TRIG
The Renewables
Infrastructure Group

Annual Report and Audited Financial Statements

For the year ended to 31 December 2017

The Renewables Infrastructure Group (UK) Investments Limited

Registered number: 09564873

Contents

Strategic Report

The Directors present their Strategic Report for the year ended 31 December 2017, 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, it's 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 2017. 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 £66.1m (2016 £88.3m), based on Total Operating Income of £104.2m (2016 £88.2m) for the period ended 31 December 2017. Cash received from the portfolio by way of distributions, including interest and capital repayments, was £72.2m (2016 £59.5m).

At 31 December 2017, the Company had 57 projects in its investment portfolio, which are all measured at fair value in accordance with FRS 102 section 9.9. As at 31 December 2017, the fair value of the Company's investments was £1,081.2m (2016 £818.7m).

A reduction in power price forecasts during 2017 reduced the valuation of the portfolio by £56.1m however overall the portfolio valuation increased by £76.1m as the power price reduction was offset by other factors. The loss on investments was caused due to a reduction in the Net Assets of the Company's direct subsidiary, The Renewables Infrastructure Group (UK) Investments Limited as a result of a Eurobond Novation; this was offset by a dividend declared from the subsidiary. 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.

Following consideration of reserves, and after passing the relevant board resolutions, the directors elected to transfer the share premium account to reserves during the year.

The Company's cash as at 31 December 2017 was £0.1m (2016 £0.1m).

Combined share capital and share premium of £8.5m (2016 £258.4m) 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 £1,081.2m (2016: 818.7m), a 32.1% increase from prior year.
- Profit before tax of £66.1m (2016: 88.3m), reflecting an uplift in portfolio valuation.
- Power generation – Power generation varies with weather patterns amongst other factors. For the period ended 31 December 2017, against the "P50" central estimate for energy production, power generation was up by 2.5%.
- 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 2017.

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.

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

W R Crawford
Director
27 April 2018

Directors' Report

The Directors present their Annual Report and audited financial statements for the period ended 31 December 2017.

Incorporation
The Company was incorporated in England and Wales on 28 April 2016 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 (2016 £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 2017 and at the date of this report were:

C Gill
A Roper
J Entract
W R Crawford
P R P George *(Appointed 23 July 2017)*

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.

Subsequent Events
Details on events after the balance sheet date are discussed in note 16 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.

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

W R Crawford
Director
27 April 2018

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.

Auditor's Report

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2017 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 of The Renewables Infrastructure Group (UK) Investments Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in shareholder's 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 FRC's Ethical Standard, 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.

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.

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. 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.

We have nothing to report in respect of these matters.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

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 directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Anthony Matthews

Anthony Matthews FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
27 ***April 2018***

Profit and loss account

For the year to 31 December 2017

	Note	Year ended 31 December 2017 £'000's	Period from 28 April 2016 to 31 December 2016 £'000's
Investment income	5	28,299	24,435
Dividend income	5	-	1,959
Gains on investments	5	76,099	61,794
Total operating income	**5**	**104,398**	**88,188**
Administrative expenses	6	(236)	(41)
Operating profit for the period		**104,162**	**88,147**
Finance expenses	7	(38,020)	201
Profit before tax		**66,143**	**88,348**
Income tax credit/(expense)	8	-	-
Profit and Total Comprehensive Income for the period	**8, 11**	**66,143**	**88,348**

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 2017

	Note	As at 31 December 2017 £'000's	As at 31 December 2016 £'000's
Non-current assets			
Investments at fair value through profit or loss	9	1,081,180	818,672
Total non-current assets		1,081,180	818,672
Current assets			
Cash at bank and in hand		84	112
Debtors	10	628	300
Total current assets		712	412
Creditors: Amounts falling due within one year		(264)	(188)
Net current assets		449	224
Total assets less current liabilities		1,081,180	818,896
Creditors: Amounts due after one year	11	(721,889)	(23,356)
Net assets		359,740	795,540
Equity			
Called up share capital	12	2	2
Share premium	12	8,407	258,407
Retained reserves	13	351,331	537,131
Shareholders' funds		359,740	795,540

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 27 April 2018, 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 2017

