



GCP  
INFRA

GCP Infrastructure Investments Limited  
Annual report and financial statements 2024



## About the Company

The Company seeks to provide shareholders with regular, sustained, long-term dividend income whilst preserving 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 LSE's Main Market in July 2010. It had a market capitalisation of £684.7 million at 30 September 2024.



[www.gcpinfra.co.uk](http://www.gcpinfra.co.uk)

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strategy on page 20



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# Highlights



## Financial

### Portfolio valuation

£960.0m ▼

30 September 2023: £1.0bn

Representing a mature, diversified and operational portfolio of 50 investments across the renewable, PPP/PFI and supported living sectors.

### Dividends for the year

7.0p

30 September 2023: 7.0p

Delivering the dividend target set by the Board for the financial year of 7.0 pence per share.

### NAV per share

= 105.22p ▼

30 September 2023: 109.79p

Reflecting downward revaluations incurred during the year, offset by the impact of share buybacks.

### Weighted average annualised yield<sup>1</sup>

7.8% ▼

30 September 2023: 7.9%

Representing a yield on the portfolio of investments with stable, pre-determined, long-term, public sector backed revenues.

### Dividend yield<sup>1</sup>

8.9% ▼

30 September 2023: 10.3%

Representing the yield on the closing share price of 78.60 pence per share at 30 September 2024.

### Net assets

£913.1m ▼

30 September 2023: £956.6m

Reflecting disposals of assets during the year in line with the stated aims of the Company's capital allocation policy.

### Partially inflation protected

47% ▲

30 September 2023: 41%

Representing the percentage of the portfolio by value that have some form of inflation protection.

### Total shareholder return<sup>1</sup>

28.4% ▲

30 September 2023: (25.2%)

Reflecting improvements in market factors and the implementation of the capital allocation policy.

### NAV total return<sup>1</sup>

2.2% ▼

30 September 2023: 3.7%

Continuing to meet its investment objective of capital preservation, with a NAV total return<sup>1</sup> of 176.6% since IPO.

1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.

Read more on pages 134 to 169







Capital allocation

Leverage

£57.0m ▼

30 September 2023: £104.0m  
Representing a significant reduction in leverage and an LTV<sup>1</sup> of 6.2%.

Disposals

£31.4m ▲

30 September 2023: £nil  
Reflecting disposal of interests in Blackcraig wind farm at a 6.4% premium to the valuation at 31 March 2024.

Share buybacks

3.4m ▼

30 September 2023: 13.6m  
Totalling 17.0 million shares bought back since the buyback programme commenced in March 2023.

Read more on pages 14 and 15



ESG

ESG policy

1 new ▲

30 September 2023: None  
Implemented an ESG policy to ensure investment practices align with the Investment Adviser's Responsible Investment policy.

Renewable generation

1,320 GWh ▼

30 September 2023: 1,398 GWh  
Representing renewable energy exported by portfolio assets, equivalent to powering 488,842 average homes.

SDG alignment

9 SDGs =

30 September 2023: 9 SDGs  
Reflecting the alignment of the portfolio with certain SDGs, as outlined by the United Nations.

Community support

£3.9m ▲

30 September 2023: £3.6m  
Reflecting the contribution to Community Benefit Funds by portfolio assets since IPO.

Charities supported

14 ▲

30 September 2023: 5 charities  
Representing charities supported by the Company and the Investment Adviser raising c.£47,000 during the year.

Internships hosted

5 ▲









30 September 2023: 3  
Continued supporting young talent through the Investment Adviser's paid internship scheme.

1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.

Read more on pages 58 to 81

# At a glance

The Company’s purpose is to invest in UK infrastructure debt and/or similar assets to provide regular, sustained, long-term dividends and to preserve the capital value of its investments over the long term.

<div></div> <div><b>Dividend income</b></div> <div>To provide shareholders with regular, sustained, long-term dividends.</div>	<div></div> <div><b>Diversification</b></div> <div>To invest in a diversified portfolio of debt and/or similar assets secured against UK infrastructure projects.</div>	<div></div> <div><b>Capital preservation</b></div> <div>To preserve the capital value of investments over the long term.</div>	<div></div> <div><b>Sustainability<sup>1</sup></b></div> <div>To focus on the sustainability of the portfolio and make a positive impact.</div>
The Company paid a dividend of 7.0 pence in respect of the year. A dividend target <sup>2</sup> of 7.0 pence has been set for the forthcoming financial year.	The investment portfolio is exposed to a wide variety of assets in terms of project type and the source of its underlying cash flow.	The Company has generated a NAV total return <sup>3</sup> for the year of 2.2% and 176.6% since the Company’s IPO in 2010.	The investment portfolio is focused on sustainable infrastructure which has a positive environmental and social impact.
<div>7.0p</div> <div>Dividends paid for the year ended 30 September 2024</div>	<div>50</div> <div>Number of investments at 30 September 2024</div>	<div>0.41%</div> <div>Aggregate downward revaluations since IPO (annualised)<sup>3</sup></div>	<div>62%</div> <div>Portfolio contributing to green economy<sup>4</sup></div>
<div>14</div> <div>Consecutive years of dividends paid</div>	<div>473</div> <div>Number of underlying assets in the portfolio</div>	<div>105.22p</div> <div>NAV per share at 30 September 2024</div>	<div>38%</div> <div>Portfolio that benefits end users within society<sup>5</sup></div>
<div>Read more on pages 56 and 57</div> <div></div>	<div>Read more on page 5</div> <div></div>	<div>Read more on page 56</div> <div></div>	<div>Read more on page 58</div> <div></div>

1. Non-financial objective. Further information is included on pages 58 to 81.

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 170 to 172.

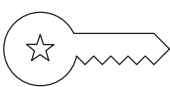
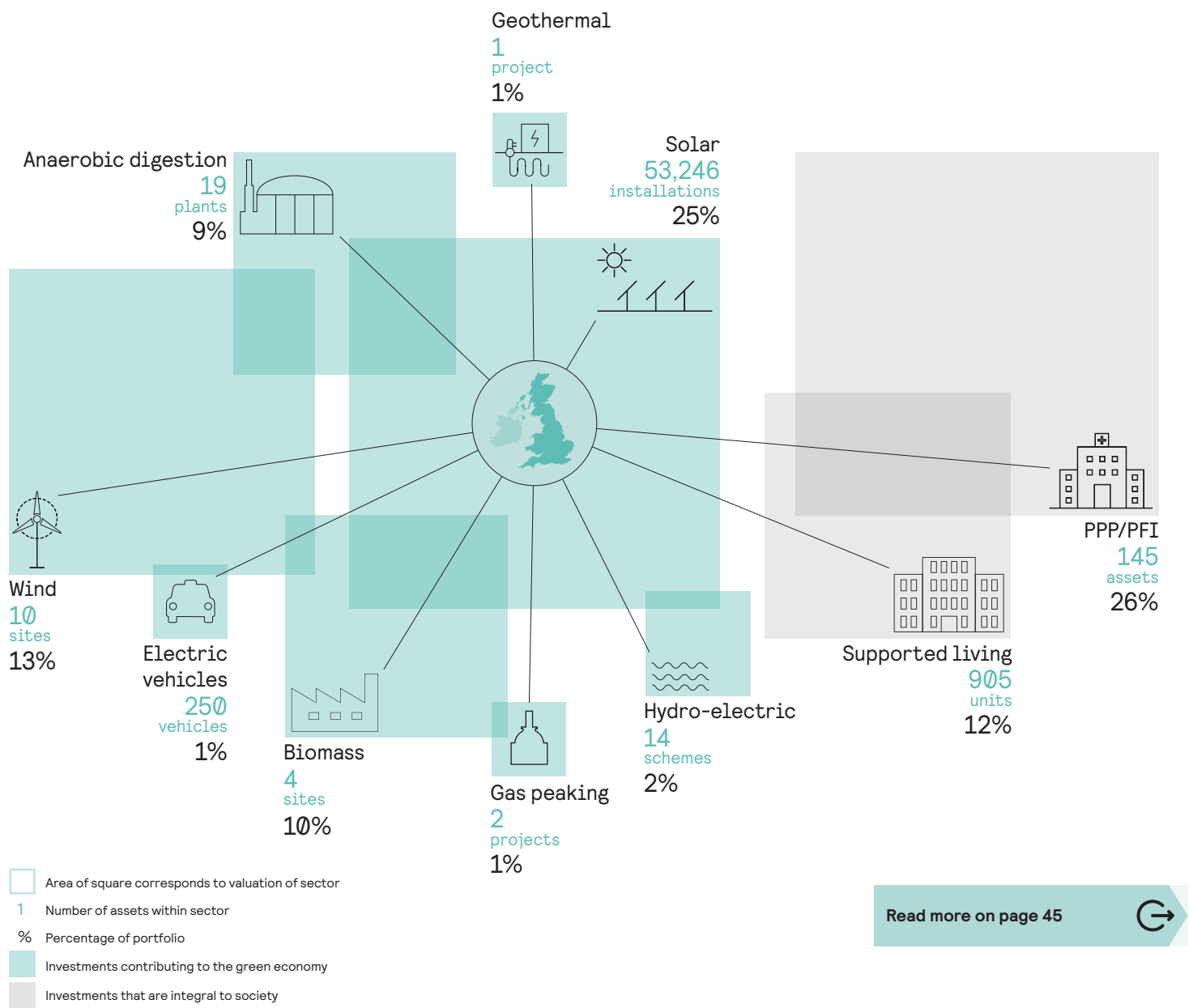
4. The LSE Green Economy Mark recognises London-listed companies generating more than half their revenues from green environmental products and services. The Company’s portfolio is 62% invested in the renewable energy sector.

5. The Company’s portfolio is 12% invested in supported living and 23% invested in PPP/PFI projects in the healthcare, education, waste, housing, energy efficiency and justice sectors which are measured in alignment with the UN SDGs, and 3% of the portfolio is invested in PPP/PFI leisure projects.

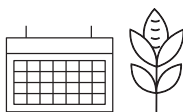


# Our portfolio

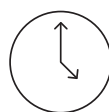
The Company’s portfolio is comprised of loans secured against assets in the UK which fall under the following classifications:



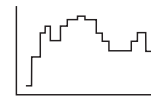
Senior ranking security  
**53%**



Weighted average  
annualised yield<sup>1</sup>  
**7.8%**



Average life  
**11 years**



Partially inflation protected  
**47%**

1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.

Creating long-term value

# Our investment case

The Company has a number of key differentiators that make it well positioned to take advantage of attractive risk-adjusted returns.



## Scale

The Company targets smaller investment opportunities that may be overlooked by larger investors, such as commercial banks. This flexibility allows the Company to enter niche markets and scale investments over time through follow-on financing to existing borrowers, which supports long-term growth and enhances returns by increasing exposure to successful investments.

## Diversification

The Company has an explicit objective of diversifying across a range of asset classes. This means the Investment Adviser seeks the most attractive risk-adjusted returns as it is not bound to invest in sectors that are unattractive due to higher competition or asset characteristics.







## Track record

The Company has been investing in the infrastructure sector for over a decade. This has allowed the Investment Adviser to develop its expertise in several specialist asset classes, such as anaerobic digestion and biomass. As part of this, the Investment Adviser has a proven model which assesses and evaluates opportunities in new asset classes.

## Debt focus

The Company's focus on debt provides flexibility across senior and subordinated positions, allowing it to match investment risk with an appropriate capital structure solution and associated return. This approach allows the Company to tailor investments according to risk profiles, maximising returns while managing risk effectively.



## Sustainability expertise

The Company's investment philosophy is centred on the long-term sustainability of its portfolio. As part of this philosophy, the Board and the Investment Adviser continually seek to improve the way ESG criteria is embedded, integrated, monitored and measured within the portfolio.

Creating long-term value continued

# Making a positive impact

The Board and the Investment Adviser work closely to ensure the Company’s activities have a positive impact.



**Sustainable Development Goals (“SDGs”)**  
By investing in assets that are integral to society, including those which contribute to a greener economy, the Company aligns with certain SDGs, as outlined by the United Nations (“UN”). These goals were created in 2015 by the UN to create a better and more sustainable world by 2030. The Company’s portfolio positively contributes to the provision of renewable energy, the development of infrastructure to support economic growth, and also provides high-quality and safe buildings for vulnerable adults, healthcare patients and students. Furthermore, the Company’s approach to governance, labour and health and safety makes a positive contribution to the employees, customers, suppliers and local communities in which the assets operate.





**B Corp**

In April 2024, the Investment Adviser was awarded a B Corp certification. Certified B Corporations are leaders in the global movement for an inclusive, equitable and regenerative economy.

As a certified B Corp, the Investment Adviser is part of a community of like-minded businesses that engage with each other to share ideas and best practice. The certification formalises the Investment Adviser’s sustainable and long-term business model, as well as providing a framework to ensure it continues to operate in accordance with the highest ESG standards.

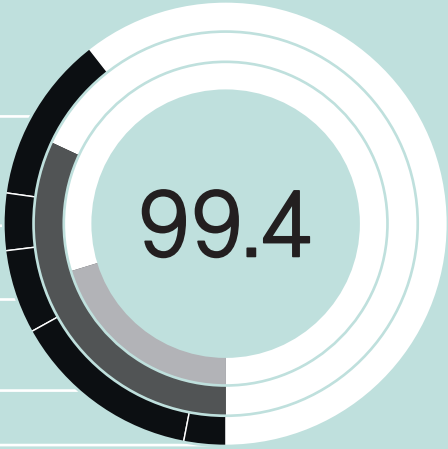
Read more in the Investment Adviser’s Responsible Investment report



**Overall B Impact Score**

Based on the B Impact Assessment, the Investment Adviser achieved an overall score of 99.4. The median score for ordinary businesses who complete the assessment is 50.9.

- Community
- Environment
- Customers
- Workers
- Governance



- 99.4 The Investment Adviser’s overall B Impact Score
- 80.0 Qualifies for B Corp certification
- 50.9 Median score for ordinary businesses



5

Investment Adviser  
employees participated

The three ‘innovators’

**SDG Innovation Accelerator**

In 2024, five employees from the Investment Adviser participated in the SDG Innovation Accelerator for Young Professionals. This programme empowers young talent under the age of 35 by driving collaborative business innovation aligned with the UN SDGs. An intensive, nine month programme, the Innovation Accelerator is designed to promote sustainability by activating the potential of future business leaders and change makers.

Three employees participated in the programme as ‘innovators’, seeking to identify and solve sustainability issues within the Investment Adviser and two senior members also participated as a ‘mentor’ and ‘champion’, to help guide the innovators on their sustainability journey.

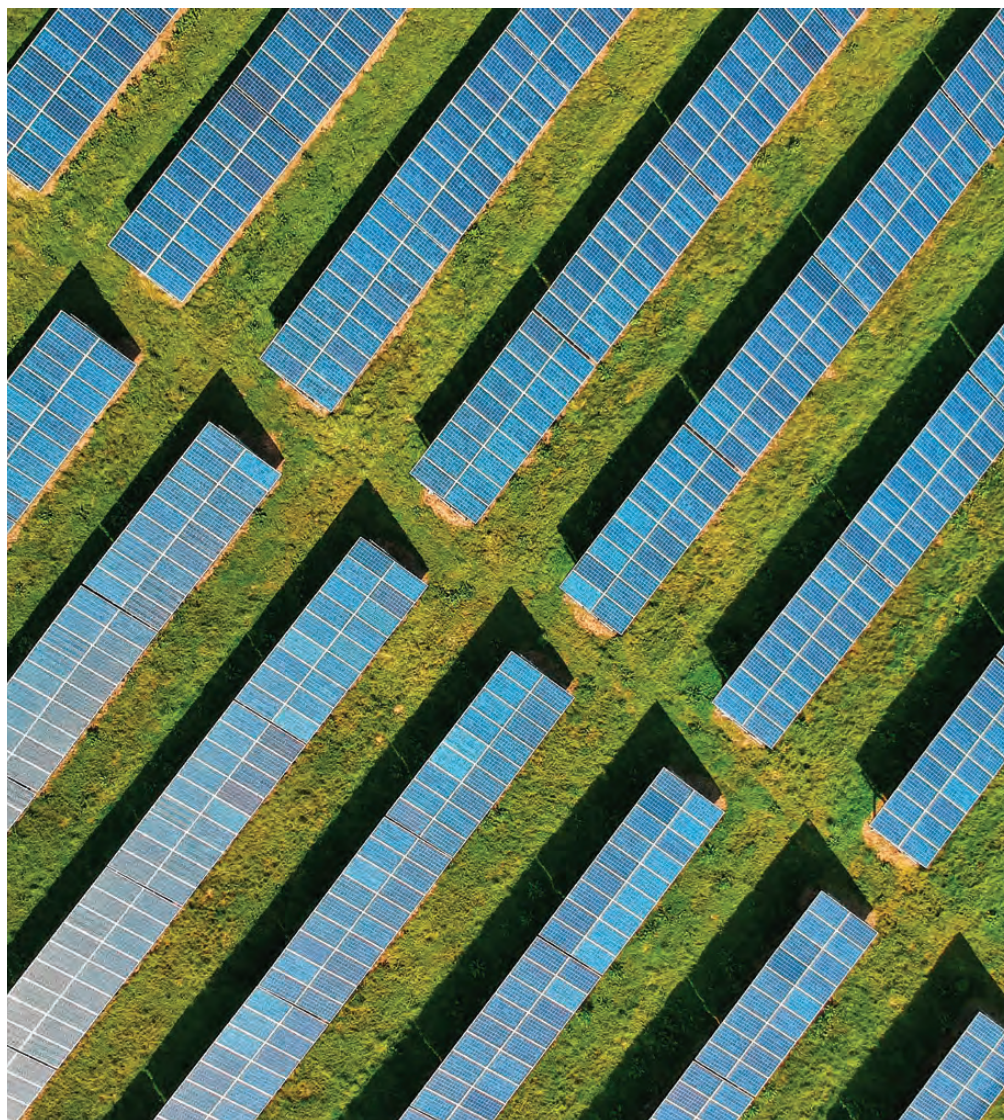
As part of the programme, the team of innovators came up with ideas to improve the social benefits received by employees at the Investment Adviser. The employees presented their findings and ideas to a group of industry professionals, as well as the Responsible Investment committee of the Investment Adviser.



Creating long-term value continued

# Benefitting the environment

The Company invests in renewable energy generation which has a positive environmental impact.



## Clean energy infrastructure

The assets in the Company's portfolio have strong environmental credentials, with 62% of the portfolio invested in renewable energy projects that provide alternative energy sources to fossil fuels. The Board recognises that investing in clean energy infrastructure is one of the main ways to protect our planet against climate change, and the Company is committed to finding new and innovative ways to support the transition to net zero through its investments.

The carbon impact of infrastructure contributes to a significant proportion of the UK's national emissions from a construction, operation and maintenance perspective. In many cases, the UK's existing infrastructure was not originally designed and constructed with global warming in mind. The Investment Adviser has sought to introduce energy efficiency projects at portfolio assets where there were opportunities to do so.

In October 2020, the Company was awarded the Green Economy Mark from the London Stock Exchange. This classification recognises companies that are driving forward the global green economy.



**SolarCatcher**

The Company has provided funding of up to £20 million to support the build-out of innovative renewable energy infrastructure on public sector sites, predominantly schools, across England. Named ‘SolarCatcher’, the project is a fresh approach to the energy transition, as it uses existing car park infrastructure to generate on-site renewable energy for schools and academies, whilst providing electric vehicle charging points for staff and visitors.

As part of the financing, each school enters into a power purchase agreement with SolarCatcher under which they purchase power produced by the solar panels for use within the school, thereby reducing the power they need to draw from the electricity grid. These power purchase agreements are executed for a fixed price which is lower than the price the schools pay to their usual supplier.



**Electric vehicles**

In the global push towards net-zero emissions, decarbonisation of the transport sector is key. The Company has financed the acquisition of 250 zero-emission capable London black cabs for two fleet operators. These investments have a unique financing structure, which is a ‘pay-for-mile’ scheme managed by Zeti, a platform for investment in electric vehicle fleets, over a circa five year term.

The fleets benefit from the maximum low-emission vehicle plug-in Government grant funding and from accelerated capital allowances that result in a one year deduction against taxable profits that are equal to the full cost of the vehicle.

**Biomass**

Biomass is the term given to the organic raw material which can be used directly in power plants or can be used to produce biofuels. Unlike other renewable sources of power, biomass can be available 24/7 and is not reliant on the weather. It is the technology most closely comparable to fossil fuelled power stations and, as such, is most suited to the requirements of the electrical grid network.

The Company was a first mover in biomass gasification technology in the UK through its investment in Birmingham Bio Power Ltd. This plant uses four gasifier units fed with up to 72,000 tonnes of waste wood per year sourced from the West Midlands, and has been operational since 2016. The Company also lends to waste wood projects in Widnes and Northern Ireland, along with smaller anaerobic digestion plants in Scotland and Northern Ireland.



62%

of portfolio  
invested in renewables

Creating long-term value continued

# Benefitting society

The Company's portfolio has clear benefits to communities and end users in society.

Infrastructure, by definition, has a core social purpose. With long-term investment in renewable energy, PFI assets such as schools and hospitals, and social housing for vulnerable adults, the Company's portfolio has an overall positive impact on society. By investing in the supported living sector, the Company has funded properties across the UK that benefit vulnerable adults. Through the company's investments in the PPP/PFI sector it is exposed to a number of sub-sectors including education, healthcare, waste, leisure and housing. These assets are integral to UK society and provide long-term partnerships with the public sector.





Community Benefit Funds

Renewable projects not only have a positive impact on the environment but also have wider benefits for society, improving local communities through CBFs. A CBF is a voluntary commitment by a developer to provide funds which are made available to local community projects. By way of an example, the accepted standard commitment for a wind farm is £5,000 per MW. These funds can be used to finance any initiative a community deems appropriate and necessary for their local area, including community-owned renewable energy projects, recreational facilities or equipment for local schools. Benefits under the protocol are negotiated directly with host communities and tailored to their needs to ensure a positive legacy is achieved. The Company's portfolio assets have donated £3.9 million to CBFs since its IPO.



Supported living

The Company has historically targeted investments in the 'supported living' sector through financing the development or conversion of accommodation to suit specific care needs for individuals with learning, physical or mental disabilities. One portfolio the Company has invested in comprises 13 properties and 51 units of supported living accommodation which are designed to meet the individual and unique needs of adults with disabilities and mental health problems. The portfolio is leased to Westmoreland Supported Housing Ltd, which is a registered provider of social housing. The Company supported Westmoreland over a period of financial distress. As a result, Westmoreland is now in a materially better financial position than it was previously and continues to provide high-quality accommodation and care for its vulnerable tenants.



Read more on page 40



12%

Portfolio invested  
in supported living

Internships

The Investment Adviser offers paid internships to young people, prioritising those from diverse backgrounds who may otherwise find it difficult to find work experience.

This year, two paid internships were offered to students participating in the 10,000 Black Interns programme, which offers paid internship opportunities across more than 25 sectors, along with training and development opportunities. Another two internships were offered to students in the Young Women in Finance programme, a not-for-profit social organisation dedicated to the eradication of gender bias for new graduates entering the finance industry. One other internship was offered to an ESG masters student.

All interns worked across different projects at the Company, with a particular focus on the climate risk assessment and ESG policy.

Read more on page 70



Creating long-term value continued

# Capital allocation policy

The Board is continuing to execute the policy and has made progress during the year.

**Policy aims**

In recognition of the disconnect between share price and NAV, and the material discount<sup>1</sup> at which the shares are trading, the Company reported that it planned to follow a progressive capital allocation policy in its 2023 annual report. This sought to realise £150 million of capital through disposals or refinancings to facilitate a material reduction in its RCF, return at least £50 million to shareholders, and rebalance underlying portfolio exposures.

The capital allocation policy has three key priorities: a material reduction in leverage, an improvement in the risk-adjusted return of the existing portfolio, and facilitating the return of at least £50 million of capital to shareholders whilst maintaining the dividend target.

The Board's focus during the financial year has been on the execution of the policy. The Investment Adviser's focus has therefore been on refinancing loans and disposing of investments where appropriate to achieve the Company's aims. The stated aims of the policy were based on interactions with shareholders and sought to address their concerns. This included reducing leverage while interest rates were high by decreasing the size of the RCF and ultimately paying down the drawn balance. Refer to page 24 for further information.



1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.

## Disposals

The Investment Adviser has sought to restructure the underlying exposures in the portfolio and exit sectors where investors have concerns, as well as reducing the Company's exposure to merchant electricity prices and demonstrating a conservative valuation methodology through its sales processes. The policy also involved completing buybacks as a potential discount management tool, while simultaneously returning capital to shareholders.

The first transaction was completed earlier in the year, with the disposal of the Company's interest in Blackcraig wind farm. See below for further information.

Post year end, the Company completed the disposal of a portfolio of rooftop solar assets, generating proceeds of £6.8 million. Further, it expects to complete, subject to contract, on the disposal of a portfolio of onshore wind farms, generating proceeds of c.£20 million. The Company's disposals total £38.2 million at the end of 2024, with a pipeline of additional disposals in excess of £150 million.

The Investment Adviser has consistently witnessed delays in transaction processes across the market, which has slowed progress towards achieving the stated aims of the capital allocation policy. However, the Company expects to complete additional disposals in 2025, and remains committed to the capital realisation target and stated ambitions, with the share buyback programme recommencing imminently.



### Blackcraig Wind Farm

In April 2024, the Company disposed of its interest in loan notes secured against Blackcraig Wind Farm, a 52.9MW onshore wind farm located outside Dumfries and Galloway in Scotland, at a 6.4% premium to its valuation at 31 March 2024. The Company originally acquired the senior secured loan notes in 2017 from the UK Green Investment Bank. The disposal generated net cash proceeds of £31.4 million which included principal and interest and were used to reduce the drawn balance on the Company's RCF.

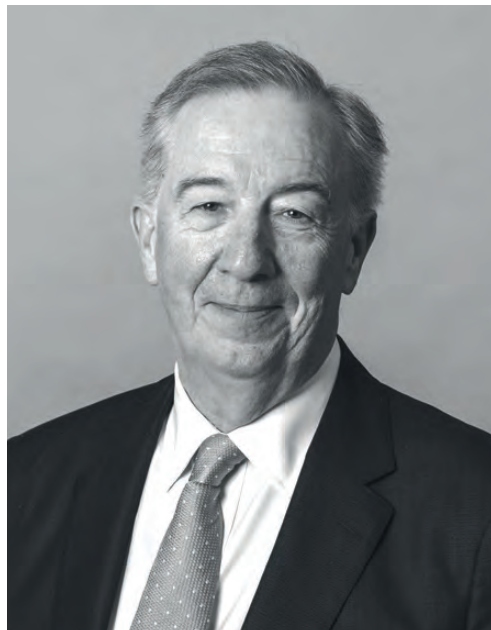
Read more on page 44





## Chairman's statement

I am pleased to present the Company's annual report for the year ended 30 September 2024.



**Andrew Didham**  
Chairman

### Introduction

I am pleased to present the Company's annual report and financial statements for the year to 30 September 2024. The Company's shares have continued to trade at a material discount<sup>1</sup> to the NAV during the year. The impact of a higher rate environment, combined with reduced demand from wealth and retail investors looking for alternative sources of income, continues to weigh on the Company's share price.

The current yield on 15-year gilts is similar to where it was at the Company's IPO. The disconnect between the Company's shares trading at a premium at IPO and for the majority of the period since, and the material discount<sup>1</sup> at which it trades today, remains. However, over this period, it has a 14 year track record of delivering on its objectives of income generation, capital preservation and diversification. The Company's mature, diverse and operational portfolio will continue delivering on these objectives moving forward.

The Company remains committed to the capital allocation policy set out in the 2023 annual report. While progress on disposals has been slower than expected, the Investment Adviser continues to progress with material transactions that will, if completed, allow the Company to achieve the objectives set out in the previous annual report.

As a Company that invests in UK infrastructure that benefits from public sector support, the wider policy environment and the availability of long-term revenue support models is important. The new Government has adopted, and in certain cases extended, ambitious targets for infrastructure deployment to address the challenges of population change, decarbonisation and energy security, as well as the transition to a digital economy. It has been encouraging to see the growth of the contract-for-difference scheme which supports renewable energy generation and the emergence of other contract-for-difference, regulated asset base or cap and floor revenue support models in sectors such as biomethane, carbon, hydrogen, sustainable aviation fuels, interconnectors and long duration energy storage. These may present opportunities for the Company when it resumes investing in the future. The expected increased focus on policy which supports new infrastructure development across the planning process, grid connections and the establishment of the National Wealth Fund (previously the UK Infrastructure Bank) is also encouraging.

1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.

**Capital allocation policy**

The Board remains committed to the capital allocation policy detailed in the Company's 2023 annual report. Progress has been made during the year, with further developments made post year end, as the Company seeks to execute on its target of releasing £150 million (c.15% of the portfolio) to facilitate the key priorities of the policy:

- reduction of leverage, reducing the drawn balance of the RCF to zero;
- return at least £50 million of capital to shareholders, in addition to maintaining the Company's dividend target; and
- rebalancing the portfolio and materially reducing exposure to supported living, and to merchant electricity prices, while re-focusing the portfolio on debt.

**Reduction of leverage**

The Board has prioritised the reduction of leverage whilst interest rates have been elevated. The Company's RCF was refinanced in March 2024, with total commitments reduced from £190 million to £150 million in line with this stated aim. The drawn balance of the facility has reduced from £104 million at 30 September 2023 to a materially reduced level of £57 million at year end following repayments. Subject to the completion of a further pipeline of disposals, the Company continues to work towards reducing drawn balances to zero alongside the buyback programme. Further details on the Company's financing activity are provided on page 56 and details of the RCF can be found in note 15.

**Return of capital**

In total, 3.4 million shares were repurchased during the year under the existing share buyback authority. The repurchase of shares continues to offer attractive returns, given the current discount<sup>1</sup> to NAV, and the dividend yield on the share price of 8.9% at 30 September 2024. The Company's shares have traded at an average discount<sup>1</sup> of 32.4% during the year and an average premium<sup>1</sup> of 3.4% since IPO. At 30 September 2024, the share price was 78.90 pence, representing a discount<sup>1</sup> to NAV of 25.0%.

The Company will be recommending the share buyback programme imminently, and remains committed to its target of returning at least £50 million to shareholders in the near term.

The method by which the Company will return £50 million of capital to shareholders remains under consideration. The Board continues to believe that the use of share repurchases is a means of addressing imbalances in supply and demand which may otherwise create volatility in the rating of the Company's shares.

**Portfolio rebalancing**

The focus of investment-related activity for the Investment Adviser and the Board during the year was releasing the target £150 million of capital through refinancings and disposals. The first of these occurred in April 2024, when the Company announced the disposal of its interest in loan notes secured against Blackcraig Wind Farm, a 52.9MW onshore wind farm located in Dumfries and Galloway, Scotland. The disposal generated net cash proceeds of £31.4 million which represented a 6.4% premium to the valuation of the investment at 31 March 2024.

Further transactions were completed post year end, including the disposal of a portfolio of rooftop solar assets installed on domestic properties across the UK, generating proceeds of £6.8 million. The Company expects to complete, subject to contract, on the disposal of a portfolio of two onshore wind farms in the UK, expected to generate proceeds of c.£20 million. Transactions in the supported living sector have been significantly slower moving than expected; however, there is positive momentum and the Company believes it will be able to materially reduce exposure to this sector in 2025.

The Company made one new loan of £2.6 million in the year to an existing borrower. Portfolio follow-on investments of £24.7 million made during the year were focused on restructuring and management to preserve value and potential future profitability. This was offset by repayments of £39.2 million, giving a net repayment from the existing portfolio of £11.9 million.

1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.



## Chairman's statement continued

### Financial performance

This year, financial performance continued to be driven by electricity prices and inflation. A material cooling in both factors resulted in downward revaluations during the year and had a resulting negative impact on profitability. The Company generated total profit and comprehensive income of £19.5 million (30 September 2023: £30.9 million).

The net assets of the Company decreased to £913.1 million (105.22 pence per share) from £956.6 million the previous year (109.79 pence per share). Further information on financial performance can be found on pages 54 to 57.

The Company seeks to pay regular, sustained, long-term dividends to shareholders, and paid a 7.0 pence per share dividend for the year, in line with the target for this financial year. The same target<sup>1</sup> is reaffirmed for the forthcoming financial year. The dividend of 7.0 pence per share for the year was 0.3 times covered on an earnings cover<sup>2</sup> basis, which includes investment revaluations in accordance with IFRS, and was 1.0 times covered on an adjusted earnings cover<sup>2</sup> basis, calculated on the Investment Adviser's assessment of adjusted net earnings<sup>2</sup> in the year. Further information can be found on page 57.

### ESG

The Company's portfolio continues to have a positive impact as it contributes to the generation of renewable energy and finances infrastructure that has clear benefits to users in society. The Board and the Investment Adviser believe that investing in assets with a positive environmental and social impact is key to protecting our planet for future generations.

The Company has made good progress this year against the ESG objectives set out in the 2023 annual report, including implementing an ESG policy to formalise ESG processes and ensure the Company's responsible investment practices align with the Investment Adviser's responsible investment policy.

The Investment Adviser obtained certification as a B Corporation during the year, formalising its sustainable and long-term business model. The certification provides a framework to ensure the Investment Adviser continues to operate in accordance with the highest sustainability standards. The Investment Adviser also improved its PRI score for the second consecutive year, highlighting its commitment to improvements in its ESG credentials. These achievements complement those of the Company, which was awarded the Green Economy Mark from the LSE in 2020 in recognition of the Company's contribution towards driving a greener economy.

More details on the Company's approach to responsible investment can be found in the sustainability section on pages 64 to 67.

### Market outlook

At the time of writing, the Bank of England base rate is 4.75%, following the Bank of England's decision to cut rates by 0.25% in August 2024 and November 2024. These were the first cuts since the onset of the Covid-19 pandemic in 2020. Inflation has cooled significantly over the year compared to previous periods. CPI rose by 1.7% in the year to 30 September 2024, and then to 2.3% in the twelve months to 31 October 2024. The link between electricity prices and inflation in the UK is strong, and the Board recognises that geopolitical tensions in the Middle East and the conflict in Ukraine may impact electricity prices and have a knock-on effect on inflation going forward.

As mentioned previously, the policy backdrop for the sector has become increasingly positive. Despite this, there remains a disconnect between investment company sentiment and broader infrastructure investment. The Board and the Investment Adviser recognise there is a broad range of investment opportunities in the current market at attractive rates. However, these remain secondary to the priority of addressing the discount<sup>2</sup> and shareholder concerns.

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 170 to 172.

The Board also acknowledges the positive developments post year end regarding cost disclosure requirements, with HMT drafting a Statutory Instrument to remove the requirement for investment companies to publish ongoing charges, a figure widely accepted to be an inaccurate representation of the actual cost of investing in shares in an investment company. With many citing this misleading cost as a headwind for investment in the investment company sector, the potential for the cost to be removed may create demand for shares going forward. The Statutory Instrument became law on 22 November 2024. However, following this announcement, investment platforms have said they will continue requiring ongoing charges to be disclosed. The Investment Adviser is working to address this, and the Board will continue monitoring the impact of cost disclosure on the Company's share price.

### The Board

The Board composition will see several changes in the year ahead to align with corporate governance best practice. Michael Gray and Julia Chapman have both served on the Board for nine years, and their retirement will be phased over the coming year. Mr Gray will retire from the Board in February 2025, and Ms Chapman will stay on the Board for a further transition period, assisting with the identification of an appropriate replacement.

I would like to take this opportunity to acknowledge the important role Mr Gray and Ms Chapman have played in the stewardship of the Company during their tenure and thank them for their invaluable contribution to the Company.

I am delighted to extend a warm welcome to Ian Brown, who will be appointed to the Board subject to regulatory and shareholder approval. Mr Brown will bring a wealth of knowledge and experience in the UK lending and infrastructure sector and will greatly contribute to the Company's strategic direction.

### Andrew Didham

Chairman

11 December 2024

For more information, please refer to the strategic report on pages 20 to 99.





## Strategic report

# What's in the section

### Strategic overview

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### Business model

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### Company impact

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### Q&A with the Investment Adviser

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### Investment Adviser's report

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### Investment portfolio

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### Financial review

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### Sustainability

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### Stakeholders

Find out more on pages 82 to 87

### Risk management

Find out more on pages 88 to 99







## Evolution of the portfolio

Since the Company's IPO in 2010, the infrastructure sector has evolved considerably, becoming a better understood and more mainstream asset class. The Company has a track record of being an early-mover, ensuring it invests into maturing sectors and captures an enhanced risk-adjusted return. With a changing landscape of Government support over the last 14 years, the Company has retained an entrepreneurial approach to identifying new investments. As such, the portfolio has evolved over time in response to changing investment opportunities and requirements.

At the Company's IPO in 2010, the Company was the first UK infrastructure debt focused investment company in the UK, with its portfolio comprising 100% subordinated PFI. The aftermath of the global financial crisis on the long-dated debt market was longer lasting than expected and therefore the Company was able to benefit from attractive investment opportunities, whilst maintaining dividend payment levels.

In 2012, the Company made its first renewable energy investment in domestic rooftop solar projects, which have now grown to c.50,000 systems. This was followed by investments in the anaerobic digestion, biomass and wind sectors, with the Company lending to the first waste wood power station to be developed in the UK. Investments in the renewable energy sector continued into 2014, with the Company making its first investment in the hydro-electric sector.

The Company then made its first investment in social housing in 2016, entering into the supported living sector. Investment in the renewable energy sector continued into 2018, when the Company made its first investment in the offshore wind sector, investing in Race Bank wind farm.

In 2021, the Company made its first investment in the Eden Geothermal project, which is the first deep geothermal well in the UK since 1986.

At the year end, the valuation of the Company's portfolio was £960 million.



## Strategic overview

# The market

### The infrastructure market

Infrastructure comprises the fundamental physical systems that are essential to the functioning of society and its economy, covering a variety of industries and sectors. Infrastructure investments typically comprise a significant initial investment which is repaid over the life of the asset in consideration for the essential service it provides. Typically, these investments are long-term, stable and provide inflation protection, and have inherent capital protection through the physical nature of the assets.

Almost half of the Company's investments by value have some form of inflation protection. This includes direct links to inflation for supported living and certain renewable assets, as well as a mechanism that increases loan principal values based on inflation exceeding a set threshold (usually 2.75% to 3.0%).

Investors have historically valued the long lives of infrastructure assets, which often outlive political and economic cycles, and the services they provide. Increasingly, the need to decarbonise the energy sector to achieve legally binding targets and accelerating digitalisation trends has prompted further interest in the sector.

The Investment Adviser has witnessed significant early developments in new policy initiatives from the new Government since their victory in the general election in July 2024:






- planning reform was a key agenda item in the new Government manifesto, with swift changes to the National Planning Policy Framework highlighting ambitions in increased housebuilding and the development of new onshore renewable energy generation;
- the National Wealth Fund and Great British Energy have been formed with public funding to accelerate efforts to decarbonise the UK's electricity system and encourage private funding in UK infrastructure;
- mission control has been launched with Chris Stark, former Chief Executive of the Climate Change committee, in charge of tracking progress towards delivering a net zero electricity system by 2030 and co-ordinating between Government entities; and
- the merger of the National Infrastructure Commission ("NIC") and the Infrastructure Projects Authority ("IPA") into a new body, the National Infrastructure and Service Transformation Authority ("NISTA"), to better support the delivery of major capital projects.

These new policies support UK infrastructure investment, while new subsidy regimes for emerging technologies (Net Zero Hydrogen Scheme, Carbon Capture Business Model) and the expansion of existing regimes (such as the CfD scheme) offer an attractive opportunity for the UK to drastically scale up the deployment of new infrastructure.

In the Autumn Budget, announced post year end, the new Government outlined its plan to address the large deficit and the need for increased investment in the UK's distressed finances and assets. While taxes and NHS funding grabbed the initial headlines (including £1.5 billion for new hospital beds and diagnostic centres), the new Government's commitment to making the UK a clean energy superpower was a positive reinforcement. The Board believes this presents a material opportunity for investment and growth in the UK and is needed for the UK to stay on track with its decarbonisation commitments. The Board is also looking forward to the announcement of the Government's ten year infrastructure strategy to be published in spring 2025, along with the newly formed National Infrastructure and Service Transformation Authority which will be set up to oversee it.

## Challenges and opportunities

The table below sets out some of the key challenges and associated opportunities for UK infrastructure investment.

	Challenge	Infrastructure opportunities	Government support/intervention	Investment characteristics
 Decarbonisation	Decarbonisation of the UK economy by 2050, with intermediary targets in place such as the decarbonisation of the electricity system by 2030	<ul style="list-style-type: none"> <li>— Further investment in established renewable sectors such as wind and solar</li> <li>— Deployment of less-established renewables across electricity, heat, transport, carbon capture and storage</li> </ul>	<ul style="list-style-type: none"> <li>— CfD, Interconnector cap and floor</li> <li>— Green Gas Support Scheme, Net Zero Hydrogen Scheme, Industrial Carbon Capture business model</li> <li>— Various grants and capital support</li> </ul>	<ul style="list-style-type: none"> <li>— Inflation-linked subsidy support but reliant on merchant prices long term</li> <li>— Subsidy support regimes designed to make the deployment of new technology economically viable</li> </ul>
 High energy prices	High energy prices and reliance on foreign suppliers into the energy system	<ul style="list-style-type: none"> <li>— Low-marginal cost domestic renewable generators</li> <li>— Nuclear (including small modular reactors)</li> <li>— Grid infrastructure such as interconnectors</li> <li>— Energy storage</li> <li>— Energy efficiency schemes</li> </ul>	<ul style="list-style-type: none"> <li>— Price cap</li> <li>— Carbon pricing</li> <li>— Energy Profits Levy</li> <li>— Long Duration Energy Storage cap and floor</li> </ul>	<ul style="list-style-type: none"> <li>— Exposure to wholesale energy prices. Some contractual income (some inflation-linked) from capacity mechanism or grid service arrangements</li> </ul>
 Climate change	Climate change adaptation: increased frequency of extreme weather events in new geographies	<ul style="list-style-type: none"> <li>— Flood defences</li> <li>— River flood mitigation measures</li> </ul>	<ul style="list-style-type: none"> <li>— The Government has a large direct investment flood defence programme</li> <li>— New policy initiatives set to be introduced by the new Government. See page 22 for details</li> </ul>	<ul style="list-style-type: none"> <li>— Limited current investment opportunities, but expected to be a growth area</li> </ul>
 Ageing population	A growing and ageing population will place different demands on social infrastructure	<ul style="list-style-type: none"> <li>— Housing</li> <li>— Healthcare and social care provision</li> <li>— Transport</li> <li>— Education</li> <li>— Utilities</li> </ul>	<ul style="list-style-type: none"> <li>— This remains a focus of direct Government funding, however there has been recent speculation about new private investment in public procurements</li> </ul>	<ul style="list-style-type: none"> <li>— Investment opportunities are typically in the private sector (e.g. private care homes, private schools). These have more corporate or property investment characteristics which are less attractive to the Company</li> <li>— Potential for new funding model for private investment into public infrastructure procurement (PFI v3.0)</li> </ul>
 Digitalisation	Digitalisation drives a greater need for access to online services	<ul style="list-style-type: none"> <li>— Broadband infrastructure</li> <li>— Data centres and associated energy systems</li> </ul>	<ul style="list-style-type: none"> <li>— Capital support for rural deployment</li> </ul>	<ul style="list-style-type: none"> <li>— Demand-based risks and, in certain geographies, competition for customers</li> </ul>

Strategic overview continued

The market continued

How the Company is responding to market opportunities and challenges:

Whilst the policy backdrop for the UK infrastructure sector is positive, there remains a disconnect between market sentiment and broader infrastructure investment. Focus remains on addressing the share price discount<sup>1</sup> to NAV at which the shares trade and any shareholder concerns. The Company's response to the current market environment is as follows:



1. Reduce leverage:

Central bank base rates remain at elevated levels globally, with the Bank of England's base rate currently at 4.75%. The Company's RCF incurs a margin over SONIA. As is typical with elevated base rates, this borrowing is less accretive to value than in a low interest rate environment. The Company has prioritised paying down all drawn balances under the RCF and has reduced amounts drawn by £47 million during the year.



2. Return capital to shareholders:

The Board and the Investment Adviser believe the implied yield on the Company's shares, which are trading at a significant discount<sup>1</sup> to NAV, is higher than the actual risk on the underlying investments given the positive ongoing performance of the portfolio. Therefore, buying back the Company's shares offers an attractive risk-adjusted return for shareholders. The Company has also committed to returning £50 million to shareholders as part of its capital allocation policy. The Company will be recommending the buyback programme imminently, working towards satisfying this commitment.

1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.





### 3. Adjust the underlying portfolio exposures:

The Company has committed to reducing equity risks, as well as its exposure to the supported living sector. It is intended that the portfolio will be refocused on debt investments in sectors with attractive risk-adjusted returns.

The disposal of the Company's interest in loan notes secured against Blackcraig wind farm, a 52.9MW onshore wind farm, at a 6.4% premium to the valuation at 31 March 2024, generated net cash proceeds of £31.4 million. The disposal of a c.8.3MW portfolio of domestic rooftop solar installations post year end, and the disposal of a portfolio of onshore wind assets with combined generating capacity of 28MW, subject to contract, are expected to reduce the Company's exposure to merchant electricity prices by c.£27 million.

Furthermore, active transactions in the supported living sector are expected to materially reduce the Company's exposure to this sector in early 2025.



### 4. Engage with shareholders:

The Company and the Investment Adviser have sought to engage with shareholders to better understand their concerns and develop a strategy to address these. This has been combined with enhanced transparency in reporting, including a line-by-line breakdown of the portfolio, which is available on the Company's website, and broader attempts to share new and insightful information more frequently.



## Strategic overview continued

# Key policies

### 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 strategic report which provides an in-depth review of the Company's performance and future strategy. Further information on the Company's business model and purpose is set out on pages 28 and 29.

### 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).

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. PPP/PFI healthcare, PPP/PFI education, solar power, social housing, biomass etc.) and by revenue source (e.g. NHS Trusts, local authorities, FIT, ROCs etc.).

## Policies

### Distribution

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

The Company has the 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 year, due to the discount<sup>1</sup> 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.

The calculation of leverage under the UK AIFM Regime in note 15 to the financial statements includes derivative financial instruments as is required by the applicable regulation.

## Our non-financial objectives

The key non-financial objectives of the Company are:

- to build and 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 the Company's stakeholders;
- to develop and increase the understanding of infrastructure debt as an asset 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.





# Business model

The Company’s purpose is to invest in UK infrastructure debt and/or similar assets to provide regular, sustained, long-term dividends and to preserve the capital value of its investments over the long term.





1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.  
2. Twelve month period to 30 June 2024 to facilitate data inclusion in the annual report.  
3. The dividend of 7.0 pence per share is fully covered by an adjusted EPS<sup>1</sup> of 7.09 pence per share.

# Company impact

## Sustainability credentials

The Company has a positive environmental impact through its investments in renewable energy, PPP/PFI and supported living. The Board aims to enhance the integration of ESG criteria in the Company's operations, ensuring that the portfolio not only addresses the current needs of stakeholders, but is also able to adapt to future challenges.

The Investment Adviser continued its data collection project this year to collect material ESG metrics from assets in its portfolio. The data collection project enables the Investment Adviser to assess the impact portfolio assets are having on the environment and society. The process involves the Investment Adviser's portfolio management team liaising with each asset operator to obtain relevant ESG data on the underlying portfolio assets. The data points that are considered material by the Investment Adviser are detailed on page 67.

The data collection project enabled the Investment Adviser to compare data with the previous year. It was noted that the 1,320 GWh of renewable energy exported by portfolio assets marginally decreased during the year, primarily due to reduced wind power and solar irradiance. The percentage of SPVs with at least one female board member increased from 36% to 49% year-on-year, following the appointment of an additional female director to SPV boards. Further information on the Company's data collection project can be found on pages 66 and 67.

## Sector split of the Company's portfolio





## SDG alignment of the Company's portfolio:



1. Twelve month period to 30 June 2024.

2. Twelve month period to 30 June 2023.

3. At 30 June 2024.

4. At 30 June 2023.

5. At 30 September 2024.

6. At 30 September 2023.

7. Source: Ofgem, average gas and electricity usage.

# Q&A with the Investment Adviser



**Philip Kent**  
CEO, Investment Adviser

## Capital allocation policy

**Q** Do you expect to fully execute on the targets laid out in the capital allocation policy, and what is next for the Company once it has completed its stated aims?

