



# **Annual Report and Audited Financial Statements**

**For the year ended to 31 December 2018**

**The Renewables Infrastructure Group (UK)  
Investments Limited**

**Registered number: 09564873**



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# Strategic Report

The Directors present their Strategic Report for the year ended 31 December 2018, which has been prepared in compliance with s414C of the Companies Act 2006.

This Strategic Report has been prepared for The Renewables Infrastructure Group (UK) Investments Limited ("the Company" or "TRIG FC") and its portfolio of investments, and therefore gives greater emphasis to those matters which are significant to the group when viewed as a whole.

## Business review

The principal activity of the Company during the year was the undertaking of investment activities on behalf of its ultimate parent, The Renewables Infrastructure Group Limited ("TRIG Ltd"). The Company invests in a portfolio of investments predominantly in the subordinated loan stock and ordinary equity of renewable energy infrastructure companies. The principal activity of those project finance companies is the development and management of solar parks and on-shore wind farms. The Company, its immediate parent, The Renewables Infrastructure Group (UK) Limited ("TRIG UK"), TRIG Ltd and the portfolio of investments are known collectively as the TRIG group ("the Group").

## Results and performance

The Company's results for the year under review are detailed in the profit and loss account in these financial statements.

The Company has prepared financial statements for the year ended 31 December 2018. The Company's financial statements have been prepared in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council ("FRC").

Profit before tax was £86.5m (2017: £66.1m), based on Total Operating Income of £142.4m (2017 £104.4m) for the year ended 31 December 2018. Cash received from the portfolio by way of distributions, including interest and capital repayments, was £98.3m (2017: £72.2m).

At 31 December 2018, the Company had 62 projects in its investment portfolio, which are all measured at fair value in accordance with FRS 102 section 9.9. As at 31 December 2018, the fair value of the Company's investments was £1,268.7m (2017 £1,081.2m) reflecting the increase in the value of investments in the year. In December 2018 the Company committed to acquire a 75% interest in Erstrask, a Swedish windfarm in construction. The Company is only obligated to pay for Erstrask as construction phases complete and as at 31 December 2018 the Company had not paid for any phases on Erstrask so it has not been included in the Portfolio Valuation.

An increase in power price forecasts during 2018 increased the valuation of the portfolio by £14.0m and overall the valuation increased by £106.9m. The valuation uses updated power price forecasts for each of the markets in which the Company invests, namely the GB market, the Single Electricity Market of Ireland, and the French market.

The Company's cash as at 31 December 2018 was £0.04m (2017 £0.1m).

Combined share capital and share premium of £33.4m (2017 £8.5m) represents TRIG UK's 100% investment in the Company.

## Strategic Report (continued)

### Strategy

The Company invests principally in operational assets which generate electricity from renewable energy sources, with a particular focus on onshore wind farms and solar PV parks.

### Key performance indicators ("KPIs")

The Board monitors the progress of the Group by reference to the following KPIs:

- Directors' portfolio valuation at year end which was measured at £1,268.7m (2017: £1,081.2m), a 17.3% increase from prior year.
- Profit before tax of £86.5m (2017: £66.1m), reflecting an uplift in portfolio valuation.
- Power generation – Power generation varies with weather patterns amongst other factors. For the year ended 31 December 2018, against the "P50" central estimate for energy production, power generation was down by 3.7%.
- Availability – Availability for the portfolio as a whole was in line with expectations.

### Principal risks and uncertainties

#### Portfolio energy productivity

The principal risk to energy production is the available incidence of solar energy and wind power to generate output. The incidence of solar energy and wind power is not under the control of the Directors, however, they aim to maximise availability and minimise the effect of downtime by scheduling repairs and maintenance activities at times of low light and low wind. While short-term variability of the production levels of a single asset may be material, the longer term variability is minimised by constructing a technologically and geographically diverse portfolio. The production performance is measured in terms of yield factors and availability targets over time, and the Board notes that the Group is on track with both these measures for the year ended 31 December 2018.

#### Future wholesale electricity prices

The Group is exposed to changes in the wholesale price of electricity for a proportion of its revenues. The impact of future power prices can be partially mitigated through the portfolio mix and growth strategy. The portfolio valuation is based on wholesale power price forecasts in three different European markets with differing future pricing dynamics.

#### Government support for renewables

Geographically, the Company focuses its investments on the UK and Northern Europe where there is a strong emphasis on delivering versus challenging renewable energy deployment targets for 2020, and showing consistency in grandfathering prior subsidy commitments to operating plants.

#### Financial risk management

Risk is managed on a group basis. Information on the use of financial instruments by the Group, its management of financial risk and its exposure to cash flow risk (addressed under the headings of 'Credit risk', 'Liquidity risk' and 'Market risk') are disclosed in Note 4 of TRIG Ltd's financial statements, which are available from their website [www.trig-ltd.com](http://www.trig-ltd.com).

Most other risks under consideration, whether meteorological, economic or regulatory, are generally either closely associated with the three factors discussed above or are of a purely financial nature, for example the impact of interest rates or tax rates. The impact of these is discussed further in TRIG Ltd's financial statements.

#### Future developments in the business

The Company seeks to benefit from steady income from the investments in its efficiently managed portfolio as well as to capitalise on the investment opportunities for renewables infrastructure and to provide an efficient conduit for the Group's institutional and other investors seeking an attractive, yield-based, risk-adjusted return.

With an extensive pipeline of diverse acquisition opportunities, strong support from our ultimate parent company, TRIG Ltd, and a positive year to date, we look forward to continuing to deliver on expectations.

The Group's parent, TRIG Ltd, reports governance against the Association of Investment Companies (the "AIC") Code of Corporate Governance updated in February 2013. This AIC code has been endorsed by the Financial Reporting Council.

**TRIG Ltd is a member of the AIC, benefitting from the on-going development of best practices in the industry and also playing a meaningful role as a flag-bearer of the renewables sector of the infrastructure investment market.**

**By order of the Board  
Authorised signatory**

A handwritten signature in black ink, appearing to be 'P. P. George', written over a circular stamp or seal.

**P. P. George  
Director**

**24 May 2019**

## Directors' Report

The Directors present their Annual Report and audited financial statements for the year ended 31 December 2018.

