenced banking had an impact on the availability of A-rated banks.

Before an investment decision is made, the Investment Adviser performs extensive due diligence complemented by professional third-party advisers, including technical advisers, financial and legal advisers, and valuation and insurance experts. After an investment is made, the Investment Adviser uses detailed cash flow forecasts to assess the continued creditworthiness of Project Companies and their ability to pay 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 by the Investment Adviser on an ongoing basis, and significant exposures are reported to the Directors quarterly.

The concentration of credit risk to any individual project did not exceed 10% of the Company's portfolio at the period end, which is the maximum amount permissible per the Company's investment policy. The Investment Adviser regularly monitors the concentration of risk, based upon the nature of each underlying project, to ensure appropriate diversification and risk remains within acceptable parameters.

The concentration of credit risk associated with counterparties is deemed to be low due to asset and sector diversification. The underlying counterparties are typically public sector entities which pay pre-determined, long-term, public sector backed revenues in the form of subsidy payments (i.e. 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 public sector generally has both the ability and willingness to support the obligations of these entities.

As noted in the Company's 2022 annual report, and following the Russian invasion of Ukraine, there has been an increase in the volatility of electricity market prices. These dynamics have resulted in the collapse of some energy suppliers. The Company has exposure to certain electricity suppliers through offtake arrangements with renewables project borrowers. To date, the Company has not directly been impacted by any suppliers that have collapsed.

Through its usual systems and processes, the Investment Adviser monitors the credit standing of all customers and suppliers and believes that where offtakers have supply businesses they remain in a strong position to continue such arrangements. In any case, the Investment Adviser considers the offtake market for renewable projects to be a liquid and competitive sector, meaning any arrangements that are terminated as part of an offtaker collapse could be easily replaced by a continuing third party.

Notes to the unaudited interim condensed financial statements continued

For the period 1 October 2022 to 31 March 2023

11. Financial instruments continued

11.5 Credit risk continued

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.

Changes in credit risk affect the discount rate. The sensitivity of the fair value of the financial assets at fair value through profit or loss to possible changes to the discount rates is disclosed in note 11.3. 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.

On 13 July 2022, the Company entered into a commodity swap agreement with Axpo Solutions AG under the ISDA's master agreement for risk management purposes. The ISDA master agreement is an internationally agreed document which is used to provide certain legal and credit protection for parties who enter into financial derivatives transactions. It includes standard terms which detail what happens if a default occurs to one of the parties and how derivative transactions are terminated following a default, including the grounds under which one of the parties can force close-out due to the occurrence of a default event by the other party. The agreement also includes full right of set off. This commodity swap agreement expired on 31 March 2023 and was fully settled in April 2023 in line with the contractual terms. On 15 February 2023, the Company entered into a new a commodity swap agreement with Axpo Solutions AG under the same terms.

The Company has not been required to post collateral in respect of the commodity swap agreement. There is potential for credit risk in relation to the arrangement depending on whether the arrangement is an asset or a liability at any point in time. At the date of the report, the Company's exposure to credit risk exposure relating to the commodity swap agreement is £1.9 million. Axpo Solutions AG is a Swiss-based energy supply and trading business and, together with its partners, operates over 100 power stations as the largest renewable generator in Switzerland. The business has over 5,000 employees and operates in 30 countries. Axpo Solutions AG is wholly owned by the cantons and cantonal utilities of North-eastern Switzerland. The Directors are satisfied that the credit risk associated with Axpo Solutions AG as a counterparty is minimal and remains within the Company's risk appetite.

Further information on derivative financial instruments is given in notes 10 and 13.

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 table on page 43 analyses all of the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period from the period end to the contractual maturity date. The Directors have elected to present both assets and liabilities in the liquidity disclosure to illustrate the net liquidity exposure of the Company.

