GCP Infrastructure Fund Limited

Annual Report and Audited Financial Statements
For the period 20 May 2009 to 30 September 2010

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Company Information

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

Directors
Mr. Clive Spears
Mr. Paul de Gruchy
Mr. Trevor Hunt

Investment Adviser
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Independent Auditors
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Jersey JE1 1EY

Administrator, Secretary & Registrar
Capita Financial Administrators (Jersey) Limited
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St Helier
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Principal Bankers
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St Helier
Jersey JE1 2AB

Royal Bank of Scotland International Limited
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St Helier
Jersey JE4 8PJ

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

Valuation Agent
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(resigned 12 August 2010)
Centurion House
24 Monument Street
London EC3R 8AJ

Mazars LLP
(appointed 12 August 2010)
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St Katherine's Way
London E1W 1DD

CISX Listing Sponsor
Carey Olsen Corporate Finance Limited
47 Esplanade
St. Helier
Jersey JE1 0BD

Legal Due Diligence Advisers
Allen & Overy LLP
40 Bank Street
London E14 5OU

Advisers on English Law
Berwin Leighton Paisner LLP
Adelaide House
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Built Asset Due Diligence Advisers
EC Harris LLP
ECHQ
Regent Quarter
34 York Way
London N1 9AB

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

Financial Model Due Diligence Advisers
PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London EC1M 3AP

Directors' Report

For the period 20 May 2009 to 30 September 2010

The Directors are pleased to present the audited financial statements for the period 20 May 2009 to 30 September 2010.

Incorporation and Organisation

GCP Infrastructure Fund Limited (the 'Company') is a public company incorporated in Jersey with registration number 103257 on 20 May 2009. The Company is governed by the provisions of the Companies (Jersey) Law, 1991, as amended. The Company commenced operations on 30 July 2009.

The Company is an open-ended investment company incorporated under the laws of Jersey. The shares of the Company are listed on the Channel Islands Stock Exchange.

Investment Objective and Policy

The Company will seek to provide investors with long-term distributions, at levels that are sustainable, and to preserve the capital value of its investment portfolio over the long term.

The Company makes infrastructure investments, typically through acquiring (or acquiring interests in) subordinated debt instruments issued by infrastructure Project Companies (or by their existing lenders or holding vehicles) that are contracted by the public sector to design, finance, build and operate public infrastructure assets. Such projects are typically structured and financed under the UK private finance initiative.

Results, Activities and Future Developments

The results of operations are set out on page 13. A detailed review of activities and future developments is contained in the Investment Adviser's report.

In association with the GCP Infrastructure Investments Fund Limited (the "Feeder Fund") float earlier this year and the offer document requirement, although the Board of Directors do not have a separate audit committee, they have resolved to adopt a set of terms of reference to specifically ensure appropriate oversight and assessment of risk controls and actions and those terms of reference have been complied with.

With effect from 1 November 2010, the Directors have taken the decision whereby applications for subscriptions in the ordinary accumulation and ordinary income shares of the Company will not be accepted unless there are approximately equivalent redemptions in the relevant monthly period. The Directors believe this is a temporary measure and will initially be for a period of up to 3 months.

Directors, Directors' Interests and Emoluments

The Directors of the Company for the period are listed on page 2. The Directors' interests are disclosed in note 10 to the financial statements.

Statement of the Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Companies (Jersey) Law 1991, as amended, requires the Directors to prepare financial statements for each financial period. The Directors have elected to prepare the financial statements in accordance with IFRS as issued by the International Accounting Standards Board (IASB) as adopted by the EU. The financial statements are required by law to be properly prepared in accordance with Companies (Jersey) Law 1991 as amended.

Directors' Report *(continued)*
For the period 20 May 2009 to 30 September 2010

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

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991 as amended. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Dividend Policy
The Directors have absolute discretion as to the payment of dividends. There was an interim dividend of 2.25p declared on 1 April 2010, and a final dividend of 2.75p per share proposed for the period ended 30 September 2010.

On behalf of the Board of Directors

Mr. Clive Spears	Mr. Trevor Hunt

Date: 26 November 2010

Investment Adviser's Report

For the period 20 May 2009 to 30 September 2010

Background to the UK Infrastructure market

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

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

Once the infrastructure asset is built, the management contract between the public sector entity and the Project Company typically lasts for 20 to 30 years, during which time:

(i) the Project Company operates the asset for the relevant public sector entity, and

(ii) the public sector entity pays the Project Company a fixed series of payments (in many cases these payments are linked to inflation).

Company investment strategy

The Company makes infrastructure investments, typically through acquiring (or acquiring interests in) subordinated debt instruments issued by infrastructure Project Companies (or by their existing lenders or holding vehicles) that are contracted by the public sector to design, finance, build and operate public infrastructure assets. The Company primarily targets projects structured and financed under the UK PFI.

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

Capital Raising

The Company's shareholder base grew from July 2009 through a steady monthly demand for new shares, with the Company's net asset value reaching just over £20 million by 31 March 2010. This gradual increase in the Company's size was a very positive reflection of the market's view of the Company's prospects, and it was the opinion of the Directors and the Investment Adviser that the introduction of a substantial amount of new capital into the Company would be attractive as it would allow for a rapid expansion and diversification of assets, and would spread the Company's fixed costs across a larger pool of capital.