### *Incorporation*

The Company was incorporated in England and Wales on 28 April 2015 and is the single, direct subsidiary of TRIG UK, a UK holding company.

### *Principal activity*

In accordance with CA2006 s414, further information regarding the Company's principal activity is found within the Strategic Report.

### *Dividends*

The Directors declared dividends of £4.6m (2017: £501.9m) in the year.

### *Results for the year*

The results for the year are set out in the profit and loss account on page 12.

### *Directors*

The Directors who held office during the year to 31 December 2018 and at the date of this report were:

C Gill

A Roper (Resigned 30 June 2018)

J Entract

W R Crawford

P R P George

The Directors did not receive any remuneration in respect of their services to the Company during the year.

### *Company Secretary*

A Wylie (Resigned 12 January 2018)

E Mendes (Appointed 12 January 2018)

### *Registered office*

12 Charles II Street, London, SW1Y 4QU

### *Donations*

The Company made no political donations during the year.

### *Going concern review*

The financial position of the Company, its liquidity position and borrowing facilities, as well as the Company's business activities and factors likely to affect its future development and position, are described in the Strategic Report.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, thus they adopt the going concern basis of accounting in preparing the annual financial statements.

### *Disclosure of information to the Auditor*

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor are unaware and that each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### *Subsequent Events*

Details on events after the balance sheet date are discussed in note 17 to the accounts.

## Directors' Report (continued)

### *Independent auditor*

Deloitte LLP is deemed to be reappointed in accordance with an elective resolution made under section 487 of the Companies Act 2006.

### *Strategic report*

The following information has been disclosed in the Strategic Report;

- Business review
- Key performance indicators
- Principal risks and uncertainties
- Financial risk management
- Future developments in the business

By order of the Board  
Authorised signatory



P. R. George  
Director

21 May 2019

## **Statement of Directors' responsibilities in respect of the Directors' Report and financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 the Companies Act 2006. 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.



# Independent auditor's report to the members of The Renewables Infrastructure Group (UK) Investments Limited

## Report on the audit of the financial statements

### Opinion

In our opinion the financial statements of The Renewable Infrastructure Group (UK) Investments Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in shareholders' equity;
- the cash flow statement; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Summary of our audit approach

|                          |  |
|--------------------------|--|
| <b>Key audit matters</b> | The key audit matter that we identified in the current year was: <ul style="list-style-type: none"> <li>The assessment of the fair value of investments</li> </ul> |
| <b>Materiality</b>       | The materiality that we used in the current year was £9.3m which was determined on the basis of shareholders' equity.  |
| <b>Scoping</b>           | Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.   |

### Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.


We have nothing to report in respect of these matters.



### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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.

### Assessment of the fair value of investments

|   |  |
|---|--|
|  <b>Key audit matter description</b> | <p>The company's investments held at the directors' best estimate of fair value, comprise of investments in intermediate holding companies equity and subordinated debt interests in wind farm, solar park and battery storage projects for which there is no liquid market and which are valued on a discounted cash flow basis.</p> <p>The company's portfolio continues to grow, with £188.5m of further investment during the year, funded through the issue of equity and a drawdown of the Group's revolving acquisition facility. The year-end valuation of £1,268.7 million at 31 December 2018 (31 December 2017: £1,080.2 million) requires significant judgements in respect of the forecast cash flows and discount rates applied.</p> <p>Certain assumptions used in the determination of fair value are a key source of estimation uncertainty, which is why we consider there to be a risk of material misstatement as well as a potential for fraud through possible manipulation of this balance. The complex nature of this methodology, combined with the number of</p> |
|---|--|

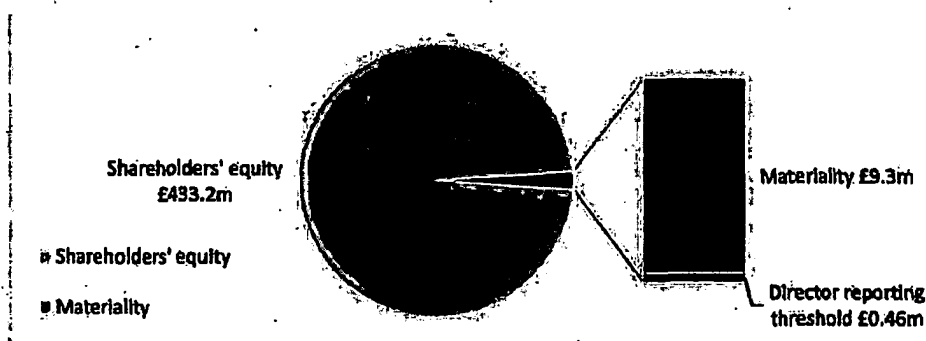
|  |   |
|--|---|
|  | <p>significant judgements, means there is a risk that the fair value of the investments could be misstated.</p> <p>The judgements in respect of forecast cash flows include assumptions around future energy yields, power prices, inflation, tax rates, exchange rates and operating costs.</p> <p>This is disclosed in the Strategic Report as well as a critical accounting judgement in note 3 of the financial statements. A breakdown of the investments and the assumptions applied to the valuation are described in note 4.</p>  |
| <p><b>How the scope of our audit responded to the key audit matter</b></p>  | <p>Our audit is directed to considering the evidence available to support these assumptions and the sensitivity of the valuation to reasonably possible changes in these assumptions.</p> <p>We critically assessed these assumptions and the fund valuation model in which they are applied in determining the fair value. Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• holding key meetings with key management personnel (including Fred Olsen, Low Carbon and Renewable Energy Systems (RES)) to understand the performance of the fund and of the underlying Special Purpose Vehicles (SPVs);</li> <li>• understanding and assessing the design and implementation of internal controls around updates (including the incorporation of new acquisitions) to the valuation model used at 31 December 2018;</li> <li>• reviewing the independent advice received by the company in respect of energy yields, power prices and discount rates and meeting with those advisers where appropriate to understand the methodology used and challenge key assumptions through the use of benchmarking against third party sources;</li> <li>• using Deloitte internal valuation specialists to benchmark the discount rate against comparable market participants;</li> <li>• considered the potential impact of Brexit on the fair value of the investments;</li> <li>• reviewing the share purchase agreements for any newly acquired assets in order to confirm the acquisition cost and the nature and amount of any deferred consideration that may be embedded in the valuation;</li> <li>• understanding and challenging management's process for determining costs to complete for projects in construction through review of the cash flow projections;</li> <li>• using macroeconomic data (including inflation and tax rate forecasts) and observable market data to benchmark key assumptions;</li> <li>• testing the incorporation of the assumptions into the valuation model and the correct application of the selected discount rates; and</li> <li>• reviewing cash flow projections and seeking explanations for significant movements in the forecast.</li> </ul> |
| <p><b>Key observations</b></p>    | <p>Based on the work performed we conclude that the fair value of investments is appropriate.</p>   |

### Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

|  |  |
|--|--|
| <b>Materiality</b>                         | £9.3m  |
| <b>Basis for determining materiality</b>   | 2% of shareholders' equity.  |
| <b>Rationale for the benchmark applied</b> | We consider equity to be the key benchmark used by members of the Company in assessing financial performance. The reason for the significant increase in the year relates to the growth in this benchmark throughout the period. |



We agreed with the Directors that we would report to the Directors all audit differences in excess of £466,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

### An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

As the company is required to measure its subsidiaries at fair value rather than consolidate on a line-by-line basis, the company has been treated as having only one component.

### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

*We have nothing to report in respect of these matters.*

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
  - the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

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##### *Adequacy of explanations received and accounting records*

Under the Companies Act 2006 we are required to report to you if, in our opinion:

***We have nothing to report in respect of these matters.***

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

##### *Directors' remuneration*


Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

***We have nothing to report in respect of this matter.***

#### **Use of our report**

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This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



Anthony Matthews FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
24 May 2019

# Profit and loss account

## For the year to 31 December 2018

|   | Note     | Year ended<br>31 December 2018<br>£'000's | Year ended<br>31 December 2017<br>£'000's |
|---|----------|---|---|
| Investment income   | 5        | 36,615                                    | 28,299                                    |
| Dividend income   | 5        | 6,861                                     | -   |
| Gains on investments                                      | 5        | 98,959                                    | 76,099                                    |
| <b>Total operating income</b>                             | <b>5</b> | <b>142,435</b>                            | <b>104,398</b>                            |
| Administrative expenses                                   | 6        | (429)                                     | (236)                                     |
| <b>Operating profit for the year</b>                      |          | <b>142,006</b>                            | <b>104,162</b>                            |
| Finance expenses  | 7        | (55,488)                                  | (38,020)                                  |
| <b>Profit before tax</b>                                  |          | <b>86,518</b>                             | <b>66,143</b>                             |
| Income tax credit/(expense)                               | 8        | -   | -   |
| <b>Profit and Total Comprehensive Income for the year</b> |          | <b>86,518</b>                             | <b>66,143</b>                             |

All results are derived from continuing operations.

There is no other comprehensive income or expense apart from that disclosed above and consequently a statement of other comprehensive income has not been prepared.

# Balance sheet

As at 31 December 2018

|   | Note | As at<br>31 December 2018<br>£'000's | As at<br>31 December 2017<br>£'000's |
|---|------|--------------------------------------|--------------------------------------|
| <b>Non-current assets</b>                             |      |                                      |                                      |
| Investments at fair value through profit or loss      | 9    | 1,268,681                            | 1,081,180                            |
| <b>Total non-current assets</b>                       |      | <b>1,268,681</b>                     | <b>1,081,180</b>                     |
| <b>Current assets</b>                                 |      |                                      |                                      |
| Cash at bank and in hand                              |      | 38                                   | 84                                   |
| Debtors   | 10   | 2,990                                | 628                                  |
| <b>Total current assets</b>                           |      | <b>3,028</b>                         | <b>712</b>                           |
| <b>Creditors: Amounts falling due within one year</b> |      | <b>(715)</b>                         | <b>(264)</b>                         |
| <b>Net current assets</b>                             |      | <b>2,313</b>                         | <b>449</b>                           |
| <b>Total assets less current liabilities</b>          |      | <b>1,270,994</b>                     | <b>1,081,180</b>                     |
| <b>Creditors: Amounts due after one year</b>          | 11   | <b>(804,336)</b>                     | <b>(721,889)</b>                     |
| <b>Net assets</b>                                     |      | <b>466,658</b>                       | <b>359,740</b>                       |
| <b>Equity</b>   |      |                                      |                                      |
| Called up share capital                               | 12   | 2                                    | 2                                    |
| Share premium   | 12   | 33,407                               | 8,407                                |
| Retained reserves                                     | 13   | 433,249                              | 351,331                              |
| <b>Shareholders' funds</b>                            |      | <b>466,658</b>                       | <b>359,740</b>                       |

The accompanying Notes are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 24 May 2019, and signed on its behalf by:

  
P. R. P. George  
Director

Registered number: 09564873



# Statement of changes in shareholders' equity

## For the year ended 31 December 2018

| For the year ended 31 December 2018       |                                       |                             |                                 |                         |
|---|---------------------------------------|-----------------------------|---------------------------------|-------------------------|
|   | Called up<br>share capital<br>£'000's | Share<br>Premium<br>£'000's | Retained<br>reserves<br>£'000's | Total equity<br>£'000's |
| Shareholders' equity at beginning of year | 2                                     | 8,407                       | 351,331                         | 359,740                 |
| Profit for the year                       | -                                     | -                           | 86,518                          | 86,518                  |
| Ordinary Shares Issued                    | -                                     | -                           | -                               | -                       |
| Share premium                             | -                                     | 25,000                      | -                               | 25,000                  |
| Dividend paid                             | -                                     | -                           | (4,600)                         | (4,600)                 |
| Shareholders' equity at end of year       | 2                                     | 33,407                      | 433,249                         | 466,658                 |

| For the year ended 31 December 2017       |                                       |                             |                                 |                         |
|---|---------------------------------------|-----------------------------|---------------------------------|-------------------------|
|   | Called up<br>share capital<br>£'000's | Share<br>Premium<br>£'000's | Retained<br>reserves<br>£'000's | Total equity<br>£'000's |
| Shareholders' equity at beginning of year | 2                                     | 258,407                     | 537,131                         | 795,540                 |
| Profit for the year                       | -                                     | -                           | 66,143                          | 66,143                  |
| Ordinary Shares Issued                    | -                                     | -                           | -                               | -                       |
| Share capital reduction                   | -                                     | (250,000)                   | 250,000                         | -                       |
| Dividend paid                             | -                                     | -                           | (501,942)                       | (501,942)               |
| Shareholders' equity at end of year       | 2                                     | 8,407                       | 351,331                         | 359,740                 |

