



Annual Report and Audited Financial Statements

For the year ended to 31 December 2016

**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 2016, 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 period 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 2016. 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 £88.3m (2015 £25.6m), based on Total Operating Income of £88.2m (2015 £25.6m) for the period ended 31 December 2016. Cash received from the portfolio by way of distributions, including interest and capital repayments, was £59.5m (2015 £17.6m).

At 31 December 2016, the Company had 53 projects in its investment portfolio, which are all measured at fair value in accordance with FRS 102 section 9.9. As at 31 December 2016, the fair value of the Company’s investments was £818.7m (2015 £712.3m).

A reduction in power price forecasts during 2016 reduced the valuation of the portfolio by £16.2m. 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 main drivers reducing the forecast power prices are reduced short-term gas prices and also lower gas prices being forecast over the longer term.

The Company’s cash as at 31 December 2016 was £0.1m (2015 £0.1m).

Combined share capital and share premium of £258.4m (2015 £204.3m) represents TRIG UK’s 100% investment in the Company.

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.

Strategic Report (continued)

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 £818.7m (2015: 712.3m), a 14.9% increase from prior year.
- Profit before tax of £88.3m (2015: (25.6m)), reflecting an uplift in portfolio valuation.
- Power generation – Power generation varies with weather patterns amongst other factors. For the period ended 31 December 2016, against the “P50” central estimate for energy production, power generation was down by 9.0%.
- 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 2016.

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 smoothed out through the portfolio mix and growth strategy. The portfolio valuation is based on wholesale prices 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.

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

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 read 'W R Crawford', written in a cursive style.

W R Crawford
Director
60 May 2017

Directors' Report

The Directors present their Annual Report and audited financial statements for the period ended 31 December 2016.

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 £59.3m (2015 £17.5m) in the period.

Results for the period

The results for the period are set out in the profit and loss account on page 10.

Directors

The Directors who held office during the period to 31 December 2016 and at the date of this report were:

C Gill

A Roper

J Entract (Appointed 30 March 2016)

W R Crawford

J H Smith (Resigned 30 March 2016)

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

Company Secretary

A Wyllie

Registered office

12 Charles II Street, London, SW1Y 4QU

Donations

The Company made no political donations during the period.

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.

Independent auditor

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

Directors' Report (continued)

The following information has been disclosed in the Strategic Report;

- Financial risk management
- Key performance indicators
- Indication of likely future developments in the business

By order of the Board
Authorised signatory

A handwritten signature in black ink, appearing to read 'W R Crawford', written in a cursive style.

W R Crawford
Director
10 May 2017

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 period. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor's Report

We have audited the financial statements of The Renewables Infrastructure Group (UK) Investments Limited for the year ended 31st December 2016 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

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. Our 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 us 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, we read all the financial and non-financial information in the annual 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 us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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 and the Directors' Report.

In our opinion 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.

Auditor's Report (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Andrew Clark
Senior Statutory Auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

10 May 2017

Profit and loss account

For the year to 31 December 2016

	Note	Year ended 31 December 2016 £'000's	Period from 28 April 2015 to 31 December 2015 £'000's
Investment income	5	24,435	12,007
Dividend income	5	1,959	5,341
Gains on investments	5	61,794	8,226
Total operating income	5	88,188	25,574
Administrative expenses	6	(41)	(5)
Operating profit for the period		88,147	25,569
Finance income	7	201	14
Profit before tax		88,348	25,583
Income tax credit/(expense)	8	-	-
Profit and Total Comprehensive Income for the period	8, 11	88,348	25,583

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 2016

	Note	As at 31 December 2016 £'000's	As at 31 December 2015 £'000's
Non-current assets			
Investments at fair value through profit or loss	9	818,672	712,284
Total non-current assets		818,672	712,284
Current assets			
Cash at bank and in hand		112	69
Debtors		300	-
Total current assets		412	69
Creditors: Amounts falling due within one year		(188)	(5)
Net current assets		224	64
Total assets less current liabilities		818,896	712,348
Creditors: Amounts due after one year	10	(23,356)	-
Net assets		795,540	712,348
Equity			
Called up share capital	11	2	2
Share premium	11	258,407	204,263
Retained reserves	12	537,131	508,083
Shareholders' funds		795,540	712,348

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 10 May 2017, and signed on its behalf by:



W R Crawford
Director

Registered number: 09564873

Statement of changes in shareholders' equity

For the year ended 31 December 2016

For the year ended 31 December 2016	Called up share capital £'000's	Share Premium £'000's	Retained reserves £'000's	Total equity £'000's
Shareholders' equity at beginning of period	2	204,263	508,083	712,348
Profit for the period	-	-	88,348	88,348
Ordinary Shares issued	-	54,144	-	54,144
Share premium reduction	-	-	-	-
Dividend paid	-	-	(59,300)	(59,300)
Shareholders' equity at end of period	2	258,407	537,131	795,540