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

31 March 2023	Less than one month £'000	One to three months £'000	Three to twelve months £'000	Greater than twelve months £'000	Total £'000
Financial assets					
Cash and cash equivalents	**25,997**	**—**	**—**	**—**	**25,997**
Other receivables and prepayments	**—**	**—**	**154**	**—**	**154**
Financial assets at fair value through profit or loss	**19,167**	**45,899**	**113,442**	**1,818,825**	**1,997,333**
Derivative financial instruments at fair value through profit or loss	**1,420**	**316**	**189**	**—**	**1,925**
Total financial assets	**46,584**	**46,215**	**113,785**	**1,818,825**	**2,025,409**
Financial liabilities					
Other payables and accrued expenses	**—**	**(2,938)**	**—**	**—**	**(2,938)**
Interest bearing loans and borrowings	**—**	**(2,236)**	**(160,658)**	**—**	**(162,894)**
Total financial liabilities	**—**	**(5,174)**	**(160,658)**	**—**	**(165,832)**
Net exposure	**46,584**	**41,041**	**(46,873)**	**1,818,825**	**1,859,577**

30 September 2022 (audited)	Less than one month £'000	One to three months £'000	Three to twelve months £'000	Greater than twelve months £'000	Total £'000
Financial assets					
Cash and cash equivalents	15,981	—	—	—	15,981
Other receivables and prepayments	—	—	185	—	185
Financial assets at fair value through profit or loss	11,828	60,122	125,801	1,732,787	1,930,538
Total financial assets	27,809	60,122	125,986	1,732,787	1,946,704
Financial liabilities					
Other payables and accrued expenses	—	(3,570)	—	—	(3,570)
Derivative financial instruments at fair value through profit or loss	—	—	(3,861)	—	(3,861)
Interest bearing loans and borrowings	—	(1,045)	(3,099)	(101,032)	(105,176)
Total financial liabilities	—	(4,615)	(6,960)	(101,032)	(112,607)
Net exposure	27,809	55,507	119,026	1,631,755	1,834,097

Notes to the unaudited interim condensed financial statements continued

For the period 1 October 2022 to 31 March 2023

11. Financial instruments continued

11.7 Fair values of financial assets

Basis of determining fair value

Loan notes

The Valuation Agent carries out quarterly valuations of the financial assets of the Company. These valuations are reviewed by the Investment Adviser and the Directors. The subsequent NAV produced is reviewed and approved by the Directors.

The basis for the Valuation Agent's valuations is described in note 11.3.

Derivative financial instruments

The valuation principles used are based on inputs from observable market data, being a commonly quoted electricity price index, which most closely reflects a Level 2 input. The fair value of the derivative financial instrument is derived from its mark-to-market valuation provided by Axpo Solutions AG on a quarterly basis. The mark-to-market value is calculated based on the fixed leg of the commodity swap offset by the market price of the floating leg which is indexed to the Electricity N2EX UK Power Index Day Ahead. The Investment Adviser monitors the exposure internally using its own valuation system. Further information on derivative financial instruments is given in notes 10 and 13.

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 Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The table below analyses all investments held by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Fair value hierarchy	**31 March 2023 £'000**	(Audited) 30 September 2022 £'000
Financial assets at fair value through profit or loss			
Loan notes	Level 3	**1,120,113**	1,087,331
Derivative financial instruments at fair value through profit or loss	Level 2	**1,925**	–
Financial liabilities at fair value through profit or loss			
Derivative financial instruments at fair value through profit or loss	Level 2	**–**	(3,861)

Discount rates between 6.08% and 10.38% were applied to the investments categorised as Level 3, with a rate of 20.00% being applied to one financial asset representing 0.54% of the portfolio, due to changes in the perceived risk associated with one project (30 September 2022: 6.08% and 10.38%).

The Directors have classified financial instruments depending on whether or not there is a consistent data set comparable and observable transactions and discount rates. The Directors have classified all loan notes as Level 3. No transfers were made between levels in the period.

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 2023 £'000	(Audited) 30 September 2022 £'000
Opening balance	**1,087,331**	1,096,555
Purchases of financial assets at fair value through profit or loss	**75,098**	127,380
Repayments of financial assets at fair value through profit or loss	**(24,896)**	(219,164)
Net realised gains on disposal of investments at fair value through profit or loss	**—**	5,494
Unrealised gains on investments at fair value through profit or loss[1]	**20,240**	89,606
Unrealised losses on investments at fair value through profit or loss	**(37,660)**	(12,540)
Closing balance	**1,120,113**	1,087,331

The tables below show the reconciliation of purchases and repayments of financial assets at fair value through profit or loss to the statement of cash flows:

Purchases	**31 March 2023 £'000**	31 March 2022 £'000
Purchases of financial assets at fair value through profit or loss	**(75,098)**	(71,913)
Loan interest capitalised	**10,018**	12,764
Non-cash internal transfers	**—**	28,999
Purchases of financial assets at fair value through profit or loss in statement of cash flows	**(65,080)**	(30,150)