# Cash flow statement

For the year ended 31 December 2018

|   | Notes     | Year ended 31<br>December 2018<br>£'000's | Year ended 31<br>December 2017<br>£'000's |
|---|-----------|---|---|
| <b>Net cash flows from operating activities</b>       | <b>12</b> | <b>95,948</b>                             | <b>71,652</b>                             |
| <b>Cash flows from investing activities</b>           |           |   |   |
| Purchases of investments                              | 9         | (143,174)                                 | (230,126)                                 |
| <b>Net cash used in investing activities</b>          |           | <b>(143,174)</b>                          | <b>(230,126)</b>                          |
| <b>Cash flows from financing activities</b>           |           |   |   |
| Cash proceeds from issue of share capital during year |           | 25,000                                    | -   |
| Cash from the issue of loan notes                     |           | 191,993                                   | 116,000                                   |
| Dividends paid to shareholders                        |           | (4,600)                                   | (7,100)                                   |
| Amounts paid on loan notes                            |           | (54,588)                                  | (55,346)                                  |
| Other finance costs                                   |           | (3,265)                                   | (1,473)                                   |
| Movement in foreign exchange                          |           | (905)                                     | (35)                                      |
| (Repayment)/ drawdown of senior debt                  |           | (106,400)                                 | 106,400                                   |
| <b>Net cash flows from financing activities</b>       |           | <b>47,235</b>                             | <b>158,446</b>                            |
| <b>Net increase in cash and cash equivalents</b>      |           | <b>9</b>                                  | <b>(28)</b>                               |
| Cash and cash equivalents at beginning of year        |           | 84  | 112                                       |
| Exchange gains on cash                                |           | (55)                                      | -   |
| <b>Cash and cash equivalents at end of year</b>       |           | <b>38</b>                                 | <b>84</b>                                 |

# Notes to the Audited Financial Statements

## 1. General information

The Renewables Infrastructure Group (UK) Investments Limited (the "Company") is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given in the Directors' Report on page 6. The nature of the Company's operations and its principal activities are set out in the Strategic Report.

These financial statements are presented in pounds sterling, the functional currency, because that is the currency of the primary economic environment in which the Company operates. Foreign operations are included in accordance with the policies set out in Note 2.

These financial statements are separate financial statements. The Company has adopted FRS 102 and, in accordance with FRS 102 section 9.9, does not consolidate the investments it holds. This is explained further in Note 2c.

## 2. Key accounting policies

### (a) Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council ("FRC").

The principal accounting policies adopted are set out below.

### (b) Going concern

The financial position of the Company, its liquidity position and borrowing facilities, as well as the Company's business activities and factors likely to affect its future development and position, are described in the Strategic Report.

The Group has the necessary financial resources to meet its obligations. The Group benefits from a range of long-term contracts with various major UK and European utilities and well-established suppliers across a range of infrastructure projects. In addition, it maintains a working capital component of £15m as part of its revolving acquisition facility (currently sized at £340m and limited to 30% of Portfolio Value). The Group's project-level financing is non-recourse to the Company and is limited to 50% of Gross Portfolio Value. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, thus they adopt the going concern basis of accounting in preparing the annual financial statements.

### (c) Basis of consolidation

In accordance with FRS 102 section 9.9, subsidiaries that are held as part of an investment portfolio shall be measured at fair value with changes in fair value recognised in profit or loss. As the Company treats its 62 investments as a homogenous investment portfolio, all subsidiaries are measured at fair value through profit and loss, as opposed to being consolidated on a line by line basis.

### (d) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

## Notes to the Audited Financial Statements (continued)

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

### *Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

### *Fair value measurement*

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

The Directors consider the equity and loan stock to share the same investment characteristics and risks and they are therefore treated as a single unit of account for valuation purposes and a single class for disclosure purposes.

### *Loans and borrowings*

Borrowings are recognised initially at fair value of the consideration received, less transaction costs, and are subsequently measured at amortised cost.

### *Other*

Other non-derivative financial instruments are measured at amortised cost using the effective interest method less any impairment losses.

## **(e) Impairment**

### *Financial assets*

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the profit and loss account.

## Notes to the Audited Financial Statements (continued)

### (f) *Investment income*

Income from investments relates solely to returns from the Company's subsidiaries. This is recognised when the right to receive interest income is determined on an accruals basis and dividends when these are received.

### (g) *Income tax*

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full using the balance sheet liability method on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (h) *Foreign exchange gains and losses*

Transactions entered into by the Company in a currency other than its functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the profit and loss account.

## 3. *Critical accounting judgements, estimates and assumptions*

The preparation of financial statements in accordance with FRS 102 requires management to make judgements, estimates and assumptions in certain circumstances that affect reported amounts. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

### *Key source of estimation uncertainty: investments at fair value through profit or loss*

FRS 102 section 10.2 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. Fair value is defined as 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. The Board base the fair value of the investments on information received from the Investment Manager. Fair value is calculated on a discounted cash flow basis.

## Notes to the Audited Financial Statements (continued)

Fair values for those investments for which a market quote is not available, in this instance being all investments, are determined using the income approach, which discounts the expected cash flows at the appropriate rate. In determining the discount rate, regard is had to relevant long-term government bond yields, specific risks associated with the technology (on-shore wind and solar) and geographic location of the underlying investment, and the evidence of recent transactions. The investments at fair value through profit or loss, whose fair values include the use of level 3 inputs, are valued by discounting future cash flows from investments in both equity (dividends and equity redemptions) and subordinated loans (interest and repayments) to the Group at an appropriate discount rate.