**A** To facilitate the aims of the policy, the Investment Adviser has been focused on executing disposals and refinancing processes to realise the £150 million capital target. The Company's disposals total £38.2 million at the end of 2024, with a pipeline of additional disposals in excess of £150 million. We have experienced consistent delays across transactions throughout the year, with processes taking longer than expected across all sectors. However, the Board and the Investment Adviser remain committed to achieving the stated aims of the capital allocation policy as quickly as possible.

The capital allocation policy was developed in conjunction with shareholders to help address the disconnect between share price and NAV. Once the Company has executed on the stated aims of the policy, the Board will re-evaluate its position based on the price at which shares are trading. If there is a material discount<sup>1</sup> thereafter, the Board will evaluate the merits of continuing to return capital to shareholders against the risks of decreasing the Company's scale. Nevertheless, we, and the Board remain optimistic about future investment opportunities.

The new Government has made encouraging commitments to decarbonisation that will require significant investment across the UK. A heightened interest rate environment also offers the opportunity to take materially reduced risk to achieve the same level of return or capture elevated returns from new technologies that will form part of the Government's decarbonisation mandate.

## Investment opportunities

**Q** Where does the Investment Adviser see attractive opportunities in the UK infrastructure market?

**A** The UK infrastructure market finds itself in a far better position than it was at this time last year, with aggressive ambitions for deployment of renewables: 60GW offshore wind, 50GW solar photovoltaic, 30GW onshore wind and 10GW of low carbon hydrogen capacity, and decarbonisation of the electricity grid by 2030. This comes alongside policy support in a number of new sectors, including a cap and floor scheme for long-duration energy storage, and ambitions for four industrial carbon capture and storage clusters sequestering 20 to 30 million tonnes of carbon dioxide per year by 2030.

The Company is well placed to benefit from a transitioning subsidy landscape, and has a track record of being an early-mover in new sectors, particularly through its focus on debt. Significant policy developments will be required in the next decade to support widespread decarbonisation across existing sectors (wind and solar), but also across a broad spectrum of industries including heat, transport, industry and agriculture. There are attractive opportunities to benefit from enhanced returns in new technologies before yields compress, which is an approach the Company has a legacy of executing. Fundamentally, the ambitions stated will require levels of investment that have not previously been seen, and this will stretch liquidity in the market, providing further investment opportunities for the Company.

1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.



## Share price performance

**Q** What do you believe has caused the disconnect between share price rating and NAV?

**A** There are several reasons for the discount<sup>1</sup> between the share price and underlying NAV. One of the most significant reasons is the current interest rate environment, as increases in base rates have fed through to discount rates, which has caused valuations to decrease. This has increased the cost of debt, with many investment companies relying on leverage for capital deployment programmes and to enhance returns. At the same time, investors have seen an attractive opportunity to reallocate into traditional fixed income such as government and corporate debt.

We now find ourselves in a position where central banks have started to cut interest rates, and we hope that as this progresses the relative attractiveness of listed investment companies increases.

The increased interest rate environment has highlighted areas of stress within some investment companies, where shareholders have focused on valuations, highlighting a lack of uniformity in methodology. In a handful of isolated cases, flaws in certain approaches have caused contagion across a whole asset class, such as social housing and battery energy storage.

## Cost disclosure

**Q** Can you explain the legacy of double counting in cost disclosure, and what recent developments mean for investment companies?

**A** In the United Kingdom, the Financial Conduct Authority ("UK FCA") is responsible for implementing regulations to ensure a financial product is transparent when disclosing the costs associated with investing. These costs can include fees for fund management, transaction costs or the charges of underlying assets. The aim for cost disclosure is to provide investors with a clear view of how much they are paying, which allows them to make informed decisions. In 2018, the European Union ("EU") introduced the Packaged Retail and Insurance-based Investment Products ("PRIIPs") regulation, which required investment managers to provide retail investors with a Key Information Document ("KID"), explaining a product's features, risks and all associated costs, including their ongoing charges figures ("OCFs"). This regime runs parallel to the 2009 Undertakings for the Collective Investment in Transferable Securities ("UCITS") regulation, which applies to the EU and any UK funds that market themselves to EU investors.

Following Brexit, the UK began work on updating its own PRIIPs regime, with the UK FCA reviewing and adjusting the framework to make it more relevant to the UK market. As part of this, the UK FCA implemented new cost disclosure guidance on 1 July 2022, which required closed-ended investment companies to report in the same way as open-ended funds.

These regulations aimed to increase transparency for non-UCITS vehicles by requiring them to disclose their costs more clearly. However, as investment companies already provided detailed cost information under the former rules, institutional investors and intermediaries were made to report these costs again in their own disclosures to clients, which has resulted in double counting. As a result of the double counting, some investors have been unable to invest in investment companies or have significantly reduced their exposure.

It is broadly accepted by the industry and by the Government, that this single aggregated figure is not an accurate representation of the actual costs of investment in shares in an investment company. Following the successful campaigning of a group of parliamentarians and industry participants, HM Treasury proposed a Statutory Instrument to remove the requirement for investment companies, along with persons advising on or selling shares of investment companies, to produce a KID. Additionally, investment companies, and firms investing in them will not be required to disclose costs and charges relating to investment companies to clients, pursuant to the MiFID Org Regulation.

The Statutory Instrument became law on 22 November 2024. However, additional issues have been encountered post period end, with investment platforms continuing to require ongoing charges to be disclosed in the KID. We continue to monitor the impact of cost disclosure on the Company, and the Investment Adviser has been active in the campaign to resolve the issue.

1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.



## Investment Adviser's report

### Company position

The Company's portfolio remains well diversified across a wide range of operational renewable energy projects, social infrastructure (through PPP/PFI schemes) and supported living projects. The Company's explicit diversification objective has historically enabled it to adapt to developments in any one sector (such as decreasing yields and more competition) and move into other areas if a sector no longer represents attractive risk-adjusted returns.

In the 14 years since its IPO, the Company has seen this cycle play out across multiple sectors and has adapted its approach to investing as one sector matures or sought out new sectors for investment. Similarly, where there have been changes to investor sentiment around certain sectors (such as supported living) or an end to a subsidy regime (such as in PPP/PFI), the Company has been able to maintain its investment policy, objective and strategy which have been consistent since IPO.

### Key investment activity

The Investment Adviser's focus for the year has been executing the Company's capital allocation policy. The first disposal contributing to the stated aims was completed in April 2024. Post year end, one additional disposal was completed, with another disposal expected to complete subject to contract. As previously noted, there are three stated aims of the policy: reducing leverage, returning capital to shareholders, and adjusting exposure to supported living and merchant electricity prices within the portfolio.

The Company has made material progress in reducing leverage, with total commitments reduced from £190 million to £150 million in March 2024, and drawn balances reduced to £57 million at year end, down from £104 million at 30 September 2023. This represents a net debt position of £45.2 million at 30 September 2024 and an LTV of 6.2%.

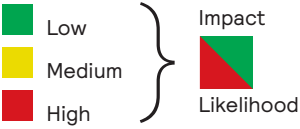
Furthermore, the Company completed buybacks of 3.4 million shares for a consideration of £2.2 million.

Post year end, the rooftop solar assets disposal and the expected disposal of onshore wind assets will reduce loans with exposure to merchant electricity prices by c.£27 million. The Investment Adviser is progressing transactions which will materially reduce the Company's exposure to the supported living sector in 2025.

New investments have not been a priority for the Company due to its focus on its capital allocation policy. However, the Company has completed a handful of follow-on investments to optimise the performance of existing portfolio investments and made one new investment to support an existing borrower. A full summary of investments and repayments for the year is shown on page 47.



Portfolio exposures







		Renewables								SH	PPP/PFI			
		Wind (onshore)	Solar	Biomass	AD	Hydro	Geothermal	Gas peaking	Electric vehicles	Supported Living	Healthcare	Leisure	Education	Waste
Asset characteristics	Market risk													
	Credit risks													
	Operational risks													
	Legal/regulatory													
Overall score														
Sector exposure (by value at 30 September 2024)		13%	25%	10%	9%	2%	<1%	1%	1%	12%	26%			
Periodic change (12 months) <sup>1</sup>		Reduction in volatility of electricity prices benefiting all renewable sectors								Easing of inflation has reduced pressure on Registered Providers ("RPs") associated with rental growth				Government with a significant majority promotes political stability

1. For further commentary refer to page 36.

## Investment Adviser's report continued

### Investment risk

The table below details the Investment Adviser's view of the changes to the risk ratings for sectors where changes have been observed in the past year.

Risk	Sector	Change in year	Description
<b>Market risk</b> The risk of an investment being exposed to changes in market prices, such as electricity prices or inflation.	Renewables (all sectors)	 Decreased	<p>Electricity prices have continued to soften over the course of 2024, with reduced levels of volatility across the sector. However, geopolitical tensions in the Middle East continue to pose a risk.</p> <p>The Company is exposed to electricity prices and inflation as part of its renewable energy portfolio, and the higher price environment has been beneficial to its assets. In the year, inflation has eased to a level where this is no longer an issue for borrowers, causing the risk to decrease.</p>
	Supported living	 Decreased	<p>Inflationary increases in the interest rates on Company's loans weren't matched on a pass-through basis with increases in local authority rent payments during periods of abnormal inflation, which place the Company's borrowers under pressure.</p>
<b>Credit risk</b> The risk of reliance on customers and suppliers to provide goods and/or services for a project and manage certain project risks as part of such arrangements.	Supported living	 Decreased	<p>The leases on the underlying properties have inflation linkage and, as such, the amounts charged to RPs have increased during the year. The underlying RPs have agreed to pass the increases on to local authorities. As inflation has eased, this pressure has decreased. We have also seen material progress by the RPs to improve their governance protocols to comply with the RSH's standards.</p>
<b>Operational risk</b> The risk of exposure to the construction and/or operations of a project associated with the failure of people, processes and/or systems required to monetise an asset.	Renewables (all sectors)	 Decreased	<p>Operations have improved across the portfolio, with changes in the management and operational teams at certain biomass and bio-power plants having positive impacts on performance.</p>
<b>Legal/regulatory risk</b> The risk associated with changes to laws and/or regulations. This covers UK-wide, non-specific risks, such as changes to the tax regime, and specific risks such as changes to a subsidy regime that a project relies on.	Renewables (all sectors)	 Decreased	<p>The UK finds itself in a very different position to this time last year, with a new Government and considerably more certainty around policy support for renewable energy. The clean energy transition is second only to economic growth in the new Government's mandate, early policy developments, and further detailed announcements as part of the Autumn Budget, suggest a supportive policy environment.</p> <p>Significant changes to the UK tax regime are unlikely to impact the Company's portfolio of loans.</p>



## Interest capitalised

The Company received total loan interest income of £87.3 million (30 September 2023: £80.8 million) from the underlying investment portfolio. Of this, £65.1 million was received in cash and £22.2 million was capitalised in the year (30 September 2023: £58.8 million and £22.0 million respectively). Refer to note 3 for further information. 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 is an effective method of reinvesting repayments received from the portfolio back into other portfolio projects.
3. Where loans are not performing in line with financial models, 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.

Other unscheduled capitalisations in the year related to the re-direction of cash flows into three gas-to-grid anaerobic digestion projects in Scotland to address performance issues encountered in the year.

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

	30 September 2024 £'000	30 September 2024 £'000	30 September 2023 £'000	30 September 2023 £'000
<b>Loan interest received</b>		<b>65,129</b>		<b>58,791</b>
Capitalised (planned)	<b>14,868</b>		18,253	
Capitalised (unscheduled)	<b>7,300</b>		3,706	
<b>Loan interest capitalised</b>	<b>22,168</b>		21,959	
Capitalised amounts subsequently settled as a repayment	<b>(9,297)</b>	<b>9,297</b>	(10,822)	10,822
<b>Adjusted loan interest capitalised<sup>1</sup></b>	<b>12,871</b>		11,137	
<b>Adjusted loan interest received<sup>1</sup></b>		<b>74,426</b>		<b>69,613</b>

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

	30 September					
% of total interest	2024	2025	2026	2027	2028	2029
Capitalised (planned)	19%	9%	9%	10%	14%	10%
Capitalised (unscheduled)	9%	1%	—	—	—	—

The Investment Adviser and the independent Valuation Agent review any capitalisation of interest and associated increases to borrowings to confirm that such an increase in debt, and the 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 an amount remains due and payable by the underlying borrower and where capitalisation has not been scheduled, it attracts default interest payable.

1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.

Investment Adviser’s report continued  
Sector background and update

Renewables



Renewable projects generate renewable energy across the heat, electricity and transport sectors and benefit from long-term Government subsidies.

62%

Percentage of portfolio by value

£597.8m

Valuation of sector

Background

Renewable energy comprises energy sources that naturally replenish themselves and have a positive environmental impact. The Company was an early-mover in supporting renewable energy projects in the UK. Over the last decade, it has invested in a range of technologies across the sector, initially financing a portfolio of domestic rooftop solar projects in 2011, an investment that has grown to c.50,000 systems today.

Since the Company’s IPO in 2010, many subsidy support regimes have come and gone in the UK, with the portfolio benefitting from exposure to a range of subsidies. The UK has made significant progress with its decarbonisation objectives, but to fully achieve its ambitions, it needs to go further and faster.

Current position

The new Government has made the clean energy transition second only to economic growth in its mandate, showing clear conviction in introducing new policy and funding support for renewable energy. With ambitious targets for the deployment of existing mature technologies, as well as new policy support to facilitate the transition of sectors at a more nascent stage, two new funding bodies have been established, the National Wealth Fund and Great British Energy.

The CfD remains the key support mechanism for low-carbon generation and supports both mature and developing technologies. The results of the sixth allocation round were announced in September 2024, which awarded contracts for 9.6GW of capacity, a significant improvement from the previous round. The existing pool of alternate support mechanisms includes the Green Gas Support Scheme and the Net Zero Hydrogen Fund.

The UK renewable energy market remains subject to the results of the Review of Electricity Market Arrangements (“REMA”), which was launched in response to a rapidly evolving electricity system with an increasingly volatile generation mix and demand profile. The Investment Adviser hopes the aspirations of the new Government in encouraging new deployment will factor into policy considerations before sweeping changes are made.

Future outlook

Ambitious targets have been set in the UK not just for electricity generation, but across the wider energy transition, with a new framework for carbon capture clusters located across industrial clusters in the UK, as well as mandated levels of sustainable aviation fuel (“SAF”) usage, and deployment of electric vehicles (“EVs”). The outlook for the renewable energy market in the UK is the most positive it has been in over a decade, and the ambitions of the new Government have the potential to significantly accelerate deployment of both mature and emerging technologies.

Reform of the planning regime in the UK is essential to facilitate the deployment of new renewable energy. The Company will continue to monitor the success of the new Government in reforming and modernising the planning process to facilitate its targets.

The Board and Investment Adviser are actively monitoring the development of new subsidy regimes in the UK, and believe the Company is well placed to benefit from new policy frameworks when it is in a position to resume investing.

Impact

1,320 GWh

Renewable energy exported by portfolio assets<sup>1</sup>

SDG alignment

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

1. Twelve month period to 30 June 2024 to facilitate inclusion in the annual report.



# UBB Waste facility

UBB Waste is an energy-from-waste facility located in Gloucester. It disposes of Gloucestershire's residual waste by processing waste that remains after the residents of Gloucestershire have separated out as much of the recyclable and green waste as they can. This is waste that would otherwise go to landfill.

The facility is largely automated and combusts up to 190,000 tonnes of waste each year (approximately 75% of which is provided by Gloucestershire County Council). Heat generated from the combustion process is then converted into electricity through the application of a steam turbine. Generating more than 14.6MW, the facility produces enough electricity to power the equivalent of c.25,000 homes each year.

Construction of the facility began in August 2016 and reached completion in October 2019. The Company first invested £48 million via senior secured debt in 2017. The loan is amortising, with the interest rate set at 7.92% and the final repayment date set for 2042.

Revenue from the project comes from various sources and is highly contracted. A significant proportion comes from 'gate fees' for processing waste, which are at a fixed price and index linked through a CfD agreement with Gloucestershire County Council over a 25 year concession period.

The capacity that remains after Gloucestershire County Council has delivered all residual household waste generated within the county is serviced by processing additional waste from nearby third party commercial and industrial parties. This presents an opportunity for the Gloucestershire energy-from-waste facility to earn additional gate fees.

Another significant source of revenue comes from the electricity generated by the facility, which is sold directly into the grid via a PPA agreement at a fixed price.

As an investment, the Gloucestershire energy-from-waste facility has several defensive characteristics. Barriers to entry in terms of construction are extremely high, it's a real asset providing a valuable service and, because the Company is invested in its debt, there's the added benefit of capital structure protection.

## Sustainability indicators



Environment  
**65,360 MWh**  
Energy exported in 2023/24<sup>1</sup>



Social  
**44**  
FTEs at portfolio asset level<sup>1</sup>



Governance  
**3**  
ISO certifications<sup>1</sup>



Financial  
**£39.7m**  
Valuation at 30 September 2024

1. Data at 30 June 2024 to facilitate inclusion in the annual report.



Investment Adviser’s report continued  
Sector background and update continued

Supported living



Supported living projects create long-dated cash flows supported by the UK Government through the secured pledge of centrally funded benefits.

12%

Percentage of portfolio by value

£118.1m

Valuation of sector

Background

The Company has historically targeted a subset of social housing provision referred to as ‘supported living’, through financing the development or conversion of existing accommodation to suit specific care requirements of individuals with learning, physical or mental disabilities. This involves providing debt finance to entities that own and develop properties which are leased under a long-term fully repairing and insuring lease to RPs who operate and manage the properties. The RPs receive housing benefits for individuals housed in such properties. The budget for housing benefits in this sector is funded by the central Government and has historically been, and remains, highly protected and uncapped.

Current position

As the Company has reported previously, a number of RPs to which the Company’s investments are exposed have historically been graded non-compliant in respect of governance and financial viability by the Regulator of Social Housing (“RSH”). During the year, new management was appointed in a number of the non-compliant RPs, with positive progress made in addressing the concerns of the RSH. The Company has agreed to a number of concessions in the contracts between RPs and borrowers which seek to enhance the financial viability of these entities and retain the long-term value of its investments.

The Investment Adviser maintains the view that the fundamentals of the sector, which is underpinned by a well-protected housing benefit budget and a care model that has demonstrated healthcare and financial benefits for the recipients and the UK Government, remain attractive. However, listed companies specialising in the sector have faced a number of challenges, with these issues negatively impacting sentiment towards the asset class.

Future outlook

The Company is aware of the concerns of some shareholders regarding the sector and has highlighted its intention to reduce its exposure to the sector as part of its capital allocation policy. The Investment Adviser has been exploring opportunities for the Company to reduce its exposure through disposals or refinancings and expects to materially reduce investment in the sector in the future.

Impact

3,050

People housed in supported accommodation<sup>1</sup>

SDG alignment

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

1. Data at 30 June 2024 to facilitate data inclusion in the annual report.

# Hilldale Housing Association

The Company has, since 2015, been invested in a portfolio of 20 properties which provide 94 units that are leased to Hilldale Housing Association ('Hilldale'), a not-for-profit RP of social housing in the UK and a subsidiary of Change Housing. Hilldale provides supported living accommodation to vulnerable adults with learning disabilities, mental health issues, and other physical or sensory disabilities. The Company's exposure is held through senior debt facilities extended to two underlying borrowers.

Hilldale operates under a 'lease-based' model, holding properties under long-term leases and letting them out to individuals in return for exempt rents which are claimed from local authorities. As has been highlighted previously, the specialist supported living industry has faced a number of challenges in recent years as the sector has matured and regulations and regulatory oversight have evolved. Lease-based social housing providers have faced continued scrutiny from the RSH, in particular around their financial viability given the structure under which they operate. Hilldale has not been immune from this, and has been working to stabilise the business and improve its financial position and standing with the regulator.

It has also been working through a period of increased costs driven by higher energy prices and inflationary pressures. As a result, the Company has been collaboratively working with Hilldale to ensure that support is provided both to the company itself and to its tenants.

In 2023, the Company, via its borrowers, agreed to a cap on the inflation applied to contractual lease rents due from Hilldale, limiting this to 7% compared to CPI, which has been at times in excess of 10%. In March 2024, the Company and its borrowers agreed to provide further support to Hilldale to help it achieve its long-term financial goals, providing a minor reduction in lease rents payable and a one year break in lease rent indexation. This has allowed Hilldale to navigate the challenges above, as well as the increased costs which it has been facing. This agreement has aligned the leases with industry standards, including the timing of rental indexation and the provision of support for the improvement of EPC ratings across the portfolio.

As a result of this support, Hilldale is now in a good position and can continue with its goal of supporting vulnerable individuals. Its relationship with the Company remains a positive one.

## Sustainability indicators



Environment

D

Average EPC rating<sup>1</sup>



Social

14

FTEs at portfolio asset level<sup>1</sup>



Governance

5

Governance policies implemented<sup>1</sup>



Financial

£17.7m

Valuation at 30 September 2024

1. Data at 30 June 2024 to facilitate inclusion in the annual report.

Investment Adviser’s report continued  
Sector background and update continued

PPP/PFI



PPP/PFI enables the procurement of private sector infrastructure financing through access to long-term, public sector backed and availability-based payments.

26%

Percentage of portfolio by value

£244.1m

Valuation of sector

Background

Partnerships between the public and private sector to develop, build, own and operate (or a combination thereof) infrastructure have taken a number of forms, with the best known as PFI (Public Finance Initiative), which originated in the UK in the mid-1990s. Since this time, over £60 billion has been invested in the development of new projects across the healthcare, education, leisure, transport and other sectors under such schemes. The design and implementation of revenue support mechanisms such as PFI has been devolved to the Scottish, Welsh and Northern Irish administrations. The Company has exposure to a number of asset classes within the PPP/PFI sector including education, healthcare, waste, leisure and housing.

Current position

The PPP/PFI model for procuring infrastructure fell out of favour before 2020 and there are no material new projects expected to be procured this way in the medium term in England. In Scotland and Wales, the devolved administrations have designed versions of the Mutual Investment Model (“MIM”) to facilitate private finance which supports major capital projects, with success developing healthcare, education and transportation projects. To date, these have been large projects benefitting from significant competition for financing and competitive rates from bank lenders.

Future outlook

There has been speculation that the new Government in the UK will develop a funding model which encourages private capital to finance new social infrastructure; however, there has not yet been any formal confirmation of this. If this were to change, it would reverse long-standing policies against the procurement of new infrastructure using private sector finance, supported by long-term availability-based payments. Should there be any changes to procurement models, or attractive opportunities through the MIM regime, the Company would consider investment opportunities alongside its broader capital allocation policies.

Impact

26,196

School places at portfolio assets<sup>1</sup>

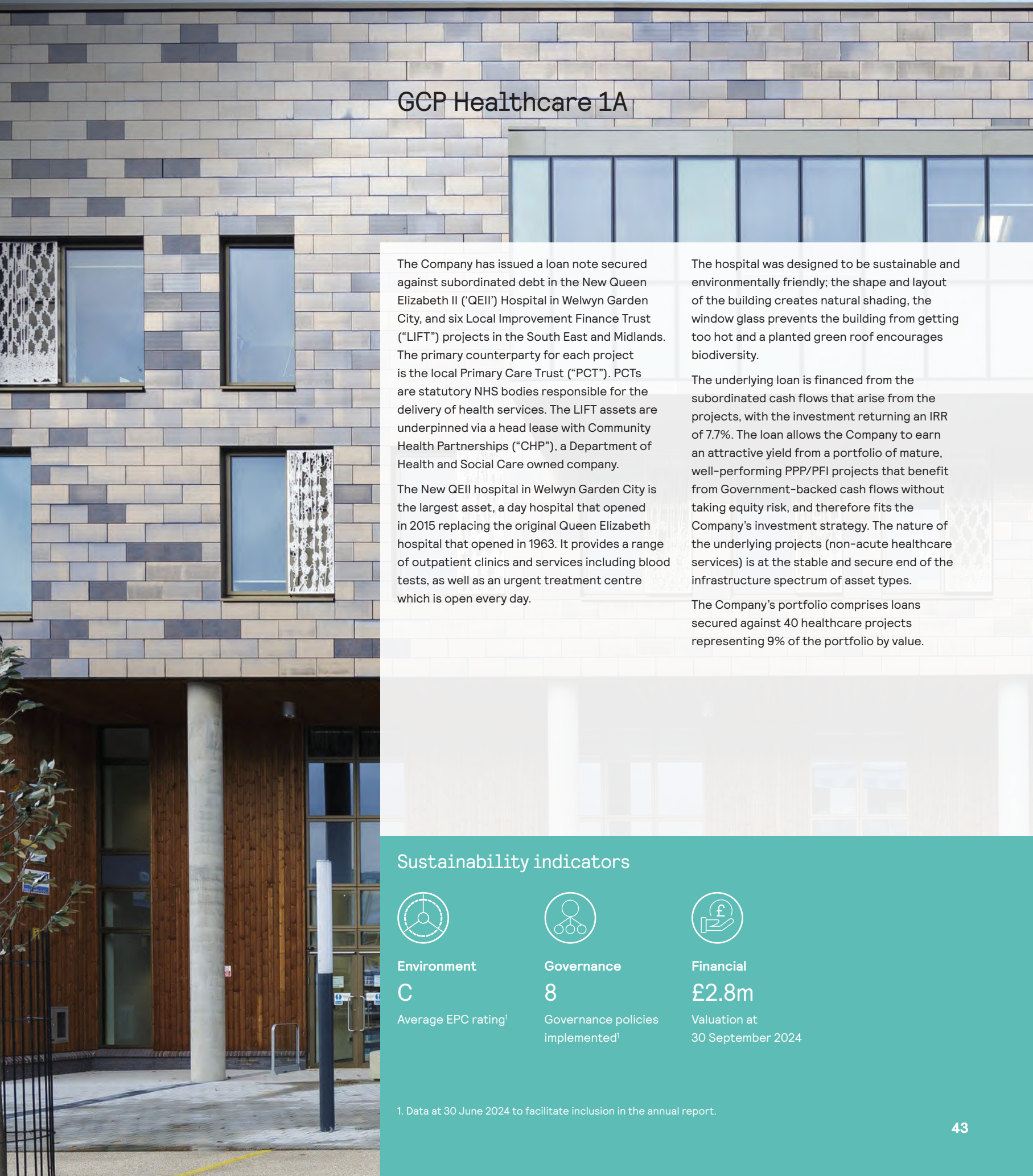
SDG alignment

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

1. Data at 30 June 2024 to facilitate data inclusion in the annual report.





# GCP Healthcare 1A

The Company has issued a loan note secured against subordinated debt in the New Queen Elizabeth II ('QEII') Hospital in Welwyn Garden City, and six Local Improvement Finance Trust ('LIFT') projects in the South East and Midlands. The primary counterparty for each project is the local Primary Care Trust ('PCT'). PCTs are statutory NHS bodies responsible for the delivery of health services. The LIFT assets are underpinned via a head lease with Community Health Partnerships ('CHP'), a Department of Health and Social Care owned company.

The New QEII hospital in Welwyn Garden City is the largest asset, a day hospital that opened in 2015 replacing the original Queen Elizabeth hospital that opened in 1963. It provides a range of outpatient clinics and services including blood tests, as well as an urgent treatment centre which is open every day.

The hospital was designed to be sustainable and environmentally friendly; the shape and layout of the building creates natural shading, the window glass prevents the building from getting too hot and a planted green roof encourages biodiversity.

The underlying loan is financed from the subordinated cash flows that arise from the projects, with the investment returning an IRR of 7.7%. The loan allows the Company to earn an attractive yield from a portfolio of mature, well-performing PPP/PFI projects that benefit from Government-backed cash flows without taking equity risk, and therefore fits the Company's investment strategy. The nature of the underlying projects (non-acute healthcare services) is at the stable and secure end of the infrastructure spectrum of asset types.

The Company's portfolio comprises loans secured against 40 healthcare projects representing 9% of the portfolio by value.

## Sustainability indicators



Environment

C

Average EPC rating<sup>1</sup>



Governance

8

Governance policies implemented<sup>1</sup>



Financial

£2.8m

Valuation at 30 September 2024

1. Data at 30 June 2024 to facilitate inclusion in the annual report.

## Investment portfolio

### Portfolio performance

The Company is exposed to a portfolio of 50 investments with a weighted average annualised yield<sup>1</sup> of 7.8% and an average life of eleven years. The portfolio has performed materially in line with expectations during the year. The priority for the Investment Adviser has been executing the capital allocation policy, as it actively works to refinance or dispose of investments to achieve its stated aims.

During the year, the Company announced the disposal of its interest in loan notes secured against Blackcraig Wind Farm, a 52.9MW onshore wind farm located in Dumfries and Galloway, Scotland. The wind farm benefits from ROC subsidy support and has been operational since 2018. The disposal occurred at a 6.4% premium to the valuation at 31 March 2024 and generated cash proceeds of £31.4 million.

The disposal was supportive of the Company's assessment of its conservation approach to valuation methodology for the renewable energy assets in the portfolio. In line with the objectives of the capital allocation policy, the proceeds of the disposal were used to prepay drawn balances under the Company's RCF.

From an operational perspective, the renewables portfolio is performing in line with expectations, with the Company benefitting from diversification in technologies across varying weather patterns. Across renewable energy assets, wind speeds have been below long-term averages nationwide, combined with a number of electrical faults and elevated curtailment in Northern Ireland, which has impacted performance. Solar irradiance has been below budget, as the UK has suffered from less sunshine hours than average over the last twelve months. The hydro portfolio benefited from higher than average rainfall levels in the winter period.

Previously, the Company reported ongoing challenges at a portfolio of gas-to-grid anaerobic digestion projects in Scotland. Significant progress has been made, completing grid upgrade works to provide a more reliable method of injecting biogas into the gas grid and reducing the likelihood of curtailment. Further development to implement carbon capture and storage capability at the projects is in process, with planning permission granted on two of the three sites, and the third application submitted for approval.

A portfolio of solar investments continues to be exposed to the outcome of ongoing Ofgem audits relating to the accreditation and ongoing compliance of eight ground-mount commercial solar projects accredited under the RO. The Company had no further contact from Ofgem during the year. Three projects in total in the portfolio have had their ROCs revoked. Eleven projects have been audited and retained their ROCs, while a further eight remain subject to audit.

A claim has been filed in connection with the Company's rights under the original investment documentation in respect of the losses it has incurred due to the revocation. The aggregate provisions in connection to the circumstances relating to the audits total £6.9 million.

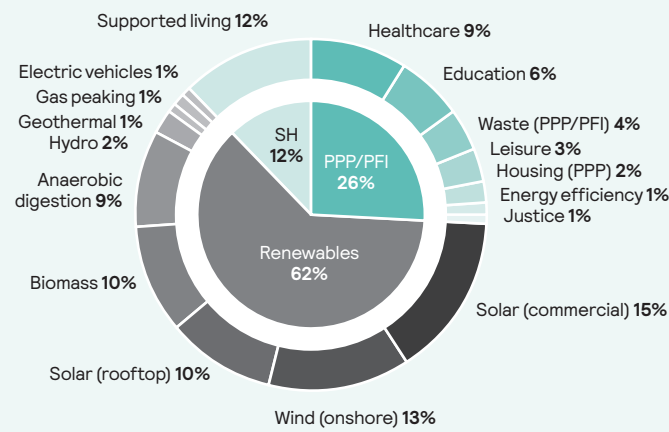
The Company remains confident that it will be able to either solely or cumulatively: (i) address Ofgem's queries to prevent or mitigate any negative impacts on the further eight assets that remain under audit; (ii) successfully challenge any adverse decision by Ofgem on other assets under audit; or (iii) recover losses it incurs from third parties in relation to a breach of investment documentation across all affected assets.

The Company made follow-on investments in respect of these assets during the year, seeking to preserve and enhance value by performing repowering and funding additional works or exploration. The total quantum of these investments was £0.75 million.

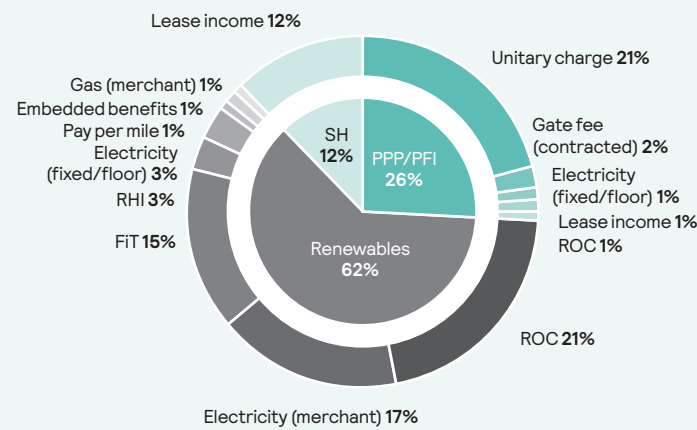
1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.

Portfolio summary

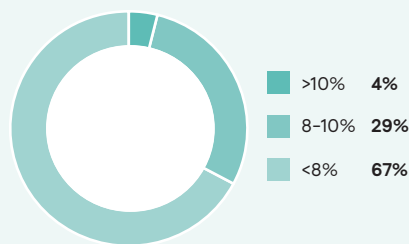
Portfolio by sector type



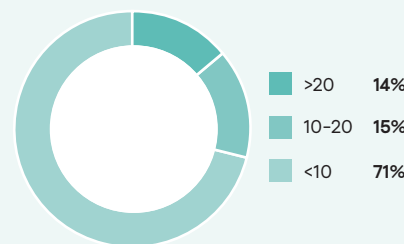
Portfolio by income type



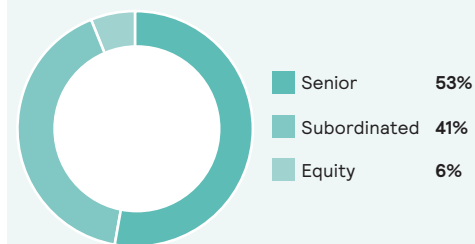
Portfolio by annualised yield<sup>1</sup>



Portfolio by average life (years)



Portfolio by investment type

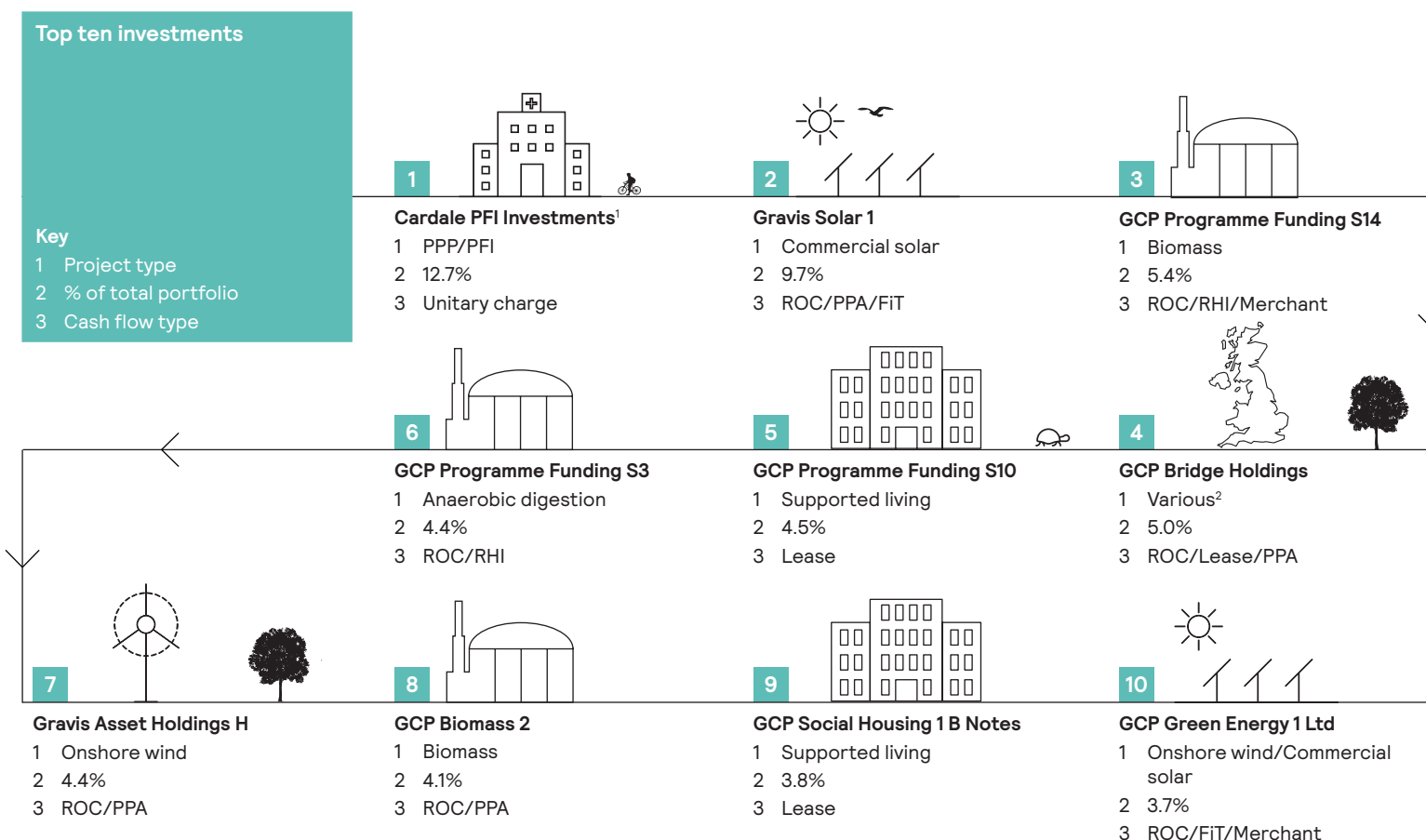


1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.



## Investment portfolio continued

### Portfolio summary continued



Top ten revenue counterparties	% of total portfolio
Ecotricity Limited	9.2%
Viridian Energy Supply Limited	7.8%
Office of Gas and Electricity Markets	6.4%
Npower Limited	6.3%
Statkraft Markets GmbH	5.9%
Bespoke Supportive Tenancies Limited	4.6%
Smartestenergy Limited	4.5%
Total Gas & Energy Limited	4.4%
Good Energy Limited	4.4%
Gloucestershire County Council	4.1%

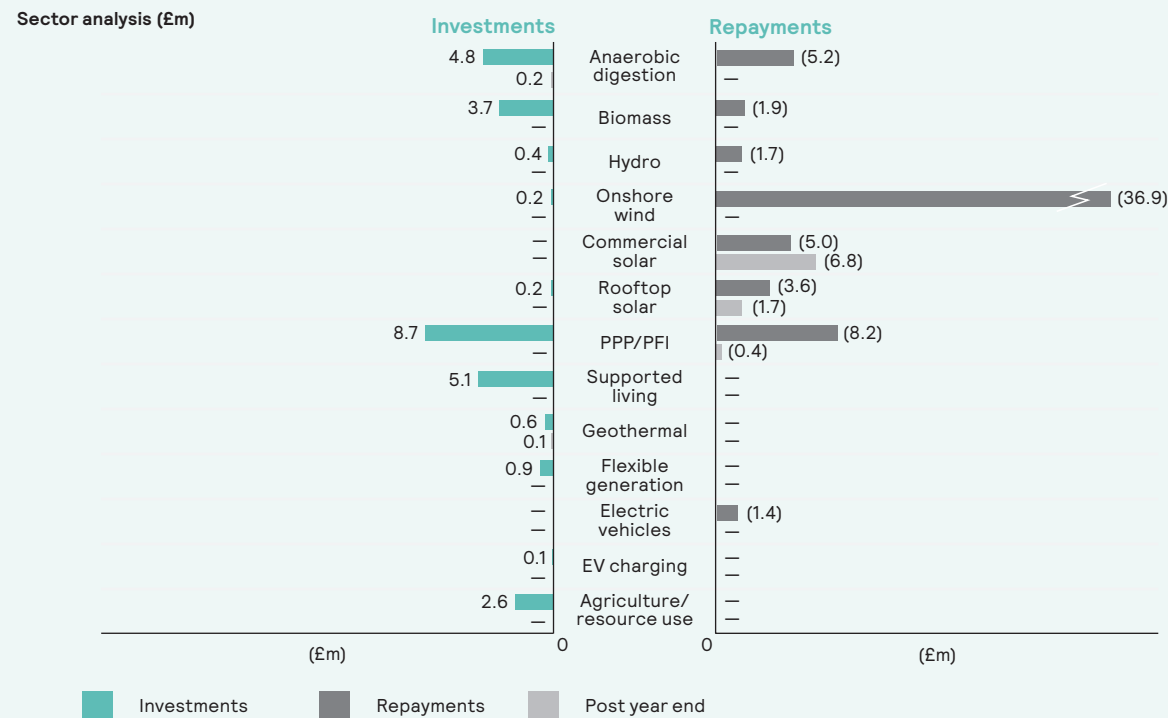
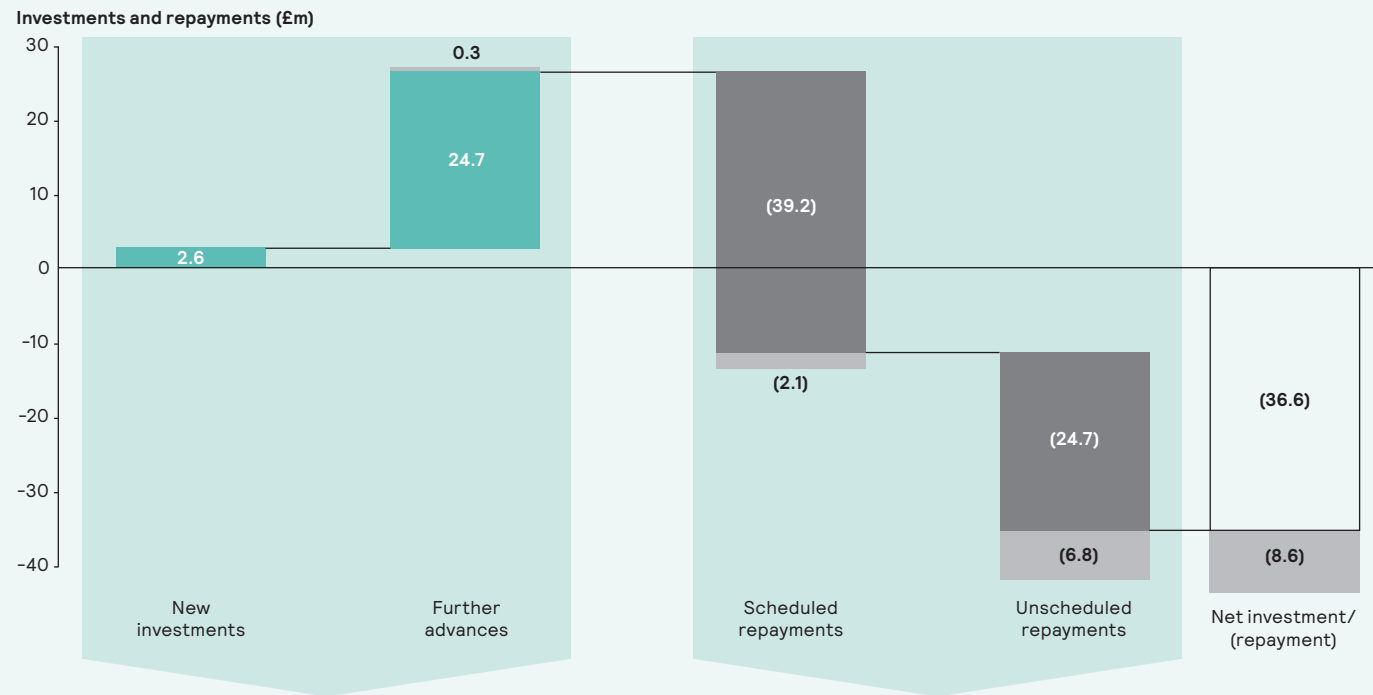
Top ten project service providers	% of total portfolio
WPO UK Services Limited	21%
PSH Operations Limited	13%
Vestas Celtic Wind Technology Limited	11%
Solar Maintenance Services Limited	10%
A Shade Greener Maintenance Limited	9%
2G Energy Limited	6%
Pentair	4%
Atlantic Biogas Ltd	4%
Thyson	4%
Gloucestershire County Council	4%

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

Portfolio overview

In the reporting year, the valuation of the portfolio decreased from £1,046.6 million at the prior year end to £960 million. The principal value of the portfolio at 30 September 2024 was £965.3 million (30 September 2023: £1,001.1 million). Investments made and repayments received during the year are summarised in the chart below:

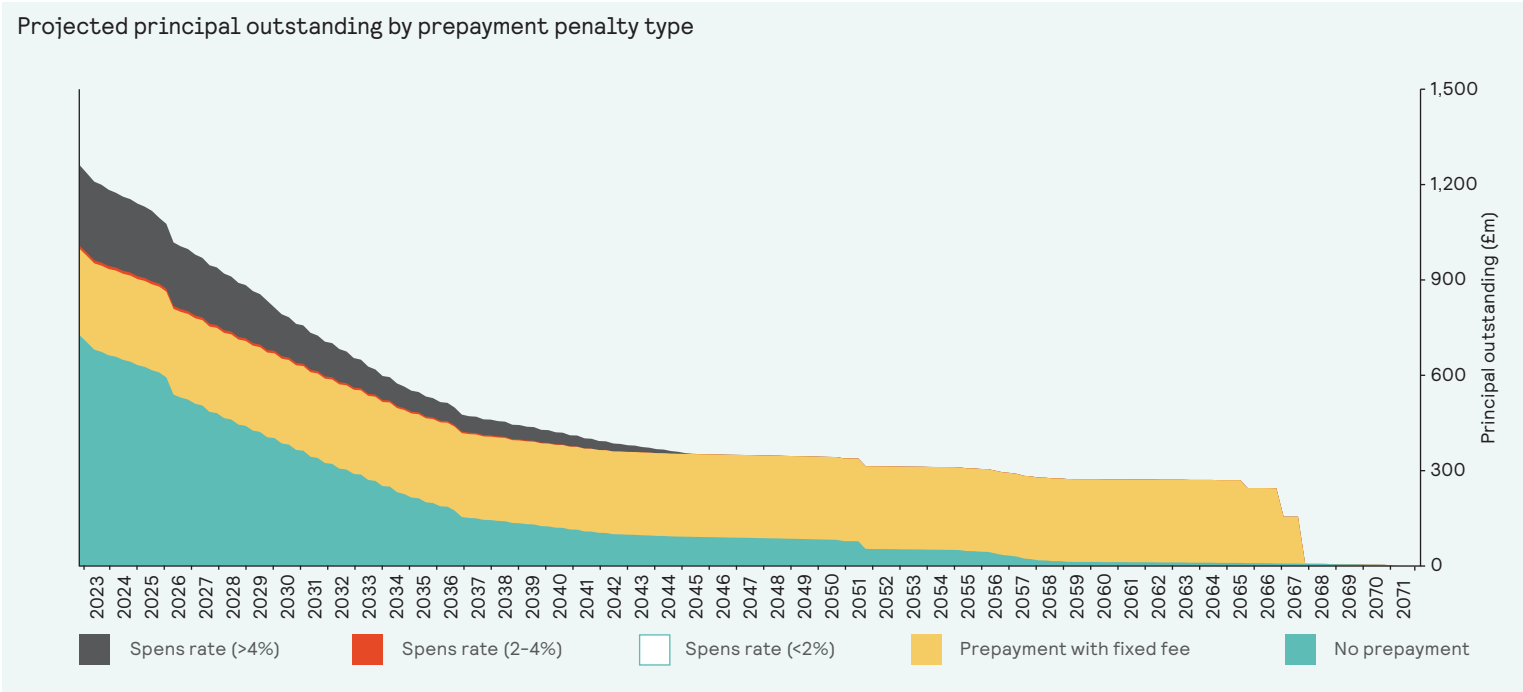
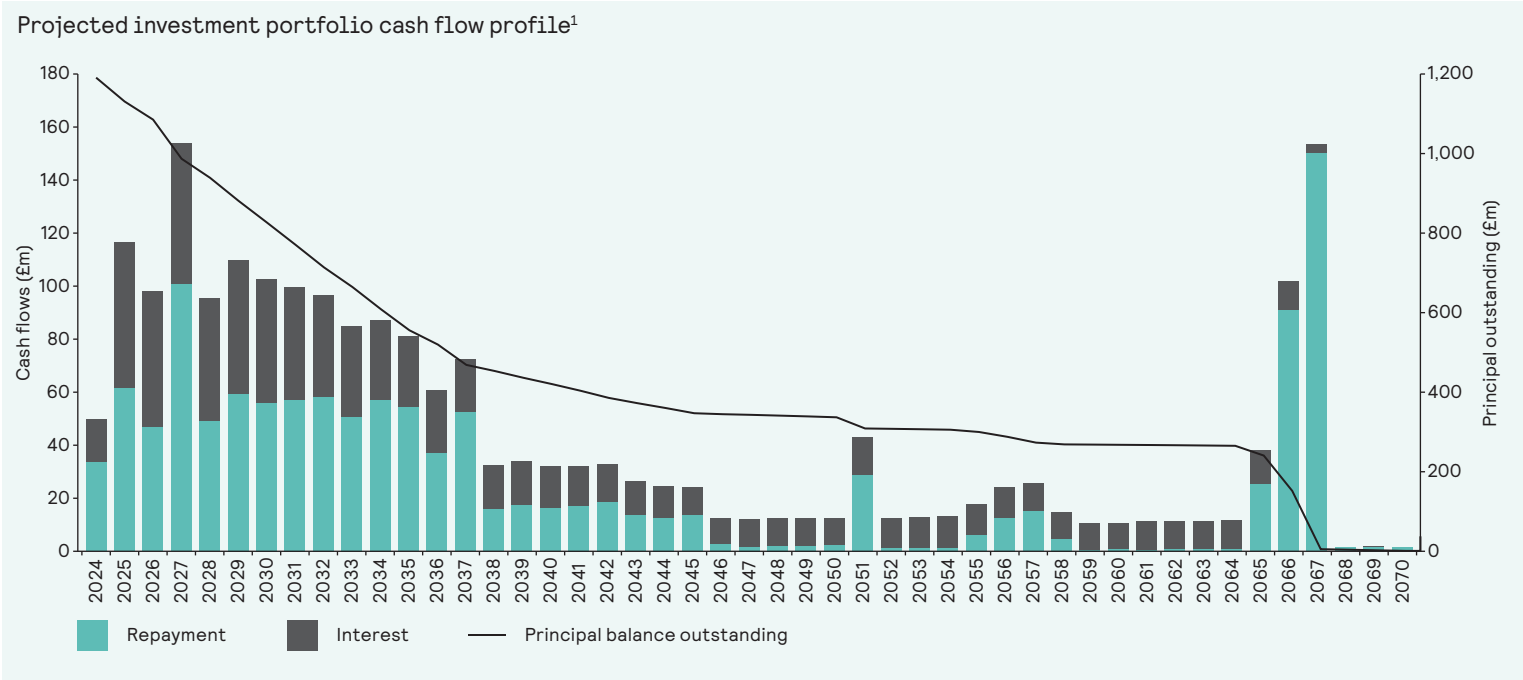
Investment analysis for year ended 30 September 2024



# Investment portfolio continued

## Portfolio overview continued

The charts below show the projected cash flows from the investment portfolio and the principal outstanding by prepayment penalty type.