Therefore, in July 2010, GCP Infrastructure Investments Limited ("Feeder"), a newly incorporated, closed-ended company was established as a feeder fund for the Company. Feeder was admitted to trading on the London Stock Exchange's main market for listed securities through a placing and offer for subscription of ordinary shares, raising approximately £40 million. Feeder invested substantially all of the net proceeds of the placing and offer for subscription into Company income shares.

Thereafter, the Company continued to receive monthly cash subscriptions and the Investment Adviser started to see investor demand for shares grow at a faster rate than anticipated. The Directors were keen to ensure that this growing investor demand did not increase further the level of uninvested cash held by the Company at a time when the Company was continuing to progress steadily towards substantially full investment.

Investment Adviser's Report *(continued)*
For the period 20 May 2009 to 30 September 2010

Capital Raising *(continued)*
Accordingly, and in accordance with their discretion under the Company's Articles of Association, the Directors of the Company adopted a policy with effect from 1 November 2010, whereby applications for subscriptions of shares were to be rejected unless there were approximately equivalent redemptions in the relevant monthly period (the "Temporary Policy"). It is currently intended that the Temporary Policy will initially be in place for a period of up to three months, and that the Temporary Policy may then be terminated, and subsequently reintroduced, from time to time at the discretion of the Directors.

The Comprehensive Spending Review ("CSR") 2010
On 20 October 2010, the UK Chancellor of the Exchequer unveiled details of the Comprehensive Spending Review 2010 (the "CSR"). This review, together with the National Infrastructure Plan (the "NIP"), provided the first indication of the new Government's long-term plan for UK infrastructure, and proposals for attracting new sources of private sector investment.

The Chancellor announced that the Government plans to invest £200 billion into UK infrastructure over the next five years, representing roughly a one-third increase on equivalent investment over the past five years. Compared to 2009–10, the Government set a target for capital spending to be £2 billion higher in 2010–12, and for it to increase by £2.3 billion p.a. by 2014–15.

Key areas of the CSR relevant to the Company include:

- Economic infrastructure

The Chancellor announced that he was "prioritising economic infrastructure that supports growth". The National Infrastructure Plan 2010 further defined economic infrastructure as "the networks and systems in energy, transport, digital communication, flood protection, water and waste management." The Chancellor stated that the Government considers it vital that such economic infrastructure is integrated and resilient if it is to support the growth of the UK economy and the expansion of private sector businesses.

- Education

The government announced plans to invest £15.8 billion of capital funding in schools over the next five years. From this amount it expects to rebuild or refurbish over 600 schools from the former Building Schools for the Future (BSF) and Academies programmes.

- Healthcare

The Chancellor said relatively little about the future of hospital PFIs, although he confirmed that finance will be set aside for several "priority hospital schemes". Total spending will rise in the coming years above inflation from £104 billion this year to £114 billion over the next four years.

- Social Housing

The Chancellor announced that 150,000 new affordable homes are set to be built over the next five years, although he did not comment directly on any social housing PFI schemes currently in procurement.

- PFI

The Chancellor did give some indication that PFI as a procurement methodology was under review. He stated that the responsibility for the "revenue costs" of PFIs will be transferred from local government to the sponsoring central government department.

It is not entirely clear at this stage exactly what this is likely to mean, but it seems probable that future payments for infrastructure projects will come out of the capital budgets of government departments rather than local authorities, and that the decision-making for project procurement will pass to government departments.

- Alternative Funding Structures for UK Infrastructure

If the CSR and NIP gave a broad outline as to the future shape of UK infrastructure without giving too many specifics, there is one element of UK infrastructure procurement that remains absolutely clear, and that is the need for private sector capital in some form or another.

In the NIP, Lord Sassoon, the Commercial Secretary to the Treasury, wrote:

"To meet the growing requirements for spending on infrastructure, the Government has to use limited public funds wisely and unlock every possible source of private sector investment."

"There is also a need to attract private sector investment… This means creating the optimum environment for investment and ensuring that efficient and effective funding models are in place."

Thus whilst it is possible that procurement under PFI in the form we have seen over the last decade is a thing of the past, the Government is continuing to investigate the use of a range of alternative private financing schemes to use in the future.

Investment opportunity and pipeline

With the fallout from the financial crisis still very evident in the balance sheets of banks, the outlook continues to look challenging for PFI-related Project Companies seeking debt. In a survey carried out recently by Berwin Leighton Paisner LLP, 130 leading infrastructure experts were questioned as to the factors that were most important in determining the outlook for UK infrastructure, and 70% responded that the availability of credit will be the main influence over the next five years.

The restriction on the availability of debt financing has primarily been as a result of:

(i) reduced investor confidence in securitised transactions, which has had a significant negative impact on the ability of PFI Project Companies to access debt funding through the debt capital markets; and

(ii) the reduction in banks' appetite to provide debt, due to the banks' capital constraints and their concerns in relation to long-term liquidity.