The weighted average discount rate applied in the December 2018 valuation was 7.6% (2017: 8.0%). The discount rate is considered one of the most significant unobservable inputs through which an increase or decrease would have a material impact on the fair value of the investments at fair value through profit or loss which are further discussed in Note 4 under sensitivities.

The other material impacts on the measurement of fair value are the forward looking power price curve and energy yields which are further discussed in Note 4 under sensitivities.

The Investment Manager, when considering the assumptions to apply to the valuation of the investments at 31 December 2018 takes into account several key assumptions including whether these were impacted by the expected exit of the UK from the European Union.

### *Key Judgements*

By virtue of the Company's status as an investment fund, and in conjunction with FRS 102 section 2.2 for investment entities, investments are designated upon initial recognition to be accounted for at fair value through profit or loss.

The Directors consider that the carrying value amounts of financial assets and financial liabilities recorded at amortised cost in the financial statement are approximately equal to their fair values.

## 4. Financial Instruments

### *Fair value estimation*

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

#### *Non-derivative financial instruments*

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses the income approach, which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values. In determining the discount rate, regard is had to relevant long-term government bond yields, the specific risks of each investment and the evidence of recent transactions.

#### *Derivative financial instruments*

The fair value of financial instruments inputs other than quoted prices traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price. Note 2 discloses the methods used in determining fair values on a specific asset/liability basis. Where applicable, further information about the assumptions used in determining fair value is disclosed in the notes specific to that asset or liability.

## Notes to the Audited Financial Statements (continued)

## Classification of financial instruments

|  | 31 December 2018<br>£'000's | 31 December 2017<br>£'000's |
|--|-----------------------------|-----------------------------|
| <b>Financial assets</b>                          |                             |                             |
| Designated at fair value through profit or loss: |                             |                             |
| Investments                                      | 1,268,881                   | 1,081,180                   |
| Cash and cash equivalents                        | 38                          | 84                          |
| Debtors  | 2,990                       | 628                         |
| <b>Financial assets at fair value</b>            | <b>1,271,709</b>            | <b>1,081,892</b>            |
| <b>Financial liabilities</b>                     |                             |                             |
| At amortised cost:                               |                             |                             |
| Other payables                                   | 715                         | 204                         |
| Parent company loan                              | 804,396                     | 721,889                     |
| <b>Financial liabilities at amortised cost</b>   | <b>805,051</b>              | <b>722,093</b>              |

The Directors believe that the carrying values of all financial instruments are not materially different to their fair values.

## Fair value hierarchy

The fair value hierarchy is defined as follows:

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

|  | As at 31 December 2018 |         |           |           |
|--|------------------------|---------|-----------|-----------|
|  | Level 1                | Level 2 | Level 3   | Total     |
|  | £'000's                | £'000's | £'000's   | £'000's   |
| Investments at fair value through profit or loss | -                      | -       | 1,268,681 | 1,268,681 |
|  | -                      | -       | 1,268,681 | 1,268,681 |

|  | As at 31 December 2017 |         |           |           |
|--|------------------------|---------|-----------|-----------|
|  | Level 1                | Level 2 | Level 3   | Total     |
|  | £'000's                | £'000's | £'000's   | £'000's   |
| Investments at fair value through profit or loss | -                      | -       | 1,081,180 | 1,081,180 |
|  | -                      | -       | 1,081,180 | 1,081,180 |

## Notes to the Audited Financial Statements (continued)

## Level 3

## Valuation methodology

The Investment Manager has carried out a fair market valuation of the investments as at 31 December 2018 and the Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation. All investments are at fair value through profit or loss and are valued using a discounted cash flow methodology.

The following economic assumptions were used in the discounted cash flow valuations at:

|   | 31 December 2018   | 31 December 2017   |
|---|--|--|
| UK Inflation rates (other than ROC's)         | 2.75%  | 2.75%  |
| Inflation applied to UK ROC Income            | 3.2% 2019, 3.0% 2020, 2.75% thereafter                         | 3.4% 2018, 2.9% 2019, 2.75% thereafter                         |
| Ireland and France Inflation rates            | 1.75% 2019-2020, 2.00% thereafter                              | 2.00%  |
| UK, Ireland and France deposit interest rates | 1.00% to 31 March 2021, 2.00% thereafter                       | 1.00% to 31 March 2021, 2.00% thereafter                       |
| UK corporation tax rate                       | 19.00%, reducing to 17% from 1 April 2020                      | 19.00%, reducing to 17% from 1 April 2020                      |
| France corporation tax rate                   | 33.3% + 1.1% above €763,000 threshold, reducing to 25% by 2022 | 33.3% + 1.1% above €763,000 threshold, reducing to 25% by 2022 |
| Ireland corporation tax rate                  | 12.5% active rate, 25% passive rate                            | 12.5% active rate, 25% passive rate                            |
| Euro/sterling exchange rate                   | 1.1124   | 1.1252   |
| Energy yield assumptions                      | P50 case   | P50 case   |

## 5. Total operating income

|                      | Year ended 31<br>December 2018<br>Total<br>£'000s | Year ended 31<br>December 2017<br>Total<br>£'000s |
|----------------------|---|---|
| Investment income    | 36,615  | 28,299  |
| Dividend income      | 6,861   | -   |
| Gains on investments | 98,959  | 76,099  |
|                      | 142,435   | 104,398   |



## Notes to the Audited Financial Statements (continued)

## 6. Administrative expenses

|  | Year ended<br>31 December 2018<br>Total<br>£'000's | Year ended<br>31 December 2017<br>Total<br>£'000's |
|--|--|--|
| Fees payable to the Company's auditor, Deloitte LLP, for the audit of the Company's financial statements | 5  | 4  |
| Other administrative expenses  | 424  | 232  |
|  | <u>429</u>   | <u>236</u>   |

The Company had no employees during the current year.

No director received any form of remuneration in lieu of their services to the Company in the current or prior year.