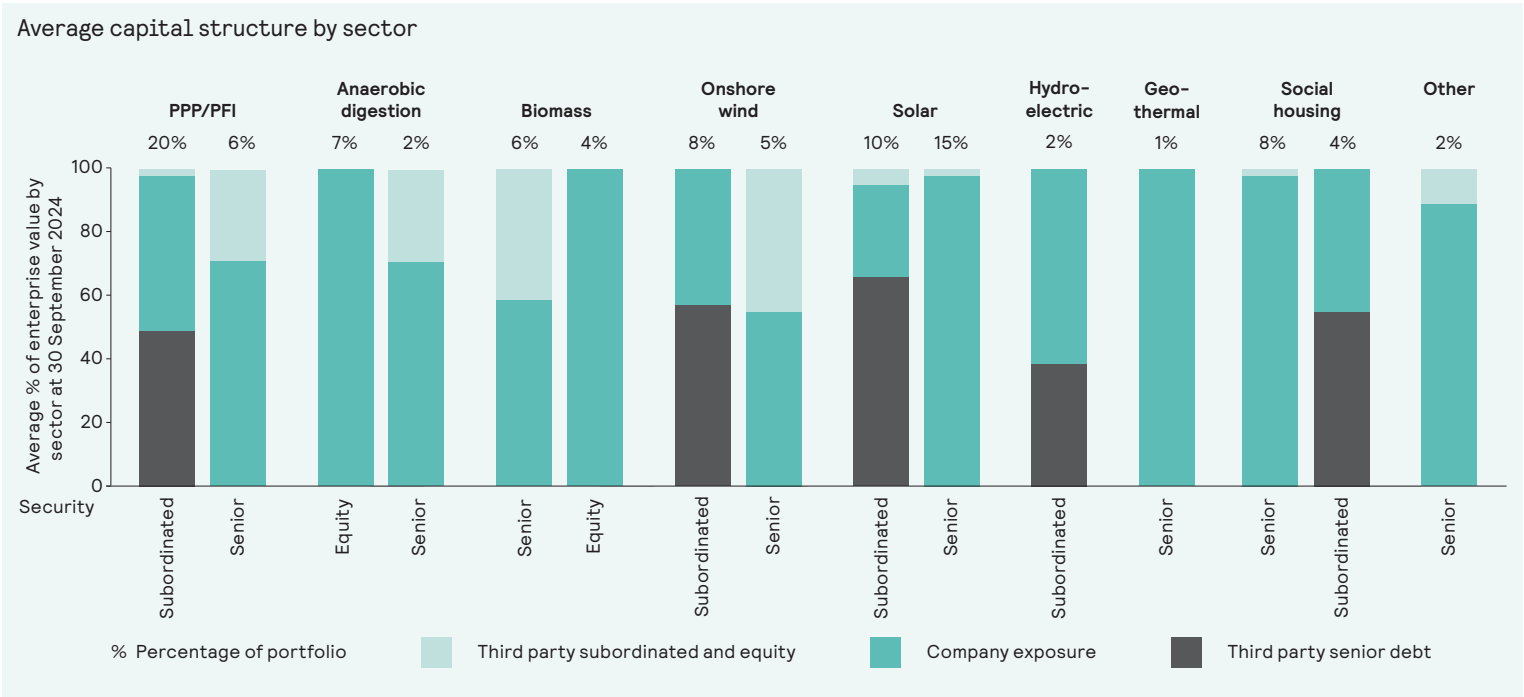
1. The bar for fourth quarter calendar period only.



Capital structure

As part of its investment portfolio, the Company has targeted investments across a number of asset classes and within different elements of the capital structure: senior, subordinated or equity.

The chart below shows, as a percentage of enterprise value, the average portion of the capital structure to which the Company has exposure. The dark green areas represent the Company's exposure in each sector, with the light green areas representing third party subordinated and equity (the first loss positions) and the dark grey areas representing third party senior debt positions.



Discount rates

The independent Valuation Agent carries out a fair market valuation of the Company's investments on behalf of the Board on a quarterly basis. The valuation principles used by the independent Valuation Agent are based on a discounted cash flow methodology. A fair value of each asset acquired by the Company is calculated by applying an appropriate discount rate (determined by the independent Valuation Agent) to the cash flow expected to arise from each asset. Further information is included in note 19.3 to the financial statements.

The weighted average discount rate used across the Company's investment portfolio at 30 September 2024 was 7.95%, compared to 7.69% at 30 September 2023. Increases to discount rates were applied by the independent Valuation Agent during the year as a result of the changes in gilt and wider credit markets, and with reference to market transactions. The third party independent valuation of the Company's portfolio at 30 September 2024 was £960 million (30 September 2023: £1,046.6 million). The principal value was £965.3 million (30 September 2023: £1,001.1 million) at the year end.

The valuation of investments is sensitive to changes in discount rates and sensitivity analysis detailing this is presented in note 19.3 to the financial statements.

## Investment portfolio continued

### Performance updates

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

### Valuation performance attribution

Driver	Description	Impact (£m)	Impact (pps)
<b>Tax computations</b>	Impact of the latest tax computations	1.1	0.13
<b>Principal indexation</b>	Contractual inflationary adjustment to loan principal	0.8	0.09
<b>Other inflationary movements</b>	Other inflationary mechanics across the portfolio	3.2	0.37
<b>Total upward valuation movements</b>		<b>5.1</b>	<b>0.59</b>
<b>Discount rates</b>	Increase in discount rates across the portfolio	(10.6)	(1.22)
<b>Power prices<sup>1</sup></b>	Power price movements in the year	(13.7)	(1.58)
<b>Energy yield assessment</b>	Updated portfolio energy yield assessment	(7.8)	(0.90)
<b>Project long-term budget</b>	Updates to the long-term budget for a waste wood power station	(5.6)	(0.65)
<b>Inflation forecast</b>	Inflation movements in the year	(3.4)	(0.39)
<b>Onshore wind asset outage</b>	One-off valuation adjustment to reflect an onshore wind asset outage	(2.0)	(0.23)
<b>Actuals performance</b>	Impact of renewables actual generation lower than forecast	(3.0)	(0.35)
<b>Other downward movements</b>	Other downward movements	(3.2)	(0.37)
<b>Total downward valuation movements</b>		<b>(49.3)</b>	<b>(5.69)</b>
<b>Interest receipts</b>	Net valuation movements attributable to the timing of debt service payments between periods	(7.6)	(0.88)
<b>Net realised gains</b>	Historic indexation realised on loan repayment	1.9	0.22
<b>Total other valuation movements</b>		<b>(5.7)</b>	<b>(0.66)</b>
<b>Total net valuation movements before hedging</b>		<b>(49.9)</b>	<b>(5.76)</b>
<b>Commodity swap - unrealised<sup>2</sup></b>	Derivative financial instrument entered into for the purpose of hedging electricity price movements	(0.4)	(0.05)
<b>Commodity swap - realised<sup>2</sup></b>		0.9	0.10
<b>Total net valuation movements after hedging</b>		<b>(49.4)</b>	<b>(5.71)</b>

1. Refer to commodity swap below.

2. The derivative financial instrument is utilised to mitigate volatility in electricity price movements as detailed above, refer to note 18 for further details.

### Pipeline of investment opportunities

The Company's focus this year has been on executing its capital allocation policy, however, it continues to engage with market participants to stay informed of transaction activity and potential investment opportunities across existing sectors and emerging technologies. With the current elevated Bank of England base rates, the cost of debt from banks, offered at a margin over SONIA, is higher than it has been historically, which means the Company is more competitive than it would be in a low-rate environment. Current market opportunities offer the potential to reinvest at a lower risk-adjusted return, or to seek out significantly higher returns. The Company also has potential follow-on investment opportunities in the existing portfolio, benefitting from the known credit of existing counterparties.

### Portfolio sensitivities

This section details the sensitivity of the value of the investment portfolio to several risk factors to which it is exposed. A summary of the overall investment portfolio risks, and the Investment Adviser's view of the changes in risk, can be found on pages 35 and 36. Sensitivity analysis to changes in discount rates on the valuation of financial assets is presented in note 19.3 to the financial statements.

### Renewable valuations

The table below 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 the market compensates such differences in assumptions 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 below, on a pence per share basis.

Assumption	Company approach	Lower valuations	Estimated NAV impact (pence per share)		Higher valuations
<b>Electricity price forecast<sup>1</sup></b>	Futures (three years) and Afry four quarter average long term. Electricity Generator Levy applied until 31 March 2028	Afry Q3 2024 Central-Low	(3.25)	3.57	Aurora Q3 Central 2024
<b>Capture prices (wind, solar)</b>	Asset-specific curve applied to each project	Higher capture prices	(0.60)	3.17	No capture prices
<b>Asset life</b>	Lesser of planning, lease, technical life (20–25 years)	Contractual limitations	—	2.83	Asset life of 40 years (solar) and 30 years (wind)
<b>Taxation</b>	Long-term corporation tax assumption of 25.0% from 1 April 2023	Long-term corporation tax assumption of 25.0% from 1 April 2023	—	0.68	Short-term corporation tax assumption of 25.0% then 19.0% thereafter
<b>Indexation</b>	OBR forecast in the short term, followed by long-term RPI of 2.5% and long-term CPI of 2.0%	OBR forecast in the short term, followed by long-term RPI of 2.5% and long-term CPI of 2.0%	—	0.29	0.5% increase to inflation forecasts

1. Lower valuations updated to reflect the Afry Q3 2024 Central-Low curve, compared to the previous year which used the Afry Q3 2023 curve.



## Investment portfolio continued

### Portfolio sensitivities continued

#### Inflation

A total of 47% of the Company's investments by 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 renewable assets) and 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 3.0%).

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

Sensitivity applied to base case inflation forecast assumption	(2.0%)	(1.5%)	(1.0%)	(0.5%)	0%	0.5%	1.0%	1.5%	2.0%
NAV impact (pence per share)	(6.09)	(4.69)	(3.21)	(1.64)	—	1.73	3.71	5.80	7.99

#### Electricity prices

A number of the Company's investments rely on market electricity prices for a proportion of their revenues. Changes in electricity prices may therefore impact a borrower's ability to service debt or, in cases where the Company has taken enforcement action and/or has direct exposure through its investment structure, it may impact overall returns.

The Company continues to account for the impact of the UK Government's Electricity Generator Levy on energy generators. However, power prices have softened significantly since the charge was implemented and are not forecast to be greater than the benchmark level (£75 per MWh) consistently in the future. As such, the impact on the Company's portfolio has been minimal. More broadly, the Company's approach of using the quoted futures price for the three year period immediately after a valuation date, and the Afry average thereafter, has not changed year-on-year.

Over the course of the year, both near-term futures prices and longer-term Afry projections have softened, and have displayed considerably less volatility than in recent years. In the short term, healthy European gas supplies have helped reduce price expectations, with levels significantly more stable than they were this time last year. In the long term, ambitious decarbonisation targets from the new Government, and the potential for new policies to incentivise deployment, have the potential to significantly change the future generation mix. The shift away from traditional thermal generation in the medium to long term and decreased technology costs have reduced the margin price of the system. Recent geopolitical developments in the Middle East and the continuing conflict in Ukraine have the potential to increase oil prices, which could feed through into electricity prices.

The table below shows the forecasted impact on the portfolio of a given percentage change in electricity prices over the full life of the forecast period, the impact on hedging arrangements in the period to expiry (31 March 2025), and the subsequent net impact on a pence per share basis. Further information on the Company's hedging arrangements is detailed on page 56 and in note 18 to the financial statements.

Sensitivity applied to base case electricity price forecast assumption	(10%)	(5%)	0%	5%	10%
Portfolio price sensitivity	(9.11)	(4.61)	—	4.46	8.92
Fixed PPA sensitivity	0.24	0.12	—	(0.12)	(0.24)
<b>Total</b>	<b>(8.87)</b>	<b>(4.49)</b>	<b>—</b>	<b>4.34</b>	<b>8.68</b>
Hedge sensitivity	0.02	0.01	—	(0.01)	(0.02)
<b>Net sensitivity (pence per share)</b>	<b>(8.85)</b>	<b>(4.48)</b>	<b>—</b>	<b>4.33</b>	<b>8.66</b>

#### Hedging

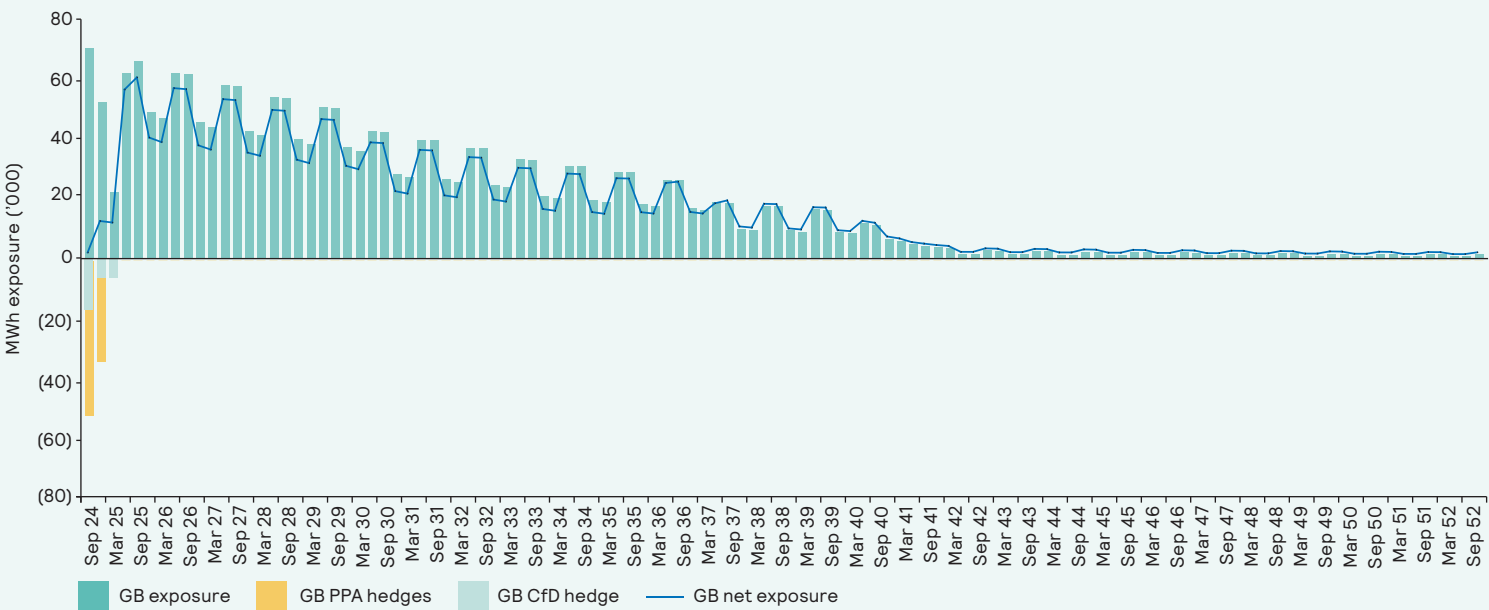
As further detailed in note 18 to the financial statements, the Company continues to engage in a hedging strategy, entering financial derivative arrangements to hedge a portion of its financial exposure to merchant electricity prices on a seasonal basis. The Company continues to lock in attractive electricity prices by fixing prices under PPAs at an asset level, as well as mitigating volatility through hedging arrangements at a Company level. During the year, the Company engaged with an additional hedge counterparty, diversifying its pool of potential hedge providers and optimising the rates offered.

The Investment Adviser and Board will continue to review the hedging strategy on an ongoing basis with the objective of mitigating excessive NAV volatility and managing risks relating to hedging, including credit and cash flow impacts.

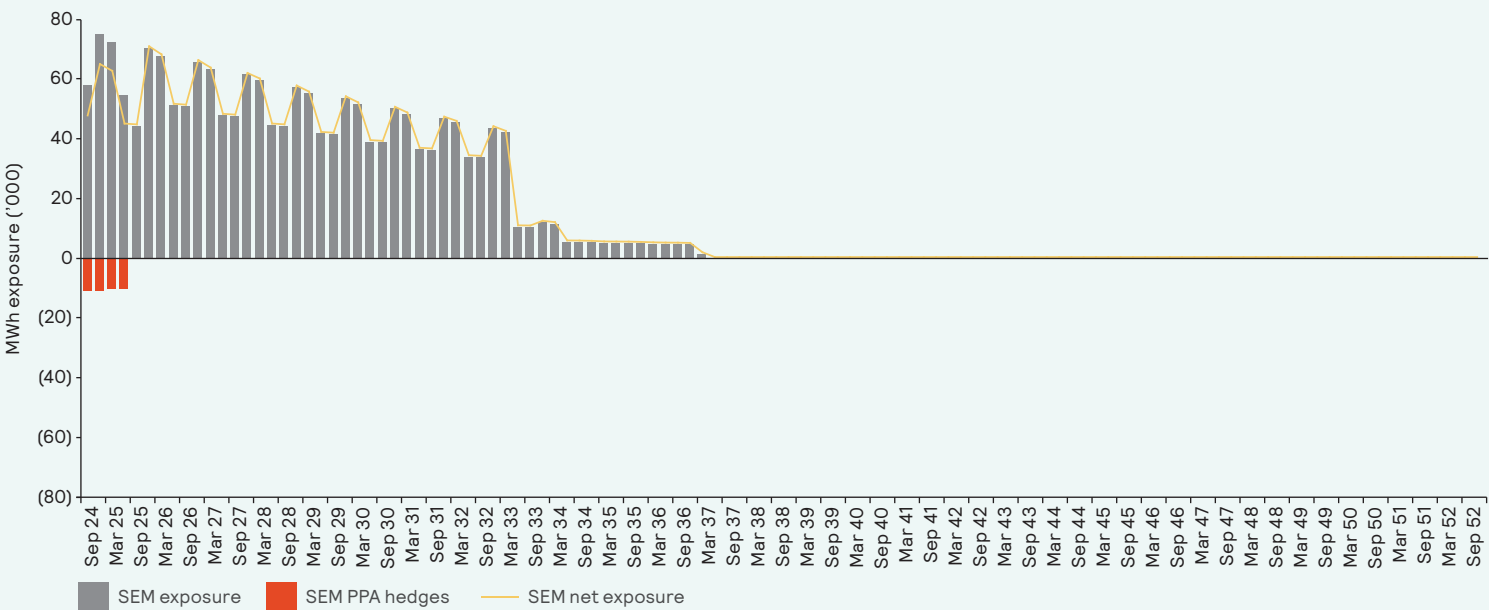
The charts below show the Company's financial valuation exposure to the GB market and the Irish single electricity market ("SEM"), alongside the offsetting fixed price hedges entered into as part of asset-level PPAs and the Company's commodity swap arrangement for the winter 2024/25 period with resulting net exposure positions.

The Investment Adviser and Board will continue to review the hedging strategy on an ongoing basis with the objective of mitigating excessive NAV volatility and managing risks relating to hedging, including credit and cash flow impacts, and any required responses to the implementation of a price cap.

Electricity price exposure – GB market



Electricity price exposure – SEM market



## Financial review

### Financial performance

It has been a challenging financial year for the Company, with investment revaluations driven by electricity prices and inflation negatively impacting profitability. This year has seen a material cooling in both factors. Refer to page 50 for analysis of valuation movements.

Total income generated by the Company was £38.3 million (30 September 2023: £51.7 million), comprising loan interest of £87.3 million, net unrealised valuation losses on investments of £51.8 million, net realised gains on investment disposal of £1.9 million and other income of £0.5 million (30 September 2023: loan interest of £80.8 million, net unrealised valuation losses on investments of £51.6 million and net realised gains on investment disposal of £0.1 million). Refer to note 3 for further information.

Net gains on derivative financial instruments at year end were £0.5 million (30 September 2023: £12.9 million), reflecting the electricity price hedging arrangements which locked in attractive price levels for the Company. Refer to note 18 for further information.

Total income was offset by operating costs for the year of £11.3 million (30 September 2023: £11.4 million) which include the Investment Adviser's fees, the Administrator's fees, the Directors' fees and other third party service provider costs.

These, and other operating costs, have remained broadly in line with previous years.

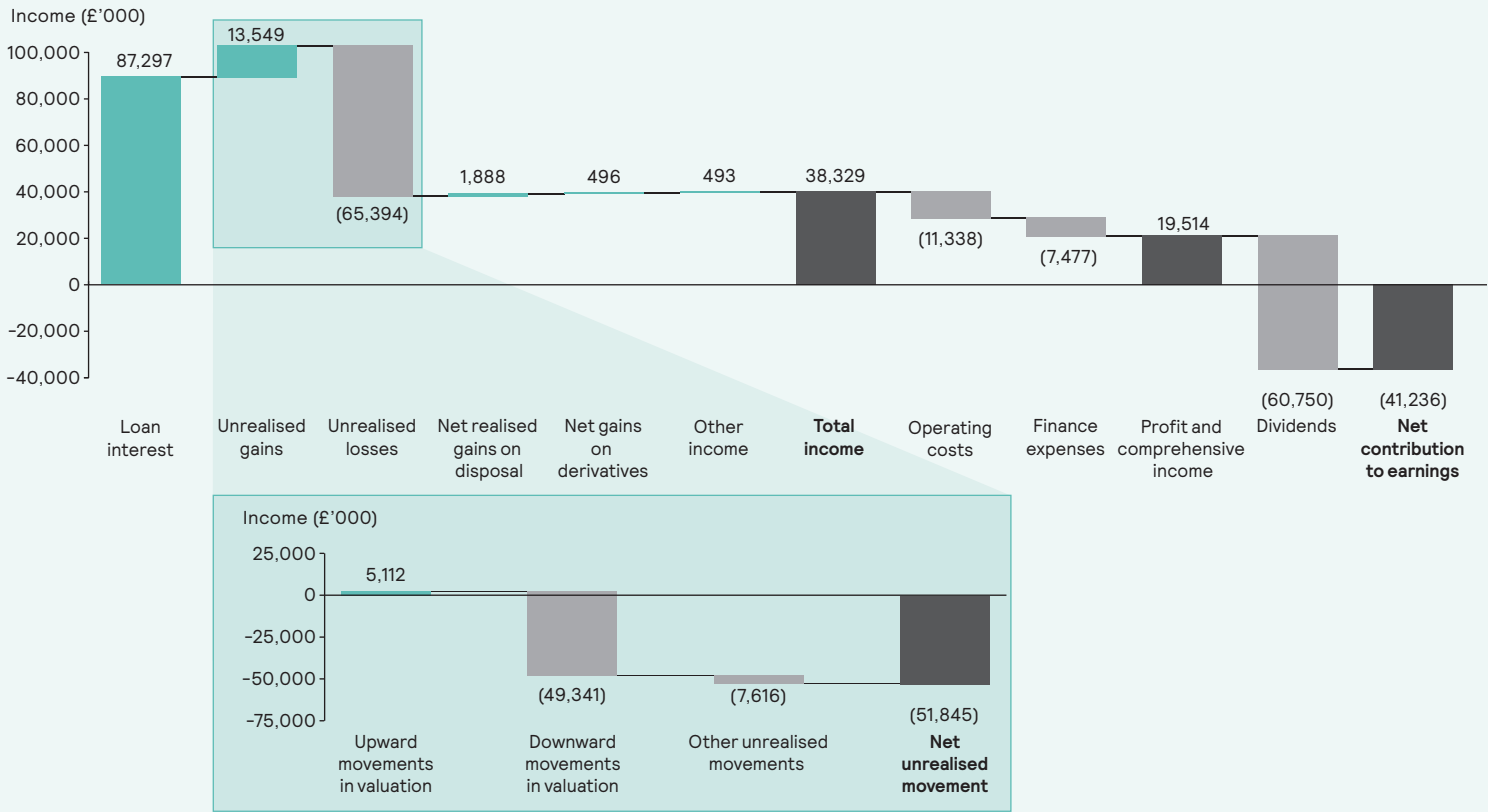
The Company remains modestly geared at the year end, with a loan to value<sup>1</sup> of 6.2%. Finance costs have decreased year-on-year to £7.5 million (30 September 2023: £9.4 million), due to the reduction in the drawn balance of the RCF following the net repayment of £47 million during the year.

Total profit and comprehensive income has decreased from £30.9 million in the prior year to £19.5 million. As previously noted, the year-on-year reduction was primarily attributable to investment revaluations in the year.

1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.



Income analysis – year ended 30 September 2024



# Financial review continued

## Revolving credit facility

The Company has credit arrangements of £150 million across four lenders: Lloyds, AIB, Mizuho and Clydesdale. At year end, £57 million was drawn and the terms in place are summarised below:

Facility	Size	Margin 2024	Expiry
RCF	£150m	SONIA +2.0%	March 2027

The RCF is due to expire in March 2027. The Investment Adviser completed the refinancing of the previous facility in March 2024, reducing total commitments by £40 million, in line with the Board's stated intention to reduce leverage by the end of 2024.

The total drawn balance of the facility has reduced from £104 million at 30 September 2023 to a materially reduced level of £57 million at year end following repayments of the RCF throughout the year.

Further details are disclosed in note 15 to the financial statements.

## Net assets

The net assets of the Company have decreased from £956.6 million at 30 September 2023 to £913.1 million at 30 September 2024. The Company's NAV per share has decreased from 109.79 pence at the prior year end to 105.22 pence at 30 September 2024, a decrease of 4.2%. This is primarily due to downward revaluations of investments as detailed on page 50.

## Cash generation

The Company received debt service payments of £129.0 million (30 September 2023: £136.8 million) during the year, comprising £65.1 million of cash interest payments and £63.9 million of loan principal repayments (30 September 2023: £58.8 million and £78 million). The Company paid cash dividends of £60.8 million during the year (30 September 2023: £61.8 million). The Company aims to manage its cash position effectively by minimising cash balances, whilst maintaining the financial flexibility to pursue a pipeline of investment opportunities. This is achieved through the active monitoring of cash held, income generated from the portfolio and the efficient use of the Company's RCF.

## Hedging

The Company entered into two separate arrangements to hedge its financial exposure to electricity prices during the year. The Investment Adviser recommended hedging c.75% of the Company's exposure to the GB market for the summer 2024 season at a fixed price of £62 per MWh and the winter 2024/25 season at a fixed price of £82.20 per MWh. The mark-to-market of the hedge at 30 September 2024 was a liability of £0.1 million. Further details on the Company's electricity price exposure and hedging strategy can be found on pages 52 and 53 and in note 18.

## Share price performance

The Company's total shareholder return<sup>1</sup> was 28.4% for the year (30 September 2023: -25.2%) and 101.8% since its IPO in 2010. During the year, the Company's shares have traded at a discount<sup>1</sup> to NAV, with an average of 32.4% for the year and a discount<sup>1</sup> of 25% at the year end. The shares have traded at an average premium<sup>1</sup> of 3.8% since IPO (30 September 2023: 7.9% premium<sup>1</sup> since IPO). The share price at 30 September 2024 was 78.60 pence per share (30 September 2023: 67.70 pence).

Further details on share movements are disclosed in note 16 to the financial statements.

## Dividends

The Company aims to provide shareholders with regular, sustained, long-term dividends. For the year ended 30 September 2024, the Company paid a dividend of 7.0 pence per ordinary share (30 September 2023: 7.0 pence).

The Board and Investment Adviser do not believe there have been any material changes in the Company's ability to service sustained and long-term dividends since the assessment in early 2021 that established a dividend target<sup>2</sup> of 7.0 pence per share. As such, the Company has set a target<sup>2</sup> at the same level, 7.0 pence per ordinary share, for the forthcoming financial year.

1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.  
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.

**Dividend cover**

In determining the dividend target<sup>1</sup> for the forthcoming financial year, the Board and Investment Adviser reviewed the sustainability of the dividend level against various metrics, most notably the APM based on interest income accruing to the benefit of the Company from the underlying investment portfolio, which is loan interest accrued<sup>2</sup>.

The Board recognises there are various methods of assessing dividend coverage. The Board and the Investment Adviser consider this metric to be a key measure in relation to the ongoing assessment of dividend coverage alongside earnings cover<sup>2</sup> calculated under IFRS. The loan interest accrued<sup>2</sup> metric adjusts for the impact of pull-to-par, which is a feature of recognising earnings from the investment portfolio presented under IFRS.

	Notes	30 September 2024		30 September 2023	
		£'000	pps	£'000	pps
Earnings cover <sup>2</sup>					
Total profit and comprehensive income		19,514	2.25	30,905	3.50
Dividends paid in the year	9	60,750	7.00 <sup>3</sup>	61,785	7.00
<b>Earnings cover<sup>2</sup></b>			<b>0.32</b>		<b>0.50</b>
	Notes	30 September 2024		30 September 2023	
		£'000	pps	£'000	pps
Adjusted earnings cover <sup>2,4</sup>					
Loan interest accrued <sup>2</sup>		79,808	9.20	86,911	9.86
Other income	3	493	0.06	9,544	1.08
Total expenses	5, 19	(11,338)	(1.31)	(11,422)	(1.30)
Finance costs	6	(7,477)	(0.86)	(9,378)	(1.06)
Adjusted net earnings <sup>2</sup>		61,486	7.09	75,655	8.58
Dividends paid in the year	9	60,750	7.00 <sup>3</sup>	61,785	7.00
<b>Adjusted earnings cover<sup>2</sup></b>			<b>1.01</b>		<b>1.23</b>
	Notes	30 September 2024		30 September 2023	
		£'000	pps	£'000	pps
Cash earnings cover <sup>2,4</sup>					
Adjusted loan interest received <sup>2</sup>		74,426	8.58	69,613	7.89
Total expenses paid <sup>2</sup>		(10,612)	(1.22)	(11,016)	(1.25)
Finance costs paid		(6,550)	(0.75)	(8,716)	(0.99)
Total net cash received <sup>2</sup>		57,264	6.61	49,881	5.65
Dividends paid during the year	9	60,750	7.00 <sup>3</sup>	61,785	7.00
<b>Cash earnings cover<sup>2</sup></b>			<b>0.94</b>		<b>0.81</b>
	Notes	30 September 2024		30 September 2023	
		Shares		Shares	
<b>Weighted average number of shares</b>	10	<b>867,940,448</b>		<b>881,850,353</b>	

Further analysis on dividends is shown in note 9 to the financial statements.

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 170 to 172.
3. Includes 2023 fourth interim dividend of 1.75 pence per share paid in the 2024 financial year.
4. Principal repayments are excluded for the purpose of calculating dividend cover.



## Sustainability

# Statement from the Chair of the Sustainability committee



**Dawn Crichard**  
Chair of the Sustainability committee

I am pleased to present the sustainability report for the Company for the year ended 30 September 2024. As Chair of the Sustainability committee, I am excited to share the progress the Board has made against the Company's ESG objectives as described in the 2023 annual report, as well as our plans for the future.

This year, the Company introduced a formal ESG policy, which formalises its ESG processes. The Investment Adviser also obtained B Corp certification, formalising its sustainable and long-term business model, and providing a rigorous framework against which to benchmark its sustainable activities. The Investment Adviser improved its PRI score for the second consecutive year, highlighting its commitment to continual improvement in its ESG focus and reporting. Both achievements complement the Company's Green Economy Mark from the LSE, which was awarded in 2020 in recognition of the Company's contribution towards driving a greener economy.

Infrastructure has a positive purpose and the Company's assets have a strong social and environmental impact. The Board aims to enhance the integration of ESG criteria in the Company's operations, ensuring that the portfolio not only addresses the current needs of stakeholders, but is also able to adapt to future challenges and needs. The Company finances infrastructure which benefits end users in society and its portfolio contributes to the generation of renewable energy. The Board is committed to creating a positive social and environmental impact through the Company's investments.

With the election of the new Government in July 2024, it is evident there may be greater opportunity for private investment in the renewable energy infrastructure sector.

The new Government has pledged to work with the private sector to double onshore wind, triple solar power and quadruple offshore wind by 2030, with increased spending across the renewable energy infrastructure sector. The Company's investments in financing renewable energy assets are pivotal to this journey, with 62% of the portfolio generating 1,320 GWh of renewable energy this year, sufficient to power 488,842 average households<sup>1</sup>.

The Company's investments in the supported living sector provide support for vulnerable adults, helping those in the community that need it the most. These properties blend specially adapted residences with purpose-built facilities, facilitating the delivery of high-quality supported living services.

PPP/PFI assets in the Company's portfolio are integral to the functioning of UK society, and provide long-term partnerships with the public sector. Within this sector, the Company's investments span education, healthcare, waste, leisure and housing. Highlights include investments secured against 49 schools which offer 26,196 school places and 40 healthcare facilities providing beds for 1,649 patients.

There is no doubt that investing in clean energy infrastructure is key to protecting our planet from climate change. The Company aims to build a sustainable and positive future through its investments in renewable energy, supported living and PPP/PFI projects. This is a future that combines social responsibility with environmental stewardship.

1. Source: Ofgem, average gas and electricity usage.





## ESG policy

The Company has strong ESG credentials, demonstrated through the positive impact of its portfolio. The Company invests in assets that are integral to society, including those that contribute to a greener economy. As a result, the Company aligns with certain SDGs, which promote sustainable development globally through social, economic and environmental initiatives.

This year, the Company implemented an ESG policy to formalise its ESG processes and ensure its responsible investment practices align with the Investment Adviser's Responsible Investment policy.

The ESG policy addresses three key areas, outlined below:

### Investment policy

The Company seeks investment opportunities which generate sustainable returns whilst simultaneously having a positive environmental and social impact. This is achieved through positive and negative ESG screening, detailed ESG due diligence and comprehensive ongoing monitoring and engagement.

### Corporate governance

The Board is committed to undertaking its activities in a carbon-neutral manner, utilising carbon offsetting measures where necessary.

The Board seeks to govern the Company in accordance with all applicable laws, rules and regulations, as well as corporate governance best practice.

The Board has established a Sustainability committee responsible for developing, implementing and monitoring the Company's ESG policies and procedures.

The Board aims to fully comply with the recommendations of the TCFD and consider other similar initiatives.

### Activities of key service providers

The Company seeks to influence its main service providers to ensure they are following best practice regarding ESG matters.

The ESG policy is split into seven sections, covering screening, ESG due diligence, monitoring and engagement, corporate governance, modern slavery, corporate ESG initiatives and ESG frameworks.

The ESG policy can be found on the Company's website.



## Sustainability continued

# Q&A with Dawn Crichard, Chair of the Sustainability committee

**Q** How does the Company approach climate change risk, and what specific measures has it taken to reduce the carbon footprint of its portfolio?

**A** The Company includes climate change risks within the emerging risks category of its risk management framework. Climate change risks are both physical and transitional, and the Board considers climate change risks a long-term issue. The impact of climate change on the Company's portfolio is monitored by the Board, the Sustainability committee and the Investment Adviser. This includes monitoring and assessing the impact of changing Government policies on the investment portfolio and the Company as a whole. The Investment Adviser, on behalf of the Company, carries out an annual climate risk assessment for each underlying portfolio asset to assess the actual and potential impact of climate-related risks across the portfolio. The analysis considers both physical and transition risks for each asset and is supported by expert third party consultants.

The carbon impact of infrastructure contributes to a significant proportion of the UK's national emissions from a construction, operation and maintenance perspective. In many cases, the UK's existing infrastructure was not originally designed and constructed with global warming in mind.

The Investment Adviser has sought to encourage energy efficiency projects at portfolio assets where there are opportunities to do so; for example, the Company's 'SolarCatcher' initiative supported the installation of solar panels and electric vehicle charging points at schools in England to help reduce energy costs and incentivise increased electric vehicle uptake among employees.

As the Company is a debt provider that doesn't own or control 94% of assets in the portfolio, there are certain limitations in the Company's influence on portfolio assets. As such, the Company is limited in its capacity to reduce the carbon emissions of its assets but it can influence them by supporting energy-saving schemes.

**Q** What steps has the Sustainability committee taken to promote diversity, equity and inclusion ("DEI")? How does it maintain progress in these areas?

**A** The Board considers DEI an important factor in ensuring all Board members have the right balance of skills, experience and independence to make informed and knowledgeable decisions. The right blend of perspectives is critical to ensuring the success of the Company. The Board monitors the DEI criteria of the companies it invests in through its annual data collection project.

The Board maintains 49% gender diversity of SPV company boards, increasing from 36% in the previous year. The Board and the Investment Adviser recognise that gender diversity is a challenge in the investment industry, and that a concerted and collaborative effort is required to make the financial services sector more open and attractive for women at all levels of seniority. As such, the Investment Adviser supports the Young Women Into Finance Scholarship programme, a not-for-profit social organisation dedicated to the eradication of gender bias for new graduates entering the finance industry.

The Investment Adviser also participated in the 10,000 Black Interns programme this year for the second year, which offers paid internship opportunities across more than 25 sectors, along with training and development opportunities.

This commitment to paid internships reflects the Investment Adviser's passion for inspiring change and helping young people achieve a career in the investment industry.

**Q** What are the Board's expectations regarding ESG reporting and transparency from portfolio companies? How does the Investment Adviser ensure companies are meeting these standards and the data they provide is reliable?

**A** The Investment Adviser carries out an annual data collection project to collect material ESG metrics from the underlying portfolio. The process involves the Investment Adviser's portfolio management team liaising with each asset operator to obtain relevant ESG data on the underlying portfolio assets. In addition, key relevant ESG indicators are monitored by the Investment Adviser's portfolio management team. The Investment Adviser seeks to engage with equity owners and/or operators of projects to understand the ESG factors relevant to those projects or properties, and, where possible, use influence as a lender of capital or investor to manage exposure to ESG risks.



This year, GHG emissions verified data was 74%, compared to 53% in the prior year. This increase in supporting evidence for Scope 1, 2 and 3 suggests that, with the support of the Investment Adviser, underlying assets are becoming more familiar with the data collection project. Changes in carbon footprint data are monitored over time and reported on in the annual report.

For the second year, the Company utilised the services of Aardvark, an independent external ESG certification service who provide independent and impartial auditing and certification services. Aardvark reviewed the outputs from the data collection project, verifying the calculated carbon emissions were correct and provided limited assurance. As part of this, Aardvark reviewed primary evidence supporting the data collection and, where this was absent, they reviewed the reliability of secondary data. Aardvark have also made recommendations on how the Company can improve its data collection so that it can prepare for a reasonable assurance process in future.

The Company engaged Terra Instinct, a sustainability advisory firm, to perform a gap analysis on the Company's TCFD disclosures and climate risk assessment. The gap analysis examined the Company's current approach to the disclosures and climate risk assessment, identifying specific areas for recommendations on how it could be improved.

In addition, new investments provide the opportunity to include data requirements as part of the loan documentation.

**Q** How does the Sustainability committee and the Investment Adviser ensure that the Company is capitalising on Government policy initiatives that support increased investment in sustainability?

 Government policy supporting infrastructure investment is likely to grow with the new Government's ambitious decarbonisation targets. The new Government has ambitions to accelerate the deployment of renewable energy, which is expected to involve a massive overhaul of the UK renewable energy sector and is set to increase incentives for private investment in renewable energy infrastructure. As an experienced infrastructure provider, the Company is well placed to capitalise on Government policies that incentivise this investment.

As such, increased Government policy support in this area may incentivise the Company to expand into new areas for investment, and as part of this, the Sustainability committee works with the Investment Adviser to incorporate and monitor sustainability considerations into the investment process. In addition, the Investment Adviser is an experienced investor in new and existing green technologies and opportunities. This experience enables the Company to react quickly to new Government initiatives and the Board regularly reviews and monitors these opportunities.




**Q** What metrics or benchmarks does the Board use to measure the success of its ESG policies over time?

 As the Company invests in infrastructure that is integral to society, the Company's activities align with certain SDGs, as outlined by the UN. When developing the Company's focus areas, the Board considered the SDGs that have the highest materiality to the Company and sector and the SDGs that it may have an impact on, as well as those that have the highest impact on stakeholders. The SDGs are important to investors and there is a strong business case for investing in sectors aligned with the SDGs. The Company reports its alignment with the SDGs to highlight its responsible investment efforts. This reporting is key to building trust, transparency and accountability with stakeholders. The Investment Adviser also reports its responsible investment activities to the PRI through its annual assessment process. The PRI reporting process is the largest global reporting project on responsible investment. This year, the Investment Adviser improved its PRI assessment score, scoring an average of 80 points out of 100, with scores higher than the median in each category. Refer to page 64 for more information.






Sustainability continued

ESG integration

Governance			Reporting		
2023	<p>The Sustainability committee reviewed and updated the Company's Modern Slavery statement.</p>	<p>Blackcraig Wind Farm achieved a GRESB rating of four green stars and 90 out of 100 points.</p>		<p>The Company continued to develop its data collection project, and collection of ESG metrics and targets.</p>	<p>The Company appointed an external consultant to review carbon emissions data.</p>
		<p>The Investment Adviser achieved its aim of carbon neutrality by 2023.</p>	<p>The Investment Adviser considered the application of the SFDR to the Company and undertook training on the topic.</p>	<p>The Investment Adviser expanded its Responsible Investment report to include additional information under TCFD.</p>	
2024		<p>The Investment Adviser achieved B Corp certification with a score of 99.4.</p>	<p>Biodiversity and DEI considerations were added to the ESG due diligence process, as well as a climate risk assessment for all new investments.</p>	<p>Engaged Terra Instinct to perform a gap analysis on the Company's climate risk assessment.</p>	<p>Expanded TCFD reporting to include all physical risks in a 2°C global warming scenario.</p>
	<p>The Company formalised and published an ESG policy, which encompasses all aspects of responsible investment.</p>	<p>The Investment Adviser began a process which ensures each potential asset undergoes a credit risk assessment that incorporates ESG risk.</p>		<p>Continued to work with Aardvark to review the data collection project and verify the calculated carbon emissions data, working towards reasonable assurance in the future.</p>	
2025 (and further)	<p>The Company and Investment Adviser to apply lessons learnt and best practice across the portfolio where appropriate.</p>	<p>Work with borrowers to understand where the Company can support them in their diversity ambitions.</p>	<p>The Company to consider further initiatives to reduce carbon emissions across the portfolio and at the Investment Adviser.</p>	<p>The Company to consider further ESG metrics and targets and improve data collection coverage and quality.</p>	<p>The Company to continue its project to obtain reasonable assurance over its carbon emissions data.</p>
	<p>Continue to embed ESG considerations into the investment process more broadly, utilising third party consultants as appropriate.</p>	<p>The Company to consider publishing a separate Human Rights policy.</p>	<p>The Investment Adviser to continue reviewing responsible investment practices to improve its B Corp score over time.</p>	<p>Continue to prepare to report under new ISSB standards that are applicable to the Company.</p>	<p>Consider recommendations from the ESG consultants with a view to implementing in future years.</p>

The Company and the Investment Adviser have made considerable progress with integrating ESG considerations across the Company.

Awareness

The Company broadened its TCFD reporting to include a partial 2°C warming scenario under strategy c) disclosures.		The Company expanded its climate risk assessment to include opportunities and a partial 2°C climate scenario.		The Investment Adviser introduced biodiversity considerations into its investment process and ran biodiversity training for staff members.		The Investment Adviser funded three ESG-focused internships to support the work on the Company's ESG strategy and to assist with the data collection project.		2023
The Investment Adviser reviewed the potential biodiversity impact for two portfolio assets and undertook training on biodiversity net gain opportunities.								
Analysed the UK's SDR and investment label rules.		Engaged Terra Instinct to perform a gap analysis on the Company's TCFD disclosures.		The Investment Adviser continued its involvement with the 10,000 Black Interns programme and the Young Women Into Finance programme.		The Investment Adviser participated in a mid-term review by Investors in People to review its status.		2024
Terra Instinct undertook analysis to prepare the Company for future reporting under the ISSB published standards.								
Consider material and relevant specific ESG targets for the Company under TCFD metrics and targets c) disclosures.		The Company to continue developing its climate risk assessment in line with best practice recommendations.		The Company to implement biodiversity net gain reporting for portfolio assets.		The Company to produce a separate ESG report.		2025 (and further)
Assess the feasibility of making the data collection process a half-yearly exercise and develop training in this area.		Consider reporting under SDR when the Company is brought into scope.		Continue to work with partners to offer further internships with the Investment Adviser.		The Investment Adviser to introduce a formal recruitment policy which incorporates DEI criteria where possible.		
								