Repayments	**31 March 2023 £'000**	31 March 2022 £'000
Repayments of financial assets at fair value through profit or loss	**24,896**	109,676
Non-cash internal transfers	**—**	(28,999)
Repayments of financial assets at fair value through profit or loss in statement of cash flows	**24,896**	80,677

1. Includes principal indexation of £nil (30 September 2022: £1.9 million) applied to certain loans.

Notes to the unaudited interim condensed financial statements continued

For the period 1 October 2022 to 31 March 2023

11. Financial instruments continued

11.7 Fair values of financial assets continued

Fair value measurements continued

For the Company's financial instruments categorised as Level 3, changing the discount rates used to value the underlying instruments alters the fair value. A change in the discount rates used to value the Level 3 investments would have the effect on the valuation as shown in the table in note 11.3.

In determining the discount rates 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.

The Directors consider the inputs used in the valuation of investments and the appropriateness of their classification in the fair value hierarchy. Should the valuation approach change, causing an investment to meet the characteristics of a different level of the fair value hierarchy, it will be reclassified accordingly in the appropriate period.

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 comprised of Directors' fees and expenses incurred in the period, totalled £215,000 (31 March 2022: £218,000). This is in line with the Directors' remuneration policy as disclosed in the 2022 annual report. At 31 March 2023, liabilities in respect of these services amounted to £90,000 (30 September 2022: £42,000).

At 31 March 2023:

- Andrew Didham, together with his family members, indirectly held 93,024 ordinary shares in the Company, equivalent to 0.011% of the issued share capital (30 September 2022: 73,165 ordinary shares, 0.008% of the issued share capital, prior to joining the Board on 17 December 2021);
- Dawn Crichard indirectly held 75,261 ordinary shares in the Company, equivalent to 0.009% of the issued share capital (30 September 2022: 75,261 ordinary shares, 0.009% of the issued share capital);
- Steven Wilderspin indirectly held 15,000 ordinary shares in the Company, equivalent to 0.002% of the issued share capital (30 September 2022: 15,000 ordinary shares, 0.002% of the issued share capital); and
- Alex Yew indirectly held 20,000 ordinary shares in the Company, equivalent to 0.002% of the issued share capital (30 September 2022: nil).

Andrew Didham is an executive vice chairman at Rothschild & Co and serves on the board of NM Rothschild & Sons Ltd, presently on a part-time basis. Rothschild & Co is engaged by the Company to provide ongoing investor relations support. The Company and Rothschild & Co maintain procedures to ensure that Mr Didham has no involvement in either the decisions concerning the engagement of Rothschild & Co or the provision of investor relation services to the Company.

Investment Adviser

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

Under the terms of the Investment Advisory Agreement, the notice period of the termination of the Investment Adviser by the Company is 24 months. The remuneration of the Investment Adviser is set out below.

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

— the NAV of the Company; less

— the value of the cash holdings of the Company pro rata to the period for which such cash holdings have been held.

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

The Investment Adviser receives a fee of 0.25% of the aggregate gross proceeds from any issue of new shares in consideration for the provision of marketing and investor introduction services.

The Company's Investment Adviser is authorised as an AIFM by the FCA under the UK AIFM Regime. The Company has provided disclosures on its website, incorporating the requirements of the UK AIFM Regime. The Investment Adviser receives an annual fee of £70,000 in relation to its role as the Company's AIFM, increased annually at the rate of the RPI.

During the period, the Company expensed £4,385,000 (31 March 2022: £4,123,000) in respect of investment advisory fees, marketing fees, and transaction management and documentation services. At 31 March 2023, liabilities in respect of these services amounted to £2,147,000 (30 September 2022: £2,234,000).

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

At 31 March 2023, the key management personnel of the Investment Adviser, together with their family members, directly or indirectly held 1,012,479 ordinary shares in the Company, equivalent to 0.115% of the issued share capital (30 September 2022: 952,614 ordinary shares, 0.108% of the issued share capital).

Notes to the unaudited interim condensed financial statements continued

For the period 1 October 2022 to 31 March 2023

13. Subsequent events after the reporting date

On 6 April 2023, the Company's winter 2022/23 commodity swap, which matured on 31 March 2023, was settled in line with the contractual terms.