## 7. Finance expense

|                       | Year ended<br>31 December 2018<br>Total<br>£'000's | Year ended<br>31 December 2017<br>Total<br>£'000's |
|-----------------------|--|--|
| Interest payable      | 54,583   | 35,808   |
| Foreign exchange loss | 905  | 2,212  |
|                       | <u>55,488</u>                                      | <u>38,020</u>                                      |

## 8. Income tax

|                      | Year ended<br>31 December 2018<br>Total<br>£'000's | Year ended<br>31 December 2017<br>Total<br>£'000's |
|----------------------|--|--|
| Corporation tax      | -  | -  |
| Total tax on profits | -  | -  |

The standard rate of tax applied to report profit before tax on continuing operations is 19% (2017: 19.25%). The applicable tax rate has changed following the substantive enactment of the Finance Act 2016.

# Notes to the Audited Financial Statements (continued)

The charge for the year can be reconciled to the profit before tax in the profit and loss account as follows:

|   | Year ended<br>31 December 2018<br>Total<br>£'000's | Year ended<br>31 December 2017<br>Total<br>£'000's |
|---|--|--|
| Profit before tax on continuing operations                      | 86,518   | 66,143   |
| Tax at the UK corporation tax rate of 19% (2017: 19.25%)        | 16,438   | 12,733   |
| Tax effect of interest deductible in determining taxable profit | (18,802)   | (7,319)  |
| Tax effect of income not taxable in determining taxable profit  | 2,364  | (5,414)  |
| Tax expense for the year  |  |  |

## 9. Investments at fair value through profit or loss

|                             | 31 December 2018<br>£'000's | 31 December 2017<br>£'000's |
|-----------------------------|-----------------------------|-----------------------------|
| Brought forward             | 1,081,180                   | 818,672                     |
| Investments in the year     | 143,353                     | 229,949                     |
| Distributions received      | (98,484)                    | (71,839)                    |
| Interest income             | 36,615                      | 28,299                      |
| Group relief                | 198                         | -                           |
| Dividend income             | 6,861                       | -                           |
| Gains on valuation          | 98,959                      | 76,099                      |
| Carrying amount at year end | 1,268,681                   | 1,081,180                   |
| This is represented by:     |                             |                             |
| Less than one year          | -                           | -                           |
| Greater than one year       | 1,268,681                   | 1,081,180                   |
| Carrying amount at year end | 1,268,681                   | 1,081,180                   |

The gains on revaluation of investments are unrealised.

The Investment Manager has carried out fair market valuations of the investments as at 31 December 2018. The Directors have satisfied themselves as to the methodology used, the discount rates applied, and the valuation. The Investment Manager is experienced in the method of valuations on a discounted cash flow basis and is considered to be an expert in this process.

## Notes to the Audited Financial Statements (continued)

Details of the Company's investments at 31 December 2018 and at 31 December 2017 are as follows:

| Name                                | Registered Office | Country             | Ownership Interest | 31 December 2018    | 31 December 2017 | Ownership Interest |
|-------------------------------------|-------------------|---------------------|--------------------|---------------------|------------------|--------------------|
| <b>Wind farms</b>                   |                   |                     |                    |                     |                  |                    |
| Roos Energy Limited                 | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Grange Renewable Energy Limited     | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Hill of Towle Limited               | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Green Hill Energy Limited           | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Fors Wind Farm Limited              | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Ateshjillon Wind Farm Limited       | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Landhurst Bridge Wind Farm Limited  | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Lough Hill Wind Farm Limited        | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| MHB Wind Farms Limited              | 7                 | Republic of Ireland | 100%               | Republic of Ireland | 100%             | 100%               |
| CEPE de Haut Languedoc SARL         | 3                 | France              | 100%               | France              | 100%             | 100%               |
| CEPE du Haut Cabardès SARL          | 3                 | France              | 100%               | France              | 100%             | 100%               |
| CEPE de Cusac SARL                  | 3                 | France              | 100%               | France              | 100%             | 100%               |
| CEPE des Claves SARL                | 3                 | France              | 100%               | France              | 100%             | 100%               |
| CEPE Rosieres SARL                  | 3                 | France              | 100%               | France              | 100%             | 100%               |
| CEPE Montigny La Cour SARL          | 3                 | France              | 100%               | France              | 100%             | 100%               |
| MC Power Limited                    | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Taliesnie Energy Limited            | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Earlseat Windfarm Limited           | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Taubeig Limited                     | 7                 | Republic of Ireland | 100%               | Republic of Ireland | 100%             | 100%               |
| Crystal Rig Windfarm Limited*       | 4                 | UK                  | 49%                | UK                  | 49%              | 49%                |
| Roddes Wind Limited*                | 4                 | UK                  | 49%                | UK                  | 49%              | 49%                |
| Paul's Hill Wind Limited*           | 4                 | UK                  | 49%                | UK                  | 49%              | 49%                |
| Crystal Rig II Limited*             | 4                 | UK                  | 49%                | UK                  | 49%              | 49%                |
| Roddes II Limited*                  | 4                 | UK                  | 49%                | UK                  | 49%              | 49%                |
| Mid-Hill Wind Limited*              | 4                 | UK                  | 49%                | UK                  | 49%              | 49%                |
| Freestall Energy Limited            | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Solveston Energy Limited            | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Eastesk Wind AB                     | 10                | Sweden              | 75%                | -                   | -                | -                  |
| Pallas Windfarm Limited             | 7                 | Republic of Ireland | 100%               | -                   | -                | -                  |
| Pallas Energy Supply Limited        | 7                 | Republic of Ireland | 100%               | -                   | -                | -                  |
| Nelson Community Wind Farm LLP      | 9                 | Republic of Ireland | 100%               | UK                  | 100%             | 100%               |
| Garrig Lwyd Energy Limited          | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Solra Onshore Energy Limited        | 8                 | UK                  | 34.7%              | UK                  | 34.7%            | 34.7%              |
| <b>Solar parks</b>                  |                   |                     |                    |                     |                  |                    |
| CEPE de Puits Castan SARL           | 3                 | France              | 100%               | France              | 100%             | 100%               |
| Churchtown Farm Solar Limited       | 5                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| East Langford Solar Limited         | 5                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Manor Farm Solar Limited            | 5                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Sunrise 12 (Oerrton Fields) Limited | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Sunrise 25 (Wix Lodge) Limited      | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Farley Court Solar Park Limited     | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Egmore Airfield Solar Park Limited  | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Penryn Farm Solar Park Limited      | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| BKS Energy Limited                  | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |
| Hazel Renewables Limited            | 2                 | UK                  | 100%               | UK                  | 100%             | 100%               |

