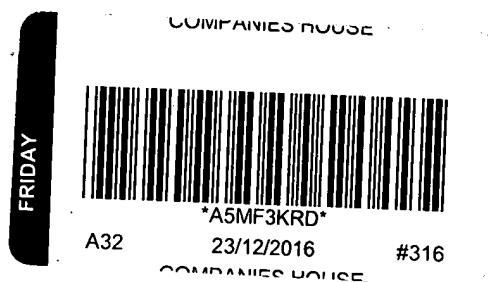

**Green
Investment
Bank**

UK GREEN INVESTMENT GALLOPER LIMITED

FINANCIAL STATEMENTS

For the period to 31 March 2016

Registered company number 09793796



UK Green Investment Galloper Limited
Financial Statements for the period to 31 March 2016

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Directors' Report

The Directors present their report and financial statements for the period ended 31 March 2016.

Incorporation

UK Green Investment Galloper Limited (the "Company") is a private limited company (limited by shares) and was incorporated in England and Wales on 24 September 2015. The Company's registered address is 13th Floor, 21-24 Millbank Tower, Millbank, London SW1P 4QP, United Kingdom and its registered company number is 09793796. The Company has not been involved in any research and development activities and does not have any branches outside the United Kingdom. The principal risks of the Company are disclosed in the Risk disclosure on page 14.

Financial Performance

The results for the period are dealt with on page 7 of the financial statements. The position of the Company at 31 March 2016 is provided on page 8 of the financial statements.

Directors of the Company

Directors in office during the period and up to the date of signing the financial statements were as follows:

Martin Langham, appointed on 24 September 2015

Nigel Slater, appointed on 24 September 2015

Euan McVicar appointed Company secretary on 24 September 2015.

Directors' emoluments

None of the executive directors were paid fees for their services.

Expenses related to attendance at Board meetings are reimbursed by the parent company.

UK Green Investment Galloper Limited
Financial Statements for the period to 31 March 2016

Directors' statement of responsibilities

The Directors are responsible for preparing the Directors' report and financial statements in accordance with applicable law and regulations.

In preparing Financial Statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the European Union; 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 proper accounting records which 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 (the "2006 Act") and Article 4 of the IAS Regulations; and
- safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are responsible for preparing a Directors' Report that complies with the 2006 Act.

Each of the Directors, as at the date of this report, confirms to the best of their knowledge that:

- the Financial Statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position and loss of the Company, together with a description of the principal risks and uncertainties that it faces.

At the date the Directors' report is approved, each director in office confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future given the terms of the shareholder loan agreement. The Financial Statements are, therefore, prepared on a going concern basis.

Auditors

The National Audit Office was appointed as the Company's first auditors on 16 February 2016. The Board will evaluate the effectiveness of audit services on an annual basis or more frequently if required by changing conditions.

UK Green Investment Galloper Limited
Financial Statements for the period to 31 March 2016

Dividends

During the period to 31 March 2016 the Company did not make any dividend payments. The Company does not propose to pay any dividends in respect of the period under review.

Directors' indemnities

The Company has granted indemnities to each of its Directors in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors to the extent permitted by the 2006 Act and the Company's constitution. In addition, Directors are covered by Directors' and Officers' liability insurance.

Future developments of the Company

The Company was established during the period as a direct holding company. The Company will continue to operate under this basis.

Events after the balance sheet date

On 23 June 2016 the UK voted to leave the European Union. At this moment we are unable to quantify the potential impact that this may have on our business.

In July 2016 the Department for Business, Innovation and Skills (BIS) and the Department of Energy and Climate Change (DECC) have merged to form the Department for Business, Energy and Industrial Strategy (BEIS).

Approved by the Board on 16 December 2016 and signed on its behalf by:



Nigel Slater

Director

UK Green Investment Galloper Limited
Financial Statements for the period to 31 March 2016

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF UK GREEN INVESTMENT GALLOPER Ltd

I have audited the financial statements of UK Green Investment Galloper Ltd for the year ended 31 March 2016 which comprise the Statement of Profit and Loss and Comprehensive Income, Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the International Financial Reporting Standards as adopted by the European Union.

Respective responsibilities of the directors and the auditor

As explained more fully in the Directors' Statement of Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2016 and of the company's profit for the year then ended; and
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In my opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

UK Green Investment Galloper Limited
Financial Statements for the period to 31 March 2016

Matters on which I report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.