For those who have funds available to invest, these circumstances have given rise to a wider range and greater number of opportunities to provide debt financing for PFI-related infrastructure Project Companies, and the potential for higher returns than were previously available. The Directors and the Investment Adviser believe that the available levels of returns are attractive having regard to the risks attached to such investments. In particular, investments of the type targeted by the Company relate to projects backed by long-dated, secure, quasi–UK government contracts, yet have yields priced at significant margins above UK government debt.

Investment Adviser's Report *(continued)*
For the period 20 May 2009 to 30 September 2010

Investment opportunity and pipeline *(continued)*
Infrastructure assets with a construction cost of about £50 billion have been delivered to date under PFI. This represents a substantial existing asset class within which the Company can seek investment opportunities in the short to medium term.

In addition, we believe that the Government's comments regarding the need for private finance investment in infrastructure in the future mean that there will continue to be investment opportunities for the Company, if not in PFI structures, then in similar structures that essentially give similar exposure and risk/reward profiles.

Specifically the Investment Adviser continues to conduct due diligence on a wide range of other potential transactions, including opportunities relating to student accommodation, health care, education, social housing and senior PFI debt portfolios. The Investment Adviser remains focused on maintaining an active pipeline to mitigate the risk that the dividend yield of the Company falls below expectations.

Change of Valuation Agent
On 12 August 2010, the Company replaced Navigant Consulting, Inc with Mazars LLP as Valuation Agent. The change was prompted by a move from Navigant Consulting, Inc to Mazars LLP of the valuation director responsible for the valuation of the Company's assets. A change in Valuation Agent was deemed prudent given that the valuation director was very familiar with the Fund's assets, had built the valuation models approved and understood by the Investment Adviser, and that Mazars LLP is a reputable firm well known in the UK infrastructure sector.

Investment in the period ended 30 September 2010

1. GPFI Loans
In September 2009 the Company subscribed for £12.0 million of loan notes (the "GPFI Loans") issued by Grosvenor PFI Holdings Limited. The GPFI Loans have an annual equivalent return of 9.83%, increasing in the event that the UK Retail Prices Index rises above 5% in any year, and are listed on the Channel Islands Stock Exchange.

The GPFI Loans are advanced on a subordinated basis against the cash flows payable by four NHS Trusts under PFI contracts for the use of the following four non-acute healthcare facilities:

- Runwell Community Hospital (South Essex Partnership NHS Trust),
- Stanley Primary Care Centre (Tees, Esk and Wear Valleys NHS Trust),
- Lanchester Road Children's Primary Healthcare Unit (County Durham Primary Care Trust), and
- Braintree Community Hospital (Mid Essex Primary Care Trust).

During the period to 30 September 2010, all four facilities have performed as expected without any material operational issues, and the interest payable on the GPFI Loans was paid in full.

2. LIIL Loans
In July and August 2010 the Company advanced a total of £9.3 million of loans (the "LIIL Loans") to Leisure Infrastructure Investors Limited. The LIIL Loans were advanced on a subordinated basis against 3 operational leisure PFI projects, have an annual equivalent yield of 10.51%, and are listed on the Channel Islands Stock Exchange.

The underlying projects relate to municipal swimming pools and ancillary facilities provided to Amber Valley Borough Council, Rotherham Borough Council and Wolverhampton City Council.

During the period to 30 September 2010, all three projects have performed as expected without any material operational issues, and the interest payable on the LIIL Loans was paid in full.

3. GEM Loans

In July and September 2010, the Company acquired £14.0 million of loan notes that provide a subordinated exposure to a portfolio of senior PFI loans originated by a major bank lender to the UK PFI sector (the "GEM Loans"). The GEM Loans were issued by White Rock Insurance (SAC) Ltd, T-26 GEM Infrastructure.

The initial annual equivalent yield on the GEM Loans is 9.84% annual equivalent, rising to 10.11% from the end of year five, plus the extent to which, on average over the expected 10 year term, Libor exceeds 2.85%. The portfolio of senior loans is exposed to fourteen PFI projects; one leisure, one street lighting, one housing, one health and ten education projects.

During the period to 30 September 2010, none of the PFI projects supporting the GEM Loans reported any material operational issues, and the interest payable on the GEM Loans was paid in full.

Gravis Capital Partners LLP
Investment Adviser
12 November 2010

Independent Auditor's Report to the Members of GCP Infrastructure Fund Limited

We have audited the financial statements of GCP Infrastructure Fund Limited ('the Company') for the period ended 30 September 2010 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares, the Statement of Cash Flows and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The Directors are responsible for the preparation of the financial statements in accordance with applicable Jersey law as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the Company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report and the Investment Adviser's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Company's affairs as at 30 September 2010 and of its results for the period then ended and have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Geraint Davies
For and on behalf of Ernst & Young LLP
Jersey, Channel Islands
Date: 29 November 2010