The Renewables Infrastructure Group (UK) Investments Limited

|  |   |                     |       |                     |       |
|--|---|---------------------|-------|---------------------|-------|
| Kenwyn Solar Limited                             | 2 | UK                  | 100%  | UK                  | 100%  |
| FPV Broussan                                     | 3 | France              | 48.9% | France              | 48.9% |
| FPV Chateau                                      | 3 | France              | 48.9% | France              | 48.9% |
| FPV du Plateau                                   | 3 | France              | 48.9% | France              | 48.9% |
| SECP Borgo                                       | 3 | France              | 48.9% | France              | 48.9% |
| SECP Olmo 2                                      | 3 | France              | 48.9% | France              | 48.9% |
| FPV Pascialone                                   | 3 | France              | 48.9% | France              | 48.9% |
| FPV Santa Lucia                                  | 3 | France              | 48.9% | France              | 48.9% |
| FPV Agrinergie                                   | 3 | France              | 48.9% | France              | 48.9% |
| FPV d'Export                                     | 3 | France              | 48.9% | France              | 48.9% |
| Agrisol 1A Services                              | 3 | France              | 48.9% | France              | 48.9% |
| SECP Chemin Canal                                | 3 | France              | 48.9% | France              | 48.9% |
| FPV Ligne des Quatre Cents                       | 3 | France              | 48.9% | France              | 48.9% |
| FPV Ligne des Bambous                            | 3 | France              | 48.9% | France              | 48.9% |
| Hellade Bellevue                                 | 3 | France              | 48.9% | France              | 48.9% |
| SECP Creully                                     | 3 | France              | 48.9% | France              | 48.9% |
| FPV du Midi                                      | 3 | France              | 51.0% | France              | 51.0% |
| <b>Battery Storage</b>                           |   |                     |       |                     |       |
| UK Energy Storage Services Limited               | 2 | UK                  | 100%  | UK                  | 100%  |
| <b>Holding companies</b>                         |   |                     |       |                     |       |
| Wind Farm Holdings Limited                       | 2 | UK                  | 100%  | UK                  | 100%  |
| Lendrum's Bridge (Holdings) Limited              | 6 | UK                  | 100%  | UK                  | 100%  |
| MHB Wind Farms (Holdings) Limited                | 7 | Republic of Ireland | 100%  | Republic of Ireland | 100%  |
| Verrerie Photovoltaïque SAS                      | 8 | France              | 100%  | France              | 100%  |
| Akuo Tulp Assets SAS                             | 8 | France              | 48.9% | France              | 48.9% |
| The Renewables Infrastructure Group (France) SAS | 3 | France              | 100%  | France              | 100%  |
| Trafalgar Wind Holdings Limited                  | 1 | UK                  | 100%  | UK                  | 100%  |
| European Investments (SCEL) Limited              | 2 | UK                  | 100%  | UK                  | 100%  |
| European Investments (Cornwall) Limited          | 2 | UK                  | 100%  | UK                  | 100%  |
| European Investments Tulp Limited                | 2 | UK                  | 100%  | UK                  | 100%  |
| European Investments Solar Holdings Limited      | 1 | UK                  | 100%  | UK                  | 100%  |
| European Investments Solar Holdings 2 Limited    | 1 | UK                  | 100%  | UK                  | 100%  |
| European Investments (Earlseat) Limited          | 2 | UK                  | 100%  | UK                  | 100%  |
| Sole e Aria 1                                    | 8 | France              | 48.9% | France              | 48.9% |
| Sole e Aria 2                                    | 8 | France              | 48.9% | France              | 48.9% |
| Sole e Aria 3                                    | 8 | France              | 48.9% | France              | 48.9% |
| Fred. Olsen Wind Limited*                        | 4 | UK                  | 49%   | UK                  | 49%   |
| Fred. Olsen Wind Holdings Limited*               | 4 | UK                  | 49%   | UK                  | 49%   |
| Offshore Wind Investments Group Limited          | 1 | UK                  | 100%  | UK                  | 100%  |
| European Storage Investments Group Limited       | 1 | UK                  | 100%  | UK                  | 100%  |
| European Wind Investments Group Limited          | 1 | UK                  | 100%  | UK                  | 100%  |
| Irish Wind Investments Group Limited             | 1 | UK                  | 100%  | UK                  | 100%  |
| Carbon Free Limited                              | 9 | UK                  | 100%  | UK                  | 100%  |
| Carbon Free Neilston Limited                     | 9 | UK                  | 100%  | UK                  | 100%  |
| NDT Trading Limited                              | 9 | UK                  | 100%  | UK                  | 100%  |
| Scandinavian Wind Investments Group Limited      | 1 | UK                  | 100%  | -                   | -     |
| European Wind Investments Group 2 Limited        | 1 | UK                  | 100%  | -                   | -     |

\* Denotes the "Fred. Olsen portfolio"

## Notes to the Audited Financial Statements for the year ended 31 December 2018

The investments in subsidiaries are all stated at fair value. The principal activity of the companies under the heading 'Wind farms' during the year was the operation of wind farms to generate electricity. The principal activity of the companies under the heading 'Solar parks' during the year was the operation of solar parks to generate electricity.

The principal activity of the companies under the heading 'Holding companies' during the year was the holding of investments.