The Company declared, on 27 April 2023, a second interim dividend of 1.75 pence per ordinary share, amounting to £15.5 million, which was paid on 14 June 2023 to ordinary shareholders who were recorded on the register at close of business on 12 May 2023.

In addition to the above, the following events occurred post period end:

- the Company made seven advances totalling £2.1 million under three new facilities and four existing facilities. The Company also received scheduled repayments totalling £2.3 million in respect of eight investments;
- the Company refinanced a portfolio of biomass projects, due to generate net cash proceeds of c.£50.0 million, which will be used to partially repay the RCF in due course; and
- the Company repurchased 4,805,000 ordinary shares at a total cost of £4.1 million, which are held in treasury. The issued share capital at the date of the report is 884,797,669, of which 5,855,000 shares are held in treasury.

14. Non-consolidated SPVs

As explained in note 2.2, the Company invests through certain SPVs which are not consolidated in these financial statements due to the Company meeting the criteria of an investment entity and therefore applying the exemption to consolidation under IFRS 10. The Company has measured its financial interests in these SPVs at fair value through profit or loss.

Refer to note 11 of the 2022 annual report for the details of contractual arrangements between the Company and the SPVs and to the risk disclosures in note 11 for details of events or conditions that could expose the Company to losses.

During the period, the Company did not provide financial support to the unconsolidated SPVs.

For details of the non-consolidated SPVs, refer to the Company's annual report and financial statements for the year ended 30 September 2022.

15. Ultimate controlling party

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

Alternative performance measures

The Board and the Investment Adviser assess the Company's performance using a variety of measures that are not defined under IFRS and are therefore classed as alternative performance measures ("APMs").

Where possible, reconciliations to IFRS are presented from the APMs to the most appropriate measure prepared in accordance with IFRS. All items listed below are IFRS financial statement line items unless otherwise stated.

APMs should be read in conjunction with the unaudited interim condensed statement of comprehensive income, the unaudited interim condensed statement of financial position, the unaudited interim condensed statement of cash flows and the unaudited interim condensed statement of changes in equity, which are presented in the unaudited interim condensed financial statements section of this report. The APMs below may not be directly comparable with measures used by other companies.

Adjusted earnings cover

Ratio of the Company's adjusted net earnings[1] per share to the dividend per share. This metric seeks to show the Company's right to receive future net cash flows by way of interest income from the portfolio of investments, by removing: (i) the effect of pull-to-par and (ii) any upward or downward revaluations of investments; which are functions of accounting for financial assets at fair value under IFRS 9, and that do not contribute to the Company's ability to generate cash flows.

	31 March 2023 £'000	31 March 2022 £'000
Adjusted earnings per share[2]	**3.8**	3.7
Dividend per share	**3.5**	3.5
Times covered	**1.1**	1.1

Adjusted earnings per share

The Company's adjusted net earnings[1] divided by the weighted average number of shares.

	31 March 2023 £'000	31 March 2022 £'000
Adjusted net earnings[2]	**33,680**	32,294
Weighted average number of shares	**884,737,778**	882,704,452
Adjusted earnings per share	**3.8**	3.7

Adjusted loan interest capitalised

In respect of a period, a measure of loan interest capitalised adjusted for amounts subsequently paid as part of repayments.

	31 March 2023 £'000	31 March 2022 £'000
Capitalised (planned)	**8,301**	7,445
Capitalised (unscheduled)	**1,717**	5,319
Loan interest capitalised	**10,018**	12,764
Capitalised amounts subsequently settled as part of repayments	**(4,752)**	(6,928)
Adjusted loan interest capitalised	**5,266**	5,836

Adjusted loan interest received

In respect of a period, a measure of loan interest received adjusted for loan interest capitalised and subsequently paid as part of repayments or disposal proceeds.

	31 March 2023 £'000	31 March 2022 £'000
Loan interest received	**30,928**	23,018
Capitalised amounts settled as part of final repayment or disposal proceeds	**–**	9,727
Capitalised amounts subsequently settled as part of repayments	**4,752**	6,928
Adjusted loan interest received	**35,680**	39,673

1. APM – refer to relevant APM on page 50 for further information.
2. APM – refer to relevant APM on this page for further information.

Alternative performance measures continued

Adjusted net earnings

In respect of a period, a measure of the loan interest accrued[1] by the portfolio less total expenses and finance costs. This metric is used in the calculation of adjusted earnings cover[2].