Statement of Financial Position

As at 30 September 2010

	Notes	As at 30 September 2010 £
Assets		
Cash and cash equivalents		24,888,641
Amounts held on Security Account		2,828,938
Other receivables and prepayments	6	153,374
Amounts receivable on subscription of shares		1,886,975
Financial assets at fair value through profit or loss	9	35,982,450
Total Assets		65,740,378
Equity		
Non redeemable shares	8	100
Total Equity		100
Liabilities		
Investment Advisory fees payable	10	112,163
Custodian and administration fees payable	10	21,757
Other payables and accrued expenses	7	89,750
Amounts payable on redemption of shares		981,172
Distribution payable on participating shares		1,443,909
Amounts held on Security Account		2,821,803
Total liabilities		5,470,554
Total equity and liabilities (excluding net assets attributable to holders of redeemable participating shares)		5,470,654
Net assets attributable to holders of redeemable participating shares		60,269,724

On behalf of the Board of Directors

Mr. Clive Spears	Mr. Trevor Hunt

Date: 26 November 2010

The accompanying notes on pages 16 to 34 form an integral part of these audited financial statements.

Statement of Comprehensive Income
For the period 20 May 2009 to 30 September 2010

	Notes	Period 20 May 2009 to 30 September 2010 £
Income		
Interest Income	3	135,902
Fee Income		450,000
Net gain on financial assets and liabilities at fair value through profit or loss		1,379,099
		1,965,001
Expense		
Investment Advisory fees	10	152,365
Custodian and administration fees	10	79,217
Directors' fees	10	33,719
Interest on amounts held in Security Account		37,463
Other general expenses	4	301,452
Total operating expenses before financial costs		604,216
Distribution to redeemable participating Shareholders		2,042,442
Decrease in net assets attributable to holders of redeemable participating shares from operations		(681,657)

The accompanying notes on pages 16 to 34 form an integral part of these audited financial statements.

Statement of Changes in Net Assets attributable to holders of Redeemable Participating Shares

For the period 20 May 2009 to 30 September 2010

Ordinary redeemable participating shares	**Number of shares**	**Net assets attributable to shareholders**
Issue of redeemable shares	72,933,862	74,169,877
Redemption of redeemable shares	(13,221,599)	(13,585,823)
Increase in net assets attributable to holders of redeemable participating shares from transactions in shares	59,712,263	60,584,054
Decrease in net assets attributable to holders of redeemable participating shares from operations		(681,657)
Retained distribution on accumulation shares		367,327
Balance at 30 September 2010	59,712,263	60,269,724

The accompanying notes on pages 16 to 34 form an integral part of these audited financial statements.

Statement of Cash Flows
For the period 20 May 2009 to 30 September 2010

	Period 20 May 2009 to 30 September 2010 £
Cash flows from operating activities	
Decrease in net assets from operations	(681,657)
Unrealised investment gain	(660,012)
Bank Interest	(135,902)
Increase in trade and other receivables	(2,040,249)
Increase in trade and other payables	2,641,615
Net cash outflows used in operating activities	(876,205)
Cash flows from investment activities	
Purchase of investments	(35,322,438)
Bank Interest	135,902
Net cash outflows used in investment activities	(35,186,536)
Cash flows from financing activities	
Proceeds from issue of shares	74,169,877
Payments for liquidation of accumulation shares	(2,918,057)
Interest paid	–
Payments for liquidation of income shares	(10,667,766)
Retained distribution on accumulation shares	367,328
Equalisation paid	–
Net cash inflow from in financing activities	60,951,382
Net increase in cash and cash equivalents	24,888,641
Cash and cash equivalents at 20 May 2009	–
Cash and cash equivalents at 30 September 2010	24,888,641
Non cash items	
Increase in amounts held on security	(2,828,938)
Increase in amounts held on security payable	2,821,803
Interest payable on amounts held on security	7,135
	–

The accompanying notes on pages 16 to 34 form an integral part of these audited financial statements.

Notes to the Financial Statements

For the period 20 May 2009 to 30 September 2010

1. General Information

GCP Infrastructure Fund Limited (the "Company") is a public company incorporated in Jersey with registration number 103257 on 20 May 2009.

The registered office of the Company is located at 12 Castle Street, St. Helier, Jersey JE2 3RT. The Company has had no employees during the period 20 May 2009 to 30 September 2010.

2. Significant Accounting Policies

2.1 Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the International Financial Reporting Interpretations Committee of the International Accounting Standards Boards ("IASB") in force on 30 September 2010 as required by IFRS 1 and as adopted by the European Union.

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

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

The following standards, amendments and interpretations are not effective and are not expected to have a material impact on the financial position of the Company.

(a) IFRS 3 (Revised 2008) Business Combinations and IAS 27 (Revised 2008) Consolidation and Separate Financial Statements

The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3 (Revised 2008) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reporting results. IAS 27 (Revised 2008) requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction.

(b) Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

This amendment to IAS 39 Financial Instruments: Recognition and Measurement was issued on 31 July 2008 and is applicable for annual periods beginning on or after 1 July 2009 with early application permitted. The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations.

(c) IFRS 1 First Time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adoption

The revised standard was issued in July 2009 and becomes effective for financial years beginning on or after 1 January 2010. The amendment provides relief from the full retrospective application of IFRS in certain circumstances.