### Registered Offices

The registered offices for the investments, as per the table above, are listed in the table below.

| No. | Address of Registered Office  |
|-----|---|
| 1   | 12 Charles II Street, London, SW1Y 4QU, UK                            |
| 2   | Beaufort Court, Egg Farm Lane, Kings Langley, WD8 8LR, UK             |
| 3   | 330 Rue Du Mourellet, 21 de Courline, 84000, Avignon, France          |
| 4   | 2 <sup>nd</sup> Floor, 64-65 Vincent Square, London, SW1P 2NU, UK     |
| 5   | 13 Berkeley Street, Mayfair, London, W1J 8DU, UK                      |
| 6   | Unit C1 & C2 Willowbank Business Park, Millbrook, Larne, BT40 2SF, UK |
| 7   | 6 <sup>th</sup> Floor 2 Grand Canal Square, Dublin 2, 662881, Ireland |
| 8   | Wind Farm Place, Edgar Road, Walsingham, Norfolk, NR22 6EJ            |
| 9   | Third Floor, Sty, Pacific Quay, Glasgow, United Kingdom, G51 1PQ      |
| 10  | Arlovsavägen 9, 211 24 Malmö, Sweden                                  |

### 10. Debtors

|                         | 31 December 2018 | 31 December 2017 |
|-------------------------|------------------|------------------|
|                         | £'000s           | £'000s           |
| Other debtors           | 2,990            | 469              |
| Debt arrangement costs* | -                | 155              |
|                         | 2,990            | 628              |

\* These are capitalised debt arrangement fees which relate to the Company's revolving acquisition facility. Debt arrangement costs of £nil (2017: £155k) are netted off debt drawn of £nil (2017: £106.4m).

### 11. Creditors: Amounts due after one year

|                                | 31 December 2018 | 31 December 2017 |
|--------------------------------|------------------|------------------|
|                                | Total            | Total            |
|                                | £'000s           | £'000s           |
| Outstanding loan facility      | -                | 106,241          |
| Amounts owed to parent company | 804,336          | 615,489          |
|                                | 804,336          | 721,729          |

The amounts owed to the ultimate parent company represent a long-term loan provided by the Company's ultimate parent via a Eurobond listed in The International Stock Exchange. The loan accrues interest at LIBOR plus 5%.

The loan facility terms are LIBOR/ EURIBOR + 1.9% and a commitment fee of 0.65% on any undrawn amounts on the facility. At the year end the facility amounted to £340m and is secured against equity in the company. The debt expires on 31 December 2021.

## Notes to the Audited Financial Statements (continued)

## 12. Called up share capital

|   | 31 December 2018<br>£'s | 31 December 2017<br>£'s |
|---|-------------------------|-------------------------|
| <b>Authorised:</b>                          |                         |                         |
| Ordinary shares of £1 each                  | 2,101                   | 2,001                   |
| <b>Authorised at 31 December</b>            | <b>2,101</b>            | <b>2,001</b>            |
| <b>Issued and fully paid:</b>               |                         |                         |
| Ordinary shares of £1 each                  | 2,101                   | 2,001                   |
| <b>Issued and fully paid at 31 December</b> | <b>2,101</b>            | <b>2,001</b>            |

The Company issued 100 (2017: 30) £1 ordinary shares for a consideration of £25,000,000 in order to finance the purchase of investments.

The share premium reserve contains the premium arising on issue of equity shares. As at 31 December 2018 this balance was £33,407,336.

## 13. Cash flow statement

|   | 31 December 2018<br>£'000's | 31 December 2017<br>£'000's |
|---|-----------------------------|-----------------------------|
| Operating profit  | 142,006                     | 104,162                     |
| Adjustments for:  |                             |                             |
| Interest income   | (36,615)                    | (28,299)                    |
| Dividend income   | (6,861)                     | -                           |
| Gains on investments  | (98,959)                    | (76,099)                    |
| Interest received on deposits                                 | -                           | -                           |
| <b>Operating cash flow before movement in working capital</b> | <b>(429)</b>                | <b>(236)</b>                |
| Changes in working capital:                                   |                             |                             |
| Increase in debtors   | (2,361)                     | (328)                       |
| Increase in creditors   | 451                         | 23                          |
| <b>Cash flow from operations</b>                              | <b>(2,339)</b>              | <b>(541)</b>                |
| <b>Cash received from investments</b>                         | <b>98,286</b>               | <b>72,193</b>               |
| <b>Cash generated by operations</b>                           | <b>95,948</b>               | <b>71,652</b>               |

## Notes to the Audited Financial Statements (continued)

### 14. Guarantees and other commitments

As at 31 December 2018, the Company and its subsidiaries had provided £19.9m (2017: £20.5m) in guarantees to the projects in the TRIG portfolio.

The Company also guarantees the revolving acquisition facility, entered into by TRIG UK, which it may use to acquire further investments.

As at 31 December 2018 the company has £204.6m of future investment obligations relating to two wind farms. The Company has commitments totalling a further £33.0m in relation to the Solwaybank windfarm with amounts being payable to fund its construction. The Company has commitments totalling £171.6m for the Erstrask wind farm, with amounts becoming payable upon the completion of each phase as they become operational. On 8 February 2019 the Company invested £45.6m in relation to the completion of the first phase of the Erstrask wind farm.

The Company and its subsidiaries have issued decommissioning and other similar guarantee bonds with a total value of £2.5m.

### 15. Contingent consideration

The Group has performance-related contingent consideration obligations of up to £37.0m (2017: £4.4m) relating to acquisitions completed prior to 31 December 2018. These payments depend on the performance of certain wind farms and other contracted enhancements. The payments, if triggered, would be due between 2019 and 2024. The valuation of the investments in the portfolio does not assume that these enhancements are achieved. If further payments do become due they would be expected to be offset by an improvement in investment. The arrangements are generally two way in that if performance is below base case levels some refund of consideration may become due.

### 16. Events after the balance sheet date

On 8 February 2019, the Company invested £45.6m in relation to the completion of the first phase of the Erstrask wind farm.

On 28 February 2019, the Company invested €207m in relation to the completion of the Jadrass Wind Farm.

On 29 March 2019, the Company invested €30m in relation to the completion of the Tillie et Venelle Wind Farm.

### 17. Related party and key advisor transactions

The Directors did not receive any fees in respect of their services to the Company during the year.

### 18. Controlling party

In the opinion of the Directors, the Company's ultimate parent company and controlling party is TRIG Ltd, a company incorporated in Guernsey (Registered address: East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey) and whose shares are listed under a premium listing on the London Stock Exchange. Copies of the financial statements of TRIG Ltd are available from their website [www.trig-uk.com](http://www.trig-uk.com).