	31 March 2023 £'000	31 March 2022 £'000
Total profit and comprehensive income	**25,761**	108,901
Less: income/gains on financial assets at fair value through profit or loss	**(23,526)**	(113,242)
Less: gains on derivative financial instruments at fair value through profit or loss	**(11,853)**	(4,247)
Less: other operating income	**(171)**	(64)
Add: loan interest accrued[1]	**43,469**	40,946
Adjusted net earnings	**33,680**	32,294

Aggregate downward revaluations since IPO (annualised)

A measure of the Company's ability to preserve the capital value of its investments over the long term. It is calculated as total aggregate downward revaluations divided by total invested capital since IPO expressed as a time weighted annual percentage.

	31 March 2023 £'000	31 March 2022 £'000
Total aggregate downward revaluations since IPO	**(74,896)**	(47,556)
Total invested capital since IPO	**1,877,849**	1,713,053
Percentage (annualised)	**0.31%**	0.24%

Average NAV

The average of the twelve net asset valuations calculated monthly over the financial year.

Earnings cover

Ratio of the Company's earnings per share to the dividend per share.

	31 March 2023 £'000	31 March 2022 £'000
Earnings per share	**2.9**	12.34
Dividend per share	**3.5**	3.5
Times covered	**0.8**	3.5

Discount

The price at which the shares of the Company trade below the NAV per share.

Dividend yield

A measure of the quantum of dividends paid to shareholders relative to the market value per share. It is calculated by dividing the dividend per share for the twelve month period to 31 March 2023 by the share price at the period end.

Interest cover

The ratio of total loan interest income to finance costs expressed as a percentage.

Loan interest accrued

The measure of the value of interest accruing on a loan in respect of a period, calculated based on the contractual interest rate stated in the loan documentation.

Loan interest accrued differs from net income/gains on financial assets at fair value through profit or loss, as recognised under IFRS 9, as it does not include:

- the impact of realised and unrealised gains and losses on financial assets at fair value through profit or loss;
- the impact of 'pull-to-par' in the unwinding of discount rate adjustments over time (where the weighted average discount rate used to value financial assets differs from the interest rate stated in the loan documentation);
- the impact of cash flows from loan interest received;
- the impact of loan interest capitalised; and
- the impact of loan principal indexation applied.

This metric is used in the calculation of adjusted net earnings[1].

1. APM – refer to relevant APM on this page for further information.
2. APM – refer to relevant APM on page 49 for further information.

Loan to value
A measure of the indebtedness of the Company at the period end, expressed as interest bearing loans and borrowings as a percentage of net assets.

NAV total return
A measure showing how the NAV per share has performed over a period of time, taking into account both capital returns and dividends paid to shareholders, expressed as a percentage. It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend.

This is a standard performance metric across the investment industry and allows comparability across the sector.

Source: Investment Adviser

Ongoing charges ratio
Ongoing charges ratio is a measure of the annual percentage reduction in shareholder returns as a result of recurring operational expenses assuming markets remain static and the portfolio is not traded.

This is a standard performance metric across the investment industry and allows comparability across the sector; it is calculated in accordance with the AIC's recommended methodology.

	31 March 2023 £'000	31 March 2022 £'000
Investment advisory fees	**4,385**	4,123
Directors' fees	**215**	218
Administration expenses	**1,068**	2,210
Total expenses	**5,668**	6,551
Less: non-recurring expenses	**(44)**	1,061
Annualised	**11,424**	10,980
Average NAV[1]	**1,002,615**	920,906
Ongoing charges ratio	**1.1**	1.2

Premium
The price at which the shares of the Company trade above the NAV per share.

Total shareholder return
A measure of the performance of a company's shares over time. It combines share price movements and dividends to show the total return to the shareholder expressed as a percentage. It assumes that dividends are reinvested in shares at the time the shares are quoted ex-dividend.

This is a standard performance metric across the investment industry and allows comparability across the sector.

Source: Bloomberg

Weighted average annualised yield
The weighted average yield on the investment portfolio calculated based on the yield of each investment weighted by the principal balance outstanding on such investment, expressed as a percentage.

The yield forms a component of investment cash flows used for the valuation of financial assets at fair value through profit or loss under IFRS 9. It is calculated including borrower company leverage but before any Company level leverage.

The yield forms a component of investment cash flows used for the valuation of financial assets at fair value through profit or loss under IFRS 9.