2. Significant Accounting Policies *(continued)*

(d) IFRS 2 Share-based Payments – Group cash-settled share-based payment transactions

The revised standard was issued in July 2009 and is effective for annual periods beginning on or after 1 January 2010. It provides guidance on that to be in the scope of IFRS 2, an award must be a 'share-based payment transaction,' and part of a 'share-based payment arrangement'.

(e) IFRIC Interpretation 17 Distributions of Non-Cash Assets to Owners

The IFRIC Interpretation 17 in November 2008. IFRIC 17 provides guidance on how to account for distributions of non-cash assets to owners and distributions that give owners a choice of receiving either non-cash assets or a cash alternative. An entity shall apply this Interpretation prospectively for annual periods beginning on or after 1 July 2009.

(f) Improvements to IFRS

In April 2009 the IASB has issued a second omnibus of amendments to its standards and interpretations. The following amendments are not expected to have any impact on the accounting policies, financial position or performance of the Company.

- IFRS 2 Share-based Payment: Scope of IFRS 2 and revised IFRS 3
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Disclosure of non-current assets (or disposal groups) classified as held for sale or discontinued operations
- IFRS 8 Operating Segments: Disclosure of information about segment assets
- IAS 1 Presentation of Financial Statements: Current/non-current classification of convertible instruments
- IAS 7 Statement of Cash Flows: Classification of expenditures on unrecognised assets
- IAS 17 Leases: Classification of leases of land and buildings
- IAS 36 Impairment of Assets: Unit of accounting for goodwill impairment test
- IAS 38 Intangible Assets: Additional consequential amendments arising from revised IFRS 3
- IAS 38 Intangible Assets: Measuring the fair value of an intangible asset acquired in a business combination
- IAS 39 Financial Instruments: Recognition and Measurement: Treating loan prepayment penalties as closely related embedded derivatives
- IAS 39 Financial Instruments: Recognition and Measurement: Scope exemption for business combination contracts
- IAS 39 Financial Instruments: Recognition and Measurement: Cash flow hedge accounting
- IFRIC 9 Reassessment of Embedded Derivatives: Scope of IFRIC 9 and revised IFRS 3
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation: Amending to the restriction of the entity that can hold hedging

Notes to the Financial Statements *(continued)*

For the period 20 May 2009 to 30 September 2010

2. Significant Accounting Policies *(continued)*

2.2 Significant accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires the Directors to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. Please refer to note 9 for details of significant estimates.

Going Concern

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

2.3 Summary of significant accounting policies

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

(a) Financial Instruments

(i) Classification

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

Financial assets and liabilities at fair value through profit or loss

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

Loans and receivables

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

(ii) Recognition

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.

2. Significant Accounting Policies *(continued)*

(iii) Derecognition

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

- The rights to receive cash flows from the asset have expired; or
- The 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 transferred 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 expires.

(iv) Initial measurement

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.

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

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

(v) Subsequent measurement

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

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

Notes to the Financial Statements *(continued)*

For the period 20 May 2009 to 30 September 2010

2. Significant Accounting Policies *(continued)*

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(b) Determination of fair value

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 9.

(c) Functional and presentation currency

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

(d) Redeemable participating shares

Redeemable participating shares are redeemable at the shareholders' option and are classified as financial liabilities.

The liabilities arising from the redeemable shares are carried at the redemption amount being the net asset value calculated in accordance with IFRS.

The net asset value of the Company for the purpose of calculating the net assets attributable to shareholders in accordance with the Company's redemption requirements is calculated in accordance with the provisions of the Information Memorandum dated 3 June 2009. This valuation of net asset value is different from the IFRS valuation requirements. The difference between the two valuations is disclosed in note 11.

The Company issues shares at the net asset value of the existing shares. The holder of participating shares can redeem them on the last business day of each calendar month (or additional days as the Directors may determine), giving four week's notice prior to the last business day, for cash equal to a proportionate share of the Company's net asset value (calculated in accordance with redemption requirements). The Company's net asset value per share is calculated by dividing the net assets attributable to Shareholders (calculated in accordance with redemption requirements) by the number of shares in issue.

2. Significant Accounting Policies *(continued)*

(e) Distributions to shareholders

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

Distributions are payable at the end of each half year, payable in May and November.

(f) Cash and cash equivalents

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

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(g) Interest revenue and expense

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

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

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

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

(i) Fees and commissions

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

3. Segment Information

For management purposes, the Company is organised into one main operating segment. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon 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.

Notes to the Financial Statements *(continued)*

For the period 20 May 2009 to 30 September 2010

3. Segment Information *(continued)*

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

	2010 £
United Kingdom	1,829,099
Channel Islands	135,902
Total	1,965,001

The table below analyses the Company's operating income for the period ended 30 September 2010 per investment type.

	2010 £
Financial assets	450,000
Cash and cash equivalents	135,902
Net gain on financial assets and liabilities at fair value through profit and loss	1,379,099
Total	1,965,001

4. Other General Expenses

	2010 £
Registration fee	6,625
Permit fee	2,334
Publishing fee	1,796
Legal & Professional fees	11,614
Listing sponsor fee	4,931
Audit fee	24,891
Set-up fee	176,753
Sundry expenses	30,477
Company Secretarial fees	5,350
Insurance	11,553
Bank charges	881
Broker Retainer fees	24,247
Total	301,452

5. Taxation

Profits arising in the Company for the 2010 period of assessment will be subject to tax at the rate of 0%.