Sustainability continued

Responsible Investment

Investment process

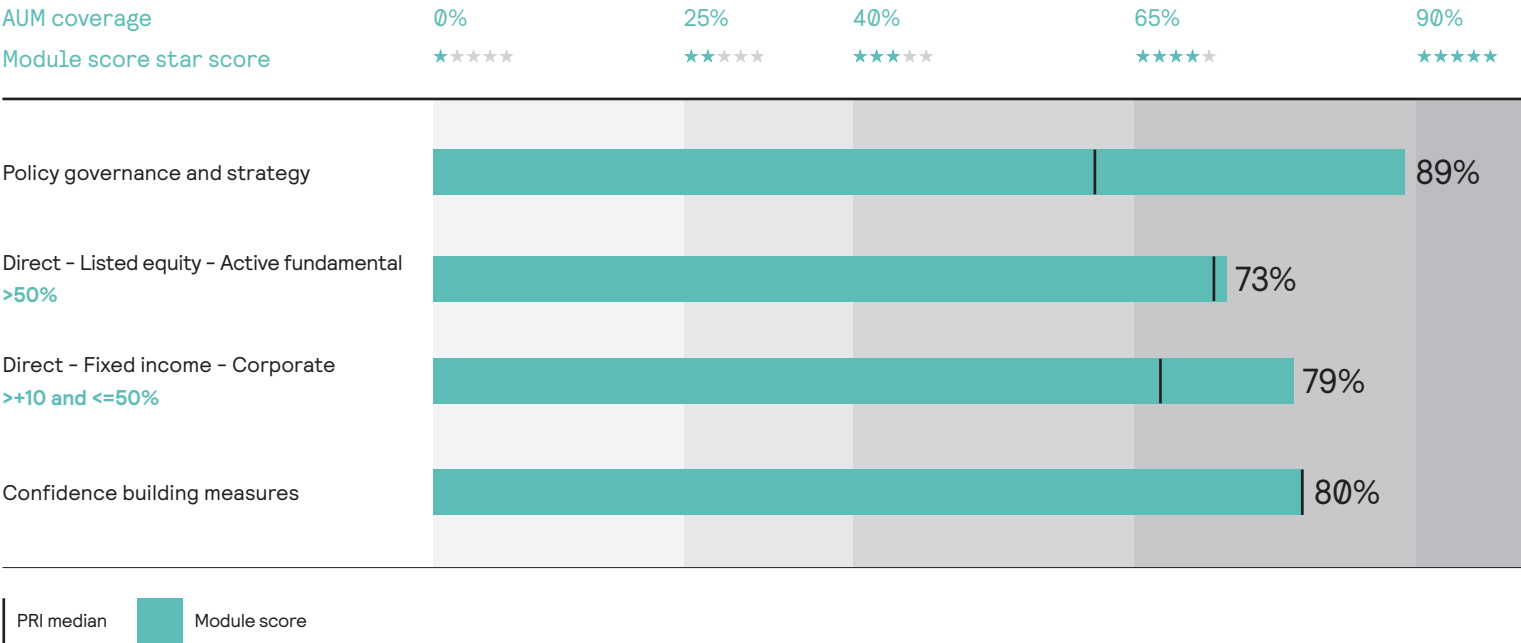
The Investment Adviser has been a signatory to the PRI since 2019. The PRI, established in 2006, is a global collaborative network of investors working together to put the six principles of the PRI into practice. The Investment Adviser recognises that applying these principles better aligns its investment activities with the broader interests of society and has committed to their adoption and implementation. ESG considerations are integrated into the Company's investment decisions and are led by the investment team.

As part of its responsibilities as a signatory to the PRI, the Investment Adviser is required to report publicly on its responsible investment activities each year. In turn, it receives a PRI assessment report. The assessment uses the reported information of signatories and outlines how signatories' responsible investment practices compare year-on-year, across asset classes, and with peers at a local and global level.

This year, the Investment Adviser improved its PRI assessment score, scoring an average of 80 points out of 100 and four out of five stars for each category. Areas of improvement from this year's score were policy, governance and strategy, which improved by a total of nine points, and fixed income, which also increased by nine points. This was an improvement on 2022's score of an average of 76 points.



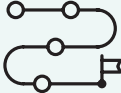

The Investment Adviser continued to score higher than the median in each category. The chart below provides further information on the Investment Adviser's results.

Investment Adviser PRI scorecard - year to 31 December 2023



Responsible Investment policy

The Investment Adviser’s Responsible Investment policy is integrated into investment management processes and incorporates pre-investment, active ownership and governance processes, as detailed below.

Pre-investment		Active ownership	
			
<b>Deal screening</b>	<b>ESG due diligence processes</b>	<b>Monitoring and engagement</b>	<b>Reporting</b>
<p>Investment management processes positively screen for investments that promote sustainability, conform with the Investment Adviser’s values and benefit society, including, but not limited to, the areas of climate change mitigation and adaptation, energy transition, critical infrastructure, decarbonising transportation, affordable living, social housing, education and healthcare.</p> <p>The screening excludes investments which focus on non-medical animal testing, armaments, alcohol production, pornography, tobacco, coal production and power, and nuclear fuel production. Investments with ongoing or persistent involvement in human rights abuses are also excluded.</p>	<p>Prior to a new investment being approved, the relevant investment team assess how the investment fares against key relevant ESG criteria and includes an assessment of ESG characteristics in every investment proposal submitted to the Company’s Investment committee for approval.</p> <p>The assessment typically covers ESG-related risks and opportunities, and, to the extent applicable, relevant policies and procedures, alignment with industry or investment-specific standards and ratings, and compliance with relevant ESG-related regulation and legislation.</p> <p>This year, the Company added biodiversity to the ESG due diligence process, as well as DEI. A climate risk assessment was also added for all new investments.</p>	<p>Following execution and investment, key relevant ESG indicators are monitored by the Investment Adviser’s portfolio management team. The Investment Adviser seeks to engage with equity owners and/or operators of projects to understand the ESG factors relevant to those projects or properties, and, where possible, use influence as a lender of capital or investor to manage exposure to ESG risks.</p>	<p>The Investment Adviser reports on an annual basis, with its Responsible Investment report published each year. The Responsible Investment report sits alongside a PRI report, which summarises the Investment Adviser’s responsible investment activities.</p> <p>The Investment Adviser applies the recommendations of the TCFD in its own reporting and encourages the application of the TCFD framework in it’s funds, in line with reporting requirements.</p>

Governance and responsibilities	
<p>The Investment Adviser operates a Responsible Investment committee which comprises senior personnel from across the business, including two representatives from the team that provide investment advice to the Company. The committee is responsible for all aspects of the Investment Adviser’s Responsible Investment policy, including oversight of ESG initiatives, reporting, regulatory compliance, staff training and making recommendations to the board of the Investment Adviser.</p> <p>The Investment Adviser has a clearly defined governance structure with detailed processes that cover business operations, including investment management and portfolio monitoring and reporting.</p>	<p>In addition to its board, the Investment Adviser employs a team of professionals with in-depth experience in the investment industry and asset classes.</p> <p>The Investment Adviser’s approach to stewardship and engagement is based on the Principles of the UK Stewardship Code 2020 and is in line with its philosophy on responsible investing.</p>

# Sustainability continued

## Responsible Investment continued

### Portfolio governance

Governance at the Company level is clearly managed and articulated to achieve the Company's investment strategy, including managing risks and creating a positive environmental and social impact. The Investment Adviser engages with the underlying assets' boards to enhance governance at the portfolio level. Investment documentation issued by the Company includes standard provisions to ensure effective governance within investee companies including compliance by these companies with applicable environmental, health and safety, anti-money laundering, know your customer and employment requirements.

During the year, the Investment Adviser continued to develop its climate risk assessment process for each underlying portfolio asset. The process assesses the actual and potential impacts of climate-related risks and opportunities across the portfolio and considers both physical and transition risks and transition opportunities for each asset. Further information can be found on pages 74 to 79.

The directors and employees of the Investment Adviser sit on the boards of, and control, the 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. The Company collects diversity data on new investment opportunities and the Investment Adviser includes diversity data in its responsible investment checklist, collecting data from potential borrowers that approach the Company. Diversity data is also collected from borrowers as part of the data collection project.

The Board and the Investment Adviser value relationships with borrowers, ensuring time is spent building and maintaining these relationships. Engagement takes the form of regular interaction with the borrowers by the portfolio management teams, including periodic site visits to the underlying assets and their managers. Site visits are an important aspect of the portfolio management role and have both technical and commercial benefits. They allow the Investment Adviser to assess the performance of both asset and contractor and investigate any important project issues that arise.

Furthermore, site visits give the Investment Adviser the opportunity to understand the operations and relationships important to each project and its long-term success. Where the Company is exposed to RPs that have been graded as non-compliant in respect of governance, the Investment Adviser has been working with the RPs to improve processes, people and systems in seeking to address the RSH's governance concerns. Refer to pages 40 and 41 for further information.

In the financial year, 22 site visits were conducted, representing 25% of the portfolio by value and 24% of all SPV companies, including visits to the UBB Waste project (refer to page 39), and renewables and PPP/PFI assets in various UK locations.

### SDR

During the year, the Company analysed the new Policy Statement on Sustainability Disclosure Requirements ("SDR") and investment labels. This Policy Statement sets out the UK FCA's final rules on anti-greenwashing, a new labelling regime, naming and marketing rules, product and entity-level disclosures, as well as distributor obligations. As the Company is domiciled in Jersey, it is a non-UK AIF and is therefore unable to use a sustainability label at present. If HMT extends the SDR regime to overseas funds, the Company will consider the implementation of a label. The Company is currently in compliance with the anti-greenwashing rules issued under SDR.

### Data collection project

This year, the Investment Adviser continued to improve its data collection project to collect material ESG metrics from the underlying portfolio for the twelve month period to 30 June 2024<sup>1</sup>.

The process involves the Investment Adviser's portfolio management team liaising with each asset operator to obtain relevant ESG data on the underlying portfolio assets. The data points that are considered material by the Investment Adviser are detailed in the table on page 67.

This year, environmental coverage increased from 72% in the prior year to 77% this year. This was primarily due to an increased response rate from borrowers.

Several challenges continued to be faced in respect of the availability of the data requested, insofar as the Company is a debt provider and does not own or control 94% of assets in the portfolio.

In the drive for increased transparency in reporting across the industry, the Company has actively sought to improve its data collection project by obtaining limited assurance of its carbon footprint data for the second consecutive year. The Company continued its engagement with Aardvark, an external ESG certification service who provide independent and impartial auditing and certification services. Aardvark reviewed the outputs from the data collection project, verifying the emissions calculations and data for covering Scope 1 and 2 with the inclusion of Scope 3 as far as is practically possible. It was found that a total of 74% of the assets by value had emissions calculations that were supported by primary or secondary evidence.

1. Period chosen to facilitate data inclusion in the annual report.



This was a marked improvement from the previous reporting year where just 53% of the portfolio-level emissions were supported by primary and/or secondary evidence. As part of this, Aardvark reviewed where the use of estimated data for the missing data would be useful or potentially inaccurate.

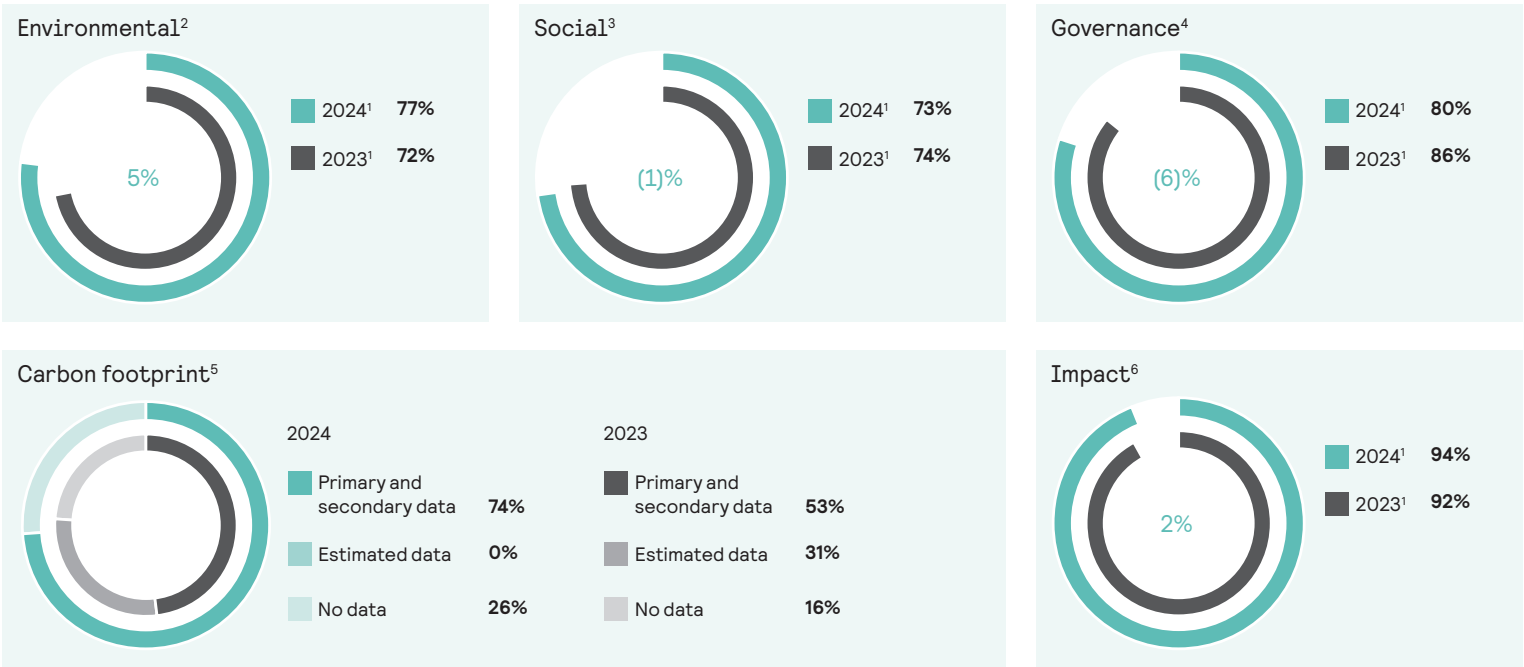
The Company continues to prepare for a reasonable assurance process in the future, with the assistance of Aardvark, who have provided valuable feedback regarding the Company’s carbon emission metrics over the last two years, supporting ongoing enhancement.

Whilst 26% of the emissions data cannot be verified at this stage, the reporting and verification process by Aardvark has led to the development and identification of further steps the Company can take to improve this process in future reporting periods.

The Company also worked with Terra Instinct, an independent external consultant, to advise on the data collection project. This included advice on the ESG data collection approach based on industry frameworks.

They also conducted an independent review of the Company’s TCFD disclosures for any significant inconsistencies and provided recommendations for areas where additional data could be presented.

Portfolio data coverage<sup>1</sup>



1. Percentage of data entries for applicable KPIs per ESG area weighted by portfolio value.

2. Air pollutants emitted, water consumption, waste generated/disposed, energy conservation strategies and net habitat gain or loss.

3. Total FTEs, hours worked, satisfaction surveys, absenteeism rates, H&S metrics, community benefit fund contribution and key engagement initiatives with local community/stakeholders.

4. Gender diversity, Board reporting, ISO alignment/certification, green building certificates, governance and regulatory policies in place and audited accounts.

5. Fuel combusted, imported energy use, water, waste, biogenic emissions, mitigated emissions (landfill), renewable energy and biogas exported, buildings’ EPC ratings and energy efficiency plans.

6. People housed, school places, hospital beds and renewable energy and biogas exported.

Sustainability continued  
Responsible Investment continued

# Corporate ESG initiatives

The Board promotes a positive dialogue with its key service providers regarding social and environmental areas. All key service providers, including the Investment Adviser and the Administrator, regularly report on their efforts and progress in areas such as diversity, the environment and social impact. Service provider initiatives include policies such as promoting paid rather than unpaid internships, charitable donations, volunteering days and encouraging low carbon office environments as well as business travel.

## B Corp

In April 2024, the Investment Adviser was awarded a B Corp certification. This involved the Investment Adviser undergoing a ‘B Impact Assessment’, which measures a company’s entire ESG performance. To achieve certification, B Corps must score at least 80 points, with the assessment evaluating a company’s practices and outputs across five categories: governance, workers, community, the environment and customers. The Investment Adviser started the process in 2022 and received B Corp certification in April 2024, with a score of 99.4.

## Carbon emissions

The Company and the Investment Adviser run their operations on a carbon-neutral basis to support the transition to net zero. As part of its corporate social responsibility, the Board supports the local Jersey charity, Jersey Trees for Life as well as using their scheme to offset its carbon emissions from flights to and from the UK. Whilst not a verified carbon offsetting assurance scheme, the offsetting benefits Jersey Trees for Life, which is the only charity that is dedicated solely to the protection and preservation of trees in Jersey. The charity’s aim is to encourage the protection, preservation and planting of trees, and to foster an appreciation of trees through community education for their amenity, ecological preservation and social importance.

The Investment Adviser’s premises in London hold a BREEAM ‘Excellent’ rating, meaning it scored over 70% in a BREEAM assessment, which measures the sustainability performance of buildings. The Investment Adviser encourages the use of public transport and minimisation of flight travel in its business travel policy and operates an electric vehicle scheme and a bike to work scheme.

The Investment Adviser fully offsets its carbon emissions by contributing to a portfolio which is run by provider Climate Impact Partners, whose aim is to reduce one billion tonnes of CO<sub>2</sub> by 2030.

Whilst the Board and the Investment Adviser do not consider offsetting to be by any means a perfect solution to the impact its activities have on the environment, both parties believe it is a useful starting point. The aim is to reduce emissions with the intention of continuing to investigate and follow best practice in this area.





**Investors in People**

In 2022, the Investment Adviser was awarded an 'Investors in People' accreditation. The Investment Adviser has committed to working with Investors in People over a three year time frame, with the aim of improving its accreditation level over that time. It encourages everyone in the business to reach their potential and provides regular training to staff, including funding for specific industry qualifications. The Investment Adviser also operates a range of measures to support the physical and mental health of its employees, including a private healthcare package and guidance on healthy working practices.

This year, the Investment Adviser held two training sessions for employees on improving mental health at work. It also offers hybrid working arrangements for all employees.

Investors in People carried out a review of the Investment Adviser's progress this year, which involved conducting a business-wide employee feedback survey and holding focus groups with a sample of 13 employees across the business. The survey had a participation rate of 82%. Feedback from the review indicated a positive shift in transparency across the business, as well as improvements in leadership. The review also provided the Investment Adviser with an action plan which identified areas of improvement and actions that can be taken to implement this over time.





Sustainability continued  
Responsible Investment continued

# Corporate ESG initiatives continued

## Volunteering initiatives

The Investment Adviser operates a volunteering initiative which encourages employees to volunteer for charitable or not-for-profit purposes by giving an additional two days' paid leave plus two days' unpaid leave per year. It continues to operate its charity of the year scheme, and engage with fundraising, events and through volunteering. This year, the charity of the year scheme was split between charities, including Street Child, Guide Dogs, and Trees for Cities. A total of 19 employees participated with more than 102 hours spent volunteering. This provided employees with an opportunity to work as a team and engage with the local community. The total amount raised for charities this year was almost £47,000.

## Diversity, equity and inclusion

The Investment Adviser has a formal diversity policy, and holds diversity and equality training for all employees. The Investment Adviser also carries out an anonymous questionnaire to help understand the makeup of its workforce. This means the data can be monitored over time as the Investment Adviser strives for improvements in DEI, while also considering specific areas of focus.

## Internships

The Investment Adviser also continued its participation in the 10,000 Black Interns programme this year, which offers paid internship opportunities across more than 25 sectors, along with training and development opportunities.

The Investment Adviser offered two paid internships as part of the programme, with both interns working across the Company. It also facilitated two paid internships for students as part of the Young Women in Finance programme, as well as hosting two students for work experience placement as part of the programme. Young Women in Finance is an organisation dedicated to the eradication of gender bias for new graduates entering the finance industry, with a goal of achieving a 50/50 gender split in graduate recruitment figures by 2030. One other internship was offered to an ESG masters student. The interns worked across teams at the Investment Adviser with a particular focus on the Company's climate risk assessment.



19  
Employees volunteered



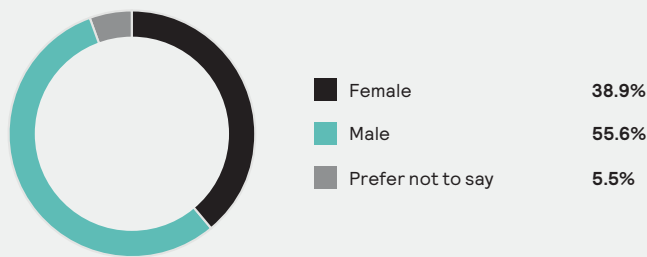
102  
Hours spent volunteering



£47,000  
Raised for charity

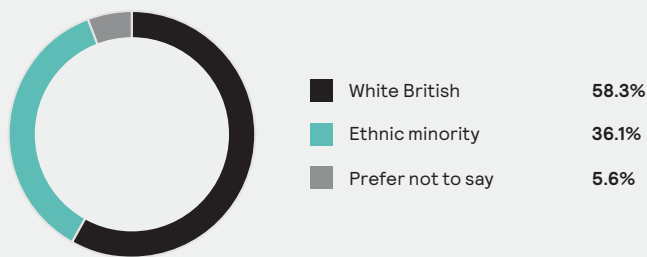
## Gender diversity<sup>1</sup>

Gender of employees



## Ethnic diversity<sup>1</sup>

Ethnic group



Interns conducting a site visit at Birmingham Biopower Ltd.

1. As at 31 March 2024.





## A day in the life of an intern

**Morning:**

As an intern at the Investment Adviser, my mornings are usually occupied with tasks like summarising initial investment opportunities and participating in team calls and meetings. These tasks offer a first-hand glimpse into the world of infrastructure investment, which I find very exciting. Occasionally, I get the chance to visit the Company’s assets, which adds a different dimension to my experience.

**Skill building:**

Financial modelling is a critical skill in finance, and the Investment Adviser has a structured modelling programme in place for interns. This includes a financial modelling exercise that I work on week-by-week. It’s a hands-on way to enhance my financial analysis skills and gain practical experience in asset management.

**The team:**

One of the highlights of my internship is informal coffee meetings with team members. These conversations not only allow me to understand their career paths and roles within Gravis but also provide opportunities to assist with any tasks they might need help with. It’s a dual-purpose opportunity – learning and contributing simultaneously.

**Regular check-ins:**

I have regular catch-up meetings with my supervisor, where we discuss my current work, address any questions or challenges I’m facing, and delve into career-related advice. It’s a mentorship opportunity that helps me navigate my internship and future career prospects effectively.

**Presentation:**

Towards the end of my internship, I was allocated time to work on a presentation for the team. The presentation centred around a regulatory update that had significant implications for asset managers, particularly regarding disclosure requirements.

In the last week of my internship, I presented to the entire infrastructure team in a collaborative session with several questions from the team. This experience was the highlight of my internship, as it offered a practical application of my skills, and allowed me to showcase my contribution to the team’s knowledge and efforts in this area. I also introduced myself to the Board of the Company and explained what I had been working on, which included presenting my findings.



Sustainability continued

Governance



Disclose the organisation’s governance around climate-related risks and opportunities.

**Compliance statement**

The Company has voluntarily and partially reported against all four core elements of the TCFD and the eleven recommended disclosures, taking into account the TCFD ‘Guidance for All Sectors’, as well as the supplemental guidance for the financial sector.

This year, the Company has partially reported against ‘Strategy (c)’ in respect of different climate-related scenarios, including developing its 2°C or lower scenario, and has included more physical risks and improved its data sources.

The Company has omitted to report against ‘Metrics and Targets (c)’ as the Company continues to develop and refine its data collection exercise this year, including the use of external consultants. As a debt fund, the Board is committed to a thoughtful process of establishing material, accurate and relevant climate-related metrics and targets. It intends to continue developing its approach in the coming years, including its aim of obtaining reasonable assurance over its ESG metrics.

For this reason, the Company is not in full compliance with the TCFD requirements at this stage. It will continue to work towards full compliance.

- A. The Board’s oversight of climate-related risks and opportunities**
- The Board is responsible for setting and monitoring the Company’s strategy, which includes consideration of climate-related risks and opportunities.
- The Board is informed about relevant climate-related issues as part of the quarterly reporting cycle by the Investment Adviser and the Company’s own committees.
- The Company’s committees contribute as follows:
- Audit and Risk committee: responsible for climate-related disclosures and sustainability risk assessment
  - Sustainability committee: developing, implementing and monitoring ESG policies and activities
  - Investment committee: considering ESG impacts during the investment due diligence process
  - Management Engagement committee: ensuring key suppliers operate in a socially responsible manner

The Sustainability committee formally meets once a year and engages informally with the Investment Adviser and other service providers regularly, including participating in briefings and new initiatives. It formally reports to the Board at each quarterly Board meeting. This quarterly engagement includes relevant training and ESG updates for the Board, both regulatory and Company specific.

The Investment Adviser utilises external consultants as appropriate, and acquires expertise where needed, including through recruitment. This year, the Investment Adviser funded five ESG-focused internships to support the work the Board is doing as part of its ESG processes and to assist the Investment Adviser with the climate risk assessment and ESG policy. The internships enabled the Company to benefit from a fresh, more diverse perspective with enthusiasm and expertise across environmental matters.



**B. Describe management's role in assessing and managing climate-related risks and opportunities**

The Investment Adviser has over a decade of experience in identifying assets with a core environmental and/or social benefit for the Company. The Investment Adviser's in-house expertise includes a Head of Private Credit who has significant experience in incorporating ESG factors into credit ratings. Members of the investment team also have significant experience in sustainable investing. Responsible investment processes are overseen by the Responsible Investment committee, which reports to the board of the Investment Adviser. Further information is provided on pages 106 to 109.

Climate risks are considered at each stage of the investment process, including the initial deal screening of opportunities and investment due diligence processes. Risk assessment takes the form of both quantitative analysis and qualitative assessments which look at the ESG approach of investee companies.

Environmental impact assessments are carried out where appropriate as part of the due diligence process to identify potential transition and physical short, medium and long-term impacts on costs and viability across service providers and investments.

ESG risks are also incorporated in the credit risk management process. The Investment Adviser identifies relevant ESG risks which could materially impact the credit quality of borrowers. The relevance and materiality of those ESG risks are identified, recorded and assessed. The Investment Adviser assigns an ESG risk (low, medium and high) to each loan to reflect ESG risks potentially impacting the ability and willingness of the borrower to meet its financial obligations on a timely basis. The risk of an asset becoming obsolete because of the energy transition or physical climate risk (such as flooding or drought) or governance without the necessary controls in place, would be categorised as loans with a high ESG risk.

This information is presented to the Investment committee as part of the investment approval process with the Board directly or indirectly addressing climate-related risks and opportunities when evaluating and approving new investments. The Investment Adviser provides fortnightly, ad hoc and quarterly updates to the Board on asset performance, including the response of assets to climate events.

Following execution and investment, key relevant ESG indicators are monitored by the portfolio management teams. The Investment Adviser seeks to engage with investors to understand relevant ESG factors and to manage exposure to risks.

## Sustainability continued

# Strategy



Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

### A. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

The Investment Adviser, through its climate risk assessment, has identified, based on current climate conditions, that the portfolio is exposed to physical risks arising from extreme weather events; examples include Storm Eunice in February 2022, which caused damage to solar panels at a solar farm in the portfolio, and increased rainfall leading to flooding at an anaerobic digestion plant in the portfolio, which negatively impacted production at the plant until the end of 2023. However, the overall financial impact of these physical risks to the Company is not material and various mitigants are in place such as comprehensive insurance policies which cover physical damage due to weather-related events. It is recognised, however, that such insurance policies may not always be available at a reasonable cost or at all and physical resilience or protection of assets is kept under review and action is taken when it is appropriate.

The Company defines short, medium and long-term risk time horizons as follows: short term: zero to three years; medium term: four to eight years; long term: more than eight years. When considering materiality, the Investment Adviser considered the financial impact each risk could potentially have on the asset if it were to materialise. Further information can be found on pages 76 to 79.

The main short-term physical risk exposures for the portfolio are water damage and heat stress. However, there are mitigants in place.

For example, the likelihood of these assets experiencing damage at the same time is low due to their geographical dispersion.

The Investment Adviser has also implemented mitigation plans to strengthen the weather resistance of certain assets during the year. These involved improving drainage across anaerobic digestion sites and solar farms in the portfolio to avoid flooding risks. The portfolio assets have general maintenance regimes in place for assets to mitigate the impact of weather, which include applying galvanic paint to prevent rusting on steel structures. In addition, the Investment Adviser switched the fuel supply of a bio-power asset, meaning it can now source fuel from different waste transfer station locations to mitigate the impact of a climate event in one location impacting supply. The Investment Adviser will continue to monitor and review mitigation plans to avoid physical damage to the portfolio assets.

Medium to long term, more frequent extreme weather may place significant pressure on energy infrastructure, including renewables, and could cause damage to components, power lines and transmission grids, including potential disruption to supply chains. Significant impacts may arise in the social infrastructure sector, leading to localised strain on public services, and the potential closure of facilities. Higher temperatures may also impact key components of renewables projects and could also lead to the overheating of buildings, which can adversely impact vulnerable people.

The Company is also exposed to transition risks in the short term from sudden and unexpected changes to Government policy. An example of this is the Electricity Generator Levy in the UK, which taxes certain renewable energy generating assets until 2028.

In the medium to long term, any policy changes to the MEES would impact properties in the social housing sector. The ability to claim MEES exemption caps the maximum exposure to £10,000 per property. Overall, 49% of the social housing portfolio has an EPC rating equal to a C or above, whilst 36% has an EPC rating of D or below, with the remainder either unavailable or unrated. The obligation to improve the energy efficiency of the properties below a 'C' rating sits with the third party RPs under fully repairing and insuring leases, and this will be closely monitored with borrowers.

An increased focus on the ESG aspects of the investment process presents significant opportunities for the Company. At IPO, ESG considerations were not as prominent for investors as they have become in recent years.

Whilst many investment funds and companies are seeking to quantify and reduce their negative environmental and social impact, the Company finds itself in a position where all its investments have a positive environmental or social contribution, meaning sustainability is inherent in the Company's portfolio.

As the UK embarks on the largest transformation of its infrastructure in recent history as part of the transition to net zero, there will be a significant private sector investment requirement to support this, and public sector support will be needed across a range of asset classes. The new Government has pledged to work with the private sector to double onshore wind, triple solar power, and quadruple offshore wind by 2030, with increased spending across the renewable energy infrastructure sector. The new Government's Green Prosperity Plan is set to 'partner with businesses' to invest in 'industries of the future', with the aim of creating 650,000 jobs.

#### **B. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning**

The primary physical impact of climate change on the business will be experienced by the Project Companies the Company lends to: firstly, by increased operating costs or reduced revenues due to physical risks materialising.

In many cases, physical mitigation measures exist and there is a degree of contractual protection built into loan agreements from these increased costs.

Secondly, the credit quality of the Project Companies may deteriorate. For example, extreme weather events might materially increase the cost of insuring some assets, or they might make some assets uninsurable. These impacts, if material, may lead to a reduction in the valuation of the portfolio.

Regarding the Company's strategy, the portfolio benefits from its geographic, technological and market diversification. Conversely, opportunities may arise which enable the Company to deploy capital to a wider range of asset classes, providing further diversification into new sectors and thereby increasing revenues.

For financial planning, one potential transitional impact of climate change arises from the increased deployment of renewable power generation reducing the marginal cost of electricity and impacting revenue. A mitigating factor for this is the increased use of direct PPAs, which will thereby secure steady revenue streams. The Investment Adviser, on behalf of the Company, has successfully implemented a number of these agreements. Further information on the Company's electricity price exposure can be found on pages 52 and 53. Based on the climate risk analysis undertaken, referred to on pages 76 to 79, the Investment Adviser does not currently propose to make any changes to financial forecasts due to climate risk.

#### **C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario**

The climate change risk assessment carried out by the Investment Adviser has concluded that the Company's strategy is resilient to both the physical and transition risks associated with climate change. This year, the Investment Adviser increased the scope of its 2°C or lower scenario to include analysis of changes in physical risks. In doing so, it has noted resilience to the identified physical risks associated with climate change, with heat stress the only score that increases in a 2°C or lower global warming scenario. The other physical risk scores remained the same. Transition risks were not included in the assessment, due to difficulty in obtaining independent data points. However, the Investment Adviser will look to include these in future climate risk assessments as it works towards the Company achieving full compliance with TCFD.

The results of the assessment demonstrated that whilst there are physical and transitional risks in the context of the Company's diversified portfolio, the financial impacts were not material. For example, a storm might generate strong winds which could have a negative impact on revenue from wind turbines, causing them to shut down in stormy conditions, but would not necessarily have an adverse impact on other assets in the portfolio, illustrating the resilience of a diversified portfolio.



Sustainability continued

Risk management

Disclose how the organisation identifies, assesses and manages climate-related risks.

A. Describe the organisation’s processes for identifying and assessing climate-related risks

The Board of Directors directly or indirectly addresses climate-related risks and opportunities when evaluating and approving new investments, including a climate risk assessment for each new investment.

As part of the Investment Adviser’s due diligence process, climate risk assessments are carried out on each portfolio asset where appropriate. The Investment Adviser also carries out ongoing performance monitoring, including asset site visits by experienced personnel; further information is given on page 66. Fortnightly updates and quarterly detailed reports on asset performance are also provided to the Board.

Climate change has become a key risk faced by infrastructure investors. The Company continues to focus on the potential impacts of climate change and the risk factors associated with rising global temperatures. As such, the Investment Adviser has conducted a detailed portfolio-wide climate risk assessment across each of the 473 individual assets in the portfolio. This risk assessment includes an analysis of the impact of a 2°C or lower global warming scenario.

The risk assessment considers nine risk factors divided between physical and transition risks:

- Physical risks: these are events that are driven by a shift in temperatures and weather patterns. The assessment considers five risks: flood risk; heat stress; water stress; fires and wildfires; severe winds and storms. These events have been chosen based on their materiality to the overall portfolio. Refer to the table below for further detail on materiality.
- Transition risks: these are the risks related to the transition to a low-carbon economy. Four areas were considered: policy or regulatory; technological; market; and reputational risks.

External and internal data points were used to assess assets in the portfolio. Historic weather data was used to inform heat stress, water stress and severe wind. UK Government databases were used to obtain data for flood risk and wildfire data for all available sites in the portfolio. IPCC data was used to determine heat stress, water stress and severe winds in the 2°C warming scenario. The Beaufort wind scale was used to assess the threshold at which wind speeds are considered high. EPC ratings were obtained from UK Government databases.



An asset-by-asset assessment was undertaken internally by the Investment Adviser’s portfolio management team to consider the specifics of each investment and to understand the overall exposure to climate change and any mitigating factors. The results from the risk assessment form part of the portfolio management decision-making process and help identify further mitigation strategies, informing whether any changes are required to the underlying financial forecasts of the Company.

The climate risk assessment was completed by evaluating the impact and likelihood of a climate change event happening within the remaining lifetime of each asset, divided between physical and transition risks. The risk assessment scores were calculated by multiplying impact and likelihood metrics to form a total score for each asset.

For physical and transition risk, the impact metric indicates the financial impact each risk could potentially have on the asset. This metric is scored on a scale of 1 to 5, with 5 being the highest and 1 having a lower impact.

Each score indicates a specific financial impact as shown in the table below:

Score	Materiality	Impact
5	Significant	>£5 million
4	Major	£2 million – £5 million
3	Moderate	£501,000 – £2 million
2	Minor	£51,000 – £500,000
1	Negligible	<£50,000

The likelihood score for physical risk is based on past Met Office data to determine the probability of a specific weather event happening, based on the specific location of the asset.

For transition risk, the likelihood score was rated between 0% and 100% based on the probability of a climate event happening within the remaining lifetime of the asset. This probability was converted to a score between 1 and 5 to keep consistency between the physical and transition risk likelihood scores, seen in the table below:

Probability	Score
<5%	1
5% - 15%	2
15% - 25%	3
25% - 35%	4
>35%	5

The impact and likelihood metrics were multiplied with each other to give a score for each risk identified, which led to each physical and transition risk metric being given a total rating out of 25. These individual ratings were then weighted by the portfolio valuation of each asset to give an aggregated score by sub-sector and sector. A final rating between 0 and 225 was obtained by combining total physical and transition risks scores.

The chart on page 78 shows the output of this process, indicating the sectors that are most vulnerable to climate change. The placement of each sector highlights its risk exposure, with a low risk between 0-33%, medium risk between 33-66% and high risk between 66-100%. Each sector is plotted based on the risk percentage for each physical and transition risk.

The chart is based on the weighted average rating for each sector.

Under physical risks, the biggest exposure is to fires/wildfires and water stress. An increase in the frequency of fires/wildfires is most likely to impact the social housing sector, while an increase in water stress is most likely to impact the renewables sector.

Wildfires are becoming a bigger threat in the UK, with England averaging 30,000 wildfires a year, according to data from the Forestry Commission. Water stress is also becoming a bigger issue, with global warming causing higher rainfall in the UK and making rising water levels a bigger threat globally. This year, the Investment Adviser refined its water stress analysis by mapping assets to their water providers to see if they were in an area of stress.

Under transition risks, the portfolio is most exposed to policy/regulatory change, as well as technological change. Within the renewables portfolio, biomass projects account for some 10% of portfolio value and are most likely to be influenced by regulatory and market changes. While the Investment Adviser views the biomass sector as well placed to benefit from the transition to net zero as a form of low-carbon baseload power, uncertainty around the possible participation in the UK ETS along with future power price caps for renewable generators, is reflected in the regulatory and technological risk scores. While the new Government included some provisions in their Autumn Budget for the introduction of the UK ETS, there is still some uncertainty about the impact it will have on portfolio assets.

The Investment Adviser also undertook the analysis of a 2°C or lower global warming scenario on assets in the portfolio. This analysis concluded that the Company’s strategy is relatively resilient to the physical risks associated with climate change.

In the 2°C scenario, the Investment Adviser considered changes in the likelihood of the occurrence of physical climate risks and focused on the impact of a 2°C change in likelihood scores in the physical risk section. Transition risks were not included due to difficulty in obtaining independent data points, as well as the assumption that transition risks will not be impacted in the same way as physical risks in a 2°C warming scenario. The Company recognises it has further to go in achieving full compliance with a 2°C increased temperature scenario because of this and is committed to including transition risk data points in future years.

The likelihood score for heat stress, water stress, severe winds and wildfires in a 2°C temperature increase scenario was based on the probability of each metric occurring, using past Met Office data and UK Government data to determine the probability of a specific weather event and applying a multiplier for each physical risk. This multiplier was based on data from the IPCC, which is the United Nations body for assessing climate change. The Investment Adviser acknowledges this is a different data source than was used in last year’s assessment; however, it considers it a more reliable data source from which to obtain future weather projections.

# Sustainability continued

## Risk management continued



### A. Describe the organisation's processes for identifying and assessing climate-related risks continued

After running the 2°C scenario, it was determined that physical risks mostly remained the same, with the exception of heat stress, which increased by 0.4 rating points. This has led the Investment Adviser to conclude the Company's strategy is relatively resilient to both the physical and transition risks associated with climate change.

The Investment Adviser and the Board recognise that the prioritisation of climate change requires a change of Government approach, primarily through regulation.

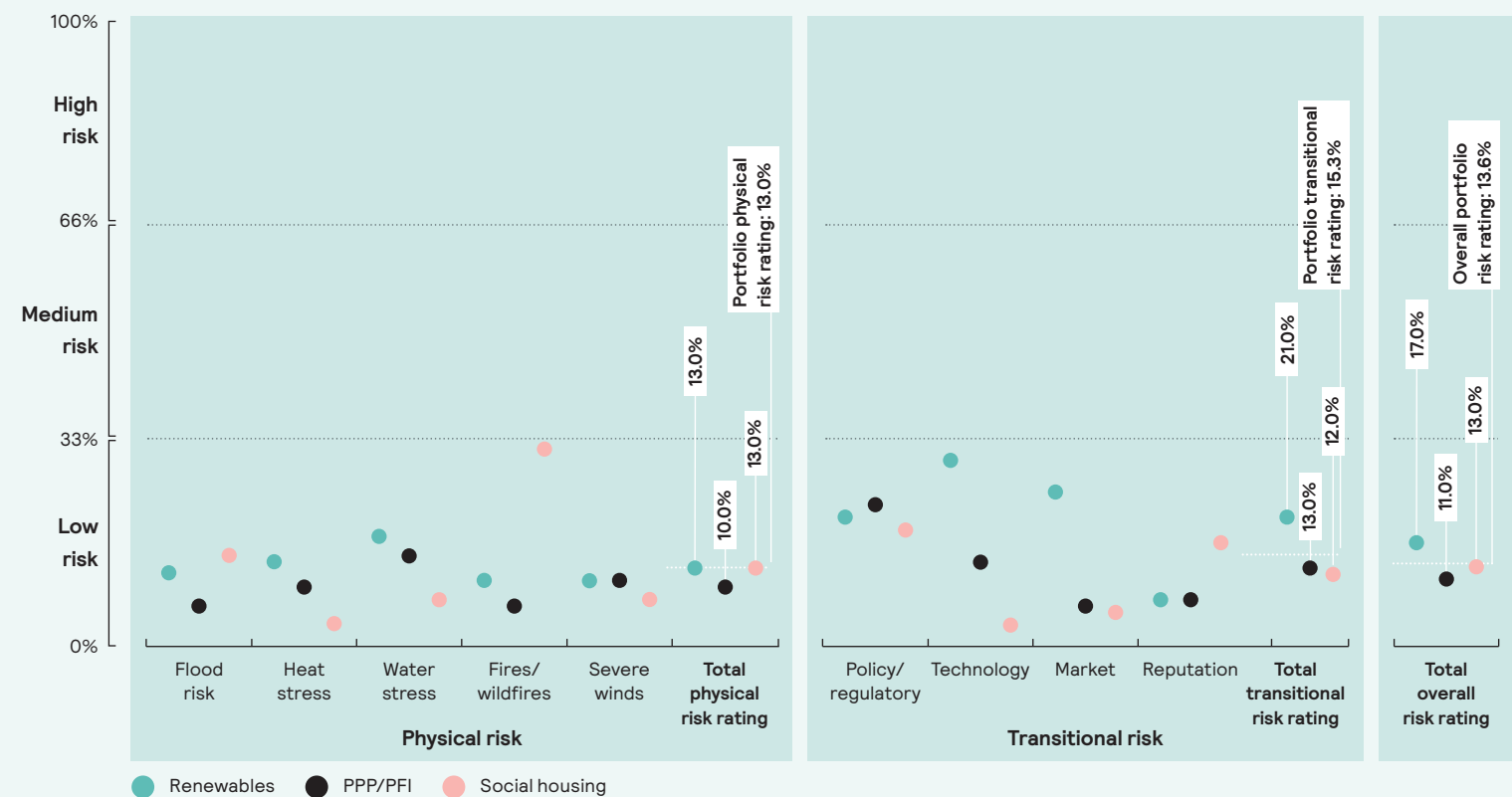
Regulatory changes through mechanisms such as the UK ETS, power price caps, energy efficiency standards and windfall taxes on renewable energy generators may further impact the portfolio.

Based on the analysis undertaken, the Investment Adviser does not currently propose to make any changes to its financial forecasts due to climate risk. As detailed on page 74, in the medium to long term, any changes to MEES for buildings could impact certain assets, and these will be closely monitored with borrowers. The Investment Adviser also intends to closely monitor the impact of rising global temperatures on its investments, as the increasing likelihood of rising temperatures could impact the portfolio, as evidenced in a 2°C rising temperature scenario. The Investment Adviser intends to update the climate risk assessment on an annual basis.

This year, the Company engaged Terra Instinct, a sustainability advisory firm, to perform a review of the Company's TCFD disclosures and climate risk assessment. The review examined the Company's current approach to the climate risk assessment, providing recommendations on how it could be improved.

By partially implementing the recommendations, the Investment Adviser improved the reliability of its data source for the multiplier in the 2°C warming scenario analysis in this year's reporting. The Investment Adviser will continue to work towards implementing further recommendations in future years.

### Portfolio exposures – climate change risk





The Company will continue to refine its approach to materiality as the availability, completeness and accuracy of data improves over time.

Whilst the Investment Adviser has concluded that the portfolio is exposed to low physical and transition risk, the climate opportunities for each asset have not been quantified in this exercise. This is an area that will be considered further in future assessments.

The Investment Adviser has identified several transition opportunities for the Company. These surround optimisation, expansion and life extension opportunities for the portfolio following growing demand for renewable energy and energy security. This is expected to cause renewable energy demand to increase, driven by the decarbonisation of transport and heating amongst other factors.

While opportunities related to physical and transition risks have not been quantified to date, the Board and the Investment Adviser hope to include these in future reports.

The Investment Adviser aims to continue improving all areas of its climate risk assessment, including the data collection process, controls around this process and creating meaningful disclosures in order to help monitor and mitigate exposure to climate change. Areas identified for improvement include:

- including transition risks in a 2°C or lower scenario;
- implementing further recommendations from Terra Instinct; and
- combining climate opportunities into the assessment.

## **B. Describe the organisation's processes for managing climate-related risks**

The portfolio is diversified across a number of asset classes and ESG processes are embedded into investment decision making. The importance of the Investment Adviser's engagement and influence in helping portfolio companies improve their ESG performance is crucial. Further information is given in the risk section on page 97.

## **C. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management**

The way in which the Company manages risk and principal risks and uncertainties is described on pages 88 to 96. The Board does not consider climate-related risk a principal risk, however it does recognise climate-related risk as an emerging risk. Refer to page 97 for further information.

## Sustainability continued

# Metrics and targets



Disclose the metrics and targets used to assess and manage the relevant climate-related risks and opportunities where such information is material.

### A. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

The Investment Adviser includes an assessment of ESG characteristics in every investment proposal submitted to the Company's Investment committee for approval. Prior to the approval of a new investment, the Investment Adviser assesses how the investment rates against relevant ESG criteria, laid out in an ESG checklist tailored to the Company. The checklist typically covers the counterparty's commitment and capability to effectively identify, monitor and manage potential ESG-related risks and opportunities and, to the extent applicable, the availability of relevant policies and procedures, alignment with industry or investment-specific standards and ratings, and compliance with relevant ESG-related regulation and legislation. Each asset undergoes a credit risk assessment that incorporates ESG risk, which reflects the potential for ESG risks to impact the ability and willingness of the borrower to meet their financial obligations in a timely basis.

During the year, the Investment Adviser carried out a climate risk assessment for each underlying asset. Further information on the methodology used to complete the climate risk assessment is included on pages 76 to 79.

### B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks

As an investment company, the Company does not have a significant environmental impact by itself.

With no employees or property and an outsourced services model, there are no Scope 1 (direct) and Scope 2 (indirect through power demand) climate-related emissions to report, and as an investment fund specifically, its Scope 3 (other indirect) emissions fall under two categories within Scope 3 as defined by the GHG Protocol:

#### Category 1: Purchased goods and services

The emissions from services provided by the Company's top ten third party service providers and emissions from travel of the Board. The top ten third party service providers represent 92% of the annual expenditure of the Company and therefore these were deemed the most material in the context of the Company's outsourced service model.

The Company used a supplier-specific approach whereby expenditure for each service provider is multiplied by the service provider's organisational carbon footprint intensity in tCO<sub>2</sub>e (market-based Scope 1 and 2 plus upstream Scope 3 emissions) as disclosed through publicly available data. Using this approach, the Company was able to report attributable supplier emissions covering 98% of its annual spend across nine of its top ten suppliers.

### Category 15: Investments

The emissions of the underlying portfolio. As this is only the third year a detailed data collection exercise has been undertaken, there are still plenty of challenges faced in respect to the availability of the data requested, insofar as the Company is a debt provider and does not own or control 94% of assets in the portfolio.

As such, emissions data points were obtained from 74% of portfolio assets by value. Estimated emissions data was not used this year, due to the increase in emissions data collected directly from portfolio assets. Further steps will be taken to improve this process in future reporting periods.

The Investment Adviser will continue to liaise with asset operators to improve and refine the availability of future ESG data which will continue to be collected and reported on an annual basis. Further information on the data collection exercise can be found on pages 66 to 67.

The Company has measured and disclosed the emissions from its underlying portfolio in accordance with the GHG Protocol. Emissions from investments (Category 15) comprise proportional Scope 1 and Scope 2 and limited Scope 3 emissions of the underlying portfolio and have been allocated based on the Company's proportional share of total enterprise value (total equity plus debt) in accordance with the guidance for debt investments and project finance.

The Company has not reported total projected lifetime Scope 1 and Scope 2 emissions of any new projects financed during the year. It will seek to include this information for future years where possible.

### Greenhouse gas emissions

The Company has measured its emissions in accordance with the GHG Protocol. An operational control approach was used to define the organisational boundary and responsibility for GHG emissions. Emissions have been measured over the twelve month period to 30 June 2024. The period chosen was to facilitate data inclusion in the Company's annual report.