1. APM – refer to relevant APM on page 50 for further information.

Glossary of key terms

Adjusted earnings cover
Refer to APMs section on pages 49 to 51

Adjusted earnings per share
Refer to APMs section on pages 49 to 51

Adjusted loan interest capitalised
Refer to APMs section on pages 49 to 51

Adjusted loan interest received
Refer to APMs section on pages 49 to 51

Adjusted net earnings
Refer to APMs section on pages 49 to 51

Aggregate downward revaluations since IPO (annualised)
Refer to APMs section on pages 49 to 51

AGM
The Annual General Meeting of the Company

AIC
Association of Investment Companies

AIC Code
AIC Code of Corporate Governance

AIFM
Alternative Investment Fund Manager

Average life
The weighted average term of the loans in the investment portfolio

Borrower
The special purpose company which owns and operates an asset

CIF Law
Collective Investment Funds (Jersey) Law 1988

The Company
GCP Infrastructure Investments Limited

C shares
A share class issued by the Company from time to time. Conversion shares are used to raise new funds without penalising existing shareholders. The funds raised are ring-fenced from the rest of the Company until they are substantially invested

Deferred shares
Redeemable deferred shares of £0.01 each in the capital of the Company arising from C share conversion

Discount
Refer to APMs section on pages 49 to 51

Dividend yield
Refer to APMs section on pages 49 to 51

DTR
Disclosure Guidance and Transparency Rules of the FCA

Earnings cover
Refer to APMs section on pages 49 to 51

ESG
Environmental, social and governance

EU
European Union

FCA
Financial Conduct Authority

FiT
Feed-in tariff

ICE
Intercontinental Exchange Inc.

IFRS
International Financial Reporting Standards

ING
ING Bank N.V.

Interest cover
Refer to APMs section on pages 49 to 51

IPO
Initial public offering

ISDA
International Swaps and Derivatives Association

Jersey Company Law
The Companies (Jersey) Law 1991 (as amended)

KPIs
Key performance indicators

KPMG
KPMG Channel Islands Limited

LNG
Liquefied natural gas

Loan interest accrued
Refer to APMs section on pages 49 to 51

Loan to value
Refer to APMs section on pages 49 to 51

LSE
London Stock Exchange

MW
Megawatt

NAV
Net asset value

NAV total return
Refer to APMs section on pages 49 to 51

OBR
The Office for Budget Responsibility

Official List
The Official List of the FCA

Ongoing charges ratio
Refer to APMs section on pages 49 to 51

Ordinary shares
The ordinary share capital of the Company

PFI
Private finance initiative

PPA
Power purchase agreement

PPP
Public-private partnership

Premium
Refer to APMs section on pages 49 to 51

Project Company
A special purpose company which owns and operates an asset

Public sector backed
All revenues arising from UK central Government or local authorities or from entities themselves substantially funded by UK central Government or local authorities, obligations of NHS Trusts, UK registered social landlords and universities and revenues arising from other Government-sponsored or administered initiatives for encouraging the usage of renewable or clean energy in the UK

Pull-to-par
The effect on income recognised in future periods from the application of a new discount rate to an investment

RBSI
Royal Bank of Scotland International Limited

RCF
Revolving credit facility with RBSI, AIB Group (UK) plc, Lloyds Group plc, Clydesdale Bank plc and Mizuho Bank (formerly with RBSI, AIB Group (UK) plc, Lloyds Group plc and Clydesdale Bank plc)

RHI
Renewable heat incentive

ROCs
Renewable obligation certificates

Senior ranking security
Security that gives a loan priority over other debt owed by the issuer in terms of control and repayment in the event of default or issuer bankruptcy

SONIA
Sterling Overnight Interbank Average rate

SPV
Special purpose vehicle through which the Company invests

TCFD
Task Force on Climate-related Financial Disclosures

Total shareholder return
Refer to APMs section on pages 49 to 51

UK AIFM Regime
Together, The Alternative Investment Fund Managers Regulations 2013 (as amended by The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019) and the Investment Funds sourcebook forming part of the FCA Handbook, as amended from time to time

Weighted average annualised yield
Refer to APMs section on pages 49 to 51

Weighted average discount rate
A rate of return used in valuation to convert a series of future anticipated cash flows to present value under a discounted cash flow approach. It is calculated with reference to the relative size of each investment

Corporate information

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