Hilary Lower (Senior Statutory Auditor)

19 December 2016

For and on behalf of the

Comptroller and Auditor General (Statutory Auditor)

National Audit Office

157-197 Buckingham Palace Road

London

SW1W 9SP

UK Green Investment Galloper Limited
Financial Statements for the period to 31 March 2016

Statement of Profit and Loss and Comprehensive Income
For the period to 31 March 2016

	Notes	Period ended 31.03.16 £
Income		-
Income		-
Total operating income		-
Operating Expenses		-
Expenses		-
Total operating expenses		-
Profit before tax		-
Tax charge		-
Profit for the period		-

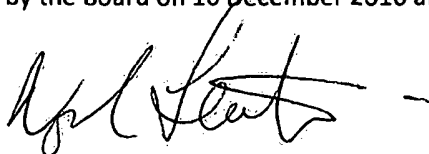
UK Green Investment Galloper Limited
Financial Statements for the period to 31 March 2016

Statement of Financial Position

At 31 March 2016

	Notes	31.03.16
		£
Assets		
Non-current assets		
Investments in associates and joint ventures	5	37,373,526
Total non-current assets		37,373,526
Total assets		37,373,526
Liabilities		
Long term liabilities	6	37,373,525
Total non-current liabilities		37,373,525
Total liabilities		37,373,525
Equity		
Issued capital	7	1
Total equity		1
Total equity and liabilities		37,373,526

Approved by the Board on 16 December 2016 and signed on its behalf by:



Nigel Slater

Director

UK Green Investment Galloper Limited
Financial Statements for the period to 31 March 2016

Statement of Changes in Equity

For the period to 31 March 2016

	Notes	Issued capital	Total
		£	£
Issue of ordinary shares	7	1	1
Balance at 31 March 2016		1	1

Statement of cash flows

For the period to 31 March 2016

	Period ended 31.03.16
	£
Cash flows from operating activities	
Profit for period after tax	-
Net cash from operating activities	-
Cash flows from investing activities	
Payments to acquire investments	37,373,526
Net cash from investing activities	37,373,526
Cash flows from financing activities	
Receipt of shareholder loan	37,373,525
Issue of new shares	1
Net cash from financing activities	37,373,526
 Net increase in cash and cash equivalents	 -
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at the end of the period	-

UK Green Investment Galloper Limited
Financial Statements for the period to 31 March 2016

Notes to the financial statements

For the period to 31 March 2016

1 Authorisation of the Financial Statements

The Financial Statements of UK Green Investment Galloper Limited (the "Company") for the period ended 31 March 2016 were approved and authorised for issue in accordance with a resolution of the Directors on 16 December 2016.

The Company is a limited liability company incorporated and registered in England and Wales. It is unlisted and wholly-owned by UK Green Investment Bank plc whose ultimate parent is the Department for Business, Energy and Industrial Strategy.

2 Principal Activity

The Company's principal activity is an investment holding company.

3 Accounting Policies

Basis of preparation

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applied in accordance with the provisions of the Companies Act 2006 applicable to Companies reporting under IFRS.

Where IFRS permit a choice of accounting policy, we have selected the accounting policy which is judged to be most appropriate to the particular circumstances of the Company for the purpose of giving a true and fair view.

These Financial Statements have been prepared under the historical cost convention and are presented in pounds sterling.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future given the terms of the shareholder loan agreement. The Financial Statements are, therefore, prepared on a going concern basis.

In forming this view, the Directors have considered the potential impact of credit risk and liquidity risk detailed in the Risk note disclosure.

Associates and joint ventures

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Joint ventures are entities whereby the Company and other parties undertake an economic activity, which is subject to joint control arising from a contractual agreement.

Investments in associates and joint ventures are accounted for using the cost method of accounting. The investment in associates and joint ventures includes goodwill identified on acquisition.

The Company determines on an on-going basis whether there is any objective evidence that the investment in an associate or joint venture is impaired.

UK Green Investment Galloper Limited
Financial Statements for the period to 31 March 2016

Notes to the financial statements (continued)

For the period to 31 March 2016

3 Accounting Policies (continued)

Equity

Ordinary shares are classified as equity and have been issued at par in the period to 31 March 2016.

Expenses

Fees payable to the Company's auditor for the audit of the Company's annual accounts were £10,800. This amount is payable by parent company and will not be recharged.

Standards issued but not yet effective

The standards and interpretations relevant to the Company that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards when they become effective. The Company has not sought early adoption of any standards or amendments.

IAS 1 Disclosure Initiative – Amendments to IAS 1. Effective for annual periods beginning on or after 1 January 2016.

The amendments to *IAS 1 Presentation of Financial Statements* clarify

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements

The amendments to IAS 1 will impact only the presentation and disclosure of the financial statements.

4 Segmental Reporting

The Company has determined that there is only one operating segment as at 31 March 2016.

The Company operates in one geographical location, being the UK.

5 Investments

	31.03.16
	£
Balance at 24 September 2015	-
Additions	37,373,526
Balance at 31 March 2016	37,373,526

The Company owns 25.0% of this entity which became an associate on 24 September 2015.