		Year ended 30 September 2024 <sup>1</sup>		Year ended 30 September 2023 <sup>1</sup>	
		Absolute emissions tCO <sub>2</sub> e Portfolio Scope 1, 2 & 3	Attributable emissions tCO <sub>2</sub> e Portfolio Scope 1, 2 & 3	Absolute emissions tCO <sub>2</sub> e Portfolio Scope 1, 2 & 3	Attributable emissions tCO <sub>2</sub> e Portfolio Scope 1, 2 & 3
GHG emissions					
<b>Scope 1</b>	Direct GHG emissions – occur from sources that are owned or controlled by the organisation	—	—	—	—
<b>Scope 2</b>	Indirect GHG emissions – occur from the generation of purchased electricity, heating, cooling and steam	—	—	—	—
	Energy consumption used to calculate above emissions: /(kWh)	—	—	—	—
	<b>Total gross Scope 1 and Scope 2 emissions /tCO<sub>2</sub>e</b>	—	—	—	—
<b>Scope 3</b>	Category 1, emissions from indirect purchased goods and services	171	171	124	124
	Category 15, emissions from investments	43,136	15,948	36,752	13,030
	<b>Total gross Scope 3 emissions /tCO<sub>2</sub>e</b>	43,307	16,119	36,876	13,154
	<b>Total gross Scope 1, Scope 2 and Scope 3 emissions /tCO<sub>2</sub>e</b>	43,307	16,119	36,876	13,154

### C. Describe the targets used by the organisation to manage climate-related risks and performance against targets

The Board and the Investment Adviser are committed to improving the Company's data capture and disclosure to help drive more consistent reporting across the industry. The Company has continued to make progress towards achieving full compliance with TCFD and has expanded its reporting this year to include more physical risks in its 2°C or lower global warming scenario, as well as improving the reliability of the data used in its 2°C or lower scenario.

The Company intends to continue to develop its approach in relation to targets. However, given that the Company does not own or control 94% of the assets in the portfolio, certain challenges remain around setting climate-related targets at a portfolio level.

The Company has thoroughly considered the implementation of the SBTi, particularly regarding target setting.

However, there is currently no existing guidance from the SBTi on the infrastructure sector which assists with formulating targets. Formally submitting targets comes at a cost to the Company and it is therefore important to ensure it is good value for stakeholders. The first step is to establish internal targets, and the Company is in the process of ensuring robust and reliable data to establish a target base year.

The data collection exercise undertaken this year continues to provide the Company with useful portfolio-level data. This allows the Board and the Investment Adviser to focus on areas that are material. The data will also assist the Board in selecting relevant targets to manage risk and performance and inform other mitigations such as regular engagement, oversight and review.

The Company also engaged Aardvark, an independent and external provider, to advise on potential next steps to enable it to extend its limited assurance to commission reasonable assurance of its ESG data collection process in future years.

In addition, the Company engaged Terra Instinct to perform a review of the Company's TCFD disclosures and climate risk assessment, with the aim of the Investment Adviser implementing further recommendations for future periods.

The Investment Adviser runs its operations on a carbon-neutral basis. The Company is committed to achieving carbon neutrality by offsetting emissions generated by business travel, therefore supporting the transition to net zero.

1. 12 month period to 30 June 2023 or 2024 to facilitate data inclusion in the Company's annual report.



# Stakeholders

## Introduction

Stakeholders are integral to the long-term success of the Company. They include shareholders, borrowers, lenders, the public sector, suppliers and local communities.

As a member of the AIC, the Company reports against the AIC Code on a comply or explain basis. Whilst the Company is not domiciled in the UK, by reporting against the AIC Code, the Company voluntarily meets the obligations under section 172 of the UK Companies Act 2006.

The Directors seek to understand the needs and priorities of the Company’s stakeholders in accordance with the UK Companies Act 2006. All Board discussions involve careful consideration of the longer-term consequences of any decisions and their implications for stakeholders.

The Board believes that the Company’s key stakeholders comprise shareholders, borrowers, lenders, the public sector, suppliers and local communities. This section sets out why and how the Company engages with these stakeholders and the actions taken by it to ensure that their interests are considered by the Board.

The Board always aims to be fair and balanced in its approach. The needs of different stakeholders are considered as well as the consequences of any long-term decisions.

The stakeholder model on page 83 demonstrates how the Company interacts with its stakeholders. These relationships provide the foundation for the Company’s longevity, which is beneficial to all parties. The Board understands the value of maintaining a high standard of business conduct and stakeholder engagement, whilst also ensuring the Company positively impacts the environment in which it operates.

The Directors recognise that, both individually and collectively, their overarching duty is to act in good faith and in a way that promotes the success of the Company as set out in section 172 of the UK Companies Act 2006. The Directors act for the benefit of shareholders and in the interests of stakeholders as a whole, having regard, amongst other matters, for the likely consequences of any decision in the long term on the following considerations.

## Section 172: Promoting the success of the Company

The Board of Directors consider, both individually and together, that they have acted in a way they consider, in good faith, is likely to promote the success of the Company for the benefit of its members as a whole in the decisions taken during the year as set out below.



### The interests of the Company’s employees

The Company has no employees but has close working relationships with the employees of the Investment Adviser and the Administrator to which it outsources its main functions.

Refer to the stakeholder engagement section on pages 83 to 87 and to the governance section on pages 100 to 133.



### The need to foster the Company’s business relationships with suppliers, customers and others

The Board has a close working relationship with all its advisers and regularly engages with all parties.

Refer to the stakeholder engagement section on pages 83 to 87.



### The impact of the Company’s operations on the community and the environment

The Company’s activities are beneficial to the environment as they comprise, in part, renewable energy investments that positively impact the environment and climate change, regulatory and UK Government targets.

Refer to the sustainability section on pages 58 to 81.



### The desirability of the Company maintaining a reputation for high standards of business conduct

Under the leadership of the Chairman, the Board operates with the core values of integrity and impartiality and the aim of maintaining its reputation for high standards in all areas of the business it conducts.

Refer to Board values and culture in the governance section on page 111.



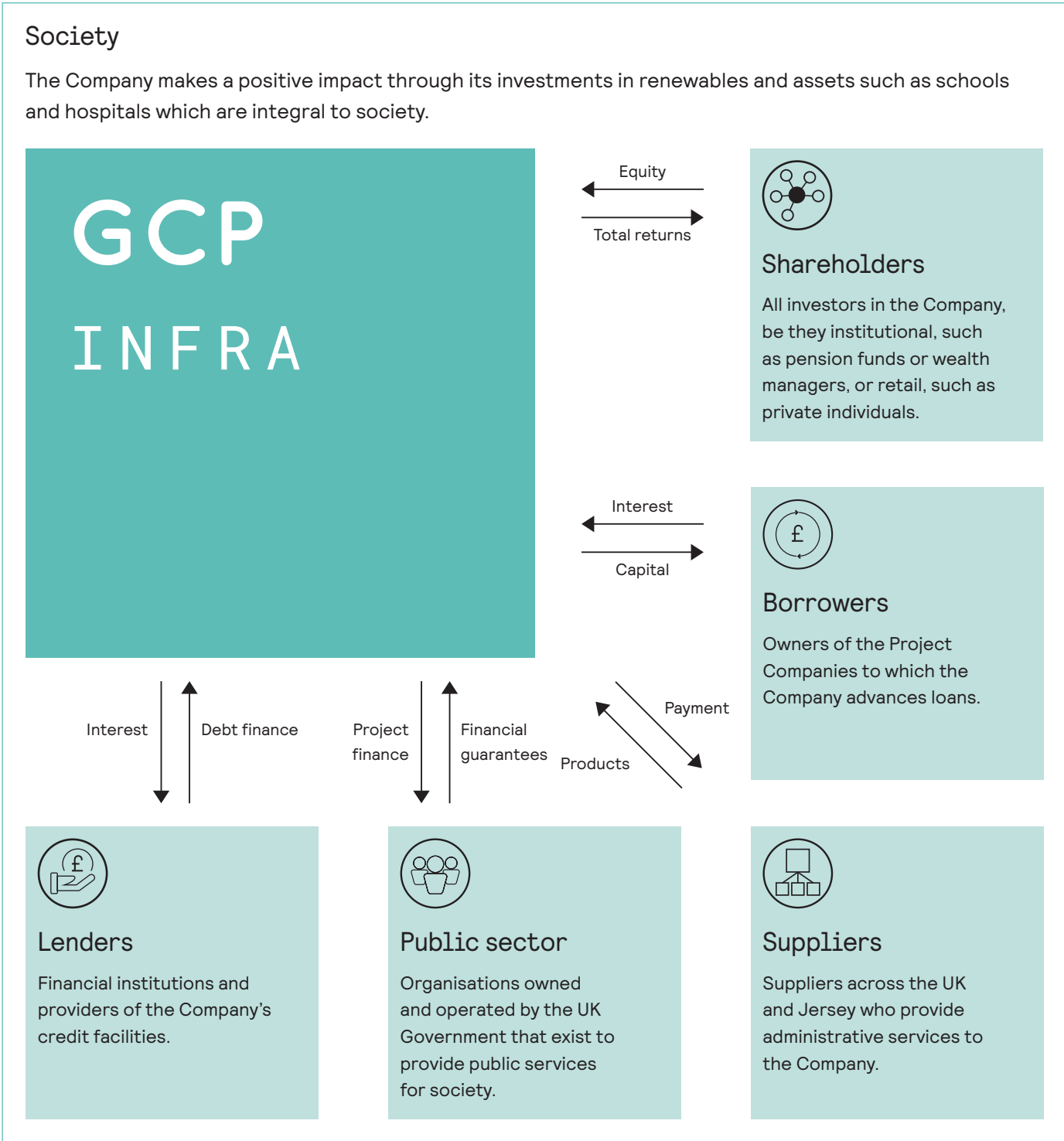
### The need to act fairly between shareholders of the Company

The Board actively engages with shareholders and considers their interests when setting the Company’s strategy.

Refer to the stakeholder engagement section on pages 83 to 87.


This section sets out why and how the Company engages with stakeholders and the actions taken to ensure that their interests are taken into account in the Board’s decision making.

Stakeholder model



# Stakeholders continued

## Stakeholders: Why and how we engage



### Shareholders

All investors in the Company, be they institutional, such as pension funds or wealth managers, or retail, such as private individuals.

### Why engage

The Company generates earnings that benefit shareholders through dividend income. The Board and the Investment Adviser recognise the importance of engaging with shareholders on a regular basis to maintain a high level of transparency and accountability, acting fairly and to inform the Company’s decision making and future strategy.

### How the Company engages

The Company, primarily through its Investment Adviser and brokers, engages in ongoing communication with its shareholders via market interactions, analyst and marketing presentations who regularly provide feedback to the Board. The feedback received from shareholders during the course of these interactions is taken into consideration when setting the future strategy of the Company and any Board decisions which impact shareholders.

The Board encourages shareholders to attend and vote at general meetings of the Company so that they may discuss governance and strategy with them and understand their issues and concerns. The Chairman of the Board and the Chair of each committee attend general meetings of the Company to answer any questions posed by shareholders.

The Board recognises that the Company is required to have its formal shareholder meetings in Jersey, which may preclude shareholders from attending. To address this issue, the Company, together with the Investment Adviser, annually host a ‘Capital Markets Day’ in London.

This year the event was held in January 2024 and provided an opportunity for investors to meet the Board, the Investment Adviser and investee companies, as well as hearing in greater detail the work being undertaken to drive value within the portfolio.

Further information is provided on page 113 and the presentation from the event is available on the Company’s website. The Investment Adviser is planning to hold the next Capital Markets Day in January 2025. Further information will be published by the Company in due course.

Further communication with shareholders is achieved through the annual and half-yearly reports, news releases via the LSE and the Company’s website. This information is supplemented by the quarterly calculation and publication of the NAV per share on the LSE and the publication of a quarterly factsheet by the Investment Adviser.

The Company’s annual report is dispatched to shareholders by post (where requested) and is also available to download from the Company’s website, together with the half-yearly report. In the annual report, the Directors seek to provide shareholders with sufficient information to allow them to obtain a reasonable understanding of developments affecting the business and the prospects for the Company in the year ahead.

Refer to pages 20 to 99 for further information. Up-to-date information is provided on the Company’s website.





Borrowers

Owners of the Project  
Companies to which the  
Company advances loans.

Why engage

The Company values its relationships with borrowers, ensuring time is spent building and maintaining these relationships. By engaging with borrowers and understanding their needs, the Company can build long-lasting relationships that are beneficial to both parties. Borrower contact enables direct feedback and informs strategic decision making at the Board level.

How the Company engages

The Company has been able to advance a further £27.3 million to existing borrowers in the financial year under review with a further £0.3 million post year end.

The Investment Adviser closely engages with borrowers on an ongoing basis. Engagement takes the form of regular interaction with the borrowers by its dedicated portfolio management team.

Refer to page 66 for further details and information about site visits carried out during the year.

The Board takes advantage of all available opportunities to engage with borrowers. This includes participating in site visits led by the Investment Adviser.



Suppliers

Suppliers across the UK  
and Jersey who provide  
administrative services to  
the Company.

Why engage

The Company's suppliers include third party service providers engaged to provide corporate or administrative services, in addition to the investment advisory services provided by the Investment Adviser. These services are critical to the ongoing operational performance of the Company. It relies on the performance of third party service providers to perform its main functions.

How the Company engages

The Board has a close working relationship with all its advisers and regularly engages with all parties. The Management Engagement committee regularly monitors the performance and reviews the terms of each service contract. This informs decision making at the Board level in regard to the continuing appointment of service providers.

The Audit and Risk committee also conducts an annual review of the internal controls of the Investment Adviser and the Administrator; this includes a visit to the offices of both service providers. Refer to page 125 for further details.

# Stakeholders continued

## Stakeholders: Why and how we engage continued



### Public sector

Organisations owned and operated by the UK Government that exist to provide public services for society.

### Why engage

Governments and regulators play a central role in shaping renewable energy, PFI and social housing sector policy. Changes in UK Government policy may adversely affect the ability of the Company to successfully pursue its investment policy and meet its investment objective or provide favourable returns to shareholders.

### How the Company engages

The Company engages with local government and regulatory bodies at regular intervals and participates in focus groups and research projects on the infrastructure sector through the Investment Adviser. UK infrastructure policy informs strategic decision making at a Board level with consideration given to the impact the Company has on the sector.

Cost disclosure requirements have impacted the Company this financial year; however, positive developments have been made, with a Statutory Instrument to remove the requirement for investment companies to publish ongoing charges becoming law on 22 November 2024. The Investment Adviser has been heavily involved in the campaign to resolve the cost disclosure issue, and it has been a significant area of engagement for the Company.

The Company has historically benefitted from co-investment alongside public bodies seeking to ‘crowd-in’ private sector capital and will continue to seek and evaluate such opportunities. In addition, the Company supports efforts to mobilise private capital to promote decarbonisation efforts.

The introduction of a new Government this year has meant increased focus on the UK’s decarbonisation targets. In their first Budget, announced post year end in October 2024, the new Government announced their commitment to make the UK a clean energy superpower. This is beneficial for the Company, as the Investment Adviser has an extensive track record in the renewable energy sector, as well as the proven ability to target emerging sectors. This means the Company is well placed to benefit from increased investment opportunities associated with the energy transition.



### Society

The Company makes a positive impact through its investments in renewables and assets such as schools and hospitals which are integral to society.

### Why engage

Through its investments in renewable energy projects and assets such as schools and hospitals, the Company’s activities indirectly impact the lives of thousands of people across the UK. The Company is committed to being socially responsible and the Directors consider community involvement to be an important part of that responsibility.

### How the Company engages

The Company indirectly provides benefits to society through its investment activities, as it contributes to the generation of renewable energy and provides financing for infrastructure that has clear benefits to end users in society.

Investing in renewables, PPP/PFI and social housing projects indirectly creates job opportunities in supply chains that benefit local communities across the UK.

Renewables projects not only have a positive impact on the environment but also have wider benefits for society, for example, improving local communities through Community Benefit Funds.

The Company’s investments in supported living have funded various social housing projects across the UK, offering high-quality accommodation for vulnerable people. The Investment Adviser is focused on operating to the highest ethical standard in this area due to the vulnerability of stakeholders.



Lenders

Financial institutions and providers of the Company's credit facilities.

Why engage

The Company's facilities are used to make investments in accordance with its investment policy. These arrangements provide the Company with access to flexible debt finance, enabling it to take advantage of investment opportunities as they arise as opposed to holding cash which is awaiting investment. Access to these facilities is vital for the efficient capital management of the Company.

How the Company engages

Lenders are financial institutions that provide debt finance in the form of an RCF. The Company, through its Investment Adviser, engages with its lenders on a regular basis, and there is a strong, supportive long-standing relationship. The Investment Adviser, on behalf of the Company, has engaged positively with its lenders during the year.

The Company has in place an RCF with a total commitment of £150 million, following the refinance of the previous facility in March 2024, where commitments were reduced from £190 million in line with the Board's stated intention of reducing leverage.

The new facility will expire in March 2027. These arrangements are anticipated to provide 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.

Further details on the Company's RCF can be found in note 15 to the financial statements.

Information on key Board decisions during the year and their impact on stakeholders can be found in the governance section on pages 114 to 115.



# Risk management

The Board and the Investment Adviser recognise that risk is inherent to the operation of the Company and are committed to effective risk management to protect and maximise shareholder value.

## Approach to risk management

The Board has the ultimate responsibility for risk management and internal controls within the Company. The Board has adopted a risk management framework to govern how it identifies existing and emerging risks, determines risk appetite, identifies mitigation and controls, and how it assesses, monitors and measures risk and reports on risk.

## Risk review process

The Board, with the assistance of the Audit and Risk committee, undertakes a formal risk review twice a year to assess the effectiveness of the Company's risk management process and internal control systems. During the year, the Board continued to track its most material risks ('A' risks) on a risk matrix showing relative probability and impact. This allowed the Board to identify the twelve principal risks facing the Company, as described on pages 89 to 96. Additional, less material, risks ('B' risks) are monitored by the Board on a watchlist.

In addition to the Audit and Risk committee, the Company's Investment committee, Management Engagement committee and Sustainability committee have a key role and contribute to the overall risk management and governance structure. Consideration is given to the materiality of risks in designing systems of internal control; however, no system of control can provide absolute assurance against the incidence of risk, misstatement or loss.

The following are the key components the Company has in place to provide effective internal control:

## Execution risk

- The Board and the Investment committee have agreed clearly defined investment criteria, which specify investment characteristics, authority and exposure limits.

- The Board and the Audit and Risk committee receive and review assurance reports on the controls of the Investment Adviser and Administrator undertaken by a professional third party service provider.
- The contractual agreements with the Investment Adviser and other third party service providers, and their adherence and ongoing performance, are regularly reviewed by the Board and at least annually by the Management Engagement committee.

## Portfolio risk

- The Investment Adviser prepares quarterly reports which allow the Board to assess the performance of the Company's portfolio and more general market conditions.

## Financial risk

- The Investment Adviser and the Administrator prepare financial projections and financial information which allow the Board to assess the Company's activities and review its financial performance.
- The Company has policies and procedures in place to ensure compliance with legal and regulatory requirements which are monitored by the Board.

## Other risks

- The Board monitors the outputs from the Company's and the Investment Adviser's compliance officers.

## Emerging risks

- Emerging risks are a standard item on the Board's agenda with a continual focus and scanning of the regulatory horizon to ensure early awareness and engagement.
- Climate risk is now a key consideration for the stability of future risk-adjusted financial returns, with both physical and transition risks considered.

- The Board, through its Sustainability committee, directly or indirectly addresses climate-related risks and opportunities when evaluating and approving new investments, including an ESG risk and impact assessment completed for each new investment.
- More details on how the Board of Directors identifies, assesses and manages emerging risks, including climate change risk, is provided on page 97.

## Risk appetite

As an investment company, the Company seeks to take investment risk. The Company's investment policy on pages 26 and 27 sets out the key components of its risk appetite. The Company and the Board seek to manage investment risk within set risk and return parameters. Information on the Investment Adviser's view on current asset risk characteristics for each risk sector is included in the Investment Adviser's report on pages 35 and 36.

## Role of the AIFM

The Investment Adviser is the appointed AIFM to the Company and is required to operate an effective and suitable risk management framework to allow the identification, monitoring and management of the risks to which the Investment Adviser and the AIFs under its management are exposed.

The Investment Adviser's permanent risk management function has a primary role alongside the Board in shaping the risk policy of the Company. It also has responsibility for risk monitoring and risk measuring to ensure that the risk level complies with the Company's risk profile on an ongoing basis.

The principal risks faced by the Company detailed below are categorised under the headings of execution risk, portfolio risk, financial risk<sup>1</sup> and other risks.

## Category 1: Execution risk

Risk	Impact	How the risk is managed	Change in residual risk over the year
<b>1 Investment due diligence</b> Investment due diligence may not reveal all the facts relevant to 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.  <b>Link to strategy:</b> 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.	 <b>Stable</b> The current macro-economic environment is uncertain, and the future outlook for inflation and interest rates is difficult to predict with accuracy; however, the Board does not intend to increase this risk from its existing heightened level.
<b>2 Availability of suitable investments and reinvestment risk</b> 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 reinvesting capital repaid to the Company under existing loan agreements.  <b>Link to strategy:</b> 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 a potential cash drag. Ultimately, this risks the sustainability of the dividend.	The Investment Adviser is constantly engaging with the market, seeking new deals, and building 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.	 <b>Increased</b> Notwithstanding the current capital allocation policy, the Investment Adviser continues to explore future investment opportunities, and the value of the pipeline has increased relative to available funds.

### Key to strategy references

1 Dividend income

2 Diversification

3 Capital preservation

1. The principal financial risks, the Company's policies for managing these risks and the policy and practice with regard to financial instruments are summarised in note 19.

Risk management continued

Category 1: Execution risk continued

Risk	Impact	How the risk is managed	Change in residual risk over the year
<p><b>3 Reliance on the Investment Adviser</b></p> <p>The Company is heavily reliant on third party service providers to carry out its main functions. In particular, the Company depends on the Investment Adviser and the expertise of its key personnel and staff to implement the Company's strategy and investment policy, to deliver its objectives and to maintain sufficient day-to-day oversight of investments. Should any key personnel leave the employment of the Investment Adviser and it is unable to recruit other individuals of similar experience and credibility, this may have a negative impact on the performance of both the Investment Adviser and the Company.</p> <p>The Company is also reliant on the effectiveness of the Investment Adviser's control environment.</p> <p>Link to strategy: <b>1 3</b></p>	<p>Failure by the Investment Adviser to carry out its obligations in accordance with the terms of its appointment, or to exercise due skill and care, could have a material effect on the Company's performance. Any poor performance, misconduct or misrepresentation by the Investment Adviser may manifest itself in direct financial losses or result in damage to the Company's reputation, having longer-term financial consequences on the Company's performance.</p>	<p>The performance of the Investment Adviser is monitored closely by the Board. In addition, the Management Engagement committee performs a formal review process at least once a year, which considers the ongoing performance of the Investment Adviser. The Audit and Risk committee also conducts an annual control review.</p> <p>The Investment Adviser has industry and asset knowledge of specific use and importance to the Company. The Company has entered into a contractual agreement with the Investment Adviser on terms that it considers to be mutually fair and reasonable. The Investment Adviser monitors its key personnel to ensure that their experience fits the role and proper training is provided for continued professional development.</p> <p>The Investment Adviser obtains assurance of its controls processes annually through the completion of an ISAE 3402 audit by external auditor, Deloitte LLP.</p>	<p><b>Stable</b></p> <p>The Investment Adviser continues to provide adequate resources and act with due skill, care and diligence in its responsibilities as Investment Adviser and AIFM to the Company.</p> <p>The Company's shares continue to trade at a significant discount<sup>1</sup> to NAV, in line with the wider market, which means that new investment deals are not being prioritised. The Investment Adviser is following the Board's capital allocation policy before considering new investments.</p> <p>The relationship between the Investment Adviser and the Board remains strong, open and collaborative and the Directors gain additional comfort from the fact that the Investment Adviser is part of the wider ORIX Corporation group, a global financial services company.</p>

Key to strategy references

- 1 Dividend income
- 2 Diversification
- 3 Capital preservation

1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.



## Category 2: Portfolio risk

Risk	Impact	How the risk is managed	Change in residual risk over the year
<p><b>4 Changes in laws, regulations and/or UK Government policy impacting investments</b></p> <p>Changes in laws, regulations and/or UK Government policy, in particular those relating to the PPP/PFI and renewable energy markets, may have an adverse effect on the Company.</p> <p><b>Link to strategy:</b> 1 2 3</p>	<p>Potential adverse effect on the performance of the Company's investment portfolio and the returns achieved by the Company.</p> <p>Price capping or other intervention in the energy market may impact returns.</p> <p>Reduced support for private sector finance of infrastructure and/or a material change in the approach to infrastructure delivery (such as nationalisation) represent risks to the Company's ability to reinvest capital.</p>	<p>Any changes in laws, regulations and/or policy, or the application thereof, are monitored by the Board on an ongoing basis.</p> <p>The Investment Adviser engages with industry bodies to understand and influence Government policy options.</p> <p>Given the UK Government's reliance on private capital for, inter alia, the funding of new social and economic infrastructure and renewable energy projects, it is the view of the Investment Adviser and the Board that, despite potential short-term intervention in the energy market, the risk of any future significant changes in policy is low and is more likely to have a prospective impact rather than a retrospective effect.</p>	<p><b>Stable</b></p> <p>The implementation of the Electricity Generator Levy in January 2023 has impacted the short-term profitability of certain assets in the portfolio. The levy will be in place until 31 March 2028.</p> <p>The new Government is expected to increase action around climate policy as it prioritises decarbonisation and the transition to net zero.</p>
<p><b>5 Performance of, and reliance on, subcontractors</b></p> <p>The performance of the Company's investments is typically dependent on the performance of subcontractors, most notably facilities managers and operations and maintenance subcontractors.</p> <p>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.</p> <p><b>Link to strategy:</b> 1 2</p>	<p>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.</p>	<p>The competence and financial strength of subcontractors, as well as the terms and feasibility of their engagement, 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 through diversification.</p>	<p><b>Stable</b></p> <p>The concentration of credit risk to any individual project did not exceed 10% of the Company's portfolio at the year end, which is the maximum amount permissible per the Company's investment policy. Notwithstanding these issues, there has been no evidence of insolvency indicators in the subcontractor group.</p>

## Key to strategy references


1 Dividend income

2 Diversification

3 Capital preservation

# Risk management continued

## Category 2: Portfolio risk continued

Risk	Impact	How the risk is managed	Change in residual risk over the year
<div><b>6 Technological, operational or construction issues</b> The Company's investments are exposed to construction and/or operational risks or utilise relatively new or developing technologies and may not perform as expected. Over the life of a project, components of a project may need to be replaced or undergo a major refurbishment; these costs may be higher than projected. Operational risks also include cyber risks.  In addition, climate change, in the form of changes to weather patterns, can also have an impact on assets in relation to their operation and/or construction, especially in relation to wind and solar assets.  <b>Link to strategy:</b> <b>1</b> <b>3</b></div>	<div>In the event of material operational or construction issues, the interest and principal payments received by the Company may be lower than expected or forecast and/or additional costs may be incurred.</div>	<div>The Investment Adviser undertakes extensive due diligence on all projects regarding expected performance. A full package of insurance and manufacturer guarantees is put in place to protect the Company from unforeseen events. The Board ensures that the Company has security over the assets against which it is lending, so in the instance of a borrower default it can enforce security over the assets and implement performance improvement plans.  The Investment Adviser's dedicated portfolio management team monitors the performance of investments on an ongoing basis. Monitoring takes the form of regular interaction with borrowers, including periodic site visits to the underlying assets. The Investment Adviser reports to the Board on asset performance on a quarterly basis.</div>	<div><div></div><div><b>Increased</b> The Company continues to face challenges in its gas-to-grid anaerobic digestion projects in Scotland, representing 4.4% of the portfolio. Significant progress has been made, completing grid upgrade works to provide a more reliable method of injecting biogas into the gas grid and reducing the likelihood of curtailment.  Construction exposure was 1% at 30 September 2024 (30 September 2023: 1%).</div></div>

Key to strategy references

- 1** Dividend income
- 2** Diversification
- 3** Capital preservation

## Category 3: Financial risk

Risk	Impact	How the risk is managed	Change in residual risk over the year
<p><b>7 Valuation</b></p> <p>The value of the investments made by the Company will change from time to time according to a variety of factors, including actual and anticipated movements in energy prices, interest rates, inflation and/or discount rates and general market pricing of similar investments.</p> <p>The Company makes investments which rely on detailed financial models based on certain assumptions, estimates and projections of each investment's future cash flow. Such assumptions include, inter alia, inflation, power prices, interest rates, feedstock costs, asset productivity, taxation, lifecycle and insurance costs. There is a risk these assumptions may be incorrect.</p> <p><b>Link to strategy:</b> <b>3</b></p>	<p>Such changes to valuations may negatively impact the value of the Company's investment portfolio.</p> <p>There can be no assurance that assumptions will turn out to be accurate, and actual data could have an adverse impact on the performance of the Company's investments.</p> <p>Errors may occur in the calculation of an investment valuation with a potential corresponding impact upon the Company's published financial statements.</p>	<p>The Company's infrastructure investments are generally low volatility investments with stable, pre-determined, long-term, public sector backed revenues. Nearly half of the Company's investment portfolio is exposed to some form of inflation protection mechanism. The Company's investments are valued by an independent Valuation Agent with reference to duration-matched interest rates, typically between 15 and 25 year rates. The discount rates currently used to value the Company's investments include a premium to the risk-free rate that offers protection in the event of rate rises.</p> <p>When modelling future cash flows and structuring debt profiles, the Investment Adviser uses assumptions considered to be conservative by third party experts. The Investment Adviser constantly monitors the actual performance of projects and takes action where appropriate.</p>	<p><b>Stable</b></p> <p>The Company is exposed to a number of shareholder interests, 6% of the portfolio by value (a reduction of 3% compared to the prior year) 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.</p>

## Key to strategy references

**1** Dividend income**2** Diversification**3** Capital preservation



Risk management continued



Category 3: Financial risk continued

Risk	Impact	How the risk is managed	Change in residual risk over the year
<div><div>8</div><div><b>Company liquidity and balance sheet risk</b></div><div>The Company requires cash flows from investment income and loan repayments to fund its investment activities.</div><div>The Company utilises borrowing facilities to finance and/or part-finance further acquisitions in accordance with the Company’s investment policy. However, there can be no guarantee that any such facility will be available to the Company on commercially acceptable terms or at all.</div><div>Link to strategy: 1</div></div>	<div>If the Company is unable to secure borrowing facilities this may adversely affect the Company’s investment returns and may have a material adverse effect on the Company’s financial position and its operating results.</div>	<div>The RCF has historically been in place to fund potential investments in the near term and to avoid holding material amounts of uninvested cash awaiting investment. Consideration may also be given to other forms of credit as part of the Company’s future funding strategy. Through the use of forecasting and modelling techniques, the Investment Adviser has the capability to plan in advance the sale of assets if required for liquidity purposes.</div>	<div><div><div>⌵</div></div><div><b>Decreased</b></div><div>The Board and the Investment Adviser continue to pay close attention to cash flow modelling and cash cover to finance acquisitions and to pay dividends.</div><div>During the year, the Company disposed of its interest in loan notes secured against Blackcraig Wind Farm. The disposal occurred at a 6.4% premium to the valuation of the project at 31 March 2024. The Investment Adviser, on behalf of the Company, continues to progress a number of additional disposal opportunities.</div><div>The Company reduced its RCF from £190 million to £150 million and has repaid amounts of £47 million in line with the Board’s stated intention to reduce leverage by the end of 2024.</div></div>

Key to strategy references

- 1 Dividend income
- 2 Diversification
- 3 Capital preservation

## Category 4: Other risks

Risk	Impact	How the risk is managed	Change in residual risk over the year
<p><b>9 Litigation or legal risk</b></p> <p>Litigation or legal action either by the Company or against it or its assets, which involve legal costs, management time and resources with potential asset impairment consequences, notwithstanding possible mitigation through insurance schemes.</p> <p>The Company is required to disclose material litigation to shareholders and/or the Company's regulators.</p> <p><b>Link to strategy:</b> 1 3</p>	<p>Any material legal claims or regulatory action against the Company or its underlying assets may adversely damage the Company's reputation and affect the Company's ability to successfully pursue its investment policy, meet its investment objective and/or provide favourable returns to shareholders.</p>	<p>The Board is kept informed by the Investment Adviser regarding any litigation or regulatory action relating to the portfolio. If necessary, a sub-committee of the Board is constituted to oversee a specific matter.</p> <p>Insurance regarding representations and warranties is considered on its merits by the Investment Adviser for each transaction.</p>	<p> <b>Stable</b></p> <p>Previously disclosed litigation and regulatory proceedings regarding a number of solar assets have continued to progress during the year. Further details are set out in the Investment Adviser's report on page 44.</p>
<p><b>10 Geopolitical</b></p> <p>Risk of a sustained shift in the geopolitical environment. For instance, international conflict, a winding back of globalisation, trade wars and the desire to be more self-sufficient in energy, and increased migrant flows.</p> <p><b>Link to strategy:</b> 1 2 3</p>	<p>Impacts on supply chains, inflation, interest rates, and adverse exchange rate movements. Potential volatility on long-term power prices affecting the Company's exposure to shareholder interests. Increase in the volume of capital flowing into infrastructure and renewable projects creating downward pressure on yields and difficulty in sourcing investments within the required risk return parameters of the Company's investment strategy. Potential for increased uncertainty around investment valuations if Government subsidy or support is unpredictable.</p>	<p>Regular engagement with the public sector through the Investment Adviser. The Investment Adviser conducts quarterly reviews on important and/or emerging topics for the Board's consideration. Monitoring of key emerging issues is undertaken by the Directors on an ongoing basis.</p>	<p> <b>Stable</b></p> <p>The world remains turbulent, with the ongoing war in Ukraine and unrest in the Middle East. This is balanced by a new Government in the UK who are committed to making the UK a clean energy superpower as set out in their Autumn Budget. This is set to increase energy security in the UK and promote investment in the renewable energy sector.</p> <p>The Board does not consider that this risk needs to be increased from its existing heightened level. The Board, along with the Investment Adviser, continues to closely monitor the impact of these issues on the portfolio.</p>

## Key to strategy references

1 Dividend income

2 Diversification

3 Capital preservation

## Risk management continued

### Category 4: Other risks continued

Risk	Impact	How the risk is managed	Change in residual risk over the year
<p><b>11 Share price discount<sup>1</sup> or premium<sup>1</sup> to NAV</b> The Company's share price discount<sup>1</sup> to NAV will persist and widen to a significant level, or will remain at an insufficiently large or consistent premium<sup>1</sup>.</p> <p><b>Link to strategy:</b> <b>1 2 3</b></p>	<p>A significant discount<sup>1</sup> may prevent the Company raising more capital. If the Company is unable to secure further capital for investment, this may adversely affect the Company's ability to achieve its investment policy and strategy and/or maintain a diversified portfolio of investments.</p>	<p>The level of discount<sup>1</sup> that the Company's shares are trading at has meant that buybacks have become an attractive option from an investment point of view relative to other opportunities. Consequently, during the year, the Company has continued its share buyback programme. The decision to buy back shares is subject to 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<sup>1</sup> relative to the NAV per share is closely monitored by the Board.</p>	<p><b>Stable</b> The Company's shares have traded at an average discount<sup>1</sup> of 32.4% during the year and an average premium<sup>1</sup> of 3.8% since IPO. The level of share price discount<sup>1</sup> is closely monitored by the Board.</p> <p>The Company is executing on its capital allocation policy with progress made to date, which is expected to enhance earnings per share and dividend cover going forward.</p>
<p><b>12 Strategic positioning</b> The Company's shares are trading at a persistent discount<sup>1</sup> to NAV. In this environment there is a strong argument to prioritise de-levering and buying back shares over making any new investments. The Board has to determine the right balance and set the strategy accordingly. Shareholders may disagree with the strategy, or it may not work as intended.</p> <p><b>Link to strategy:</b> <b>1 2 3</b></p>	<p>Implementation of the wrong strategy or poor execution of it will damage sentiment in the Company, exacerbating the discount<sup>1</sup>.</p>	<p>The Board is prioritising the allocation of capital to pay down the balance drawn under its RCF alongside the buyback of shares. Select sales of portfolio assets are also under consideration. At the same time, the Investment Adviser continues to develop a pipeline of new investment opportunities and is considering the refinance of existing positions to improve returns and/or reduce risk, whilst acknowledging the current high hurdle for new investment.</p>	<p><b>Stable</b> The Board and the Investment Adviser are working closely to address the discount<sup>1</sup> at which the shares trade through the execution of the capital allocation policy.</p>

#### Key to strategy references

**1** Dividend income

**2** Diversification

**3** Capital preservation

1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.



**Emerging risks**

Emerging risks need to be managed differently than 'business as usual' risks. Emerging risks are, by their nature, more challenging to identify, assess and manage. There is a lack of data to assess and to base the risk response on. The relevant emerging risks for the Company are described below. Emerging risks is an area the Board will continue to consider.

**Emerging risks**

Risk	Impact	How the risk is managed	Change in residual risk over the year
<b>1 Climate change</b> <b>a) Physical</b> Higher frequency and severity of extreme weather conditions, for example intense heat waves, storm surges and higher water levels on coasts.	If renewable assets are damaged by extreme weather events, with the subsequent inability to connect to the grid, or suffer reduced availability, this would impact revenue.	The portfolio is diversified across a number of asset classes and physical locations and ESG processes are embedded in investment decision making. The Investment Adviser has a Responsible Investment policy and a Responsible Investment committee to monitor and implement ESG initiatives. Environmental impact assessments are carried out as part of the due diligence process. The Investment Adviser also carries out ongoing performance monitoring, including site visits by experienced personnel. Regular fortnightly updates, ad hoc and quarterly detailed reports on asset performance are provided to the Board.	 <b>Stable</b> The Board considers this a long-term issue; the impact of climate change on the Company's portfolio will continue to be closely monitored by the Board, the ESG committee and the Investment Adviser.  During the year, the Investment Adviser carried out a climate risk assessment for each underlying portfolio asset as part of its TCFD disclosures to assess the actual and potential impacts of climate-related risks and opportunities across the portfolio. The analysis considered both physical and transition risks for each asset. Further information is given on page 73.
<b>2 Climate change</b> <b>b) Transition</b> Risks associated with the long-term trends arising from climate change and the energy transition it requires. This includes increasing regulation, insurance availability and price, government inertia or over-reaction, failure of business models, and changing consumer and business preferences.	Increased focus on sustainability and ESG factors amongst governments, regulators, shareholders and the wider community. Any associated consequences arising from this risk, such as regulatory or legal sanctions including financial and reputational damage. Governmental availability, sufficiency and consistency of support mechanisms to enable the transition to a low carbon economy. Potential increase in costs to the Company.	The Board is focused on this area. Compliance with both new and existing reporting requirements and best practice is managed by the Investment Adviser and monitored by the Audit and Risk committee and the Sustainability committee.	 <b>Stable</b> The new Government is expected to increase action around climate policy as it prioritises decarbonisation and the transition to net zero.  However, Government climate policy, transition planning frameworks, and standards of best practice are all nascent and will continue to evolve for some time.  The Sustainability committee and the Investment Adviser will continue to monitor and assess the impact of these policies on the investment portfolio and the Company as a whole.

**Key to strategy references****1** Dividend income**2** Diversification**3** Capital preservation

## Risk management <sup>continued</sup>

### Going concern assessment and viability statement

#### Going concern

The Directors have considered the financial prospects of the Company for the next twelve months and made an assessment of the Company's ability to continue as a going concern. The Directors' assessment included consideration of the availability of the Company's RCF, hedging arrangements, cash flow forecasts and stress scenarios.

The Directors are satisfied that the Company has the resources to continue in business for the foreseeable future and are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

#### Viability statement

At least twice a year, the Board carries out a robust assessment of the principal and emerging risks facing the Company, including those that may threaten its business model, future performance, solvency and liquidity.

The Directors have considered each of the Company's principal risks, detailed on pages 89 to 96, that could materially affect the cash flows of the underlying projects that support the Company's investments.

The potential impact of a further increase in power prices and, in particular, the consequent cash requirements of the Company's hedging programme, have been considered in the context of each project in the portfolio.

The Directors also considered the Company's policy for monitoring, managing and mitigating its exposure to these risks.

The Directors have assessed the prospects of the Company over a longer period than the twelve months from the date of signing the report required by the going concern provision. The Board has conducted this review for a period covering the next five years as, over this period, it believes the risk of changes in UK Government policy that would result in retrospective adjustments to public sector backed cash flows is low.

This assessment involved an evaluation of the potential impact on the Company of these risks occurring. Where appropriate, the Company's financial model was subject to a sensitivity analysis involving flexing a number of key assumptions in the underlying financial forecasts in order to analyse the effect on the Company's net cash flows and other key financial ratios. The assumptions used to model these scenarios included:

- an increase in the cost of debt by 3% over the all-in margin or operating expenses of 50%;
- the impact of a significant proportion of the portfolio, 50%, not yielding, which is a worst case scenario and would require a number of the principal risks materialising in parallel; and
- the potential impact of a short-term increase in electricity prices over the period to maturity of the financial derivatives by a 99% worst case scenario and, in particular, the consequent cash requirements of the Company's hedging programme.

Alongside this analysis, reverse stress testing was carried out in order to further assess the Company's viability.

The sensitivity analysis was based on a number of assumptions, including that the Company's RCF is refinanced in advance of the date of expiry if required, and it remains in place to provide short-term finance.

Given the projects that the Company's investments are secured against are all UK infrastructure projects that generate long-dated, public sector backed cash flows, the Board considers the revenue of the Company over that period to be dependable. This is supported by a diversified portfolio of investments, reducing exposure to risks affecting a single sector.

Additionally, the Company primarily invests in long-dated UK infrastructure debt that earns a fixed rate of interest and is repaid over time according to a pre-determined amortisation schedule. As such, assuming that the underlying projects perform as expected, the Company's cash inflows are predictable.

Based on this assessment of the principal risks facing the Company, stress testing and reverse stress testing undertaken to assess the Company's prospects, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of assessment.

### Approval

The strategic report has been approved by the Board and signed on its behalf by:

**Andrew Didham**

Chairman

11 December 2024



## Governance

# What's in the section

### Governance at a glance

Pages 102 and 103

### Board of Directors

Pages 104 and 105

### The Investment Adviser

Pages 106 to 109

### Board leadership and purpose

Pages 110 to 115

### Division of responsibilities

Pages 116 to 118

### Composition, succession and performance review

Pages 119 to 121

### Audit, risk and internal control

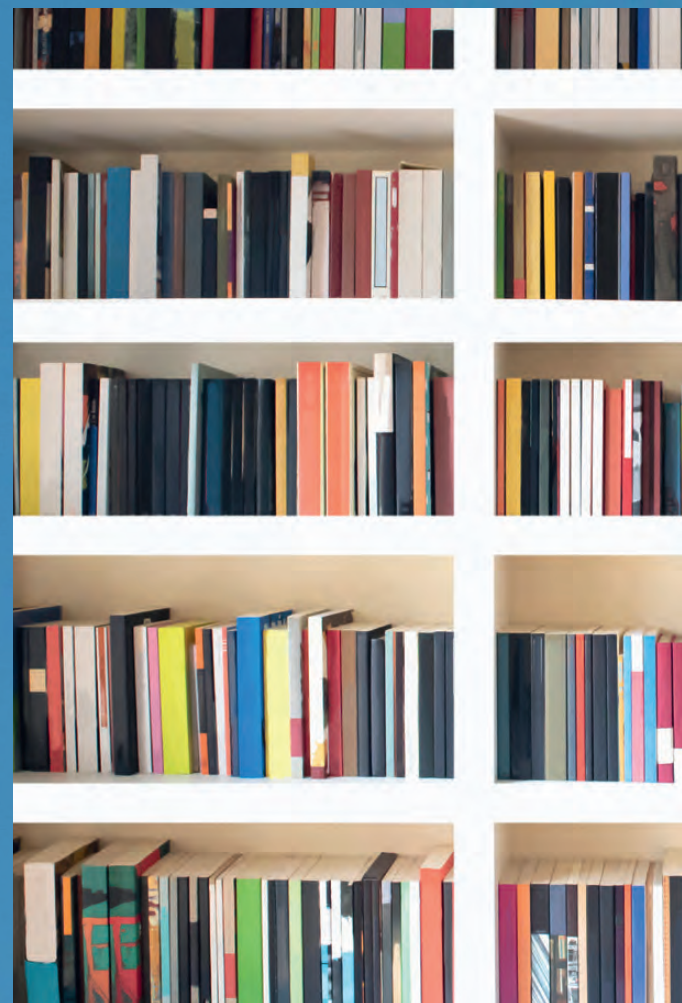
See the Audit and Risk committee report on pages 122 to 125,  
risk management disclosures on pages 88 to 97 and the  
financial statements on pages 134 to 169

### Remuneration

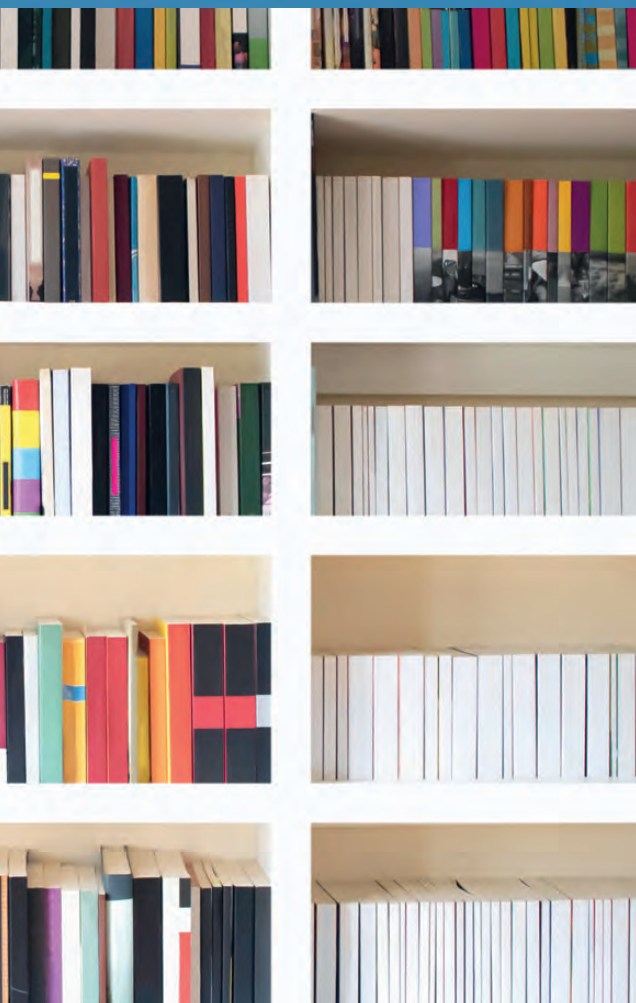
See the Directors' remuneration report on pages 126 to 130

### Directors' report

Pages 131 to 133







## Annual strategy day

Each year the Board holds an annual strategy day to look back over the previous twelve months and compare it with the agreed strategy, and to consider the strategic proposal for portfolio management activities over the next twelve months, with a keen focus on the resolution of issues.

Holding the annual strategy day is beneficial for the Company, as it fosters a unified vision, facilitates in-depth strategic planning and enhances Board member engagement. It allows for focused discussions on both short-term and long-term goals, investment/divestment opportunities and enablers for growth, ensuring alignment among Board members and the Investment Adviser.

This year the meeting was held in November 2024, key topics discussed included a review of the current strategic plan, analysis of sales strategy and investor engagement, portfolio enhancements and optimisation, new sectors, and innovation and growth opportunities. This concentrated effort helps sharpen the strategic focus of the Company and drive its organisational success.

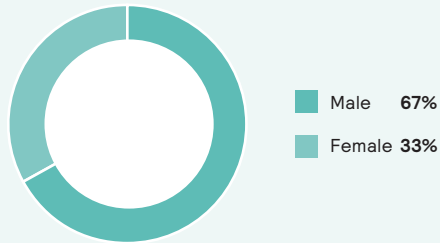
Details of the activities undertaken by the Board in relation to its stakeholders can be found in the stakeholders section on pages 82 to 87.

## Governance at a glance

The Company’s governance framework promotes transparency, accountability and responsible decision-making, ensuring long-term value creation for shareholders.