6. Other Receivables and Prepayments

	2010
	£
Fee income	100,000
Other receivables and prepayments	53,374
Total	153,374

7. Other Payables and Accrued Expenses

	2010
	£
Audit fee	24,891
Directors' fee	8,151
Company Secretarial fees	1,600
Publishing fee	1,796
Listing sponsor fee	7,003
Security interest held	7,135
Other expenses	39,174
Total	89,750

Notes to the Financial Statements *(continued)*

For the period 20 May 2009 to 30 September 2010

8. Redeemable Participating Shares

The authorised share capital of the Company is £500,000,100 divided into 100 non-redeemable Shares of £1 par value each and 500,000,000 redeemable participating shares of £1 par value each.

The 100 non-redeemable shares are issued and fully paid, and are all held by Gravis Capital Partners LLP. The non-redeemable shares confer upon the holders thereof rights in a winding-up to repayment of its par value but do not confer other rights to participate in the profits or assets or dividends of the Company.

All issued redeemable participating shares are fully paid. The Company's capital is represented by these redeemable participating shares. Quantitative information about the Company's capital is provided in the Statement of Changes in Net Assets Attributable to holders of redeemable participating shares.

The redeemable participating shares are divided into two classes, ordinary redeemable income shares and ordinary redeemable accumulation shares. The ordinary redeemable income shares carry the right to dividends out of the profits available for distribution attributable to such ordinary redeemable income shares, if any, as determined by the Directors. No dividends will be payable in respect of the ordinary redeemable accumulation shares, and any income attributable to such ordinary redeemable accumulation shares will be reinvested for the benefit of such ordinary redeemable accumulation shares.

Except for the right to dividends, the rights, obligations and restrictions attached to each class of share are identical in all respects.

Each holder of a redeemable participating share is entitled to attend meetings of shareholders and, on a poll, to one vote for each share held. In a winding-up of the Company, the assets of each class available for distribution shall be applied in repayment of the nominal amount paid up on the shares of the relevant class and any surplus assets then remaining shall be distributed among the holders of the shares of the relevant class pro rata to their respective holdings. A fraction of a share will rank pari passu and proportionately with a whole share.

A redeemable participating share does not confer any interest in any particular asset or investment of the Company.

Shareholders have the right to have their shares redeemed at a proportionate share based on the Company's net asset value per share on the redemption date. For the purpose of calculating the net assets attributable to shareholders in accordance with the Company's constitution, the Company's valuation of net asset value is different from the IFRS valuation requirements. Reconciliation between the Company's NAV under IFRS and the NAV calculated per the Company's constitution is provided in note 11.

8. Redeemable Participating Shares *(continued)*

Ordinary redeemable share transactions for the period ended 30 September 2010 were as follows:

Ordinary redeemable participating income shares	**Number of Shares**	**Proceeds £**
At beginning of period	–	–
Subscriptions	62,940,078	64,066,509
Redemptions	(10,430,655)	(10,667,766)
At end of period	52,509,423	53,398,743

Ordinary redeemable participating accumulation shares		
At beginning of period	–	–
Subscriptions	9,993,784	10,103,368
Redemptions	(2,790,944)	(2,918,057)
At end of period	7,202,840	7,185,311

The Company's capital is represented by the redeemable shares outstanding. The investment objective of the Company is outlined in the Directors' report. The Company strives to invest the subscriptions of redeemable shares in investments that meet the Company's investment objectives while maintaining sufficient liquidity to meet shareholder redemptions. As at 30 September 2010 contributed capital amounted to £60,584,054.

Capital Management

As a result of the ability to issue, repurchase and resell shares, the capital of the Company can vary depending on the demand for redemptions and subscriptions to the Company. The Company is not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase or resale of redeemable shares.

The Company's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in its prospectus.
- To achieve consistent returns while safeguarding capital.
- To maintain sufficient liquidity to meet the expenses of the Company and to meet redemption requests as they arise.
- To maintain sufficient size to make the operation of the Company cost-efficient.

Refer to 'Financial risk and management objectives and policies' (Note 9) for the policies and processes applied by the Company in managing its capital and its obligation to repurchase the shares.

Notes to the Financial Statements *(continued)*
For the period 20 May 2009 to 30 September 2010

9. Financial Risk and Management Objectives and Policies

The Company has an investment policy and strategy as summarised in the Information Memorandum dated 3 June 2009 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 review undertaken by the Investment Adviser to ensure that the Company's policies are adhered to as it is the Company's Investment Adviser's responsibility to identify and control risks. The Investment Adviser reports regularly to the Directors as ultimate responsibility for the overall risk management approach lies with the Directors.

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 risk that are associated with the financial instruments and markets in which it invests. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring. The financial risks to which the Company is exposed include market risk, credit risk and liquidity risk.

As a result of the ongoing consideration of credit risk through periodic review, the Directors resolved after review of the credit risk rating of AIB Bank (CI) Limited, to change the Principal Bankers to Royal Bank of Scotland International Limited ("RBSI"). RBSI are considered an approved bank with a suitable credit risk rating however the Directors will continue to monitor the risk ratings of all approved banks on a periodic basis.