The summarised financial information of Galloper Wind Farm Holding Company Limited are:

	2015
Assets	£282.3m
Liabilities	£253.4m
Revenues for the year to 31 December	-
Profit for the year to 31 December	£2.8m

UK Green Investment Galloper Limited
Financial Statements for the period to 31 March 2016

Notes to the financial statements (continued)

For the period to 31 March 2016

5 Investments (continued)

The Financial Statements utilised are as at 31 December, being the financial reporting date of Galloper Wind Farm Holding Company Limited associate. The Company has accounted for its investment in Galloper Wind Farm Holding Company Limited by utilising management accounts for the period ended 31 March 2016 as the financial statements audit is not yet complete.

6 Long term liabilities

	31.03.16
	Due > 1 yr
	£
Shareholder loan	37,373,525
Total	37,373,525

7 Issued capital

	Alloted, called up & fully paid	
	Number of Shares	Ordinary Shares
		£
Issue of ordinary shares	1	1
Balance at 31 March 2016	1	1

During the period ended 31 March 2016, one ordinary share of £1 was issued. The authorised share capital is consistent with the issued share capital.

Notes to the financial statements (continued)

For the period to 31 March 2016

8 Risk disclosure

Principal Risks

The company is exposed to a number of principal risks. These may arise at the level of the underlying assets managed by the investment manager, or within the operations of the investment manager or GIB plc. Their impact could affect the performance of the Company and thus the returns it generates for GIB plc.

Principal risks may include:

- Deployment risk in which the manager is unable to deploy capital as intended, such that the expected returns to GIB plc are not realised.
- Resource risk in which wind yields are not available at the level expected.
- Construction or technology risk in which some physical aspect of an investment project does not perform as intended.
- Green risk in which the expected green and sustainability benefits are not realised, potentially due to resource or technology risk, or where there is an unintended negative environmental effect, such as destruction of local habitats.
- Credit and counterparty risk in which an external party either fails to pay a direct obligation to an investment, or fails to provide a service in a manner that affects an investment.
- Market risk in which external market rates and prices move in a manner that adversely affects investments. This may include low power prices, low inflation in settings where earnings are indexed or increased interest rates in settings where these are used as a discount rate.
- Operational risk in which some failure of people, process or technology at the level of the investment manager or an individual investment leads to cost and loss of value.
- Liquidity risk in which cash for investment or some other purpose is not available in a timely manner, such that a cost arises.
- Reputational risk in which the activities of the manager or an investment are perceived to be inappropriate in a manner that adversely affects the interests of the Company.

Credit risk

The amount of exposure, before taking into account any collateral or security, is limited to the amount invested at any given point in time.

UK Green Investment Galloper Limited
Financial Statements for the period to 31 March 2016

Notes to the financial statements (continued)

For the period to 31 March 2016

8 Risk disclosure (continued)

Risk Management

Management of risk does not occur at Company level. Rather this is delegated to the investment manager, RWE Innogy UK Ltd Premium, with oversight at the level of GIB plc. Please refer to the annual report of GIB plc for further details.

Arrangements for risk monitoring at the level of GIB plc include:

- Monitoring of commitments, draw-downs and construction for individual investments.
- Portfolio reporting from the investment manager, including operational, financial and green performance of investments, along with reports on health and safety and regulatory compliance.
- Monitoring of GIB plc payment processes, and associated controls, in order to ensure they do not create a liquidity risk for the investment process.
- Assessment of the operational performance of the investment manager, including in providing timely and accurate information, as a means of understanding operational risk arising within the activities of the manager.

9 Commitments

	< 1 yr	1 – 5yrs	> 5yrs	Subject to project requirements	Cancelled post year end	Total
	£	£	£	£	£	£
Investment commitments	50,197,562	32,150,313	-	-	-	82,347,875
Total	50,197,562	32,150,313	-	-	-	82,347,875

10 Related Parties

UK Green Investment Galloper Limited is 100% owned by the UK Green Investment Bank plc and copies of the consolidated financial statements are available at www.greeninvestmentbank.com.

The balances outstanding with related parties at 31 March 2016 are disclosed below:

	31.03.16
	£
UK Green Investment Bank plc	37,373,525
Total	37,373,525

The Company has been funded through a loan from UK Green Investment Bank plc. This loan is interest free and no repayments are expected in the next twelve months.

11 Post Balance Sheet Events

On 23 June 2016 the UK voted to leave the European Union. At this moment we are unable to quantify the potential impact that this may have on our business.

In July 2016 the Department for Business, Innovation and Skills (BIS) and the Department of Energy and Climate Change (DECC) have merged to form the Department for Business, Energy and Industrial Strategy (BEIS).