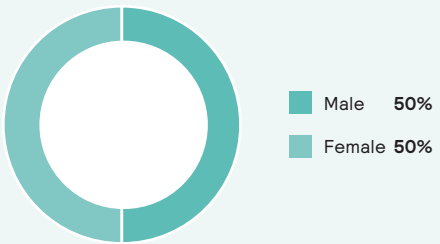


Board gender diversity



Read more on page 120

Gender diversity in senior positions<sup>1</sup>



Read more on page 120

# 100%

Percentage of Board independence<sup>2</sup>

Read more on page 120



1. Senior positions including Chairman and Senior Independent Director.  
2. Refer to page 120 for further information.



#### Number of meetings held during the year

Meeting	No. of meetings
Quarterly Board	4
Ad hoc Board	5
Investment committee	7
Audit and Risk committee	4
Sustainability committee	1
Nomination committee	2
Management and Engagement committee	1
<b>Total number of meetings held in the year</b>	<b>24</b>

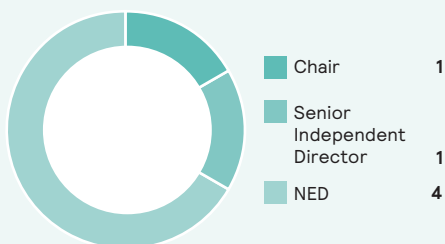


100%

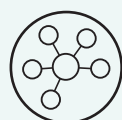
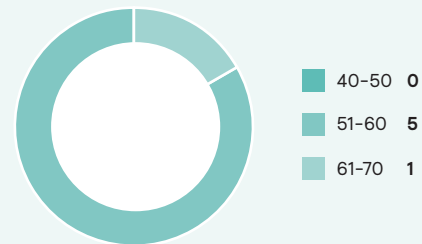
Directors' attendance  
at meetings

[Read more on page 118](#)

#### Board roles



#### Board age diversity



17%

Board members from  
minority ethnic background

[Read more on page 120](#)

#### Non-executive Director tenure

Director	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years
Andrew Didham									
Julia Chapman									
Michael Gray									
Steven Wilderspin									
Dawn Crichard									
Alex Yew									

## Board of Directors

The Board of Directors is responsible for the effective leadership of the Company's activities in order to ensure its long-term success is in the interest of stakeholders.



**Andrew Didham**

FCA

Chairman and Chair of the Nomination committee

Andrew Didham, a UK resident, is a Fellow of the Institute of Chartered Accountants in England and Wales. A senior executive director with extensive board level experience in the Rothschild Banking group, Mr Didham was group finance director for 16 years and a member of the group management of the worldwide Rothschild business, comprising investment banking, wealth management, asset management and merchant banking activities. He serves on the boards of IG Group Holdings plc and Shawbrook Group plc as a non-executive director and audit committee chairman. Within Rothschild, he remains an executive vice chairman, presently on a part-time basis. Formerly, he served as a non-executive director of Charles Stanley plc and Jardine Lloyd Thompson Group plc and, prior to joining Rothschild & Co, was a partner in the London office of KPMG with responsibility for the audit of a number of global financial institutions and assignments for various government and regulatory authorities.

**Skills and experience:**

Banker and Chartered Accountant with extensive board experience, strong leadership skills and a wealth of financial knowledge, particularly in relation to debt financing.

**Date of appointment:**

17 December 2021



**Julia Chapman**

Senior Independent Director

Julia Chapman, a Jersey resident, is a qualified solicitor in England, Wales and Jersey with over 30 years' experience in the investment fund and capital markets sectors. Having trained with Simmons & Simmons in London, Ms Chapman moved to Jersey to work for Mourant du Feu & Jeune (now known as Mourant) and became a partner in 1999. Following the acquisition of Mourant's fund administration business by State Street in April 2010, Ms Chapman was appointed senior counsel at State Street, heading up a team supporting State Street's European alternative investment services division. In July 2012, Ms Chapman left State Street to focus on the independent provision of directorship and governance services to a small number of alternative investment fund vehicles. Ms Chapman serves on the boards of two other Main Market listed companies, Henderson Far East Income Limited and BH Macro Limited, and The International Stock Exchange (the shares of which are listed on its own exchange).

**Skills and experience:**

Qualified solicitor with extensive legal, governance and regulatory risk expertise in the funds and capital market sectors.

**Date of appointment:**

1 October 2015



**Michael Gray**

FCBI, AMCT, DIP IoD

Chair of the Investment committee

Michael Gray, a Jersey resident, is a qualified corporate banker and corporate treasurer. Mr Gray was most recently the regional managing director of corporate banking for RBS International, based in Jersey, with responsibility for the Royal Bank of Scotland's corporate banking business in the Crown Dependencies and British Overseas Territories. In a career spanning 31 years with the Royal Bank of Scotland Group plc, Mr Gray has undertaken a variety of roles, including that of an auditor, and has extensive general management and lending experience across a number of industries. He is also a non-executive director of LSE listed companies JTC plc, EPE Special Opportunities Limited, Foresight Enterprise VCT plc and TEAM plc.

**Skills and experience:**

Qualified corporate banker and corporate treasurer, with significant experience in banking, finance and corporate governance in both the private and public sectors.

**Date of appointment:**

1 October 2015



**Steven Wilderspin**

FCA, IMC

Chair of the Audit and Risk committee

Steven Wilderspin, a Jersey resident, is a Fellow of the Institute of Chartered Accountants of England and Wales. He has acted as an independent director of a number of public and private investment funds and commercial companies since 2007. Mr Wilderspin serves on the boards of three other Main Market listed companies: he is a non-executive director and chair of Blackstone Loan Financing Limited, a non-executive director and chair of the audit and risk committee of HarbourVest Global Private Equity Limited, and a non-executive director of Phoenix Spree Deutschland Limited. Prior to 2007, he was a director of Maples Group in Jersey, with responsibility for their fund administration and fiduciary businesses. Mr Wilderspin began his career at PwC in London in 1990.

**Skills and experience:**

Chartered Accountant with extensive audit and accounting experience with a deep knowledge of financial matters within the financial services sector.

**Date of appointment:**

10 February 2021



**Dawn Crichard**

FCA

Chair of the Management Engagement committee and Chair of the Sustainability committee

Dawn Crichard, a Jersey resident, is a Fellow of the Institute of Chartered Accountants of England and Wales with over 25 years' experience in senior chief financial officer and financial director positions. Having qualified with Deloitte, Ms Crichard moved into the commercial sector and was chief financial officer of a large private construction group for twelve years. Ms Crichard worked with both private and listed clients in the hedge fund division of State Street. Following this, she was appointed as chief financial officer for Bathroom Brands plc. Ms Crichard also held the senior financial position for a substantial multinational family office business, including establishing and overseeing high value private expert funds. She is currently a non-executive director and chair of the audit committee for funds of a Northern European private equity firm. Her broad accounting and commercial experience includes establishing new group head offices, mergers, acquisitions, refinancing and restructuring.

**Skills and experience:**

Chartered Accountant with extensive experience, both operational and financial, within the commercial and funds sectors.

**Date of appointment:**

16 September 2019



**Alex Yew**

Non-executive Director

Alex Yew, a UK resident, has more than 25 years of experience as a lawyer, banker and investor. He is a qualified solicitor in Singapore, England and Wales. Mr Yew currently holds a number of non-executive roles in infrastructure, energy and energy transition.

Prior to this, Mr Yew was a senior adviser and a senior managing director at John Laing, an international investor in infrastructure and energy assets. Mr Yew worked at John Laing for more than 14 years, during which time he held leadership positions in project finance, new markets, strategy, partnerships, and was regional head of the European and Latin American businesses. He was also a member of the senior leadership team and the investment committee. Prior to John Laing, Mr Yew was a director in the infrastructure advisory team at CIBC World Markets in London. He was also a banker and lawyer in Southeast Asia before he moved to the UK.

**Skills and experience:**

Qualified solicitor with extensive international experience in finance law, banking and investing. Specialises in infrastructure, PPPs, renewable energy and energy transition.

**Date of appointment:**

1 November 2022



## The Investment Adviser



### At Gravis we don't believe in a short-term approach to investment.

We are Gravis. We invent and manage funds that aim to give investors radically steady returns. We involve ourselves in long-term projects that offer a human dimension, investing in assets that will be needed for many years to come, such as renewable energy generation and social and economic infrastructure. Our investments are generally underpinned by dependable cash flows and generate long-term predictable income.

Our long-term approach enables us to engage with our stakeholders on matters relating to the Principles for Responsible Investment. We recognise that applying the principles better aligns investment activities with the broader interests of society, and have committed to their adoption and implementation. This gives us the opportunity to drive positive change.

As a team, we have worked together over many years to build both our investment philosophy and a practical track record of performance. We have created funds that make infrastructure, real estate and asset backed investments accessible to a wide range of investors.

We are a multi-disciplined investment team with all the capabilities to critically evaluate and execute investment opportunities. Individually, we invest in the funds we believe in and have built as a team.

Gravis is the Investment Adviser to the Company, Investment Manager of GCP Asset Backed and advises Gravis Clean Energy Income, Gravis UK Listed Property, Gravis UK Infra, Gravis Digital Infra and Robeco Gravis Digital Infra.

### Managing assets of c.£2.5bn<sup>1</sup>

Across a diverse range of sectors and structures. This includes our open-ended funds which are managed by Valu-Trac and advised by Gravis.



### Experts in long term

We believe that investing with a focus on a positive long-term impact for people and the planet translates to steady returns.

### Built to weather market cycles

Many of our investments are backed by central and local UK Government or long-term contracted cash flows.



### Formed in 2008

At a time when institutions weren't able to offer investors interest or security, we found a way to combine stability with returns. It's shaped our approach ever since.

1. Data at 31 March 2024.

## The Board of Directors has appointed Gravis to provide day-to-day investment advisory services to the Company.

### Investment Adviser

Gravis is the appointed Investment Adviser and AIFM to the Company. The Investment Adviser was appointed upon the Company's launch in 2010 (at which time the Investment Advisory Agreement was held with GRVS Capital Partners LLP (formerly Gravis Capital Partners LLP), a partnership under largely the same ownership). The Investment Adviser was incorporated in England and Wales on 9 November 2016 (registered number 10471852) and is authorised and regulated by the UK FCA (registration number 770680).

The directors and employees of the Investment Adviser have a long track record of working within the UK infrastructure market, particularly with regard to debt advisory work, and have established close relationships with many of the key participants in the UK infrastructure market, including equity investors and lenders.

Gravis is an independently managed business with ORIX Corporation as majority shareholder. ORIX are a global financial services company based in Japan. Their partnership has helped Gravis expand into new markets, focus on returns for investors and ensure responsible investment is a key focus.

### Investment Advisory Agreement

The Company is party to an Investment Advisory Agreement dated 28 June 2010, as amended and restated most recently on 26 January 2023, under which the Investment Adviser provides advisory services relating to the Company's assets on a day-to-day basis in accordance with the investment objectives and policies agreed by the Company and under the overall supervision and direction of the Board of Directors.

Under the terms of the Investment Advisory Agreement, the Investment Adviser receives an investment advisory fee from the Company equal to 0.9% per annum of the NAV of the Company (net of cash holdings).

This fee is calculated and payable quarterly in arrears. The Investment Adviser is also entitled to an arrangement fee of up to 1% (at the discretion of the Investment Adviser) of the initial cost of each asset acquired by the Company.

The Investment Adviser will generally seek to charge the arrangement fee to borrowers rather than the Company where possible but, in any event, any such fee payable to the Investment Adviser will not exceed 1%. To the extent any arrangement fee negotiated by the Investment Adviser with a borrower exceeds this percentage, the benefit of any such excess shall be paid to the Company. No performance fee is charged.

During the year, the Investment Adviser received a fee of £89,000 in relation to its role as the Company's AIFM. The fee is based on an annual fee of £70,000 which has been increased annually at the rate of RPI.

The Investment Advisory Agreement may be terminated by the Company or the Investment Adviser by giving 24 months' written notice.

### Provision of advice

The Investment Adviser provides advice which enables the Directors of the Company to identify potential investments, monitor the performance of existing assets and the financial and infrastructure markets generally. The scope of services provided by the Investment Adviser includes, inter alia:

- making investment/divestment recommendations to the Investment committee of the Board in line with the Company's investment policy and strategy;
- identifying potential investments and making recommendations to the Company in respect of the acquisition, sourcing of financing, asset management and disposal of assets;
- performing due diligence, including, but not limited to, legal, financial, technical and market projections;
- monitoring and reporting to the Board the performance of the Company's investments;
- regularly reviewing the Company's investment policy and strategy and providing recommendations to the Board;
- overseeing and arranging borrowings for the Company within such limits set out in the prospectus;
- advising the Company in relation to dividends to shareholders; and
- co-operating and co-ordinating with third party service providers such as administrators, valuers, tax/legal advisers etc. and statutory auditor.

The approval of asset origination and investment decisions are made by the Investment committee based on the Company's investment policy, the overall investment parameters set by the Board and the advice of the Investment Adviser.

## The Investment Adviser continued

### Investment team

Our senior management team have extensive specialist expertise and a demonstrable track record of originating, structuring and managing infrastructure debt investments.



**Philip Kent**  
Chief Executive Officer

Philip Kent is the CEO of the Investment Adviser and acts as lead fund adviser to the Company.

**Background:**

Mr Kent joined Gravis from Foresight Group, where he was responsible for investments in the waste and renewable sectors, including large waste wood combustion projects and a pipeline of anaerobic digestion projects across the UK. Mr Kent has been involved in the energy sector for over ten years, working initially as a consultant within PA Consulting's energy practice, focusing on energy markets and energy asset valuations. In 2008, he moved to Gazprom Marketing and Trading, working in risk management across a number of commodities before moving into the clean energy team.

**Skills and experience:**

Extensive experience in the infrastructure sector, including energy markets, asset valuations and renewables transactions.



**Anthony Curl**  
Chief Investment Officer

Anthony Curl is Chief Investment Officer at the Investment Adviser.

**Background:**

Mr Curl joined Gravis from Alpha Real Capital, where he was an investment committee member and managed several investment teams in his role as co-head of Long Income. Having started his career in banking, Mr Curl has worked at asset managers such as BlackRock. He has also worked in the insurance sector, for example as portfolio manager of Friends Life's annuities book.

**Skills and experience:**

Significant experience across a range of public and private asset classes, including real estate and credit.



**Ed Simpson**  
Head of Energy and Infrastructure

Ed Simpson is Head of Energy and Infrastructure, overseeing all direct infrastructure and renewables investment activity.

**Background:**

Mr Simpson joined Gravis from Gresham House, where he was the co-manager of its sustainable infrastructure fund. He started his career in sustainable investment at Bridges Fund Management in 2008 and has also worked at the Carbon Trust and Downing. He has led investments in several key sustainable themes: decarbonisation (battery energy storage, peaking power plants, renewable energy generation, anaerobic digestion, hydro, solar and wind), digital infrastructure, modern methods of construction for housing, regeneration (biodiversity net gain habitat banks), vertical farming, waste and recycling solutions.

**Skills and experience:**

Qualified Chartered Accountant with extensive experience in the sustainable infrastructure sector, including renewable and asset backed transactions.





**Albane Poulin**

Head of Private Credit

Albane Poulin is Head of Private Credit at the Investment Adviser.

**Background:**

Ms Poulin joined Gravis from abrdn, where she was head of European private placements, responsible for the origination and underwriting of new transactions, as well as monitoring existing private placement investments. She was also the lead fund manager on a number of multi-sector private credit funds investing in a range of private credit asset classes, including private placement, infrastructure loans and commercial real estate debt. She has also worked as a credit analyst at Insight Asset Management covering utilities and transportation.

**Skills and experience:**

Substantial experience in credit markets, with a focus on private credit and asset backed securities.



**Max Gilbert**

Investment Director

Max Gilbert is an Investment Director at the Investment Adviser and acts as an adviser to the Company.

**Background:**

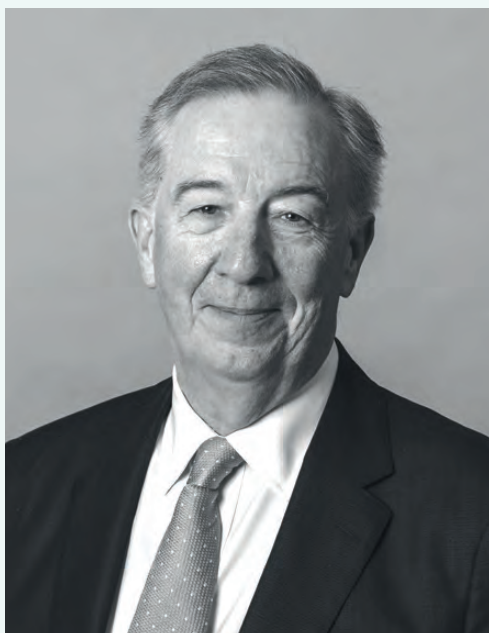
Mr Gilbert joined Gravis in 2018 having worked at Cambridge Associates, a global investment consultancy, advising US and European pension funds on their private investments. He was responsible for consulting on potential new investments and detailed private fund due diligence, as well as ongoing investment monitoring.

**Skills and experience:**

Mechanical engineer by training with significant experience in the infrastructure sector, including infrastructure debt and renewables transactions.

## Board leadership and purpose

This corporate governance statement forms part of the Directors' report.



**Andrew Didham**  
Chairman

### Introduction from the Chairman

I am pleased to introduce the Company's corporate governance statement. In this statement the Company reports on its compliance with the AIC Code, sets out how the Board and its committees have operated over the past year and describes how the Board exercises effective stewardship over the Company's activities in the interests of stakeholders.

The Board encourages a culture of robust governance, and the Company reviews its standards of governance against the principles and provisions of the AIC Code. The AIC Code addresses the principles and provisions set out in the UK Code, as well as setting out additional provisions that are of specific relevance to investment companies such as the Company.

The Board considers that reporting against the principles and provisions of the AIC Code, which is endorsed by the FRC and supported by the JFSC, provides better and more relevant information for shareholders.

A copy of the AIC Code can be found on the AIC website ([www.theaic.co.uk](http://www.theaic.co.uk)). It includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies. A copy of the UK Code can be obtained from the FRC website ([www.frc.org.uk](http://www.frc.org.uk)).

### Statement of compliance with the AIC Code

During the year the Company complied with the principles and provisions of the AIC Code, except for the establishment of a Remuneration committee (provision 9.2). The Board fulfils the role of the Remuneration committee as it was agreed that the size and entirely non-executive nature of the Board does not warrant the establishment of a separate committee. The Directors' remuneration consists of an annual fee and has no element of performance or equity-based compensation. The Directors' remuneration report is included on pages 126 to 130.

### The Board and its purpose

The Board consists of six Directors, all of whom are non-executive and are considered independent. Biographical details of the Directors are shown on pages 104 to 105.

The Board is responsible for the long-term success and sustainability of the Company, as well as the effective stewardship of its affairs, including corporate strategy, corporate governance, risk assessment and overall policies. The Board provides overall leadership, sets the strategic aims of the Company and ensures that the necessary resources are in place for the Company to meet its objectives and fulfil its obligations to shareholders within a framework of high standards of corporate governance and effective internal controls.

It is the Board's policy that Directors do not have service contracts. Each of the Directors have signed a letter which sets out the terms and conditions of their appointment, copies of which are available at the registered office of the Company. Further details as to the terms of appointment of the Directors are set out in the Directors' remuneration report on pages 126 to 130.

Appointments to the Board continue to be based on merit, regardless of gender, ethnic group or social background. The Board comprises four male Directors and two female Directors. The Company has no employees. The Company's policy on diversity is set out on page 120.

### Matters reserved for the Board

The Board has approved a formal schedule of matters reserved for the Board. The schedule is available on the Company's website and upon request from the Company Secretary.

The principal matters considered by the Board during the year included:

- Board succession planning;
- cash management;
- declaration of dividends and dividend strategy;
- electricity price strategy and associated hedging;
- ESG matters;
- RCF matters;
- share buybacks;
- strategic initiatives; and
- capital allocation policy.

### Board values and culture

Under the leadership of the Chairman, the Board operates with the core values of integrity and impartiality with the aim of maintaining a reputation for high standards in all areas of the business it conducts. The Board recognises the value and importance of ESG to the Company's shareholders and indeed all of the Company's stakeholders. Refer to pages 58 to 81 for additional information on Company's ESG initiatives.

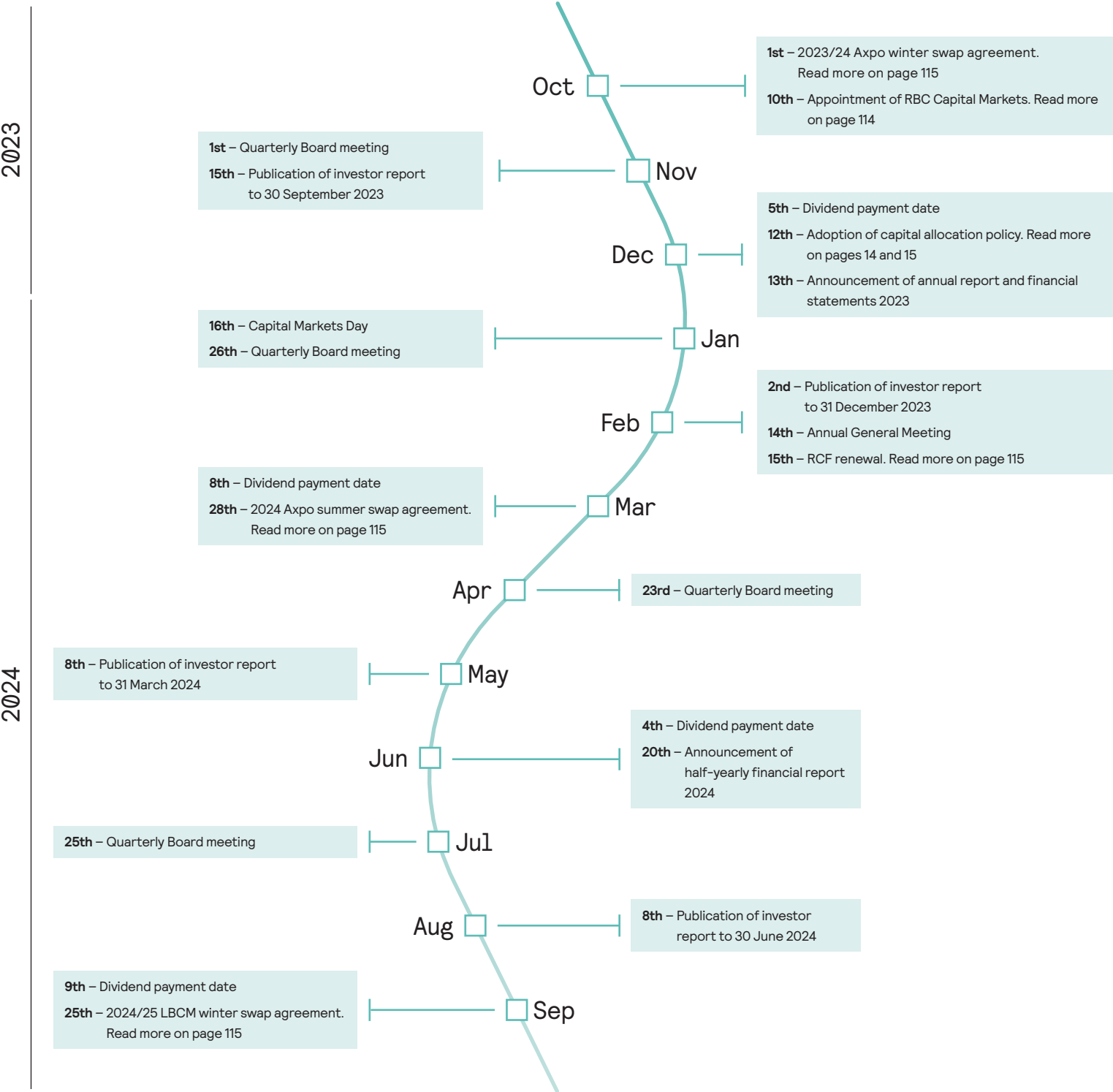
In aligning its values with operations, the Board aims to create a culture of open dialogue, collaboration and exchange of views as evidenced by the high-quality debate and the contributions made by all Directors during Board meetings and as endorsed by the feedback received from the Board's annual performance evaluation process. In addition, the Board encourages a culture of robust governance and also seeks to ensure the alignment of its purpose, values and strategy with this culture of openness, debate and integrity through ongoing discourse and engagement with its service providers.

The culture of the Company's service providers, including their policies, practices and behaviour, is considered by the Management Engagement committee during the annual review of the performance and continuing appointment of all service providers.



Board leadership and purpose continued

Events during the year



# Capital Markets Day 2024

In January 2024, the Company hosted its Capital Markets Day in London.

The event attracted 65 external attendees, consisting of a mixture of existing and prospective shareholders, as well as a broker research analyst.

This event provided shareholders and stakeholders with a transparent overview of the Company's performance, strategic direction and commitment to sustainability and highlighted the Company's continued role in driving infrastructure development in the UK while delivering attractive, long-term returns.

The Chairman welcomed attendees and commenced the event with an update on the Company's resilient financial performance, emphasising how the Company's portfolio has continued to generate stable returns despite broader market volatility.

Phillip Kent and Ed Simpson, representatives of the Investment Adviser, provided a detailed investment update focusing on the capital allocation strategy, which aimed to release £150 million to shareholders, reduce leverage and rebalance the portfolio away from equity-like exposure. Mr Kent emphasised the attractive investment opportunities that the Company presents and explained the role of the RCF in maintaining the Company's flexibility.

Mr Simpson gave a comprehensive overview of the Company's portfolio exposure, offering insight into two specific assets: the UBB Waste project and the SolarCatcher asset. These were further illustrated through videos showcasing a construction time-lapse of UBB Waste and the unique features of the SolarCatcher asset.

Matteo Quatraro, head of portfolio at Gravis, presented a detailed ESG case study on Blackcraig Wind Farm, which highlighted the outstanding GRESB results achieved by the asset and demonstrated the Company's focus on ensuring its infrastructure investments are not only financially viable but also aligned with sustainability targets. Blackcraig Wind Farm was subsequently sold in April 2024, generating net cash proceeds of £31.4 million. Read more on page 25.

A representative from Titchberry Limited, one of the Company's borrowers, provided insights into the running of anaerobic digestion projects, discussing the operational aspect of these projects, their contribution to renewable energy generation, and the crucial role the Company plays in their success. The presentation offered a tangible example of how the Company's investments in green technologies are creating real-world environmental benefits.

Lloyds discussed the role of the RCF in the Company's financial strategy and emphasised its structure and flexibility. Lloyds' presentation provided valuable insight into the Company's ability to maintain financial resilience through strong partnerships with leading financial institutions such as Lloyds.

The capital allocation strategy presented by Mr Kent provided reassurance to both existing and prospective investors.

The event concluded with a brief summary and an open Q&A session, giving attendees the opportunity to engage directly with the Company's leadership and the Investment Adviser.

The 2024 Capital Markets Day successfully delivered key updates on the Company's performance and strategy, and reinforced the Company's commitment to sustainable and long-term value creation. The focus on capital allocation and ESG integration highlighted the Company's position as a fund that is well prepared to navigate the challenges of today's investment landscape while continuing to deliver robust returns for its shareholders.

# Board leadership and purpose continued

## Key Board decisions

Key for stakeholder groups most impacted

 Shareholders

 Lenders

 Borrowers

 Suppliers

Appointment  
of joint  
broker



The Board agreed in 2023 that additional support was needed to help support the delivery of the Company’s strategy.

**Process:**  
A process had been run since early 2023 to identify and appoint a party.

**Outcomes:**  
On 10 October 2023, the Company announced the appointment of RBC Capital Markets as the Company’s joint corporate broker, to work alongside Stifel Nicolaus Europe Limited.

Capital  
allocation  
policy



On 12 December 2023, the Company adopted a capital allocation policy which was announced as part of its 2023 annual report and accounts, confirming its intention to prioritise a material reduction in leverage, reducing equity-like exposures and exposures in certain sectors, and facilitating the return of capital to shareholders. The Board set a conditional target of releasing £150 million (c.15% of the portfolio) from disposals or refinancings to materially reduce leverage and return at least £50 million to shareholders before the end of the calendar year 2024.

**Process:**  
Board meetings were held in November 2023, January 2024 and April 2024, and during these meetings the Board, working closely with the Investment Adviser, focused on proactively seeking to manage the portfolio and return cash, taking into consideration the Company’s available cash resources, repaying the RCF, repurchasing shares via its buyback programme and accelerating its capital allocation strategy.

**Outcomes:**  
In April 2024, the Company disposed of its interest in loan notes secured against Blackcraig Wind Farm. The disposal occurred at a 6.4% premium to the valuation at 31 March 2024 and generated net cash proceeds of £31.4 million. The net cash proceeds were used to prepay drawings under the Company’s RCF.  
  
This disposal represented a positive first step in facilitating the Company’s execution on its capital allocation policy. The Board and the Investment Adviser continue to focus on additional opportunities for refinancings or disposals within the portfolio, in order to achieve the targets set out in the capital allocation policy.



## Renewal of RCF



The Company successfully entered into a new RCF during the year, reducing the total RCF commitments to £150 million from £190 million.

### Process:

At Board meetings held in January and February 2024, the Investment Adviser submitted a proposal to the Board to enter into a new RCF of £150 million. The previous facility of £190 million was with RBSI, Lloyds, AIB, Mizuho and Clydesdale and expired in March 2024.

The Board considered the proposal, including:

- cash flow forecasts;
- the Company's leverage position; and
- any restrictions stipulated by the Company's investment and treasury policies or current RCF.

After due consideration, the new facility was approved.

### Outcomes:

In February 2024, the Company entered into a new RCF of £150 million with a lending group comprising Lloyds, AIB, Mizuho and Clydesdale, on terms similar to the previous RCF. The RCF is repayable in February 2027.

Further information on the RCF can be found in note 15 to the financial statements.

## Electricity price hedging



Further to the Company's hedging policy, which was adopted in April 2023, the Investment Adviser was granted authority by the Board to enter into rolling seasonal commodity swap agreements to mitigate volatility in valuations caused by movements in electricity prices.

### Process:

In recent years, the Company has increased its exposure to investments where the value of such investments was linked to merchant electricity prices, with valuations changing on a quarterly basis as power price forecasts were refreshed. Whilst changes to forecasts have benefitted the Company, the volatility of such prices remains a risk to the Company.

The Company entered into the below electricity price commodity swap agreements with Axpo, providing hedging during the year to 30 September 2024:

- 28 September 2023, a winter seasonal contract was entered into which expired on 31 March 2024; and
- 27 March 2024, a summer seasonal contract was entered into which expired on 30 September 2024.

The commodity swap agreement is a derivative financial instrument utilised for the purpose of hedging market price volatility.

At a Board meeting in July 2024, the Company reviewed its cash flow forecasts and the Investment Adviser presented an alternative route to improving the pricing offered to the Company, and to mitigate any credit risks, by recommending the entry into a commodity swap agreement with a new counterparty.

### Outcomes:

The Board concluded that the proposed alternative hedging arrangement was in the interest of shareholders as it would help reduce volatility in the valuation of investments impacted by electricity price fluctuations. This would in turn help support the share price and total returns for investors going forward.

The Board therefore approved entering into the commodity swap agreements with LBCM, granting the Investment Adviser the authority to continue to manage the hedge price and volume of the day-to-day rolling of swap contracts.

The Company subsequently entered into a winter seasonal contract with LBCM on 27 September 2024 for the period to 31 March 2025.

Further information on the commodity swap can be found in note 18 to the financial statements.

## Division of responsibilities

The Board is responsible for the effective stewardship of the Company’s affairs, including corporate strategy, corporate governance, risk assessment and overall policies.

### The Board

Purpose:

**Responsible for the long-term success and sustainability of the Company.**

The Board provides overall leadership, sets the strategic aims of the Company and ensures that the necessary resources are in place for the Company to meet its objectives and fulfil its obligations to shareholders and other stakeholders within a framework of high standards of corporate governance and effective internal controls.

Composition



Chairman:  
Andrew Didham



Julia Chapman



Michael Gray



Steven Wilderspin



Dawn Crichard



Alex Yew

### Board committees

#### Audit and Risk committee

**Purpose:**  
Ensures that the Company’s financial performance is properly monitored, controlled and reported, including engagement with the Company’s external Auditor, and reviews and monitors the Company’s risks and internal controls.

#### Investment committee

**Purpose:**  
Considering new investment proposals received from the Investment Adviser based on the Company’s investment policy and the overall investment parameters, and disposals as part of the capital allocation policy.

#### Management Engagement committee

**Purpose:**  
Reviews the performance and continuing appointments of the Investment Adviser and other service providers.

#### Nomination committee

**Purpose:**  
Considers appointments to the Board and its individual committees and makes recommendations in regard to changes to maintain a balanced and effective Board.

#### Sustainability committee (formerly the ESG committee)

**Purpose:**  
Developing the Company’s ESG strategy and policy and ensuring it is integrated in the Company’s policies and procedures.

### Composition

Chair: Steven Wilderspin  
Julia Chapman  
Dawn Crichard

See Audit and Risk committee report on pages 122 to 125.

Chair: Michael Gray  
Andrew Didham  
Alex Yew

Chair: Dawn Crichard  
Andrew Didham  
Julia Chapman  
Michael Gray  
Steven Wilderspin  
Alex Yew

Chair: Andrew Didham  
Julia Chapman  
Michael Gray

See Nomination committee report on pages 119 to 121.

Chair: Dawn Crichard  
Andrew Didham  
Julia Chapman  
Michael Gray  
Steven Wilderspin  
Alex Yew

See Sustainability section on pages 58 to 81.

## Committees

The structure includes an Audit and Risk committee, an Investment committee, a Management Engagement committee, a Nomination committee and a Sustainability committee. The terms of reference for each of the committees are available on the Company's website or upon request from the Company Secretary.

### Audit and Risk committee

The membership and activities of the Audit and Risk committee are described in its report on pages 122 to 125.

### Investment committee

The Investment committee comprises Michael Gray (Chair), Andrew Didham and Alex Yew.

The Board has agreed terms of reference for the Investment committee which include meeting to consider new investment proposals received from the Investment Adviser based on the Company's investment policy and the overall investment parameters set by the Board, and to further consider disposals in line with the capital allocation policy. The committee met seven times during the year.

The committee reports upon request and otherwise on a quarterly basis to the Board, such that the Board can adequately monitor the implementation of the Company's investment policy. Opportunities that the committee believes could be beneficial to the Company but are outside the investment policy are referred to the Board.

The committee is also responsible for ensuring that investment proposals from the Investment Adviser have been properly prepared and comply with the Company's investment policy and strategy, include stakeholder and ESG considerations and that key conditions precedent are complied with for each transaction. The committee also approves the release of capital advances.

### Nomination committee

The membership and activities of the Nomination committee are described in its report on pages 119 to 121.

### Management Engagement committee

The Management Engagement committee comprises all the Directors of the Company in view of the wide remit of the committee and is chaired by Dawn Crichard.

The Board has agreed terms of reference for the committee, which meets at least once a year, and the Chair reports to the Board quarterly to consider the performance of the Investment Adviser and other third party service providers, the terms of their engagement, remuneration and their continued appointment.

Following the committee's assessment of the Investment Adviser, and based on its performance, the continued appointment of the Investment Adviser is considered to be in the interests of shareholders as a whole, and it was recommended that Gravis be retained as Investment Adviser. In addition, the committee maintains a watching brief over all third party service providers whom the committee independently evaluates.

### Sustainability committee

The Sustainability committee (formerly known as the ESG committee until 25 July 2024), comprises all the Directors and its purpose is to define the Company's ESG strategy, oversee the implementation and effectiveness of such a strategy and ensure it is integrated into the Company's policies and procedures. The committee meets at least once a year and the Chair reports to the Board quarterly to consider its activities.

Further details on the Company's sustainability activities are described in the sustainability section on pages 58 to 81.

## Committee membership changes during the year and post year end

There were no changes to the committee memberships during the year.

### The Chairman of the Board

The Chairman, Andrew Didham, who is considered independent by the Board, is responsible for the leadership of the Board, including organising the Board's business and setting its agenda. He has no significant commitments other than those disclosed in his biography on page 104 and considers himself to have sufficient time to spend on the affairs of the Company.

Mr Didham is an executive vice chairman at Rothschild & Co, 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 relations services to the Company.

The relationship between the Company and Rothschild & Co is not material in nature and is not considered to impair Mr Didham's independence. The fees paid to Rothschild & Co in the financial year ended 30 September 2024 represented 0.5% of the total expenses of the Company.

### Senior Independent Director

Julia Chapman is the Senior Independent Director, who works closely with the Chairman, acting as a sounding board when necessary. Ms Chapman also meets with the other Board members annually to assess the Chairman's performance.



## Division of responsibilities continued

### Meetings

The Board meets at least four times a year, and in addition, regular contact is kept between the Board, the Investment Adviser, the Administrator and the Company Secretary. The number of scheduled meetings of the Board and committees held during the year and the attendance of individual Directors are shown below.

	Quarterly Board meetings		Audit and Risk committee		Investment committee		Nomination committee		Management Engagement committee		Sustainability committee	
	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Andrew Didham	4	4	—	—	7	7	2	2	1	1	1	1
Julia Chapman	4	4	4	4	—	—	2	2	1	1	1	1
Michael Gray	4	4	—	—	7	7	2	2	1	1	1	1
Steven Wilderspin	4	4	4	4	—	—	—	—	1	1	1	1
Dawn Crichard	4	4	4	4	—	—	—	—	1	1	1	1
Alex Yew	4	4	—	—	7	7	—	—	1	1	1	1

A total of five additional Board meetings were held during the year. These meetings were in respect of the approval of the half-yearly and annual financial statements, the RCF and the capital allocation policy.

The Investment Adviser, the Company Secretary and the Administrator regularly provide the Board with financial information, including an annual expense budget, together with briefing notes and papers in relation to changes in the Company's economic environment, statutory and regulatory changes and corporate governance best practice. A description of the Company's risk management and internal control systems is set out in the risk management section on pages 88 to 97, and the Audit and Risk committee report on pages 122 to 125.

At each quarterly meeting of the Board, the Directors follow a formal agenda which includes a review of the Company's investments and associated matters such as gearing, asset allocation, principal risks, marketing and investor relations, and economic and industrial issues.

The Board is also active in ensuring any regulatory developments which may affect the operations of the Company are considered. The Board regularly considers the Company's investment objectives and strategy, with discussions focused on general market conditions and future investment/disposal opportunities for the Company, with a focus on protecting and enhancing the value of the current portfolio.

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

### The Company Secretary

The Board has access to the Company Secretary to advise on corporate governance and day-to-day administrative matters.

The Company Secretary is also responsible for ensuring the timely delivery of reports and information required by the Directors and for ensuring that all statutory obligations of the Company are met.

### Market Abuse Regulation

Following the implementation of MAR on 3 July 2016, which was further enshrined into UK law on 31 December 2020 by the European Union (Withdrawal) Act 2018 (UK MAR), the Board is responsible for taking all proper steps to meet its obligations under the UK MAR and the UK FCA Listing Rules and Disclosure Guidance and Transparency Rules.

### UK AIFM Regime

The Company is classed as an externally managed AIF under the UK AIFM Regime. The Board appointed the Investment Adviser as the authorised AIFM to the Company and Apex Financial Services (Corporate) Limited as the Company's Depositary on 22 July 2014 under the UK AIFM Regime.

### AIFM remuneration

The Investment Adviser is authorised as an AIFM by the UK FCA under the UK AIFM Regime.

The Company has provided disclosures on its website, incorporating the requirements of the UK AIFM Regime.

The total annual remuneration paid to the Investment Adviser by the Company is disclosed in note 13 to the financial statements and further detail is provided on page 168.

### Markets in Financial Instruments Directive ("MiFID")

The ordinary shares of the Company are considered as 'non-complex' in accordance with MiFID II.

### Non-mainstream pooled investments

The Board notes the rules of the UK FCA on the promotion of non-mainstream pooled investments.

The Board confirms that it conducts the Company's affairs, and intends to continue to do so, in order for the Company's shares to be 'excluded securities' under the UK FCA's rules. This is on the basis that the Company, which is resident outside the EEA, would qualify for approval as an investment trust by the Commissioners for HM Revenue and Customs under Sections 1158 and 1159 of the Corporation Tax Act 2010 if resident and listed in the United Kingdom.

Therefore, the Company's shares do not amount to non-mainstream pooled investments. Accordingly, promotion of the Company's shares will not be subject to the UK FCA's restriction on the promotion of non-mainstream pooled investments.

# Composition, succession and performance review

## Nomination committee report

I am pleased to present the Nomination committee report for the year ended 30 September 2024.



**Andrew Didham**  
Chair of the Nomination committee

The Nomination committee comprises Andrew Didham, Julia Chapman and Michael Gray.

### Function of the Nomination committee

The Nomination committee is formally charged by the Board to regularly review the structure, size, performance, composition and remuneration of the Board and make recommendations regarding any changes to the Board, its individual committees and remuneration. It operates within clearly defined terms of reference which are available on the Company’s website or from the Company Secretary upon request. The Nomination committee is further charged by the Board to give full consideration to succession planning for Directors, based on merit and objective criteria (which includes knowledge, experience, skills, and promoting diversity of gender, social and ethnic backgrounds). During the year, the Nomination committee held two meetings. Attendance of members at those meetings is shown in the table on page 118. The other Directors and relevant third parties may be invited by the Nomination committee to attend meetings as and when appropriate.

### Board composition

The Board consists of six non-executive Directors. The Board believes the Directors provide, individually and collectively, the breadth of skills and experience required to manage the Company. Biographical details of the Directors are shown on pages 104 to 105.

The Board, via its Nomination committee, regularly reviews the Board’s composition and effectiveness with the objective of ensuring that it has an appropriate balance of skills and experience required to meet the future opportunities and challenges facing the Company. As part of this review, it considers diversity of the Board, including, but not limited to, gender, social background and ethnicity alongside intellectual and personal capabilities. Board appointments are made based on merit and calibre, with the most appropriate candidate, who is the best fit for the Company, appointed.

### Induction of new Directors

The Company has an established process in place for the induction of new Directors. An induction pack is provided to new Directors by the Company Secretary, containing relevant information about the Company, its constitutional documents and its processes and procedures. New Directors meet with relevant persons at the Investment Adviser and service providers. A programme of induction training is agreed with each new Director.

### Director training

The Board undertakes regular anti-money laundering training and the required hours of continuing professional development in accordance with their profession and with Jersey regulations, including training on areas relating to the Company’s activities, such as the specialist renewable energy sectors.

# Composition, succession and performance review continued

## Nomination committee report continued

### Diversity

Diversity, including, but not limited to, gender, social background, ethnicity, age, sexual orientation, disability and professional and industry-specific knowledge, is an important consideration to ensure the Board and its committees have the right balance of skills, experience, independence and knowledge necessary to discharge their responsibilities. The right blend of perspectives is critical to ensuring an effective Board and a successful Company.

In accordance with Listing Rule 6.6.6R (9), the committee is supportive of the recommendations of the FTSE Women Leaders Review and the Parker Review on gender and diversity, as well as the UK FCA rules on diversity and inclusion on company boards:

- at least 40% of individuals on the Board to be women;
- at least one senior Board position to be held by a woman; and
- at least one individual on the Board to be from a minority ethnic background.

At 30 September 2024, both (b) and (c) are satisfied through Julia Chapman's role as Senior Independent Director and Alex Yew, who is from an Asian ethnic background. For item (a), the Company falls short of the target at only 33%, however the Company continues to progress its succession plan to replace Mr Gray and Ms Chapman, as detailed further under 'Board tenure and succession planning' on page 121.

In accordance with Listing Rule 6.6.6R (9) Annex 1 R, the tables below, in the prescribed format, show the gender and ethnic background of the Directors at the year end.

### Gender identity or sex

	Number of Board members	Percentage on the Board	Number of senior positions on the Board
Men	4	67%	1
Women	2	33%	1
Not specified/prefer not to say	—	—	—

### Ethnic background

	Number of Board members	Percentage on the Board	Number of senior positions on the Board
White British or other White (including minority white groups)	5	83%	2
Mixed/multiple ethnic groups	—	—	—
Asian/Asian British	1	17%	—
Black/African/Caribbean/Black British	—	—	—
Other ethnic group	—	—	—
Not specified/prefer not to say	—	—	—

In accordance with Listing Rule 6.6.6R (11) the data in the above tables was collected through self-reporting by the Directors.

### Board independence

The Board is mindful of the principles set out in the AIC Code regarding the independence of non-executive Directors. The Board regularly reviews the independence of its members and considers whether there are any relationships or circumstances that are likely to affect a Director's independence. The Board considers all of the Company's Directors to be independent.

### Overboarding

The Directors consider that as an investment company, the Company demands less time commitment than what would be required of an executive of an operating company. The Directors also believe that a formulaic approach to assessing whether a Director is able to effectively discharge their duties is not appropriate given the nature of the Company and directorships.

Prior to accepting the appointment as a Director of the Company, each Director must disclose existing significant commitments and confirm that they are able to allocate sufficient time to the business of the Company. In addition, the Company has an external directorship appointment policy whereby a Director must consult with, and seek prior approval from, the Chairman or the Senior Independent Director before committing to any new listed, conflicted, time consuming or otherwise material board appointments. The Director should promptly notify the Company Secretary of any new board appointments which they take on so that the appropriate records can be updated and any announcements per the Listing Rules can be made if required.

Prior to their recommendation for re-election to the Board, each Director's continuing ability to meet the time requirements of the role is assessed by considering, amongst other things, their attendance at Board, committee and other ad hoc meetings and events of the Company that may be held during the year as well as the nature and complexity of other, both public and private, roles held.



As detailed above, the Board has processes in place to mitigate instances of overboarding, such as the pre-approval of external directorships, and reviews of each Director's continuing ability to meet the time requirements of the role.

### Board tenure and succession planning

The Board's policy regarding tenure of service is that any decisions regarding tenure should balance the benefits of continuity, against the need to periodically refresh the Board composition. The Board is also of the view that length of service does not automatically impair a director's ability to act independently.

Therefore, if a Director has served more than nine years, the Board will consider their independence carefully on an annual basis as part of the Board self-performance review and succession planning process and balance this against the benefits of maintaining continuity, knowledge and experience.

Michael Gray and Julia Chapman have served on the Board for over nine years from the date of their appointment on 1 October 2015.

In July 2024, the Board engaged Nurole Limited ('Nurole'), an independent and reputable external consultant based in the UK, with no connection to the Company or its Directors, to undertake a search process to identify a potential non-executive Director candidate with deep credit experience to replace Michael Gray and to support the Company's Investment committee. The Directors considered the desired background, personal attributes and expertise of the candidates in order to complement the skills already on the Board.

The process involved Nurole presenting a long list of diverse potential candidates. This was then short-listed by the Nomination committee to five and included a mixture of female, male and ethnically diverse candidates. Those five candidates were interviewed in person by the Nomination committee and, following these interviews, a candidate was recommended to, and subsequently approved by, the Board. Ian Brown, currently the Head of Banking and Investments at the UK's National Wealth Fund, will be appointed as a non-executive Director of the Company and a member of the Investment committee at the forthcoming AGM subject to regulatory approval.

Further information on Mr Brown, including his biography, will be included in the 2025 AGM circular and announced upon his appointment.

There are no details requiring disclosure in respect of this appointment under paragraph 6.4.8 of the UK Listing Rules of the FCA.

Whilst the Company is aware of the Listing Rule diversity target that at least 40% of the Company's Directors should be female, the Board also had to balance the challenges in finding the right person to fill the key skills gap created by Mr Gray's retirement. At the date of this report, the Company has two female Directors on the Board, one of which holds a senior position.

The independence of the Directors is determined with reference to the AIC Code and is reviewed by the Nomination committee at least annually. The Nomination committee considers each Director's other appointments and commitments, as well as their tenure and any connections they may have with the Investment Adviser or other key service providers. Following completion of the evaluation, the Nomination committee has concluded that all Directors continued to show independence of judgement.

### Performance review

In accordance with the AIC Code, the Company undertakes an annual performance review of its Board, its committees, the Chairman and its Directors. An external review is undertaken every three years, with the next due in 2026, and in the intervening years, the Board conducts an internal performance review by means of a questionnaire.

During the year, the Board undertook an internal performance review, which was led by the Nomination committee and designed to assess the strengths and independence of the Board and the performance of its committees, the Chairman and individual Directors.

The performance review of the Chairman was carried out by the other Directors of the Company and led by the Senior Independent Director. The results of the 2024 Board performance review process were considered and discussed by the Nomination committee and subsequently by the Board. Based on the results and the recommendations of the Nomination committee, the following areas will be of focus in the forthcoming financial year:

- continue to focus on short-term succession planning by engaging a recruitment firm to assist and advise on the appointment of a non-executive Director to replace Julia Chapman during 2025, with the relevant expertise to align with the Company's strategic direction;

- develop the longer-term succession plan for the Board by keeping under review all matters raised by the performance reviews detailed above; and
- increased shareholder engagement through targeted communications and an enhanced Capital Markets Day experience to build transparency and trust.