Fair Value

The Company's current financial assets are the GPFI Loans, the GEM Loans and the LIIL Loans (as described in the Investment Adviser's Report) designated as financial assets at fair value through profit or loss. These financial instruments are held at fair value.

The Directors appointed an independent Valuation Agent, Mazars LLP, that carries out monthly fair valuations of the financial assets of the Company. These valuations are reviewed by both the Investment Adviser and the Directors. The valuation methodology is outlined in the Information Memorandum dated 3 June 2009, and in the section below entitled 'Fair Valuation Methodology of Financial assets at fair value through profit or loss'.

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

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

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

9. Financial Risk and Management Objectives and Policies *(continued)*

The table below summarises all securities held by the Company based on the fair valuation technique adopted at the period end.

	Period ended 30 September 2010			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	£	£	£	£
Financial assets designated at fair value through profit or loss				
Subordinated loan notes	–	35,982,450	–	35,982,450
	–	35,982,450	–	35,982,450

During the period ended 30 September 2010 there were no transfers of investments between levels therefore no further disclosure is considered necessary by the Board of Directors. No level 3 reconciliation has been disclosed as it is the first reporting period of the Company and there have been no assets classified or transferred requiring reconciliation to the level 3 hierarchy.

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

An independent third party valuer, Mazars LLP (the "Valuation Agent"), is responsible for carrying out the fair market valuation of the Company's investments (classified as Financial assets at fair value through profit or loss) on a monthly basis.

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

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

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

- sterling interest rates;
- movements of comparable credit markets;
- the performance of the underlying assets, specifically any actual or potential event in relation to the underlying assets that may be expected to have a material impact on the ability of the borrower to meet its obligations to the Company, such as operating performance failures, or the credit impairment of the contract obligor;

Notes to the Financial Statements *(continued)*
For the period 20 May 2009 to 30 September 2010

9. Financial Risk and Management Objectives and Policies *(continued)*

- general infrastructure market activity and investor sentiment, which the Valuation Agent assesses by taking into account its knowledge of the infrastructure market gained from discussions with all forms of market participants and from publicly-available information on relevant transactions and publicly-traded infrastructure funds; and
- changes to the economic, legal, taxation or regulatory environment.

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

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

Change in discount rate	0.50%	0.25%	0%	-0.25%	-0.50%
Valuation of financial assets at fair value	34,658,220	35,309,030	35,982,450	36,679,530	37,401,420
Change in valuation of financial assets at fair value	(1,324,230)	(673,420)	–	697,080	1,418,970

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

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

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

Interest rate risk has the following effect:

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

9. Financial Risk and Management Objectives and Policies *(continued)*

Future cash flows

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

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

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 senior debt has been hedged where appropriate.

Borrowings

The Company has made no use of borrowings to finance the acquisition of its current investments, and may only use borrowings for short-term purposes as may be necessary for the settlement of transactions, to facilitate share redemptions (where applicable) or to meet ongoing expenses. The Company's borrowings shall not in any event exceed 10 per cent, of the Company's Net Asset Value as at the time any such borrowings are drawn down.

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

Credit Risk

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

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

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

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

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

Notes to the Financial Statements *(continued)*
For the period 20 May 2009 to 30 September 2010

9. Financial Risk and Management Objectives and Policies *(continued)*

All the current financial assets of the Company are debt instruments issued by Grosvenor PFI Holdings Limited, White Rock Insurance (SAC) Ltd, T-26 GEM Infrastructure and Leisure Infrastructure Investors Limited who manage the affairs of the portfolios.

Total Exposure by Borrowers	£	%
White Rock Insurance (SAC) Ltd, T-26 GEM Infrastructure	14,270,660	40
Grosvenor PFI Holdings Limited	12,231,994	34
Leisure Infrastructure Investors Limited	9,479,796	26
	35,982,450	100

Top 10 exposures by Project Agreement Counterparty	£	%
Amber Valley Borough Council	4,026,364	12
Leeds City Council	3,366,780	10
County Durham Primary Care Trust	3,057,999	8
Mid Essex NHS Trust	3,057,999	8
Rotherham Metropolitan Borough Council	3,057,999	8
South Essex Partnership University NHS Foundation Trust	3,057,999	8
Tees, Esk and Wear Valleys NHS Foundation Trust	3,057,999	8
Kent County Council	2,532,994	7
Wolverhampton City Council	2,395,432	7
Redcar and Cleveland Primary Care Trust	1,806,726	5
Other	6,564,159	19
Total	35,982,450	100

Top 10 exposures by Facilities Manager	£	%
Grosvenor Facilities Management	12,231,994	34
Emcor	5,453,431	15
DC Leisure Management	4,026,365	11
Interserve FM Ltd	3,366,780	9
OCS Group UK Ltd	1,806,726	5
Trillium FM (Kent BSF) Ltd	1,806,726	5
Carillion FM Ltd	1,112,703	3
VT Education and Skills Limited	1,004,939	3
Amey Business Services Ltd	987,422	3
HBG (Facilities Management) Ltd	980,584	3
Other	3,204,780	9
Total	35,982,450	100

9. Financial Risk and Management Objectives and Policies *(continued)*

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 or redeem its shares earlier than expected. The Company is exposed to cash redemptions of its participating redeemable shares on a regular basis. Shares are redeemable at the holder's option based on the Company's net asset value per share at the time of redemption calculated in accordance with the Company's constitution.