Period from 28 April 2015 to 31 December 2015	Called up share capital £'000's	Share Premium £'000's	Retained reserves £'000's	Total equity £'000's
Shareholders' equity at beginning of period	-	-	-	-
Profit for the period	-	-	25,583	25,583
Ordinary Shares issued	2	704,263	-	704,265
Share premium reduction	-	(500,000)	500,000	-
Dividend paid	-	-	(17,500)	(17,500)
Shareholders' equity at end of period	2	204,263	508,083	712,348

Cash flow statement

For the year ended 31 December 2016

	Notes	Year ended 31 December 2016 £'000's	Period from 28 April 2015 to 31 December 2015 £'000's
Net cash flows from operating activities	12	59,509	17,569
Cash flows from investing activities			
Purchases of investments	9	(77,667)	(246,000)
Net cash used in investing activities		(77,667)	(246,000)
Cash flows from financing activities			
Cash proceeds from issue of share capital during period		54,144	246,000
Cash from the issue of loan notes		23,356	-
Dividends paid to shareholders		(59,300)	(17,500)
Net cash flows from financing activities		18,200	228,500
Net increase in cash and cash equivalents		43	69
Cash and cash equivalents at beginning of period		69	-
Cash and cash equivalents at end of period		112	69

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 5. 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 2(c).

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 £10m as part of its revolving acquisition facility (currently sized at £150m 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 36 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 period. 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

In the application of the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Audited Financial Statements (continued)

Investments at fair value through profit or loss

The investments at fair value through profit or loss are valued by discounting future cash flows from investments in both equity (dividends and equity redemptions) and subordinated loans (interest and repayments) to the Company at an appropriate discount 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 weighted average discount rate applied in the 31 December 2016 valuation was 8.4%. 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. Other material impacts on the measurement of fair value are the forward looking power price curve and energy yields. The sensitivities of the valuation inputs are discussed in detail in TRIG Ltd's financial statements, which are available from their website www.trig-ltd.com.

The Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation.

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 2016 £'000's	31 December 2015 £'000s
Financial assets		
Designated at fair value through profit or loss:		
Investments	818,672	712,284
Financial assets at fair value	818,672	712,284
At fair value:		
Cash and cash equivalents	112	69
Debtors	300	-
Financial assets at fair value	112	69
Financial liabilities		
At amortised cost:		
Other payables	188	5
Parent company loan	23,356	-
Financial liabilities at amortised cost	23,544	5

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 2016			Total £'000s
	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	
Investments at fair value through profit or loss	-	-	818,672	818,672
	-	-	818,672	818,672

	As at 31 December 2015			Total £'000s
	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	
Investments at fair value through profit or loss	-	-	712,284	712,284
	-	-	712,284	712,284

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 2016 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 2016	31 December 2015
UK inflation rates	2.75%	2.75%
Ireland and France inflation rates	2.00%	2.00%
UK, Ireland and France deposit interest rates	1.00% to 31 March 2021, 2.00% thereafter	1.00% to 31 March 2019, 2.50% thereafter
UK corporation tax rate	20.00%, reducing to 19.00% from 1 April 2017 and then to 17.00% from 1 April 2020	20.00%, reducing to 19.00% from 1 April 2017 and then to 18.00% from 1 April 2020
France corporation tax rate	33.3% + 1.1% above €763,000 threshold	33.3% + 1.1% above €763,000 threshold
Ireland corporation tax rate	12.5% active rate, 25% passive rate	12.5% active rate, 25% passive rate
Euro/Sterling exchange rate	1.1709	1.3569

5. Total operating income

	Year ended 31 December 2016	Period from 28 April 2015 to 31 December 2015
		Total £'000s
Investment income	24,435	12,007
Dividend income	1,959	5,341
Gains on investments	61,794	8,226
	88,188	25,574

6. Administrative expenses

	Year ended 31 December 2016	Period from 28 April 2015 to 31 December 2015
	Total £'000's	Total £'000s
Fees payable to the Company's auditor, Deloitte LLP, for the audit of the Company's financial statements	5	5
Other administrative costs	36	-
	41	5

The Company had no employees during the current period.

Notes to the Audited Financial Statements (continued)

7. Finance income

	Year ended 31 December 2016 Total £'000's	Period from 28 April 2015 to 31 December 2015 Total £'000s
Interest on bank deposits	8	14
Foreign exchange gain	193	-
	201	14

8. Income tax

	Year ended 31 December 2016 Total £'000's	Period from 28 April 2015 to 31 December 2015 Total £'000s
Corporation tax	-	-

The standard rate of tax applied to reported profit before tax on continuing operations is 20.0%. The applicable tax rate has changed following the substantive enactment of the Finance Act 2013.