### Appointment and re-election of Directors

Under the provisions of the Company's Articles, the Directors retire by rotation, with one-third of the Directors submitting themselves for re-election at each AGM. However, the Board recognises that, as a FTSE 250 company, and in accordance with corporate governance best practice as set out in the AIC Code, all Directors should put themselves forward for re-election every year. As such, each Director is subject to annual re-election by shareholders at the AGM.

All of the Directors except Michael Gray (as detailed within Board tenure and succession planning) will be offering themselves for re-election at the forthcoming AGM to be held in February 2025.

Having considered the Directors' performance within the Board performance review process, the Board believes that it continues to be effective and the Directors bring extensive knowledge and commercial experience together by demonstrating a range of business, financial and asset management skills. The Board therefore believes that it would be in the Company's best interests for the Directors to be proposed for re-election at the AGM given their material level of contribution and commitment to the role and, hence, recommends that shareholders vote in favour of each Director's proposed re-election.

### Terms of reference and policies

The committee reviews its policies and terms of reference at least annually and at such other times as required to ensure that it continues to operate effectively. All recommended updates were approved by the Board.

On behalf of the Board

### Andrew Didham

Chair of the Nomination committee

11 December 2024

# Audit, risk and internal control

Audit and Risk committee report

I am pleased to present the Company’s Audit and Risk committee report for the year ended 30 September 2024.



**Steven Wilderspin FCA**  
Chair of the Audit and Risk committee

**Summary**

The committee operates within clearly defined terms of reference, a copy of which is available from the Company’s website or on request from the Company Secretary. The terms of reference require the committee to monitor the Company’s financial reporting, internal controls, risk management and external audit process.

The committee is responsible for making recommendations to the Board in respect of the appointment, re-appointment and remuneration of the Auditor and the Auditor’s plan for the year.

**Composition**

At 30 September 2024, the committee comprised three Directors: Steven Wilderspin (Chair), who is a Chartered Accountant, Dawn Crichard, who is also a Chartered Accountant, and Julia Chapman, who is a qualified solicitor.

The Board considers that the independence, experience and knowledge of each of the committee members is sufficient for discharging its responsibilities. The committee formally met four times during the year ended 30 September 2024. Attendance of members at these meetings is shown in the table on page 118.

**Financial reporting**

The committee considered the requirements of the UK Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013, with which it is complying voluntarily, in line with best practice reporting. The committee specifically reviewed the annual report and financial statements to conclude whether it is, when taken as a whole, fair, balanced, understandable, comprehensive and consistent with prior years’ reporting and how the Board assesses the performance of the Company’s business during the financial year, as required under the AIC Code.

As part of this review, the committee considered if the annual report and financial statements provided the information necessary to shareholders to assess the Company’s performance, strategy and business model and reviewed the description of the Company’s key performance indicators as well as updating the governance section of the annual report.

The committee presented its recommendations to the Board and the Board concluded that it considered the annual report and financial statements, taken as a whole, to be fair, balanced and understandable and to provide the information necessary for the shareholders to assess the Company’s performance, business model and strategy.

In addition to the above matters, the committee's work was focused on the following areas:

- reviewing the effectiveness of the internal control environment of the Company;
- reviewing and recommending to the Board significant accounting matters and accounting disclosures in the half-yearly and annual financial statements of the Company including matters of judgement in relation to the valuation of financial assets at fair value through profit or loss. The committee discussed these matters with the independent Valuation Agent, the Investment Adviser and the Auditor, including the Auditor's valuation specialist;
- overseeing relations with the Auditor, including assessing the conduct and effectiveness of the audit process and the Auditor's independence and objectivity, recommending the Auditor's re-appointment and approving the Auditor's fees;
- reviewing the Company's compliance with its regulatory obligations in Jersey and listing requirements;
- developing the Company's risk management framework;
- reviewing the committee's own terms of reference; and
- reviewing the Company's cash management and treasury policy.

The Auditor is invited to attend the committee meetings where the audit plan, annual report and half-yearly reports are considered and has the opportunity to meet with the committee without representatives of the Investment Adviser being present. The committee has direct access to the Auditor and to the key senior staff of the Investment Adviser and reports its findings and recommendations to the Board, which retains the ultimate responsibility for the financial statements of the Company. All recommendations were accepted by the Board.

### External audit

The committee met with the Auditor in June 2024 to review, challenge and agree their audit plan for the audit of the financial statements, in particular their approach to the valuation of investments. The committee also met with the Auditor in December 2024 to discuss their report, following the conclusion of the audit.

The Auditor explained the results of the audit and confirmed that based on their audit work, there were no adjustments proposed that were material in the context of the financial statements as a whole.

Audit fees for the year amounted to £182,000 (30 September 2023: £169,000). Non-audit fees amounted to £50,000 (30 September 2023: £47,000) and were incurred solely in relation to the Auditor's review of the Company's half-yearly report.

KPMG has been the Auditor of the Company since their appointment at the AGM in February 2016, following an external audit tender process in October 2015. Andrew Quinn is the current audit partner for the financial year ended 30 September 2024. Following completion of the 30 September 2025 financial statements audit, KPMG will have been the Company's Auditor for ten years and Mr Quinn the audit partner for five years. There are no contractual obligations restricting the choice of Auditor and the Company will put the audit services contract, with respect to the audit of the Company's financial statements for the year ending 30 September 2026, out to tender in 2025. The Company is obligated to conduct a formal audit tender process at least every ten years which it will commence ahead of the 30 September 2026 annual accounts. KPMG could be re-appointed considering that they have not served as Auditor for 20 years. However, their tender would be with a new audit partner.

The committee reviewed the quality and effectiveness of the audit process during the year, considering the performance, objectivity, independence and relevant experience of the Auditor. Following this review, the committee concluded the audit was effective and of good quality and has recommended the re-appointment of KPMG as the Company's Auditor at the 2025 AGM.

As with previous years, it has been decided that the Auditor would review the Company's half-yearly report and financial statements, but the Auditor would not be requested to perform any other non-audit services.

The Audit and Risk committee considers KPMG to be independent to the Company and the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit. KPMG confirmed their compliance with their standard independence and objectivity procedures to the Audit and Risk committee.



## Audit, risk and internal control continued

### Audit and Risk committee report continued

#### Significant issues considered

The significant issues relating to the financial statements, and how these issues were addressed, are noted below. After discussions with both the Investment Adviser and the Auditor, the committee determined that the key risks of material misstatement of the Company's financial statements related to the valuation of the investments.

#### Valuation of investments

As outlined in notes 11 and 19 to the financial statements, the total carrying value of financial assets at fair value at 30 September 2024 was £0.96 billion (30 September 2023: £1.0 billion). Market quotations are not available for these financial assets, instead their valuation is undertaken using a discounted cash flow methodology where applicable. This requires a series of material judgements to be made, as further explained in note 19.3 to the financial statements.

The committee discussed the valuation process and methodology with the Investment Adviser as part of the quarterly Board meeting cycle and during the review of the half-yearly and annual reports. The independent Valuation Agent provides a detailed valuation report to the Company quarterly. The committee, together with the rest of the Board, discuss their views of the market with the independent Valuation Agent and Investment Adviser and the relevant discount rates of individual investments within the portfolio as part of the quarterly valuation process.

The discount rates adopted to determine the valuation are selected and recommended by the independent Valuation Agent. The discount rates applied to the expected future cash flows for each investment's financial forecasts are derived by adopting the assumptions explained in note 19.3 to the financial statements.

The resulting valuation is sensitive to the discount rate selected, in addition to other key assumptions which affect forecast future cash flows, such as future inflation rates and forecast electricity prices. The independent Valuation Agent is experienced and active in the area of valuing these investments and adopts discount rates it believes are appropriate using its extensive experience.

In particular, the committee considered the effect of electricity prices on the valuation of investments. Additional disclosures in relation to the impact can be seen in the Investment portfolio section on pages 52 and 53. The committee reviewed in detail the electricity price sensitivity analysis prepared by the Investment Adviser and its potential impact on the NAV of the Company.

The committee discussed the Company's material estimates and judgements with the Investment Adviser; this included discussions regarding the valuation of the shareholder interest exposure of the investments within the portfolio, which is c.6% of the portfolio by value. The committee was satisfied that the range of discount rates was appropriate for the valuation carried out by the independent Valuation Agent.

As detailed in the investment portfolio section on page 44, there have been certain investments subject to upward and downward revaluations equivalent to 0.59 and 5.47 pence per share respectively during the year. These revaluations were discussed and agreed with the independent Valuation Agent and the Investment Adviser.

The upward revaluations predominantly comprise revisions to inflation forecasts and principal indexation applied to the valuation of the portfolio and the impact of the latest tax computations. The majority of the downward revaluation is a direct result of discount rate changes, lower electricity prices and power generation, and other inflationary and portfolio revaluations. Further information on valuation movements is given on page 50.

The committee, along with the Investment Adviser, continues to monitor the impact of changes to electricity price forecasts on the valuation of investments closely. Given ongoing tensions in the Middle East and the conflict in Ukraine, there remains a risk of volatility in electricity prices, which the Investment Adviser continues to partially mitigate with the hedging programme.

### Other matters considered

Other matters reviewed by the committee during the year are noted below.

#### Risk management

During the year, the committee continued developing and reviewing its risk management framework and procedures. A full business risk assessment was conducted by the committee and considered by the Board in October 2024. The committee also considered the presentation of risk-related matters in the annual report and financial statements, as disclosed on pages 88 to 97.

#### Going concern and viability statement

The financial statements have been prepared on a going concern basis, with the viability period of five years unchanged in the viability statement; see pages 98 and 99 for further information.

The committee reviewed the Company's viability statement and accompanying commentary, as well as projections, stress testing and sensitivities, including the risks associated with volatile electricity prices, prepared by the Investment Adviser.

The committee considered the viability statement prepared by the Investment Adviser, which included consideration of the availability of the Company's credit facilities, hedging arrangements, cash flow forecasts and stress scenarios. The Auditor was provided with the assessments and relevant supporting papers as part of their audit of the annual report. The committee concluded that the going concern basis of preparation for the annual financial statements and the Company's viability statement was appropriate.

#### Internal controls

The committee monitored and reviewed the internal controls of the Company, which included:

- review of reports on the control systems and their operation within the Investment Adviser and the Administrator to determine the effectiveness of their internal controls respectively; and
- conducting an onsite visit of the Administrator in October 2024 to discuss their control systems and their operations, including a review of relevant policies and procedures.

The committee concluded that the Company's internal controls remain adequate and effective.

Details of the Company's internal control review and risk management process are outlined on page 88.

#### Regulatory

The committee considered reports from the Company's Compliance Officer, Money Laundering Compliance Officer and Money Laundering Reporting Officer, and considered the Company's compliance with its regulatory requirements and obligations.

### Steven Wilderspin FCA

Chair of the Audit and Risk committee

11 December 2024

# Remuneration

## Directors' remuneration report

The Directors are pleased to present their report on remuneration for the year ended 30 September 2024.

The report is made up of two sections: the annual report on remuneration and the Directors' remuneration policy.

The annual report on remuneration provides details on remuneration in the year. Although it is not a requirement under Jersey Company Law to have the Directors' remuneration report or the Directors' remuneration policy approved by shareholders, the Board believes that as a company whose shares are traded on the LSE, it is good practice for the Company to do so.

The Directors' remuneration report will be put to a shareholder vote every year. Accordingly, an ordinary resolution will be put to shareholders at the 2025 AGM to receive and approve the Directors' remuneration report.

The Directors' remuneration policy is put to a shareholder vote at least every three years and in any year if there is to be a change in the Directors' remuneration policy. The remuneration policy was approved by shareholders in 2022, and although there will be no change in the way in which the policy will be implemented during the course of the next financial year, given the three year period, the policy will be put to shareholders at the AGM in February 2025.

This report is not subject to audit.

### Voting at Annual General Meeting

The Directors' remuneration report for the year ended 30 September 2023 was approved by shareholders at the 2024 AGM and the votes cast by proxy were as follows:

	Directors' remuneration report	
	Number of votes cast	% of votes cast
For	431,186,770	99.88
Against	512,038	0.12
<b>Total votes cast</b>	<b>431,698,808</b>	<b>100.00</b>
Number of votes withheld	423,808	—

### Directors' remuneration

The remuneration paid to the Directors during the year ended 30 September 2024 (and prior year) is set out in the table below and on page 127:

	Directors' fees (base fee) £'000	Chairman/ Senior Independent Director fee £'000	Management Engagement committee Chair fee £'000	Sustainability committee (formerly ESG committee) Chair fee £'000	Audit and Risk committee fees £'000	Investment committee fees £'000	Total £'000
<b>30 September 2024</b>							
Andrew Didham	50	33	—	—	—	13	<b>96</b>
Julia Chapman	50	3	—	—	8	—	<b>61</b>
Michael Gray	50	—	—	—	—	26	<b>76</b>
Steven Wilderspin	50	—	—	—	24	—	<b>74</b>
Dawn Crichard	50	—	3	12	8	—	<b>73</b>
Alex Yew	50	—	—	—	—	13	<b>63</b>
<b>Total</b>	<b>300</b>	<b>36</b>	<b>3</b>	<b>12</b>	<b>40</b>	<b>52</b>	<b>443</b>

30 September 2023	Directors' fees (base fee) £'000	Chairman/ Senior Independent Director fee £'000	Management Engagement committee Chair fee £'000	Sustainability committee (formerly ESG committee) Chair fee £'000	Audit and Risk committee fees £'000	Investment committee fees £'000	Total £'000
Andrew Didham	47	32	—	—	—	13	92
Ian Reeves CBE <sup>1</sup>	4	—	—	—	—	1	5
Julia Chapman	47	3	—	—	8	—	58
Michael Gray	47	—	—	—	—	25	72
Steven Wilderspin	47	—	—	—	23	—	70
Dawn Crichard	47	—	3	12	8	—	70
Alex Yew <sup>2</sup>	43	—	—	—	—	12	55
<b>Total</b>	<b>282</b>	<b>35</b>	<b>3</b>	<b>12</b>	<b>39</b>	<b>51</b>	<b>422</b>

1. Ian Reeves CBE retired from the Board on 31 October 2022. Prior to this, he was a member of the Investment committee, Management Engagement committee, the Sustainability committee and Nomination committee.

2. Alex Yew joined as a non-executive Director and became a member of the Investment committee, the Management Engagement committee and the Sustainability committee on 1 November 2022.

Directors' expenses for the year totalled £8,000 (30 September 2023: £10,000). No other remuneration or compensation was paid or payable by the Company during the year to any of the Directors. There are no long-term incentive schemes provided by the Company and no performance fees or bonuses paid to Directors. Any changes to Directors' aggregate remuneration are considered at the AGM of the Company.

During the year, the Board approved an increase of 5% with effect from 1 October 2023 to Directors' remuneration against a twelve month CPI in October 2023 of 4.6%.

Post year end, on 23 October 2024, the Board approved a further increase to Directors' remuneration of 3% against twelve month CPI in September 2024. The increased remuneration amounts are effective from 1 October 2024 and are shown on page 130.

The cumulative cap on Directors' fees of £500,000 as approved at the 2018 AGM, remains unchanged.



# Remuneration continued

Directors' remuneration report continued

## Company performance

In setting the Directors' remuneration, consideration is given to the size and long-term performance of the Company. The tables below set out total shareholder return<sup>1</sup> and NAV total return<sup>1</sup> to ordinary shareholders since the Company's launch compared with the Sterling Corporate Bond Index over the same period. The Sterling Corporate Bond Index is used as a benchmark as the constituents are comparable in asset type with the Company's investment portfolio (being a portfolio of debt instruments). For the year ended 30 September 2024, total shareholder return<sup>1</sup> was 28.4%, compared with the Sterling Corporate Bond Index which was 10.7%.

### Cumulative performance to 30 September 2024

Period	Three months	One year	Three years	Five years	Since launch
GCP Infra (share price)	0.6%	28.4%	(0.3%)	(9.9%)	101.8%
GCP Infra (net asset value)	(0.6%)	2.2%	22.3%	30.8%	176.6%
Sterling Corporate Bond Index	2.4%	10.7%	(9.0)%	(4.8)%	76.5%

### Annual performance to 30 September 2024

Period	Year ended 30 September 2024	Year ended 30 September 2023	Year ended 30 September 2022	Year ended 30 September 2021	Year ended 30 September 2020
GCP Infra (share price)	28.4%	(25.2%)	3.8%	(7.9%)	(2.0%)
GCP Infra (net asset value)	2.2%	3.7%	15.8%	7.2%	(0.1%)
Sterling Corporate Bond Index	10.7%	8.1%	(24.0%)	0.1%	4.6%

Basis: percentage growth, total return with dividends reinvested. Past performance is not a guide to future performance.

1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.

### Relative importance of the spend on pay

The table below sets out, in respect of the financial years ended 30 September 2024 and 30 September 2023:

- a) total income;
- b) the remuneration paid to the Directors;
- c) the distributions made to shareholders by way of a dividend; and
- d) share repurchases.

	30 September 2024 £'000	30 September 2023 £'000	Change %
Total income	38,329	51,705	(25.9%)
Directors' remuneration <sup>1</sup>	443	422	5%
Dividends paid to shareholders	60,750	61,785	(1.7%)
Share repurchases	2,183	10,603	(79.4%)

1. Excluding Directors' expenses.

### Directors' interests

Directors, together with their family members, had the following interests in the shares of the Company:

	30 September 2024 Number of Shares held	30 September 2023 Number of Shares held
Andrew Didham	146,345	93,024
Julia Chapman	60,446	60,446
Steven Wilderspin	15,000	15,000
Dawn Crichard	80,463	75,261
Alex Yew	75,000	20,000

# Remuneration continued

## Directors' remuneration policy

The Company follows the recommendation of the AIC Code that non-executive Directors' remuneration should reflect the time commitment and responsibilities of the role. The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole and be determined with reference to comparable organisations and appointments.

The fees of the non-executive Directors are determined within the limits set out in the Company's Articles of Association, and the Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

There are no performance conditions attached to the remuneration of the Directors as the Board does not consider such arrangements or benefits necessary or appropriate for non-executive Directors.

It is the Board's policy that Directors do not have service contracts but are provided with a letter of appointment as a non-executive Director. Under the Directors' letters of appointment, there is no notice period and no compensation is payable to a Director on leaving office.

The Company is committed to ongoing shareholder dialogue and any views expressed by shareholders on Directors' fees are taken into consideration by the Board when reviewing the Directors' remuneration policy and associated Directors' fees.

### Directors' fee levels

The Board has set different fee levels to reflect the workload, responsibilities and time commitment of the various roles held by Board members. The current cumulative cap on Directors' fees is £500,000. The fee levels in respect of the year ended 30 September 2024 and the expected fee levels in respect of the year ending 30 September 2025 are as follows:

Fee level	30 September 2024	30 September 2025
Base fee	49,660	51,150
Chairman's fee	33,000	34,000
Senior Independent Director's fee	3,400	3,520
Chair of the Audit and Risk committee	24,000	24,720
Chair of the Investment committee	26,400	27,200
Chair of the Management Engagement committee	3,400	3,520
Chair of the Sustainability committee (previously the ESG independent Director representative fee)	12,600	12,980
Member of the Audit and Risk committee	8,000	8,240
Member of the Investment committee	13,200	13,600

### Approval

The Directors' remuneration report was approved by the Board and signed on its behalf by:

**Andrew Didham**  
Chairman  
11 December 2024

## Directors' report

The Directors are pleased to present their report for the year ended 30 September 2024.

### Principal activity and business review

The strategic report on pages 20 to 99 has been prepared by the Directors and should be read in conjunction with the Chairman's statement and forms part of the annual report to shareholders.

### Corporate governance

The corporate governance statement on pages 110 to 130 forms part of this Directors' report.

### Directors

The Directors in office during the year and at the date of this report and their biographical details are shown on pages 104 to 105.

Details of the changes in Directors can be found under Board tenure and succession planning on page 121.

Details of the Directors' terms of appointment can be found in the corporate governance statement on pages 110 to 130.

The Company has Directors' and Officers' liability insurance, professional indemnity insurance, and crime and property loss cover for financial institutions to cover legal defence costs. Under the Company's Articles of Association, the Directors are provided, subject to the provisions of Jersey legislation, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment.

### Director conflicts of interest

It is the responsibility of each individual Director to avoid an unauthorised conflict of interest situation arising. The Director must inform the Board as soon as he or she becomes aware of an interest that might conflict with the interests of the Company. The Company's Articles of Association authorise the Board to approve such situations, where deemed appropriate.

A register of conflicts is maintained by the Company Secretary and is reviewed at Board meetings, to ensure that any authorised conflicts remain appropriate. The Directors are required to confirm at these meetings whether there has been any change to their position.

The Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

### Share capital

At the AGM held on 14 February 2024, the Company was granted the authority to allot ordinary shares up to 10% of its total issued share capital at that date on a non-pre-emptive basis, amounting to 88,479,766 ordinary shares. No ordinary shares have been allotted under this authority during the year. The Company will be seeking shareholder approval at the Company's AGM, scheduled to be held in February 2025, to renew this authority. This will provide the Company with the ability to take advantage of investment opportunities as they arise and further broaden its investor base over time.

Details of the movements in share capital during the year are set out in the statement of changes in equity on page 144 and in note 16 to the financial statements.

Furthermore, at the 2024 AGM, the Company was granted the authority to purchase up to 14.99% of the Company's ordinary share capital in issue at the date on which the notice of the AGM was published, 17 January 2024, amounting to 132,631,170 ordinary shares. This authority will expire at the conclusion of, and renewal will be sought at, the AGM to be held in February 2025.

During the year, the Company repurchased 3,420,000 shares under this authority (30 September 2023: 13,565,019), an aggregate total of 16,985,019 shares since the buyback programme commenced in March 2023, at a weighted average price of 63.83 pence per share, a discount<sup>1</sup> to the prevailing NAV. The Company may hold any ordinary shares that it purchases in treasury or cancel them, in accordance with the Articles and Companies Law. The Directors believe that it is desirable for the Company to have this choice. Holding the shares purchased in treasury gives the Company the ability to re-sell or transfer them quickly and cost effectively and provides the Company with additional flexibility in the management of its capital base.

The decision to cancel any shares purchased by the Company or hold such shares in treasury will be made by the Directors at the time of purchase, on the basis of the Company's and shareholders' best interests.

At 30 September 2024, the Company's issued share capital comprised 884,797,669 ordinary shares of no par value (30 September 2023: 884,797,669), 16,985,019 of which are held in treasury. The total voting rights of the Company at 30 September 2024 were 867,812,650 (30 September 2023: 871,232,650), being the issued share capital minus shares held in treasury.

At general meetings of the Company, every ordinary shareholder shall have one vote in respect of every ordinary share.

1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.



## Directors' report continued

### Dividends

Details of dividends paid and declared during the year are set out in note 9.

The Company offers a scrip dividend alternative under which shareholders elect to receive new ordinary shares in lieu of the cash dividend.

The price of a new ordinary share to be issued under the scrip dividend alternative is calculated by taking the average of the Company's closing middle market quotations of an ordinary share for the ex-dividend date and the four subsequent dealing days.

As a result of the Company's ordinary shares trading at a discount<sup>1</sup> to the prevailing NAV, the Board has exercised its discretion to suspend the scrip dividend alternative since 1 July 2022.

The Board will keep under consideration the offer of a scrip dividend alternative in respect of future quarterly dividends if the Company's ordinary shares trade at a premium<sup>1</sup> to the prevailing published NAV at the relevant time.

### Greenhouse gas emissions reporting

Refer to the sustainability report on pages 80 to 81 for information on the Company's climate-related emissions.

### Significant voting rights

At 30 September 2024, the Company had been informed of the following holdings representing more than 3% of the voting rights of the Company:

Name	Shares held	% of total voting rights
Rathbones Investment Management	68,445,728	7.89
Gravis Capital Management	41,007,604	4.73
West Yorkshire Pension Fund	38,344,860	4.42
Asset Value Investors	38,000,000	4.38
Close Brothers Asset Management	37,813,024	4.36
Hargreaves Lansdown Stockbrokers (EO)	34,988,150	4.03
Investec Wealth & Investment	30,452,660	3.51

The following changes have been notified to the Company between 30 September 2024 and the date of this report:

Name	Shares held	% of total voting rights
Rathbones Investment Management	92,272,983	10.63

1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.

### Political donations

The Company made no donations to political parties or organisations during the year and no political expenditure was incurred.

### Auditor

The Directors holding office at the date of this annual report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware. Each Director has taken all the steps necessary as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

KPMG has expressed its willingness to continue in office as Auditor of the Company and resolutions for its re-appointment and to authorise the Board to determine its remuneration will be proposed at the forthcoming 2025 AGM.

### Financial risk management

Information about the Company's financial risk management objectives and policies is set out in note 19 to the financial statements.

### Requirements of the Listing Rules

Listing Rule 6.6.4 requires the Company to include specified information in a single identifiable section of the annual report or a cross reference table indicating where the information is set out. Interest income capitalised is disclosed as loan interest capitalised in note 3 to the financial statements. The Directors confirm that there are no other disclosures required in relation to Listing Rule 6.6.4.

### Approved by the Board

This Directors' report was approved by the Board and signed on its behalf by:

### Andrew Didham

Chairman

11 December 2024



## Financial statements

# What's in the section

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## Autumn Budget 2024

The Autumn Budget was eagerly anticipated. While taxes and NHS funding grabbed the initial headlines (including £1.5 billion for new hospital beds and diagnostic centres), the new Government's commitment to making the UK a clean energy superpower is increasingly positive. The Board believes this presents a material opportunity for investment and growth in the UK and is vital for achieving the UK's decarbonisation commitments.

Commitments to hire 300 more planners and work with the National Energy System Operator ("NESO") and Ofgem to accelerate grid connections are welcome to unlocking development. A commitment to reform relevant National Policy Statements within twelve months also recognises the need for planning reform.

Other infrastructure and clean energy pledges included £8 billion for carbon capture, usage and storage infrastructure and include eleven green hydrogen projects.

There was also support for four new electrolytic hydrogen projects across Scotland and Wales, £200 million for electric vehicle charging infrastructure, support for port infrastructure to facilitate floating offshore wind (£134 million), the rollout of broadband through Project Gigabit and shared rural networks (£500 million) and £125 million for Great British Energy in 2025/26 (£100 million of capital and £25 million of establishment costs).

In relation to core infrastructure, the Chancellor built on the new Government's manifesto commitments and announced £5 billion to meet their commitment of delivering 1.5 million new homes, £1.4 billion to rebuild schools, and £1.2 billion to deliver extra prison services.

The Board is looking forward to the announcement of the ten year infrastructure strategy which will be published in the spring of 2025 and a 'Clean Power 2030 Action Plan' which the new Government have also committed to. Both are expected to contain more detail than was provided in the Autumn Budget on the new Government's commitment to decarbonise the electricity grid by 2030, and how it will support wider infrastructure deployment.



# Statement of Directors' responsibilities

## In respect of the annual report and financial statements

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under Jersey Company Law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and applicable law.

Under Jersey Company Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use 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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Jersey Company Law. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions where the financial statements are published on the internet.

### Directors' responsibility statement

In accordance with the UK FCA's Disclosure Guidance and Transparency Rules, each of the Directors on the Board at the date of this report, whose names are set out on page 116, confirms that to the best of his or her knowledge:

- the financial statements have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the strategic report, including the Directors' report, includes a fair, balanced review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

The annual report and financial statements, taken as a whole, are considered by the Board to be fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

**Andrew Didham**

Chairman

11 December 2024

# Independent Auditor’s report

To the members of GCP Infrastructure Investments Limited

**Our opinion is unmodified**

We have audited the financial statements of GCP Infrastructure Investments Limited (the “Company”), which comprise the statement of financial position as at 30 September 2024, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

**In our opinion, the accompanying financial statements:**

- give a true and fair view of the financial position of the Company as at 30 September 2024, and of the Company’s financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- have been properly prepared in accordance with the Companies (Jersey) Law, 1991.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Key audit matters: our assessment of the risks of material misstatement**

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2023):

Key audit matters	The risk	Our response
<p><b>Valuation of financial assets at fair value through profit or loss</b></p> <p>£960,023,000 or 98.8% of total assets; (2023: £1,046,568,000 or 98.3% of total assets)</p> <p>Refer to the Audit and Risk Committee Report (pages 122 to 125), note 2.2 – significant accounting judgements and estimates, and note 11 – financial assets at fair value through profit or loss, and note 19 – financial instruments</p>	<p><b>Basis:</b></p> <p>98.8% of the Company’s total assets is represented by the fair value of a portfolio of unquoted infrastructure investments domiciled in the United Kingdom (the ‘Investments’). The Company’s estimation of the fair value of the Investments primarily involves using a discounted cash flow methodology, where the inputs and assumptions, such as the amounts and timings of cash flows, the use of appropriate discount rates and the selection of appropriate assumptions surrounding uncertain future events are subjective.</p>	<p><b>Our audit procedures included:</b></p> <p><b>Internal Controls:</b></p> <p>We tested the design and implementation of the controls adopted by the Company over the valuation of the Investments.</p> <p><b>Evaluating experts engaged by management:</b></p> <p>We performed enquiries of the Investment Adviser and Valuation Agent to update our knowledge of the valuation process and methodology and reassessed its appropriateness against industry practice and IFRS.</p> <p>We evaluated the competency of the Company’s third party Valuation Agent in the context of their ability to appropriately challenge and review the fair value of the Investments prepared by the Company, by assessing their professional qualifications, experience and independence from the Company.</p> <p><b>Use of KPMG Specialists:</b></p> <p>We challenged, with the support of our KPMG valuation specialist, the reasonableness of discount rates applied in the valuation by comparing these to independent market data including discount rates used by peers, recent market transactions and our KPMG valuation specialist’s experience in valuing similar investments.</p>

# Independent Auditor’s report continued

To the members of GCP Infrastructure Investments Limited

Key audit matters: our assessment of the risks of material misstatement continued

Key audit matters	The risk	Our response
	<p><b>Risk:</b></p> <p>There is a risk of error associated with:</p> <ul style="list-style-type: none"><li>— estimating the timing and amounts of long-term forecasted cash flows; and</li><li>— the selection and application of appropriate assumptions, such as discount rates and other inputs.</li></ul> <p>Changes to long-term forecasted cash flows and/or the selection and application of different assumptions and inputs may result in a materially different fair value being attributed to the Investments</p>	<p><b>Our audit procedures included continued:</b></p> <p><b>Challenging managements’ assumptions and inputs:</b></p> <p>We performed substantive procedures in relation to the Company’s determination of fair value on a risk based selection of Investments, which included:</p> <ul style="list-style-type: none"><li>— for new Investments during the year, compared the long-term forecasted cash flows included in the discounted cash flow model to the terms of the loan agreements, such as the repayment profile, prepayment premium, loan term and the coupon;</li><li>— assessed the recoverability of outstanding cash flows by considering financial performance of underlying assets, the general economic environment and reviewing the repayment history;</li><li>— assessed the reasonableness of key general and project-specific inputs and assumptions into the cash flow projections for equity linked loan notes, to corroborate key revenues and costs with reference to relevant market data, underlying contracts, agreements and management information; and</li><li>— assessed the reliability of the Company’s cash flow forecasts included in the valuation models by appraising the completeness and accuracy of the retrospective review analysis performed by the Investment Adviser.</li></ul> <p><b>Assessing disclosures:</b></p> <p>We considered the adequacy of the Company’s disclosures in note 19.3 in respect of the fair value of Investments for compliance with IFRS, specifically the estimates and judgements made by the Company in arriving at that fair value and the disclosure of the degree of sensitivity of the fair value to a reasonably possible change in the discount rate.</p>

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £10,000,000, determined with reference to a benchmark of total assets of £971,915,000, of which it represents approximately 1.0% (2023: 1.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2023: 75%) of materiality for the financial statements as a whole, which equates to £7,500,000. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £500,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

**Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Company's financial resources or ability to continue operations over this period were:

- availability of capital to meet operating costs and other financial commitments;
- availability of credit facilities and the ability of the Company to comply with debt covenants; and
- the recoverability of financial assets subject to credit risk.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 2.1 to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in the notes to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and that statement is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

**Fraud and breaches of laws and regulations****– ability to detect****Identifying and responding to risks of material misstatement due to fraud**

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.



## Independent Auditor's report continued

To the members of GCP Infrastructure Investments Limited

### Fraud and breaches of laws and regulations

#### – ability to detect continued

#### Identifying and responding to risks

#### of material misstatement due to

#### non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge. We have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Going Concern Assessment and Viability Statement (page 98) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the Going Concern Assessment and Viability Statement (page 98) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Going Concern Assessment and Viability Statement, set out on page 98 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

**Corporate governance disclosures**

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit and Risk Committee, including the significant issues that the audit and risk committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

**We have nothing to report on other matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company; or
- the Company's financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

**Respective responsibilities****Directors' responsibilities**

As explained more fully in their statement set out on page 136, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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.

**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of this report and restrictions on its use by persons other than the Company's members as a body**

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

**Andrew Quinn**

For and on behalf of KPMG Channel Islands Limited  
Chartered Accountants and Recognized Auditors  
Jersey

11 December 2024

# Statement of comprehensive income

For the year ended 30 September 2024

	Notes	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
<b>Income</b>			
Net income/gains on financial assets at fair value through profit or loss	3	37,340	29,301
Net gains on derivative financial instruments at fair value through profit or loss	3	496	12,860
Other income	3	493	9,544
<b>Total income</b>		<b>38,329</b>	<b>51,705</b>
<b>Expenses</b>			
Investment advisory fees	20	(8,300)	(8,670)
Operating expenses	5	(3,038)	(2,752)
<b>Total expenses</b>		<b>(11,338)</b>	<b>(11,422)</b>
<b>Total operating profit before finance costs</b>		<b>26,991</b>	<b>40,283</b>
Finance costs	6	(7,477)	(9,378)
<b>Total profit and comprehensive income for the year</b>		<b>19,514</b>	<b>30,905</b>
Basic and diluted earnings per share (pence)	10	2.25	3.50

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

The accompanying notes on pages 146 to 169 form an integral part of these financial statements.

# Statement of financial position

As at 30 September 2024

	Notes	As at 30 September 2024 £'000	As at 30 September 2023 £'000
<b>Assets</b>			
Cash and cash equivalents	14	11,755	16,867
Other receivables and prepayments	12	137	575
Derivative financial instruments at fair value through profit or loss	18	—	265
Financial assets at fair value through profit or loss	11, 19	960,023	1,046,568
<b>Total assets</b>		<b>971,915</b>	<b>1,064,275</b>
<b>Liabilities</b>			
Other payables and accrued expenses	13	(2,885)	(4,048)
Derivative financial instruments at fair value through profit or loss	18	(110)	—
Interest bearing loans and borrowings	15	(55,790)	(103,674)
<b>Total liabilities</b>		<b>(58,785)</b>	<b>(107,722)</b>
<b>Net assets</b>		<b>913,130</b>	<b>956,553</b>
<b>Equity</b>			
Share capital	16	8,678	8,712
Share premium	16	858,965	861,118
Capital redemption reserve	17	101	101
Retained earnings		45,386	86,622
<b>Total equity</b>		<b>913,130</b>	<b>956,553</b>
Ordinary shares in issue (excluding treasury shares)	16	867,812,650	871,232,650
NAV per ordinary share (pence per share)		105.22	109.79

The financial statements were approved and authorised for issue by the Board of Directors on 11 December 2024 and signed on its behalf by:

**Andrew Didham**  
Chairman

**Steven Wilderspin FCA**  
Director

The accompanying notes on pages 146 to 169 form an integral part of these financial statements.



# Statement of changes in equity

For the year ended 30 September 2024

	Notes	Share capital £'000	Share premium <sup>1</sup> £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
<b>At 1 October 2022</b>		8,848	871,606	101	117,502	998,057
Total profit and comprehensive income for the year		—	—	—	30,905	30,905
Share repurchases	16	(136)	(10,467)	—	—	(10,603)
Shares repurchase costs	16	—	(21)	—	—	(21)
Dividends	9	—	—	—	(61,785)	(61,785)
<b>At 30 September 2023</b>		8,712	861,118	101	86,622	956,553
Total profit and comprehensive income for the year		—	—	—	19,514	19,514
Share repurchases	16	(34)	(2,149)	—	—	(2,183)
Shares repurchase costs	16	—	(4)	—	—	(4)
Dividends	9	—	—	—	(60,750)	(60,750)
<b>At 30 September 2024</b>		8,678	858,965	101	45,386	913,130

1. The share premium reserve is a distributable reserve in accordance with Jersey Company Law. Refer to note 9 for further information.

The accompanying notes on pages 146 to 169 form an integral part of these financial statements.

# Statement of cash flows

For the year ended 30 September 2024

	Notes	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
<b>Cash flows from operating activities</b>			
Total operating profit before finance costs		26,991	40,283
Adjustments for:			
Loan interest income	3	(87,297)	(80,750)
Net losses on financial assets at fair value through profit or loss	3	49,957	51,449
Net gains on derivative financial instruments at fair value through profit or loss	3	(496)	(12,860)
Decrease in other payables and accrued expenses		(1,097)	(33)
Decrease/(increase) in other receivables and prepayments		436	(390)
<b>Total</b>		<b>(11,506)</b>	<b>(2,301)</b>
Loan interest received	3	65,129	58,791
Purchase of financial assets at fair value through profit or loss	11	(5,133)	(66,739)
Repayment of financial assets at fair value through profit or loss	11	63,889	78,012
Proceeds on derivative financial instruments at fair value through profit or loss	3	871	8,734
<b>Net cash flows generated from operating activities</b>		<b>113,250</b>	<b>76,497</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving credit facility	15	18,147	55,000
Repayment of revolving credit facility	15	(67,022)	(50,000)
Share repurchases	16	(2,183)	(10,090)
Share repurchase costs	16	(4)	(20)
Dividends paid	9	(60,750)	(61,785)
Finance costs paid		(6,550)	(8,716)
<b>Net cash flows used in financing activities</b>		<b>(118,362)</b>	<b>(75,611)</b>
Net (decrease)/increase in cash and cash equivalents		(5,112)	886
Cash and cash equivalents at beginning of the year		16,867	15,981
<b>Cash and cash equivalents at end of the year</b>	14	<b>11,755</b>	<b>16,867</b>
<b>Net cash flows generated by operating activities includes:</b>			
Loan fee income	3	61	9,143
Deposit interest received	3	432	401

The accompanying notes on pages 146 to 169 form an integral part of these financial statements.

# Notes to the financial statements

For the year ended 30 September 2024

## 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 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 LSE.

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. Material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies, except for the changes discussed in this note, have been consistently applied throughout the years presented.

### 2.1 Basis of preparation

These financial statements are prepared in accordance with IFRS as adopted by the EU. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities held at fair value through profit or loss.

#### New standards, amendments and interpretations adopted in the year

In the current year 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.

The new IFRS that will apply for reporting periods beginning 1 January 2027 is as follows:

- presentation and disclosure in financial statements (introduction of IFRS 18).

Under current IFRS accounting standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies.

IFRS 18 promotes a more structured income statement. In particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities.

The Directors are still assessing the impact of IFRS 18, but at present do not anticipate it to 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 are expected to have a material impact on the Company's financial statements.

#### Classification and measurement of financial instruments

Amendments to IFRS 7 and 9 effective on or before 1 January 2026, over the following 12 months an assessment will be conducted on the impact of IFRS 7 and 9 which relate to settlement of liabilities through electronic payment systems and the classification of financial assets with ESG and similar features. The Company has elected not to early adopt the amendments to IFRS 7 and 9.

#### Functional and presentation currency

Items included in the 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 annual financial statements.

The Investment Adviser has prepared cash flow forecasts which were challenged and approved by the Directors and included consideration of the availability of the Company's RCF, hedging arrangements, cash flow forecasts and stress scenarios.

The Directors are not aware of any material uncertainties that cast doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

## 2.2 Significant accounting judgements and estimates

The preparation of 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 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 financial statements taking into account the structure of the Company and the extent of its investment activities (refer to note 19 for further information).

**(b) Critical judgements****Assessment of non-current assets held for sale**

The Directors have determined that at the date of the report, none of the Company's assets fulfil the classification criteria prescribed by IFRS 5. This determination has been made with consideration to the Company's capital allocation policy and the relative progress of various sales processes. This process requires judgement in assessing a complex range of commercial factors in the context of the purpose, objectives and operational norms of the Company and its sector, and the application of the objective and scope of the standard. Factors considered include: the probability of completing a sale within a specified timeframe, the status of commercial negotiations and related agreements, the relative strength of obligations or disincentives for non-performance, and the possibility of impediments to completion or a change in terms.

**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 the extent of investment activities (refer to note 11 for further information).

**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 analysis of the Company as one segment. The financial results from this segment are equivalent to the 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.

	30 September 2024 £'000	30 September 2023 £'000
Channel Islands	432	401
United Kingdom	37,897	51,304
<b>Total</b>	<b>38,329</b>	<b>51,705</b>

**3. Operating income**

The table below analyses the Company's operating income for the year by investment type:

	30 September 2024 £'000	30 September 2023 £'000
Interest received on cash and cash equivalents	432	401
Loan fee income <sup>1</sup>	61	9,143
<b>Other income</b>	<b>493</b>	<b>9,544</b>
Net changes in fair value of financial instruments at fair value through profit or loss	37,836	42,161
<b>Total</b>	<b>38,329</b>	<b>51,705</b>

1. Includes prepayment fee of £61,000 (30 September 2023: prepayment fees of £8,715,000 and restructuring fee income of £375,000).



## Notes to the financial statements continued

For the year ended 30 September 2024

### 3. Operating income continued

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

	30 September 2024 £'000	30 September 2024 £'000	30 September 2023 £'000	30 September 2023 £'000
Loan interest received	65,129		58,791	
Loan interest capitalised	22,168		21,959	
<b>Total loan interest income</b>		<b>87,297</b>		<b>80,750</b>
Unrealised gains on financial assets at fair value through profit or loss	13,549		15,017	
Unrealised losses on financial assets at fair value through profit or loss	(65,394)		(66,603)	
<b>Total net unrealised losses on financial assets at fair value through profit or loss</b>	<b>(51,845)</b>		<b>(51,586)</b>	
Net realised gains on disposal of financial assets at fair value through profit or loss	1,888		137	
<b>Total net losses on financial assets at fair value through profit or loss</b>		<b>(49,957)</b>		<b>(51,449)</b>
<b>Total net income/gains on financial assets at fair value through profit or loss</b>		<b>37,340</b>		<b>29,301</b>
Unrealised (losses)/gains on derivative financial instruments at fair value through profit or loss	(375)		4,126	
Realised gains on settlement of derivative financial instruments at fair value through profit or loss	871		8,734	
<b>Total net gains on derivative financial instruments at fair value through profit or loss</b>		<b>496</b>		<b>12,860</b>
<b>Net changes in fair value of financial instruments at fair value through profit or loss</b>		<b>37,836</b>		<b>42,161</b>

#### Accounting policy

Interest income and interest expense, other than interest income received on financial assets at fair value through profit or loss, are recognised on an accrual basis in the statement of comprehensive income. Interest income on financial assets is included in net income/gains on financial assets at fair value through profit or loss in the statement of comprehensive income.

Gains or losses on disposals of financial assets at fair value through profit or loss represent the difference between the proceeds received on the repayment of loan notes and the carrying value of loan notes at the time of sale or disposal. Net gains or losses on disposal of financial assets at fair value through profit or loss are included in net income/gains on financial assets at fair value through profit or loss in the statement of comprehensive income.

Other operating income includes unscheduled (early) prepayment fees which are recognised in the financial statements when the contractual provisions are met and the amounts become due.

The Company holds derivative financial instruments comprising a commodity swap to hedge its exposure to the volatility of the electricity prices in the market. It is not the Company's policy to trade in derivative financial instruments. Commodity swaps are held at fair value through profit or loss, being the difference between the fixed legs with a fixed price and floating legs that are indexed. The Company does not apply hedge accounting and consequently all gains or losses in the fair value of the derivative financial instruments are recognised in the statement of comprehensive income, refer to note 18.

**4. Auditor's remuneration**

	30 September 2024 £'000	30 September 2023 £'000
Audit fees	182	169
Non-audit fees – review of half-yearly report and financial statements	50	47
<b>Total</b>	<b>232</b>	<b>216</b>

**5. Operating expenses**

	30 September 2024 £'000	30 September 2023 £'000
Corporate administration and Depositary fees	1,008	1,034
Legal and professional fees	49	18
Independent Valuation Agent fees	260	260
Directors' remuneration and expenses <sup>1</sup>	451	432
Advisory fees	229	114
Registrar fees	67	74
Other expenses	974	820
<b>Total</b>	<b>3,038</b>	<b>2,752</b>

1. Refer to note 7 for further information.

**Key service providers other than the Investment Adviser (refer to note 20 for disclosures in respect of the Investment Adviser)**

**Administrator and Company Secretary**

The Company has appointed Apex Financial Services (Alternative Funds) Limited as Administrator and Company Secretary. Fund accounting, administration services and company secretarial services are provided to the Company pursuant to an agreement dated 31 January 2014 and amended and restated on 20 November 2023. All Directors have access to the advice and services of the Company Secretary, who provides guidance to the Board, through the Chairman, on governance matters. The fee for the provision of administration and company secretarial services during the year was £724,000 (30 September 2023: £735,000), of which £172,000 remains payable at year end (30 September 2023: £182,000).

**Depositary**

Depositary services are provided to the Company by Apex Financial Services (Corporate) Limited pursuant to an agreement dated 21 July 2014. The fee for the provision of these services during the year was £284,000 (30 September 2023: £299,000) of which £70,000 remains payable at year end (30 September 2023: £74,000).

**Accounting policy**

All operating expenses are charged to the statement of comprehensive income and are accounted for on an accrual basis.

**6. Finance costs**

	30 September 2024 £'000	30 September 2023 £'000
Finance costs	7,477	9,378

**Accounting policy**

Finance expenses in the statement of comprehensive income comprise loan arrangement fees, loan commitment fees, loan interest expense and agency fees which are accounted for on an accruals basis along with interest accrued on the facility incurred in connection with the borrowing of funds. Arrangement fees are amortised over the life of the facility.

# Notes to the financial statements continued

For the year ended 30 September 2024

## 7. Directors' remuneration

The Directors of the Company are remunerated on the following basis:

	30 September 2024 £'000	30 September 2023 £'000
Andrew Didham	96	92
Ian Reeves CBE <sup>1</sup>	—	5
Julia Chapman	61	58
Michael Gray	76	72
Steven Wilderspin	74	70
Dawn Crichard	73	70
Alex Yew	63	55
	443	422
Directors' expenses	8	10
<b>Total</b>	<b>451</b>	<b>432</b>

1. Ian Reeves CBE stepped down as Chairman of the Company effective from 20 June 2022 and retired from the Board on 31 October 2022.

Full details of the Directors' remuneration policy can be found on page 130.

## 8. Taxation

Profits arising in the Company for the year ended 30 September 2024 are subject to tax at the standard rate of 0% (30 September 2023: 0%) in accordance with the Income Tax (Jersey) Law 1961, as amended.

## 9. Dividends

Dividends for the year ended 30 September 2024 were 7.0 pence per share (30 September 2023: 7.0 pence per share) as follows:

Quarter ended	Dividend	Pence	30 September 2024 £'000	30 September 2023 £'000
<b>Current year dividends</b>				
30 September 2024 <sup>1</sup>	2024 fourth interim dividend	1.75	—	—
30 June 2024	2024 third interim dividend	1.75	15,186	—
31 March 2024	2024 second interim dividend	1.75	15,187	—
31 December 2023	2024 first interim dividend	1.75	15,187	—
<b>Total</b>		7.0	<b>45,560</b>	—
<b>Prior year dividends</b>				
30 September 2023	2023 fourth interim dividend	1.75	15,190	—
30 June 2023	2023 third interim dividend	1.75	—	15,365
31 March 2023	2023 second interim dividend	1.75	—	15,452
31 December 2022	2023 first interim dividend	1.75	—	15,484
<b>Total</b>		7.0	<b>15,190</b>	<b>46,301</b>
30 September 2022	2022 fourth interim dividend	1.75	—	15,484
Dividends in statement of changes in equity			<b>60,750</b>	61,785
Dividends settled in shares			—	—
<b>Dividends in cash flow statement</b>			<b>60,750</b>	61,785

For the forthcoming financial year, the Directors have concluded the Company will target<sup>2</sup> a dividend of 7.0 pence per share.