For the year ended 31 December 2017	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	258,407	537,131	795,540
Profit for the period	-	-	66,143	66,143
Ordinary Shares issued	-	-	-	-
Share premium reduction	-	(250,000)	250,000	-
Dividend paid	-	-	(501,942)	(501,942)
Shareholders' equity at end of period	2	8,407	351,331	359,942

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

Cash flow statement

For the year ended 31 December 2017

	Notes	Year ended 31 December 2017 £'000's	Year ended 31 December 2017 £'000's
Net cash flows from operating activities	12	71,652	59,509
Cash flows from investing activities			
Purchases of investments	9	(230,126)	(77,667)
Net cash used in investing activities		(230,126)	(77,667)
Cash flows from financing activities			
Cash proceeds from issue of share capital during period		-	54,144
Cash from the issue of loan notes		116,000	23,356
Dividends paid to shareholders		(7,100)	(59,300)
Amounts paid on loan notes		(55,346)	-
Other finance costs		(1,473)	-
Movement in foreign exchange		(35)	-
Drawdown of senior debt		106,400	-
Net cash flows from financing activities		158,446	18,200
Net increase in cash and cash equivalents		(28)	43
Cash and cash equivalents at beginning of period		112	69
Cash and cash equivalents at end of period		84	112

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 21.

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 £240m 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 and key sources of estimation uncertainty

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. We have not identified any areas of critical accounting judgements. The key sources of estimation uncertainty are outlined below.

Key source of estimation uncertainty: 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 2017 valuation was 8.0% (2016: 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.

The Directors consider that the carrying value of financial assets and financial liabilities recorded at amortised cost in the financial statements 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.

Classification of financial instruments

	31 December 2017 £'000's	31 December 2016 £'000s
Financial assets		
Designated at fair value through profit or loss:		
Investments	1,081,180	818,672
Cash and cash equivalents	84	112
Debtors	628	300
Financial assets at fair value	1,081,892	819,084
Financial liabilities		
At amortised cost:		
Other payables	204	188
Parent company loan	721,889	23,356
Financial liabilities at amortised cost	722,093	23,544

Notes to the Audited Financial Statements (continued)

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

	As at 31 December 2016			
	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s
Investments at fair value through profit or loss	-	-	818,672	818,672
	-	-	818,672	818,672

Level 3

Valuation methodology

The Investment Manager has carried out a fair market valuation of the investments as at 31 December 2017 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 significant unobservable inputs were used in the discounted cash flow valuations at:

	31 December 2017	31 December 2016
UK inflation rates (other than ROC's)	2.75%	2.75%
Inflation applied to UK ROC income	3.4% 2018, 2.9% 2019, 2.75% thereafter	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 2021, 2.00% thereafter
UK corporation tax rate	19.00%, reducing to 17% from 1 April 2020	20.00%, reducing to 19% from 1 April 2017 and then 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
Ireland corporation tax rate	12.5% active rate, 25% passive rate	12.5% active rate, 25% passive rate
Euro/sterling exchange rate	1.1252	1.1709

Notes to the Audited Financial Statements (continued)

5. Total operating income

	Year ended 31 December 2017	Period from 28 April 2016 to 31 December 2016 Total £'000s
Investment income	28,299	24,435
Dividend income	-	1,959
Gains on investments	76,099	61,794
	104,398	88,188

6. Administrative expenses

	Year ended 31 December 2017 Total £'000's	Period from 28 April 2016 to 31 December 2016 Total £'000s
Fees payable to the Company's auditor, Deloitte LLP, for the audit of the Company's financial statements	4	5
Other administrative expenses	232	36
	236	41

The Company had no employees during the current period.

7. Finance expense

	Year ended 31 December 2017 Total £'000's	Period from 28 April 2016 to 31 December 2016 Total £'000s
Interest payable	35,808	-
Interest on bank deposits	-	8
Foreign exchange loss	2,212	193
	38,020	201

Notes to the Audited Financial Statements (continued)

8. **Income tax**

	Year ended 31 December 2017 Total £'000's	Period from 28 April 2016 to 31 December 2016 Total £'000s
Corporation tax	-	-
Total tax on profits	-	-

The standard rate of tax applied to reported profit before tax on continuing operations is 19.25% (2016: 20.0%). The applicable tax rate has changed following the substantive enactment of the Finance Act 2016.