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

	Year ended 31 December 2016 Total £'000's	Period from 28 April 2015 to 31 December 2015 Total £'000s
Profit before tax on continuing operations	88,348	25,583
Tax at the UK corporation tax rate of 20.0% (2014: 20.25%)	17,670	5,181
Tax effect of interest deductible in determining taxable profit	(5,998)	-
Tax effect of income not taxable in determining taxable profit	(11,678)	(5,181)
Tax expense for the period	-	-

Notes to the Audited Financial Statements (continued)

9. Investments at fair value through profit or loss

	31 December 2016	31 December 2015
	£'000's	£'000s
Brought forward	712,284	-
Investments in the period	77,667	246,000
Investments transferred from parent undertaking	-	458,265
Distributions received	(59,467)	(17,555)
Interest income	24,435	12,007
Dividend income	1,959	5,341
Gains on valuation	61,794	8,226
Carrying amount at period end	818,672	712,284

This is represented by:		
Less than one year	-	-
Greater than one year	818,672	712,284
Carrying amount at period end	818,672	712,284

The gains on revaluation of investments are unrealised.

The Investment Manager has carried out fair market valuations of the investments as at 31 December 2016. The Directors have satisfied themselves as to the methodology used, the discount rates applied, and the valuation.

Details of the Company's investments at 31 December 2015/ 2016 are as follows:

Name	Registered Office	31 December 2016		31 December 2015	
		Country	Country	Country	Ownership interest
Wind farms					
Roos Energy Limited	2	UK	100%	UK	100%
Grange Renewable Energy Limited	2	UK	100%	UK	100%
Hill of Towie Limited	2	UK	100%	UK	100%
Green Hill Energy Limited	2	UK	100%	UK	100%
Forss Wind Farm Limited	2	UK	100%	UK	100%
Altahullion Wind Farm Limited	2	UK	100%	UK	100%
Lendrum's Bridge Wind Farm Limited	2	UK	100%	UK	100%
Lough Hill Wind Farm Limited	2	UK	100%	UK	100%
MHB Wind Farms Limited	7	Republic of Ireland	100%	Republic of Ireland	100%
CEPE de Haut Languedoc SARL	3	France	100%	France	100%
CEPE du Haut Cabardes SARL	3	France	100%	France	100%
CEPE de Cuxac SARL	3	France	100%	France	100%
CEPE des Claves SARL	3	France	100%	France	100%
MC Power Limited	2	UK	100%	UK	100%
Tallentire Energy Limited	2	UK	100%	UK	100%
Earlseat Windfarm Limited	2	UK	100%	UK	100%
Taurbeg Limited	7	Republic of Ireland	100%	Republic of Ireland	100%
Crystal Rig Windfarm Limited*	4	UK	49%	UK	49%
Roths Wind Limited*	4	UK	49%	UK	49%
Paul's Hill Wind Limited*	4	UK	49%	UK	49%
Crystal Rig II Limited*	4	UK	49%	UK	49%

Notes to the Audited Financial Statements (continued)

Roths II Limited*	4	UK	49%	UK	49%
Mid Hill Wind Limited*	4	UK	49%	UK	49%
Freasdail Energy Limited	2	UK	100%	-	-
Solar parks					
CEPE de Puits Castan SARL	3	France	100%	France	100%
Churchtown Farm Solar Limited	5	UK	100%	UK	100%
East Langford Solar Limited	5	UK	100%	UK	100%
Manor Farm Solar Limited	5	UK	100%	UK	100%
Sunsave 12 (Derriton Fields) Limited	2	UK	100%	UK	100%
Sunsave 25 (Wix Lodge) Limited	2	UK	100%	UK	100%
Parley Court Solar Park Limited	2	UK	100%	UK	100%
Egmere Airfield Solar Park Limited	2	UK	100%	UK	100%
Penare Farm Solar Park Limited	2	UK	100%	UK	100%
BKS Energy Limited	2	UK	100%	UK	100%
Hazel Renewables Limited	2	UK	100%	UK	100%
Kenwyn Solar Limited	2	UK	100%	UK	100%
FPV Broussan	8	France	48.9%	-	-
FPV Chateau	8	France	48.9%	-	-
FPV du Plateau	8	France	48.9%	-	-
SECP Borgo	8	France	48.9%	-	-
SECP Olmo 2	8	France	48.9%	-	-
FPV Pascialone	8	France	48.9%	-	-
FPV Santa Lucia	8	France	48.9%	-	-
FPV Agrinerie	8	France	48.9%	-	-
FPV d'Export	8	France	48.9%	-	-
Agrisol 1A Services	8	France	48.9%	-	-
SECP Chemin Canal	8	France	48.9%	-	-
FPV Ligne des Quatre Cents	8	France	48.9%	-	-
FPV Ligne des Bambous	8	France	48.9%	-	-
Heliade Bellevue	8	France	24.9%	-	-
SECP Creuilly	8	France	48.9%	-	-
FPV du Midi	8	France	51.0%	-	-
Holding companies					
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 Tulip Assets SAS	8	France	48.9%	France	48.9%
The Renewables Infrastructure Group (France) SAS	1	France	100%	France	100%
European Investments (SCEL) Limited	2	UK	100%	UK	100%
European Investments (Cornwall) Limited	2	UK	100%	UK	100%
European Investments Solar Holdings Limited	2	UK	100%	UK	100%
European Investments Solar Holdings 2 Limited	2	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%