The Board, at its discretion, has suspended the scrip dividend alternative as a result of the likely discount<sup>3</sup> between any scrip dividend reference price of the shares and the NAV per share of the Company. The Board intends to keep the offer of future scrip dividends under review.

### Accounting policy

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, buybacks, 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.

1. On 24 October 2024, the Company declared a fourth interim dividend of 1.75 pence per share amounting to £15.2 million, which was paid on 29 November 2024 to ordinary shareholders on the register at 1 November 2024.
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 170 to 172.



## Notes to the financial statements continued

For the year ended 30 September 2024

### 10. Earnings per share

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

	Total profit £'000	Weighted average number of ordinary shares	Pence per share
<b>Year ended 30 September 2024</b>			
Basic and diluted earnings per ordinary share	<b>19,514</b>	<b>867,940,448</b>	<b>2.25</b>
<b>Year ended 30 September 2023</b>			
Basic and diluted earnings per ordinary share	30,905	881,850,353	3.50

### 11. Financial assets at fair value through profit or loss

The table below analyses the movements in financial assets at fair value through profit or loss during the year by the type of movement:

	30 September 2024 £'000	30 September 2023 £'000
<b>Opening balance</b>	<b>1,046,568</b>	1,087,331
Purchases of financial assets at fair value through profit of loss	<b>27,301</b>	138,698
Repayments of financial assets at fair value through profit of loss	<b>(63,889)</b>	(128,012)
Net realised gains on disposal of financial assets at fair value through profit or loss <sup>1</sup>	<b>1,888</b>	137
Unrealised gains on financial assets at fair value through profit or loss <sup>2</sup>	<b>13,549</b>	15,017
Unrealised losses on financial assets at fair value through profit or loss	<b>(65,394)</b>	(66,603)
<b>Closing balance</b>	<b>960,023</b>	1,046,568

1. Gains in the current year relate to the sale of Blackcraig wind farm, gains in the prior year relate to principal indexation on realised assets.

2. Includes principal indexation of £0.8 million (30 September 2023: £4.0 million) applied to certain loans.

All portfolio assets are held as security against the RCF (refer to note 15).

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:

	30 September 2024 £'000	30 September 2023 £'000
<b>Purchases</b>		
Purchases of financial assets at fair value through profit or loss	(27,301)	(138,698)
Loan interest capitalised	22,168	21,959
Non-cash internal transfers	—	50,000
Purchases of financial assets at fair value through profit or loss in statement of cash flows	(5,133)	(66,739)
	30 September 2024 £'000	30 September 2023 £'000
<b>Repayments</b>		
Repayments of financial assets at fair value through profit or loss	63,889	128,012
Non-cash internal transfers	—	(50,000)
Repayments of financial assets at fair value through profit or loss in statement of cash flows	63,889	78,012

### Accounting for subsidiaries

The Company's investments are made through a number of SPVs (refer to note 23) which are domiciled in the UK. The Company owns 100% of the loan notes issued by the SPVs with the exception of GCP Rooftop Solar 6 plc (37.1%), GCP Rooftop Solar Finance plc (31.1%) and FHW Dalmore (Salford Pendleton Housing) plc (13.8%).

The Directors have made an assessment in regard to whether the Company, as an investor, controls or has significant influence in the SPVs under the criteria within IFRS 10 and IAS 28, and whether the SPVs meet the definition of subsidiary or associate companies in accordance with IFRS 10 and IAS 28.

The Directors are of the opinion that the Company demonstrates all three of the criteria for all SPVs to be considered subsidiary companies within the definition of control in IFRS 10, with the exception of GCP Rooftop Solar 6 plc, GCP Rooftop Solar Finance plc and FHW Dalmore (Salford Pendleton Housing) plc, which are considered to be associates within the definition of IAS 28, as the Company has significant influence over the relevant activities of the SPVs through similar arrangements. Associates are measured at fair value through profit or loss, as permitted by IAS 28.

### Assessment as an investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their investments in subsidiaries at fair value through profit or loss rather than consolidate the subsidiary companies. The criteria which define an investment entity are as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Directors have concluded that the Company continues to meet the characteristics of an investment entity, in that it has more than one investor and its investors are not related parties; it holds a portfolio of investments, predominantly in the form of loan securities which generate returns through interest income and capital appreciation; and the Company reports to its investors via quarterly investor information and to its management, via internal management reports, on a fair value basis.

# Notes to the financial statements continued

For the year ended 30 September 2024

## 11. Financial assets at fair value through profit or loss continued

### Accounting policy

The loan notes held by the Company are shown as financial assets at fair value through profit or loss in the statement of financial position, which in the opinion of the Directors represents the fair value of the SPVs, as any other net assets held in the SPVs at year end are immaterial.

Principal indexation is applied to certain loan notes where applicable. The indexation is a contractually allowable inflationary adjustment to loan principal calculated where permitted by a predefined mechanism in a loan agreement. The effect of the adjustment is to increase or decrease the fair value of certain loan notes in line with the indexation factor which takes account of the rate of inflation against a stipulated inflation threshold of each relevant loan.

The Company recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

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

When the Company transfers a portion of its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in the statement of comprehensive income.

After initial measurement, the Company measures financial instruments which are classified as fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in profit or loss in the statement of comprehensive income.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques used by the independent Valuation Agent include using recent arm's length market transactions, referenced to appropriate current market data, and discounted cash flow analysis, at all times making as much use of available and supportable market data as possible.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 19.

## 12. Other receivables and prepayments

	30 September 2024 £'000	30 September 2023 £'000
Other receivables and prepayments	137	575

### Accounting policy

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. The Company recognises a loss allowance for expected credit losses on other receivables where necessary.

## 13. Other payables and accrued expenses

	30 September 2024 £'000	30 September 2023 £'000
Investment advisory fees	2,062	2,132
Other payables and accrued expenses	823	1,916
<b>Total</b>	<b>2,885</b>	<b>4,048</b>

### Accounting policy

Payables are recognised initially at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

**14. Cash and cash equivalents**

Cash held by financial institutions at the year end is shown in the table below:

	30 September 2024 £'000	30 September 2023 £'000
Barclays account	2,436	8,482
BONY account	527	—
Lloyds Money Market Call account	—	—
RBSI Capital and Interest account <sup>1</sup>	6,700	4,435
RBSI Cash Management account	2,092	3,950
<b>Total</b>	<b>11,755</b>	<b>16,867</b>

1. For the year ended 30 September 2024, capital and interest received on 30 September 2024 was transferred to the Barclays account on 1 October 2024. In the prior year, the same occurred on 29 September 2023 and 2 October 2023, respectively.

Cash is held at a number of financial institutions in order to spread credit risk. Cash awaiting investment is 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 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 million or 25% of total cash balances, whichever is the larger. It is also recognised that with the advent of the ring-fenced bank concept, it has become more difficult to interact with sufficiently well-rated counterparty banks.

**Accounting policy**

Cash and cash equivalents in the statement of financial position and statement of cash flows comprise cash on hand, demand deposits, short-term deposits in financial institutions with original maturities of three months or less and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**15. Interest bearing loans and borrowings**

	30 September 2024 £'000	30 September 2023 £'000
Revolving credit facility	57,000	104,000
Unamortised arrangement fees	(1,210)	(326)
<b>Total</b>	<b>55,790</b>	<b>103,674</b>

The table below analyses the movement for the year:

	30 September 2024 £'000	30 September 2023 £'000
<b>Balance at the start of the year</b>	<b>103,674</b>	<b>98,009</b>
<b>Changes from cash flows</b>		
Proceeds from revolving credit facility	18,147	55,000
Repayment of revolving credit facility	(67,022)	(50,000)
Drawdown for RCF refinancing fees	1,875	—
<b>Non-cash changes</b>		
Amortisation of loan arrangement fees	644	665
Commitment and other capitalised fees	(1,528)	—
<b>Balance at the end of the year</b>	<b>55,790</b>	<b>103,674</b>



# Notes to the financial statements continued

For the year ended 30 September 2024

## 15. Interest bearing loans and borrowings continued

### Revolving credit facility

#### Expired facility

Previously, the Company had secured an RCF of £190 million with Royal Bank of Scotland International, AIB (UK) plc, Lloyds Bank plc, Clydesdale Bank plc (trading as Virgin Money) and Mizuho Bank Limited. The RCF was secured against underlying assets held by the Company. Interest on amounts drawn under the facility were charged at SONIA plus 2.0% per annum. A commitment fee was payable on undrawn amounts of 0.7%.

At the beginning of the year, £104 million was drawn. On 16 February 2024, the facility was repaid as part of refinancing and entering into a new RCF.

#### New facility

On 16 February 2024, the Company entered into a new secured RCF of £150 million with AIB (UK) plc, Lloyds Bank plc, Clydesdale Bank plc (trading as Virgin Money) and Mizuho Bank Limited. The RCF is secured against the portfolio of underlying assets held by the Company. The facility is repayable in March 2027. Interest on amounts drawn under the facility is charged at SONIA plus 2.0% per annum. A commitment fee of 0.7% per annum is payable on undrawn amounts. At 30 September 2024, the total amount drawn on the RCF was £57 million.

All amounts drawn under the RCF may be used in or towards the making of investments in accordance with the Company's investment policy, with additional flexibility to allow the Company to enhance its working capital management. The facility provides the Company with continued access to flexible debt finance, allowing 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<sup>1</sup> and interest cover<sup>1</sup> covenants that are measured at the 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 30 September 2024.

### Leverage

For the purposes of the UK AIFM Regime, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its NAV and is calculated under the gross and commitment methods, in accordance with the UK AIFM Regime.

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the UK AIFM Regime, at 30 September 2024.

The figures are as follows:

	Maximum limit	30 September 2024 Actual exposure	30 September 2023 Actual exposure
Leverage exposure			
Gross method	1.20	1.05	1.10
Commitment method	1.20	1.07	1.11

The leverage figures disclosed above represent leverage calculated under the UK AIFM Regime methodology as follows:

	30 September 2024 Gross £'000	30 September 2024 Commitment £'000	30 September 2023 Gross £'000	30 September 2023 Commitment £'000
Financial assets at fair value through profit or loss	960,023	960,023	1,046,568	1,046,568
Cash and cash equivalents	—	11,755	—	16,867
Derivative financial instruments at fair value through profit or loss <sup>2</sup>	1,099	1,099	2,324	2,324
<b>Total exposure under the UK AIFM Regime</b>	<b>961,122</b>	<b>972,877</b>	<b>1,048,892</b>	<b>1,065,759</b>
Total shareholders' funds (net assets)	913,130	913,130	956,553	956,553
<b>Leverage (ratio)</b>	<b>1.05</b>	<b>1.07</b>	<b>1.10</b>	<b>1.11</b>

The Company's leverage limit under the UK AIFM Regime is 1.20, which equates to a gearing limit of 20%. The Company has maintained sufficient headroom against the limit throughout the year.

1. AAPM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.
2. Refer to note 18 for further information on derivative financial instruments at fair value through profit or loss.

### Accounting policy

Borrowings are recognised initially at fair value, less attributable costs. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Transaction costs are spread over the term of the RCF.

## 16. Authorised and issued share capital

	30 September 2024		30 September 2023	
	Number of shares	£'000	Number of shares	£'000
Share capital				
<b>Ordinary shares issued and fully paid</b>				
Opening balance	884,797,669	8,848	884,797,669	8,848
<b>Total shares in issue</b>	884,797,669	8,848	884,797,669	8,848
<b>Treasury shares</b>				
Opening balance	(13,565,019)	(136)	—	—
Shares repurchased	(3,420,000)	(34)	(13,565,019)	(136)
<b>Total shares repurchased and held in treasury</b>	(16,985,019)	(170)	(13,565,019)	(136)
<b>Total ordinary share capital excluding treasury shares</b>	867,812,650	8,678	871,232,650	8,712

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

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

	30 September 2024	30 September 2023
	£'000	£'000
Share premium		
<b>Premium on ordinary shares issued and fully paid</b>		
Opening balance	861,118	871,606
Premium on equity shares issued through:		
Share repurchases	(2,149)	(10,467)
Share repurchase costs	(4)	(21)
<b>Total</b>	858,965	861,118

# Notes to the financial statements continued

For the year ended 30 September 2024

**16. Authorised and issued share capital** continued

Share premium represents amounts subscribed for share capital in excess of the 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 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 30 September 2024, the Company's issued share capital comprised 884,797,669 ordinary shares (30 September 2023: 884,797,669), of which 16,985,019 (30 September 2023: 13,565,019) 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.

Accounting policy

The Directors of the Company continually assess the classification of the ordinary shares. If the ordinary shares cease to have all the features or meet all the conditions set out to be classified as equity, they will be reclassified as financial liabilities and measured at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. Transaction costs incurred by the Company in issuing, acquiring or reselling its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

**17. Capital redemption reserve**

	30 September 2024 £'000	30 September 2023 £'000
Capital redemption reserve	101	101

The Company is required by Jersey Company Law to establish and maintain this reserve on the redemption of its own shares.

**18. Derivative financial instruments at fair value through profit or loss**

On 27 March 2024, the Company entered into a commodity swap agreement with Axpo 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. The commodity swap agreement expired on 30 September 2024 and was settled in October 2024 in line with the contractual terms.

On 27 September 2024, the Company entered into a new commodity swap agreement with LBCM under the ISDA Master Agreement framework for risk management purposes, which includes full right of set off. The derivative financial instrument comprises a commodity swap on baseload electricity for the purpose of hedging market movements in electricity prices, in cases where the Company has stepped into projects and/or has direct exposure through its investment structure. The commodity swap agreement is due to expire on 31 March 2025.

The table below sets out the valuation of the swap held by the Company at year end provided by Axpo and LBCM:

Derivative	Maturity	Total notional quantity	Notional quantity per hour
Commodity swap – electricity/baseload 'summer 2023'	30 September 2023	26,352 MWh	6 MW
Commodity swap – electricity/baseload 'winter 2023/24'	31 March 2024	21,960 MWh	5 MW
Commodity swap – electricity/baseload 'summer 2024'	30 September 2024	35,136 MWh	8 MW
Commodity swap – electricity/baseload 'winter 2024/25'	31 March 2025	13,104 MWh	3 MW

		30 September 2024 £'000	30 September 2023 £'000
<b>Fixed</b>			
Fixed price:			
Summer 2023 (maturity 30 September 2023)	£140.5/MWh	—	607
Winter 2023/24 (maturity 31 March 2024)	£106.5/MWh	—	2,339
Summer 2024 (maturity 30 September 2024)	£62.0/MWh	357	—
Winter 2024/25 (maturity 31 March 2025)	£82.2/MWh	1,077	—
<b>Floating</b>			
Commodity Reference Price Index: summer 2023	Electricity N2EX UK Power Index Day Ahead	—	(357)
Commodity Reference Price Index: winter 2023/24	Electricity N2EX UK Power Index Day Ahead	—	(2,324)
Commodity Reference Price Index: summer 2024	Electricity N2EX UK Power Index Day Ahead	(445)	—
Commodity Reference Price Index: winter 2024/25	Electricity N2EX UK Power Index Day Ahead	(1,099)	—
<b>Fair value</b>		<b>(110)</b>	<b>265</b>

**Accounting policy**

Recognition of derivative financial assets and liabilities takes place when the derivative contracts are entered into. They are initially recognised and subsequently measured at fair value; transactions costs, where applicable, are included directly in finance costs. The Company does not apply hedge accounting and consequently all gains or losses are recognised in the statement of comprehensive income in net gains/(losses) on derivative financial instruments at fair value through profit or loss.

**19. Financial instruments**

The table below sets out the classifications of the carrying amounts of the Company's financial assets and financial liabilities into categories of financial instruments under IFRS 9. The carrying amount of the financial assets and financial liabilities at amortised cost approximates their fair value.

	Notes	30 September 2024 £'000	30 September 2023 £'000
<b>Financial assets</b>			
Cash and cash equivalents	14	11,755	16,867
Other receivables and prepayments	12	137	575
<b>Financial assets at amortised cost</b>		<b>11,892</b>	<b>17,442</b>
Financial assets at fair value through profit or loss	11	960,023	1,046,568
Derivative financial instruments at fair value through profit or loss	18	—	265
<b>Total</b>		<b>971,915</b>	<b>1,064,275</b>
<b>Financial liabilities</b>			
Other payables and accrued expenses	13	(2,885)	(4,048)
Interest bearing loans and borrowings	15	(55,790)	(103,674)
<b>Financial liabilities measured at amortised cost</b>		<b>(58,675)</b>	<b>(107,722)</b>
Derivative financial instruments at fair value through profit or loss	18	(110)	—
<b>Total</b>		<b>(58,785)</b>	<b>(107,722)</b>



# Notes to the financial statements continued

For the year ended 30 September 2024

## 19. Financial instruments continued

### 19.1 Capital management

The Company is funded from equity balances, comprising issued ordinary share capital as detailed in note 16, and retained earnings, in addition to an RCF, as detailed in note 15.

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 may borrow up to 20% of its NAV at the time any such borrowings are drawn down. At the year end, the Company remains modestly geared with a loan to value<sup>1</sup> of 6% (30 September 2023: 11%).

### 19.2 Financial risk management objectives

The Company has an investment policy and strategy, as summarised above, 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 investment guidelines. The Company's investment activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. Risk is inherent to the Company's activities and it is managed through a process of ongoing identification, measurement and monitoring. The financial risks to which the Company is exposed include market risk (which includes other price risk) and interest rate risk, credit risk and liquidity risk. Furthermore, the Company is exposed to a number of shareholder interests, 6% 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

During the year, market conditions have improved for the Company. Falling inflation has been met by interest rate cuts, with the Bank of England announcing a further interest rate cut of 25 basis points in November 2024. However, following the announcement of the new Government's Budget at the end of October, there are concerns that inflation will creep higher as the new Government growth policy is set to have a knock-on effect on prices.

The war in Ukraine and the Israel-Hamas conflict continue to be monitored by the Board and the Investment Adviser; however, both believe the effect on energy prices and market volatility has subsided. The Israel-Hamas war in the Middle East is of particular concern to the Company, as there is a possibility for sanctions to be implemented, which could have a knock-on effect on global energy markets. However, the Company's infrastructure investments are generally low-volatility investments with stable, pre-determined, long-term, public sector backed revenues.

There is also uncertainty regarding potential future Government intervention in the energy market, which may lead to forecast power prices not being realisable in reality. The implementation of the Electricity Generator Levy in January 2023 impacted the short-term profitability of certain assets in the portfolio in the 2023 financial year; however, there has been no impact in the current financial year. The levy will be in place until 31 March 2028.

#### Climate risk

For the third consecutive year, 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 analysis considered both physical and transition risks for each asset. The data collected was based upon IPCC, UK Government and publicly available data, supplemented by data inputs from the Investment Adviser's portfolio management team and its investment management team. Further information is given on pages 74 to 79. Based on the climate risk analysis undertaken, the Investment Adviser does not currently propose to make any material changes to financial forecasts due to climate risk.

1. APM – for definition and calculation methodology, refer to the APMs section on pages 170 to 172.

### 19.3 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 independent 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 the year end, all investments were classified as Level 3; refer to note 19.7 for additional information.

The independent Valuation Agent determines the discount rates 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 independent 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 independent 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 as confirmed by the Investment Adviser. Where appropriate, the independent 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 on pages 52 and 53.

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

30 September 2024					
Change in discount rates	0.50%	0.25%	0.0%	(0.25%)	(0.50%)
Value of financial assets at fair value (£'000)	931,236	945,386	960,023	975,173	990,866
Change in valuation of financial assets at fair value through profit or loss (£'000)	(28,787)	(14,637)	—	15,150	30,843

At 30 September 2024, the discount rates used in the valuation of financial assets ranged from 6.58% to 13.00%, with a rate of 20.00% being applied to one financial asset due to changes in the perceived risk associated with one project, representing 0.63% of the portfolio.

30 September 2023					
Change in discount rates	0.50%	0.25%	0.0%	(0.25%)	(0.50%)
Value of financial assets at fair value (£'000)	1,016,759	1,031,449	1,046,568	1,062,134	1,078,166
Change in valuation of financial assets at fair value through profit or loss (£'000)	(29,809)	(15,119)	—	15,566	31,598

At 30 September 2023, the discount rates used in the valuation of financial assets ranged from 6.58% to 13.00%, with a rate of 20.00% being applied to one financial asset due to changes in the perceived risk associated with one project, representing 0.58% of the portfolio.

# Notes to the financial statements continued

For the year ended 30 September 2024

## 19. Financial instruments continued

### 19.4 Interest rate risk

Interest rate risk has the following effect:

#### Fair value of financial assets

Interest rates are one of the factors which the independent Valuation Agent takes into account when valuing financial assets. Interest rate risk is incorporated by the independent 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 19.3.

#### 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. No interest rate hedging was undertaken at year end.

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 30 September 2024, the Company had not entered into any interest rate swap contracts (30 September 2023: none).

#### Borrowings

Details of the RCF are given in note 15.

The new facility has a three year term and was refinanced on similar terms to the previous RCF, with the most notable amendment being the introduction of additional flexibility in utilisations and repayments to allow the Company to enhance its working capital management.

The drawn amount under the RCF at 30 September 2024 was £57 million (30 September 2023: £104 million).

The following tables show an estimate of the sensitivity of the drawn amounts under the RCF to interest rate changes of 100, 200 and 300 basis points in a twelve month period, with all other variables held constant.

30 September 2024							
Change in interest rates	3.0%	2.0%	1.0%	0.0%	(1.0%)	(2.0%)	(3.0%)
Value of interest expense (£'000)	5,683	5,113	4,543	3,973	3,403	2,833	2,263
Changes in interest expense (£'000)	1,710	1,140	570	—	(570)	(1,140)	(1,710)
30 September 2023							
Change in interest rates	3.0%	2.0%	1.0%	0.0%	(1.0%)	(2.0%)	(3.0%)
Value of interest expense (£'000)	10,594	9,554	8,514	7,474	6,434	5,394	4,354
Changes in interest expense (£'000)	3,120	2,080	1,040	—	(1,040)	(2,080)	(3,120)

#### Other financial assets and liabilities

Bank deposits 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.

### 19.5 Credit risk

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

The Company is exposed to differing levels of credit risk on all its assets. Per the statement of financial position, the Company's total exposure to credit risk is £972 million (30 September 2023: £1,064 million) being the balance of total assets less 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 which carry 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 million or the value of one quarter of the Company's running costs. Any excess uninvested/surplus cash is held at other financial institutions with the minimum credit ratings described above. The maximum amount to be held at any one of these other financial institutions is £25 million or 25% of total cash balances, whichever is the larger. It is also recognised by the Board that the arrival of ring-fenced banking has impacted 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 primarily uses detailed cash flow forecasts to assess the continued creditworthiness of Project Companies and their ability to pay all costs as they fall due. The forecasts are regularly updated with information provided by the Project Companies in order to monitor ongoing financial performance.

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

The Project Companies are 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 on a quarterly basis.

The concentration of credit risk to any individual project did not exceed 10% of the Company's portfolio at the year 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 for renewables transactions (i.e. FiT and ROCs payments), unitary charge payments for PFI transactions and lease payments for social housing projects. In the view of the Investment Adviser and the Board, the public sector generally has both the ability and willingness to support the obligations to these entities.

There continues to be volatility in electricity market prices following the Russian invasion of Ukraine in 2022. These dynamics have resulted in the collapse of some energy suppliers. The Company has exposure to certain electricity suppliers through offtake arrangements with renewable project borrowers. To date, the Company has not been directly impacted by 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 offtake collapse could be easily replaced by a new third party.



## Notes to the financial statements continued

For the year ended 30 September 2024

### 19. Financial instruments continued

#### 19.5 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 in the portfolio are held by the Company at fair value, and the credit risk associated with these investments is one of the factors which the independent Valuation Agent takes into account when valuing the financial assets.

Changes in credit risk affect the discount rates. The sensitivity of the fair value of the financial assets at fair value through profit or loss is disclosed in note 19.3. The Directors have assessed the credit quality of the portfolio at the year 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 27 March 2024, the Company entered into a commodity swap agreement with Axpo 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. The commodity swap agreement expired on 30 September 2024 and was settled in October 2024 in line with the contractual terms.

On 27 September 2024, the Company entered into a new commodity swap agreement with LBCM under the ISDA Master Agreement framework for risk management purposes, which includes full right of set off. The derivative financial instrument comprises a commodity swap on baseload electricity for the purpose of hedging market movements in electricity prices, in cases where the Company has stepped into projects and/or has direct exposure through its investment structure. The commodity swap agreement is due to expire on 31 March 2025.

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 this report, the Company's exposure to credit risk relating to the commodity swap agreement is a £38,000 liability. LBCM is a subsidiary of Lloyds Banking Group plc, and the non-ring-fenced bank of Lloyds Banking Group plc. LBCM has more than 1,200 employees providing banking, financing and risk management services to its customers. The Directors are satisfied that the credit risk associated with this entity as a counterparty is minimal and remains within the Company's risk appetite.

Further information on derivative financial instruments is given in note 18.

#### 19.6 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 165 analyses the Company's financial assets and liabilities in 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.

	Less than one month £'000	One to three months £'000	Three to twelve months £'000	Greater than twelve months £'000	Total £'000
<b>30 September 2024</b>					
<b>Non-derivative financial assets</b>					
Cash and cash equivalents	11,755	—	—	—	11,755
Other receivables and prepayments	—	—	137	—	137
Financial assets at fair value through profit or loss	12,594	37,137	95,661	1,945,835	2,091,227
<b>Derivative financial assets at fair value through profit or loss</b>					
Inflows	357	545	532	—	1,434
Outflows	(445)	(537)	(562)	—	(1,544)
<b>Total financial assets</b>	<b>24,261</b>	<b>37,145</b>	<b>95,768</b>	<b>1,945,835</b>	<b>2,103,009</b>
<b>Financial liabilities</b>					
Other payables and accrued expenses	—	(2,885)	—	—	(2,885)
Interest bearing loans and borrowings	(393)	(733)	(3,458)	(63,372)	(67,956)
<b>Total financial liabilities</b>	<b>(393)</b>	<b>(3,618)</b>	<b>(3,458)</b>	<b>(63,372)</b>	<b>(70,841)</b>
<b>Net exposure</b>	<b>23,868</b>	<b>33,527</b>	<b>92,310</b>	<b>1,882,463</b>	<b>2,032,168</b>
	Less than one month £'000	One to three months £'000	Three to twelve months £'000	Greater than twelve months £'000	Total £'000
<b>30 September 2023</b>					
<b>Non-derivative financial assets</b>					
Cash and cash equivalents	16,867	—	—	—	16,867
Other receivables and prepayments	—	—	575	—	575
Financial assets at fair value through profit or loss	—	3,498	107,523	1,785,689	1,896,710
<b>Derivative financial assets at fair value through profit or loss</b>					
Inflows	607	—	2,339	—	2,946
Outflows	(357)	—	(2,324)	—	(2,681)
<b>Total financial assets</b>	<b>17,117</b>	<b>3,498</b>	<b>108,113</b>	<b>1,785,689</b>	<b>1,914,417</b>
<b>Financial liabilities</b>					
Other payables and accrued expenses	—	(4,048)	—	—	(4,048)
Interest bearing loans and borrowings	—	(2,040)	(105,951)	—	(107,991)
<b>Total financial liabilities</b>	<b>—</b>	<b>(6,088)</b>	<b>(105,951)</b>	<b>—</b>	<b>(112,039)</b>
<b>Net exposure</b>	<b>17,117</b>	<b>(2,590)</b>	<b>2,162</b>	<b>1,785,689</b>	<b>1,802,378</b>

# Notes to the financial statements continued

For the year ended 30 September 2024

## 19. Financial instruments continued

### 19.7 Fair values of financial assets and financial liabilities

#### Basis of determining fair value

##### Loan notes

The independent 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 on a quarterly basis.

The basis for the independent Valuation Agent's valuation is described in note 19.3.

##### 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 ("MTM") valuations provided by Axpo and LBCM on a quarterly basis. The MTM 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 note 18.

#### Fair value measurements

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

- 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 year 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	30 September 2024 £'000	30 September 2023 £'000
<b>Financial assets at fair value through profit or loss</b>			
Loan notes	Level 3	960,023	1,046,568
Derivative financial instruments at fair value through profit or loss	Level 2	—	265
<b>Financial liabilities at fair value through profit or loss</b>			
Derivative financial instruments at fair value through profit or loss	Level 2	(110)	—

Discount rates between 6.58% and 13.00%, with a rate of 20.00% being applied to one financial asset due to changes in the perceived risk associated with one project, representing 0.63% of the portfolio (30 September 2023: 6.58% and 13.00%, with a rate of 20.00% being applied to one financial asset due to changes in the perceived risk associated with one project, representing 0.58% of the portfolio) were applied to the investments categorised as Level 3.

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 year.

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 year:

	30 September 2024 £'000	30 September 2023 £'000
<b>Opening balance</b>	<b>1,046,568</b>	1,087,331
Purchases of financial assets at fair value through profit or loss <sup>1</sup>	27,301	138,698
Repayments of financial assets at fair value through profit or loss <sup>1</sup>	(63,889)	(128,012)
Net realised gains on disposal of financial assets at fair value through profit or loss	1,888	137
Unrealised gains on financial assets at fair value through profit or loss	13,549	15,017
Unrealised losses on financial assets at fair value through profit or loss	(65,394)	(66,603)
<b>Closing balance</b>	<b>960,023</b>	1,046,568

1. Refer to note 11 for a reconciliation to the statement of cash flows.

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 rate used to value the Level 3 investments would have the effect on the valuation as shown in the table in note 19.3. Refer to note 11 for movements in financial assets at fair value through profit or loss throughout the year.

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

The Directors considered 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.

## 20. 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 of the Company are considered to be the key management personnel of the Company. Directors' remuneration including expenses for the year totalled £451,000 (30 September 2023: £432,000). At 30 September 2024, liabilities in respect of these services amounted to £111,000 (30 September 2023: £106,000).

At 30 September 2024, the Directors, together with their family members, held the following shares in the Company:

Director	30 September 2024		30 September 2023	
	Shares held	% of total voting rights	Shares held	% of total voting rights
Andrew Didham	146,345	0.017	93,024	0.011
Julia Chapman	60,446	0.007	60,446	0.007
Steven Wilderspin	15,000	0.002	15,000	0.002
Dawn Crichard	80,463	0.009	75,261	0.009
Alex Yew	75,000	0.009	20,000	0.002

Andrew Didham is an executive vice chairman at Rothschild & Co, 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 relations services to the Company.



## Notes to the financial statements continued

For the year ended 30 September 2024

### 20. Related party disclosures continued

#### Investment Adviser

The Company is party to an Investment Advisory Agreement with the Investment Adviser, which was most recently amended and restated on 26 January 2023, pursuant to which the Company has appointed the Investment Adviser to provide advisory services relating to the management of 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 may seek 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 UK 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. The fee paid to the Investment Adviser for the year was £89,000 (30 September 2023: £83,000).

During the year, the Company expensed £8,300,000 (30 September 2023: £8,670,000) in respect of investment advisory fees, marketing fees and transaction management and documentation services, and £53,000 (30 September 2023: £17,000) in respect of expenses. At 30 September 2024, liabilities in respect of these services amounted to £2,062,000 (30 September 2023: £2,132,000).

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.

While not related parties under IAS 24 Related Party Disclosures, for transparency, the Investment Adviser has disclosed the shareholdings of key management personnel. At 30 September 2024, the key management personnel of the Investment Adviser, together with their family members, directly or indirectly held 935,268 ordinary shares in the Company, equivalent to 0.106% of the issued share capital (30 September 2023: 1,017,800 ordinary shares, 0.115% of the issued share capital).

### 21. Subsequent events after the report date

The Company declared, on 24 October 2024, a fourth interim dividend of 1.75 pence per ordinary share, amounting to £15.2 million, which was paid on 29 November 2024 to ordinary shareholders who were recorded on the register at the close of business on 1 November 2024.

Post year end, the Company made two further advances totalling £0.3 million. The Company received repayments totalling £8.9 million in respect of eight investments, including £6.8 million in respect of the disposal of a portfolio of rooftop solar assets installed on domestic properties across the UK.

Post year end, the Company drew down an amount of £8 million and repaid an amount of £4 million on the RCF, resulting in a total drawn amount of £61 million.

### 22. Ultimate controlling party

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

**23. Non-consolidated SPVs**

The following SPVs have not been 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, it has measured its financial interests in these SPVs at fair value through profit or loss.

Refer to note 11 for the details of contractual arrangements between the Company and the SPVs and to the risk disclosures in note 19 for details of events or conditions that could expose the Company to losses.

During the year and prior year, the Company did not provide financial support to the unconsolidated SPVs.

All of the below non-consolidated SPVs are incorporated and domiciled in the United Kingdom.

SPV company name	30 September 2024		30 September 2023	
	Ownership interest in loan notes	Classification <sup>1</sup>	Ownership interest in loan notes	Classification <sup>1</sup>
GCP Cardale PFI Limited	100%	Subsidiary	100%	Subsidiary
FHW Dalmore (Salford Pendleton Housing) plc	13.8%	Associate	13.6%	Associate
GCP Asset Finance 1 Limited	100%	Subsidiary	100%	Subsidiary
GCP Biomass 1 Limited	100%	Subsidiary	100%	Subsidiary
GCP Biomass 2 Limited	100%	Subsidiary	100%	Subsidiary
GCP Biomass 3 Limited	100%	Subsidiary	100%	Subsidiary
GCP Bridge Holdings Ltd	100%	Subsidiary	100%	Subsidiary
GCP Education 1 Limited	100%	Subsidiary	100%	Subsidiary
GCP Green Energy 1 Limited	100%	Subsidiary	100%	Subsidiary
GCP Healthcare 1 Limited	100%	Subsidiary	100%	Subsidiary
GCP Onshore Wind 3 Limited	100%	Subsidiary	100%	Subsidiary
GCP Programme Funding 1 Limited	100%	Subsidiary	100%	Subsidiary
GCP RHI Boiler 1 Limited	100%	Subsidiary	100%	Subsidiary
GCP Rooftop Solar 5 Limited	100%	Subsidiary	100%	Subsidiary
GCP Rooftop Solar 6 plc	37.1%	Associate	37.2%	Associate
GCP Rooftop Solar Finance plc	31.1%	Associate	30.8%	Associate
GCP Social Housing 1 Limited	100%	Subsidiary	100%	Subsidiary
Gravis Asset Holdings Limited	100%	Subsidiary	100%	Subsidiary
Gravis Solar 1 Limited	100%	Subsidiary	100%	Subsidiary
Gravis Solar 2 Limited	100%	Subsidiary	100%	Subsidiary
GCP Geothermal Funding 1 Limited	100%	Subsidiary	100%	Subsidiary

1. Refer to note 11 for further details.

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

### Adjusted earnings cover

Ratio of the Company's adjusted net earnings<sup>1</sup> 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.

	30 Sep 2024 Pence	30 Sep 2023 Pence
Adjusted earnings per share <sup>1</sup>	7.09	8.58
Dividend per share	7.0	7.0
Times covered	1.01	1.23

### Adjusted earnings per share

The Company's adjusted net earnings<sup>1</sup> divided by the weighted average number of shares.

	30 Sep 2024 £'000	30 Sep 2023 £'000
Adjusted net earnings <sup>1</sup>	61,486	75,655
Weighted average number of shares	867,940,448	881,850,353
Adjusted earnings per share (pence)	7.09	8.58

### Adjusted loan interest capitalised

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

	30 Sep 2024 £'000	30 Sep 2023 £'000
Capitalised (planned)	14,868	18,253
Capitalised (unscheduled)	7,300	3,706
Loan interest capitalised	22,168	21,959
Capitalised amounts subsequently settled as part of repayments	(9,297)	(10,822)
Adjusted loan interest capitalised	12,871	11,137

### 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.

	30 Sep 2024 £'000	30 Sep 2023 £'000
Loan interest received	65,129	58,791
Capitalised amounts subsequently settled as part of repayments	9,297	10,822
Adjusted loan interest received	74,426	69,613

### Adjusted net earnings

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

	30 Sep 2024 £'000	30 Sep 2023 £'000
Total profit and comprehensive income/loss	19,514	30,905
Less: income/gains on financial assets at fair value through profit or loss	(37,340)	(29,301)
Less: gains on derivative financial instruments at fair value through profit or loss	(496)	(12,860)
Add: loan interest accrued	79,808	86,911
Adjusted net earnings	61,486	75,655

### 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.

	30 Sep 2024 £'000	30 Sep 2023 £'000
Total aggregate downward revaluations since IPO	(109,492)	(88,996)
Total invested capital since IPO	1,947,454	1,920,237
Percentage (annualised)	(0.41)	(0.36)

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

2. APM – refer to relevant APM on page 171 for further information.

**Average NAV**

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

**Cash earnings cover**

Ratio of total net cash received per share to the dividend per share.

	30 Sep 2024 Pence	30 Sep 2023 Pence
Total net cash received per share <sup>1</sup>	6.61	5.65
Dividend per share	7.00	7.00
Times covered	0.94	0.81

**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 year by the share price at the year end.

**Earnings cover**

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

	30 Sep 2024 Pence	30 Sep 2023 Pence
Earnings per share	2.25	3.50
Dividend per share	7.00	7.00
Times covered	0.32	0.50

**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<sup>1</sup> differs from net income/gains on financial assets at fair value through profit or loss, as recognised under IFRS 9, as loan interest accrued<sup>2</sup> is not impacted by movements of:

- 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<sup>3</sup>.

**Loan to value**

A measure of the indebtedness of the Company at the year 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

1. APM- refer to relevant APM on page 172 for further information.  
2. APM – refer to relevant APM on this page for further information.  
3. APM – refer to relevant APM on page 170 for further information.



## Alternative performance measures continued

### Premium

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

### Total expenses paid

In respect of the year, the cash outflows from the Company in order to settle operating costs. This metric is used in the calculation of total net cash received.

	30 Sep 2024 £'000	30 Sep 2023 £'000
Total expenses per statement of comprehensive income	11,338	11,422
Adjustment for expense accruals	(726)	(406)
<b>Total expenses paid</b>	<b>10,612</b>	<b>11,016</b>

### Total net cash received

In respect of a period, the cash inflows from investments, comprising adjusted loan interest received<sup>1</sup> less total expenses paid and finance costs paid. This metric is used in the calculation of cash earnings cover<sup>2</sup>.

	30 Sep 2024 £'000	30 Sep 2023 £'000
Adjusted loan interest received	74,426	69,613
Total expenses paid <sup>3</sup>	(10,612)	(11,016)
Finance costs paid	(6,550)	(8,716)
<b>Total net cash received</b>	<b>57,264</b>	<b>49,881</b>

### Total net cash received per share

The Company's total net cash received<sup>3</sup> divided by the weighted average number of shares.

	30 Sep 2024 £'000	30 Sep 2023 £'000
Total net cash received <sup>3</sup>	57,264	49,881
Weighted average number of shares	867,940,448	881,850,353
<b>Total net cash received per share (pence)</b>	<b>6.61</b>	<b>5.65</b>

### 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 the 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. 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 170 for further information.  
2. APM – refer to relevant APM on page 171 for further information.  
3. APM – refer to relevant APM on this page for further information.

## Glossary of key terms

Adjusted earnings cover Refer to APMs section on pages 170 to 172	Borrower Owners of the Project Companies to which the Company advances loans	Dividend yield Refer to APMs section on pages 170 to 172
Adjusted loan interest capitalised Refer to APMs section on pages 170 to 172	Capture price The actual electricity price achieved by a generator in the market	Earnings cover Refer to APMs section on pages 170 to 172
Adjusted loan interest received Refer to APMs section on pages 170 to 172	Cash earnings cover Refer to APMs section on pages 170 to 172	EEA European Economic Area
Adjusted net earnings Refer to APMs section on pages 170 to 172	CBF Community Benefit Fund	EPC Energy Performance Certificate
Aggregate downward revaluations since IPO (annualised) Refer to APMs section on pages 170 to 172	CfD Contract-for-difference	ESG Environmental, social and governance
AGM The Annual General Meeting of the Company	CIF Law Collective Investment Funds (Jersey) Law 1988	EU European Union
AIB AIB Group (UK)	Clydesdale Clydesdale Bank plc (trading as Virgin Money)	FCA Fellow Chartered Accountant
AIC Association of Investment Companies	Company GCP Infrastructure Investments Limited	FiT Feed-in tariff
AIC Code AIC Corporate Governance Code	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	FRC Financial Reporting Council
AIF Alternative Investment Fund	Deferred shares Redeemable deferred shares of £0.01 each in the capital of the Company arising from C share conversion	FTE Full-time equivalent
AIFM Alternative Investment Fund Manager	Discount Refer to APMs section on pages 170 to 172	GB market UK electricity market
APMs Alternative performance measures	Dividend cover Earnings (under IFRS, adjusted or cash) for the year compared to the dividend for the year	GCP Asset Backed GCP Asset Backed Income Fund Limited
Average life The weighted average term of the loans in the investment portfolio		GHG Protocol Greenhouse gas protocol
Axpo Axpo Solutions AG		GRESB Global Real Estate Sustainability Benchmark
		GWh Gigawatt hours

## Glossary of key terms continued

HMT His Majesty's Treasury	Loan interest accrued Refer to APMs section on pages 170 to 172	PPS Pence per share
IFRS International Financial Reporting Standards	Loan to value Refer to APMs section on pages 170 to 172	Premium Refer to APMs section on pages 170 to 172
Interest cover Refer to APMs section on pages 170 to 172	LSE London Stock Exchange	PRI Principles for Responsible Investment
IPCC Intergovernmental Panel on Climate Change	MEES Minimum Energy Efficiency Standards	Project Company A special purpose company which owns and operates an asset
IPO Initial public offering	Mizuho Mizuho Bank	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
IRR Internal rate of return	MW Megawatt	Pull-to-par The effect on income recognised in future periods from the application of a new discount rate to an investment
ISDA International Swaps and Derivatives Association	NAV Net asset value	RBSI Royal Bank of Scotland International Limited
ISO International Organisation for Standardisation	NAV total return Refer to APMs section on pages 170 to 172	RCF Revolving credit facility with AIB (UK) plc, Lloyds Bank plc, Clydesdale Bank plc (trading as Virgin Money) and Mizuho Bank Limited (formerly with RBSI, AIB Group (UK) plc, Lloyds Group plc, Clydesdale Bank plc and Mizuho Bank)
ISSB International Sustainability Standards	NED Non-executive Director	
Jersey Company Law The Companies (Jersey) Law 1991 (as amended)	OBR The Office for Budget Responsibility	
JFSC Jersey Financial Services Commission	Official List The Official List of the UK FCA	
KPIs Key performance indicators	Ordinary shares The ordinary share capital of the Company	
KPMG KPMG Channel Islands Limited	PFI Private finance initiative	
LBCM Lloyds Bank Corporate Markets plc	PPA Power purchase agreement	
Lloyds Lloyds Group plc	PPP Public-private partnership	

Rental indexation Annual rent increase by an amount specified in the lease	SFDR The Sustainable Finance Disclosure Regulation	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 UK FCA Handbook, as amended from time to time
RHI Renewable heat incentive	SONIA Sterling Overnight Interbank Average rate	UK Code UK Corporate Governance Code
RNS Regulatory News Service	SPV Special purpose vehicle through which the Company invests	UK ETS UK Emissions Trading Scheme
ROCs Renewable obligation certificates	Strike price A pre-agreed electricity price level agreed by a generator as part of a CfD, reflecting the return needed to make that technology financially viable	UK FCA Financial Conduct Authority
Rothschild & Co NM Rothschild and Sons Ltd	TCFD Task Force on Climate-related Financial Disclosures	UN SDGs United Nations Sustainable Development Goals
RPs Registered Providers	Total expenses paid Refer to APMs section on pages 170 to 172	Weighted average annualised yield Refer to APMs section on pages 170 to 172
RSH Regulator of Social Housing	Total net cash received Refer to APMs section on pages 170 to 172	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
SBTi Science Based Targets initiative	Total shareholder return Refer to APMs section on pages 170 to 172	
Scheme Proposed combination of the Company with GCP Asset Backed		
SEM Irish Single Electricity Market		
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		



# UN SDGs and targets

**SDG 3**

Good health and well-being

**UN SDG target 3.8**

Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

**SDG 4**

Quality education

**UN SDG target 4.1**

By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.

**SDG 5**

Gender equality

**UN SDG target 5.5**

Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

**SDG 7**

Affordable and clean energy

**UN SDG target 7.2**

By 2030, increase substantially the share of renewable energy in the global energy mix.

**SDG 8**

Decent work and economic growth

**UN SDG target 8.3**

Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro, small and medium-sized enterprises, including through access to financial services.

**SDG 9**

Industry, innovation and infrastructure

**UN SDG target 9.3**

Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

**UN SDG target 9.4**

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

**SDG 11**

Sustainable cities and communities

**UN SDG target 11.1**

By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

**SDG 15**

Life on land

**UN SDG target 15.5**

Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

**SDG 17**

Partnerships for the goals

**UN SDG target 17.17**

Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

## Shareholder information

### Key dates for 2025

February

Annual General Meeting

March

Company's half-year end

Payment of first interim dividend

June

Half-yearly results announced

Payment of second interim dividend

September

Company's year end

Payment of third interim dividend

December

Payment of fourth interim dividend

December

Annual results announced

### Frequency of NAV publication

The Company's NAV is released to the LSE via RNS on a quarterly basis and is published on the Company's website.

### Sources of further information

Copies of the Company's annual and half-yearly reports, stock exchange announcements, investor reports and further information on the Company can be obtained from the Company's website.

### Warning to users of this report

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# Corporate information

## The Company

GCP Infrastructure Investments Limited

IFC 5  
St Helier  
Jersey JE1 1ST

Contact: [jerseyinfracosec@apexgroup.com](mailto:jerseyinfracosec@apexgroup.com)  
Corporate website: [www.gcpinfra.co.uk](http://www.gcpinfra.co.uk)

## Directors

Andrew Didham (Chairman)  
Julia Chapman (Senior Independent Director)  
Michael Gray  
Steven Wilderspin  
Dawn Crichard  
Alex Yew

## Administrator, Company Secretary and

### Registered Office of the Company

[Apex Financial Services \(Alternative Funds\) Limited](#)

IFC 5  
St Helier  
Jersey JE1 1ST  
Tel: +44 (0)1534 722787

## Adviser on English law

[Stephenson Harwood LLP](#)

1 Finsbury Circus  
London EC2M 7SH

## Adviser on Jersey Company Law

[Carey Olsen Jersey LLP](#)

47 Esplanade  
St Helier  
Jersey JE1 0BD

## Depository

[Apex Financial Services \(Corporate\) Limited](#)

IFC 5  
St Helier  
Jersey JE1 1ST

## Financial adviser and joint brokers

[Stifel Nicolaus Europe Limited](#)

150 Cheapside  
London EC2V 6ET  
Tel: +44 (0)20 7710 7600

[RBC Capital Markets](#)

100 Bishopsgate  
London EC2N 4AA

## Independent Auditor

[KPMG Channel Islands Limited](#)

37 Esplanade  
St Helier  
Jersey JE4 8WQ

## Investment Adviser, AIFM and

### Security Trustee

[Gravis Capital Management Limited](#)

24 Savile Row  
London W1S 2ES  
Tel: +44 (0)20 3405 8500

## Operational bankers

[Barclays Bank PLC, Jersey Branch](#)

13 Library Place  
St Helier  
Jersey JE4 8NE

[BNY Mellon](#)

1 Piccadilly Gardens  
Manchester M1 1RN

[Lloyds Bank International Limited](#)

9 Broad Street  
St Helier  
Jersey JE4 8NG

[Royal Bank of Scotland International Limited](#)

71 Bath Street  
St Helier  
Jersey JE4 8PJ

## Public relations

[Burson Buchanan Limited](#)

107 Cheapside  
London EC2V 6DN

## Registrar

[Link Market Services \(Jersey\) Limited](#)

IFC 5  
St Helier  
Jersey JE1 1ST

## Valuation Agent

[Forvis Mazars LLP](#)

Tower Bridge House  
St Katharine's Way  
London E1W 1DD



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IFC 5

St Helier

Jersey JE1 1ST

Company number: 105775