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

The table below analyses all of the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows balances due within 12 months and equal their carrying balances.

	Less than 1 month	1 – 3 months	3 – 12 months	Greater than 12 months	Total
	£	£	£	£	£
Financial Assets					
Cash and cash equivalents	24,888,641	–	–	–	24,888,641
Amounts held on security	–	–	–	2,828,938	2,828,938
Other receivables and prepayments	–	–	153,374	–	153,374
Financial assets at fair value through profit or loss	803,513	305,550	2,036,592	103,108,456	106,254,111
Amounts receivable on subscription of shares	1,886,975	–	–	–	1,886,975
Total financial assets	27,579,129	305,550	2,189,966	105,937,394	136,012,039

Notes to the Financial Statements *(continued)*

For the period 20 May 2009 to 30 September 2010

9. Financial Risk and Management Objectives and Policies *(continued)*

	Less than 1 month	1 – 3 months	3 – 12 months	Greater than 12 months	Total
Financial Liabilities					
Management fees payable	–	112,163	–	–	112,163
Custodian and administration fees payable	–	21,757	–	–	21,757
Other payables and accrued expenses	–	89,750	–	–	89,750
Amounts payable on redemption of shares	981,172	–	–	–	981,172
Distribution payable on participating shares	–	1,443,909	–	–	1,443,909
Amounts held on security	–	–	–	2,821,803	2,821,803
Total financial liabilities	981,172	1,667,579	–	2,821,803	5,470,554

10. 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 remuneration totals £33,719 in the period, and there is a balance outstanding at the period end of £8,151 included within other payables and accrued expenses in note 7.

Investment Adviser

Gravis Capital Partner LLP is entitled to receive a management and advisory fee in respect of its services. These fees amount to an aggregate of 0.9% per annum of the net assets of the Company. Total management fees amounted to £152,365, of which £112,163 is outstanding at the period end.

The Partners of the Investment Adviser hold (directly or indirectly, and together with their family members) 3,977,182 shares in the Company.

Custodian

Capita Trust Company (Jersey) Limited is entitled to receive a custodian fee in respect of its services. These fees amount to an aggregate of 0.03% per annum of the net assets of the Company, with a minimum annual fee of £10,000. Total custodian fees amounted to £13,072, of which £3,072 was outstanding at the period end.

10. Related Party Disclosures *(continued)*

Administrator

Capita Financial Administrators (Jersey) Limited is entitled to receive an administration fee in respect of its services. These fees amount to 0.15% per annum of the first £50 million of the net assets of the Company, 0.125% of the next £50 million of the net assets of the Company and 0.11% of the net assets of the Company above £100 million. There is a minimum annual fee of £110,000 per annum which was increased on 30 July 2010 from £48,000. Total administration fees amounted to £66,145, of which £18,685 was outstanding at the period end.

Grosvenor PFI Holdings Limited

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

11. Reconciliation of Net Asset Value

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

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

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

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

The Company's net asset value per accumulation and income share used for the issuance and redemptions of accumulation and income shares at 30 September 2010 can be reconciled to the net asset value per accumulation and income share class, as calculated in accordance with IFRS, as follows:

	30 September 2010	
Redeemable participating accumulation share class reconciliation	**Total £**	**Per share £**
Valuation in accordance with the Information Memorandum	7,412,127	1.0559
Adjustment for establishment costs	(16,648)	(0.0023)
Interest accrual adjustment	1,861	0.0003
Subscription	472,675	–
Redemption	(278,710)	–
Valuation as per Financial Statements	**7,591,305**	**1.0539**

Notes to the Financial Statements *(continued)*

For the period 20 May 2009 to 30 September 2010

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

	30 September 2010	
Redeemable participating income share class reconciliation	**Total £**	**Per share £**
Valuation in accordance with the Information Memorandum	53,517,257	1.0327
Adjustment for establishment costs	(120,202)	(0.0023)
Interest accrual adjustment	13,434	0.0003
Subscriptions	1,414,300	–
Redemptions	(702,462)	–
Adjustment for Income Distribution	(1,443,909)	(0.0275)
Valuation as per Financial Statements	**52,678,418**	**1.0032**

Reconciling items for subscriptions & redemptions are included above as these transactions take place on 30 September 2010 but after calculation of the NAV as at that date.

12. Amounts Held On Security

'Amounts held on security' relates to a cash deposit of £2,828,938 belonging to GPFI Holdings Limited. The cash is held in a segregated Company account (the "Security Account"). The Company is holding the cash as collateral to protect the Company against underperformance of the GPFI Loans.

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

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

13. Subsequent Events after the Reporting Date

There were no significant events impacting the Company subsequent to the financial period end up to the date of approval of the financial statements.

Notes

Notes

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