* Denotes the "Fred. Olsen portfolio"

Notes to the Audited Financial Statements (continued)

The investments in subsidiaries are all stated at fair value. The principal activity of the companies under the heading 'Wind farms' during the period was the operation of wind farms to generate electricity. The principal activity of the companies under the heading 'Solar parks' during the period was the operation of solar parks to generate electricity. The principal activity of the companies under the heading 'Holding companies' during the period 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, WD4 8LR, UK
3	330 Rue Du Mourelet, Zi de Courtine, 84000, Avignon, France
4	2 nd 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 th Floor 2 Grand Canal Square, Dublin 2, 662881, Ireland
8	140 Avenue des Champs Elysees, 75008, Paris, France

10. Creditors: Amounts due after one year

	31 December 2016	31 December 2015
	Total	Total
	£'000's	£'000s
Amounts owed to parent company	23,356	-
	23,356	-

The amounts owed to parent company represent a long term loan provided by the Company's ultimate parent. The loan accrues interest at LIBOR plus 5%.

11. Called up share capital

	31 December 2016	31 December 2015
Authorised:		
Ordinary shares of £1 each	1,971	1,701
Authorised at 31 December	1,971	1,701
Issued and fully paid:		
Ordinary shares of £1 each	1,971	1,701
Issued and fully paid at 31 December	1,971	1,701

The Company issued 270 (2015 1,701) £1 ordinary shares at premium in order to finance the purchase of investments.

The share premium reserve contains the premium arising on issue of equity shares.

Notes to the Audited Financial Statements (continued)

12. Retained reserves

	31 December 2016	31 December 2015
	£'000's	£'000s
Balance at the beginning of the period	508,083	-
Net profit for the period	88,348	25,583
Share premium reduction	-	500,000
Dividends paid	(59,300)	(17,500)
Balance at the end of the period	537,131	508,083

13. Cash flow statement

	31 December 2016	31 December 2015
	£'000's	£'000's
Operating profit	88,147	25,569
Adjustments for:		
Interest income	(24,435)	(12,007)
Dividend income	(1,959)	(5,341)
Gains on investments	(61,794)	(8,226)
Interest received on deposits	8	14
Operating cash flow before movement in working capital	(33)	9
Changes in working capital:		
Increase in debtors	(108)	-
Increase in creditors	183	5
Cash flow from operations	42	14
Cash received from investments	59,467	17,555
Cash generated by operations	59,509	17,569

14. Financial commitments

As at 31 December 2016, the Company has provided £18.3m in guarantees to the projects in the TRIG portfolio.

15. Contingent consideration

The Company has performance-related contingent consideration obligations of up to £10.2m (2015: £13.9m) relating to acquisitions completed prior to 31 December 2016. These payments depend on the performance of certain wind farms and solar parks and other contracted enhancements. The payments, if triggered, would be due before 2019. 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 value. The arrangements are generally two way in that if performance is below base case levels some refund of consideration may become due.

Notes to the Audited Financial Statements (continued)

16. Events after the balance sheet date

On 23 February 2017 the company made an Energy Yield True Up payment for Meikle Carewe and Tallentire, of £2.4m, as a result of the energy yield being above the agreed output as per the SPA.

On 2nd March 2017 the company through its direct subsidiary European Investments Solar Holdings Limited increased its ownership in Marvel Farms by £1.125m to allow the SPV to purchase the land associated with the project.

On 27 April 2017 the company purchased Neilston Wind Farm for £22.6m, being a wind farm in Wales. This was purchased via EWIG (new co).

17. Related party and key advisor transactions

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

18. Controlling party

In the opinion of the Directors, the Company's ultimate and immediate 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-ltd.com.