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 2017 Total £'000's	Period from 28 April 2016 to 31 December 2016 Total £'000s
Profit before tax on continuing operations	66,143	88,348
Tax at the UK corporation tax rate of 20.0% (2014: 20.25%)	12,733	17,670
Tax effect of interest deductible in determining taxable profit	(7,319)	(5,998)
Tax effect of income not taxable in determining taxable profit	(5,414)	(11,678)
Tax expense for the period	-	-

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

	31 December 2017 £'000's	31 December 2016 £'000s
Brought forward	818,672	712,284
Investments in the period	229,949	77,667
Distributions received	(71,839)	(59,467)
Interest income	28,299	24,435
Dividend income	-	1,959
Gains on valuation	76,099	61,794
Carrying amount at period end	1,081,180	818,672
This is represented by:		
Less than one year	-	-
Greater than one year	1,081,180	818,672
Carrying amount at period end	1,081,180	818,672

The gains on revaluation of investments are unrealised.

The Investment Manager has carried out fair market valuations of the investments as at 31 December 2017. 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 considered experts in this process.

Notes to the Audited Financial Statements (continued)

Details of the Company's investments at 31 December 2016/ 2017 are as follows:

Name	Registered Office	31 December 2017 Country	Country	31 December 2016 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%
Rothes 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%
Rothes II Limited*	4	UK	49%	UK	49%
Mid Hill Wind Limited*	4	UK	49%	UK	49%
Freasdail Energy Limited	2	UK	100%	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	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%
Heliade Bellevue	3	France	48.9%	France	24.9%
SECP Creully	3	France	48.9%	France	48.9%
FPV du Midi	3	France	51.0%	France	51.0%
Neilston Community Wind Farm LLP	2	UK	100%	-	-
Garreg Lwyd Energy Limited	2	UK	100%	-	-
UK Energy Storage Services Limited	2	UK	100%	-	-
Scira Offshore Energy Limited	8	UK	14.7%	-	-
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 Photovoltaique SAS	8	France	100%	France	100%
Akuo Tulip Assets SAS	8	France	48.9%	France	48.9%
The Renewables Infrastructure Group (France) SAS	3	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%
Offshore Wind Investments Group Limited	2	UK	100%	UK	100%
European Storage Investments Group Limited	2	UK	100%	UK	100%
European Wind Investments Group Limited	2	UK	100%	UK	100%

* Denotes the "Fred. Olsen portfolio"

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	*2nd 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	*6th Floor 2 Grand Canal Square, Dubin 2, 662881, Ireland*
8	*140 Avenue des Champs Elysees, 75008, Paris, France*

Notes to the Audited Financial Statements (continued)

10. Debtors

	31 December 2017 £'000s	31 December 2016 £'000s
Other debtors	469	300
Debt arrangement costs*	159	-
	628	300

* These are capitalised debt arrangement fees which relate to the Company's revolving acquisition facility. Debt arrangements costs of £159k (2016: £nil) are netted off debt drawn of £106.4m (2016: £nil).

11. Creditors: Amounts due after one year

	31 December 2017 Total £'000's	31 December 2016 Total £'000s
Outstanding loan facility	106,241	-
Amounts owed to parent company	615,489	23,356
	721,729	23,356

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 + 2.05% and a commitment fee of 0.8% on any undrawn amounts on the facility. At the year end the facility amounted to £150m, this was extended to £240m after the balance sheet date and is secured against equity in the company. The debt expires on 30 September 2019.

12. Called up share capital

	31 December 2017 £'000's	31 December 2016 £'000s
Authorised:		
Ordinary shares of £1 each	2,001	1,971
Authorised at 31 December	2,001	1,971
Issued and fully paid:		
Ordinary shares of £1 each	2,001	1,971
Issued and fully paid at 31 December	2,001	1,971

The Company issued 30 (2016: 270) £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.

13. Retained reserves

	31 December 2017 £'000's	31 December 2016 £'000s
Balance at the beginning of the period	537,131	508,083
Net profit for the period	66,143	88,348
Share premium reduction	250,000	-
Dividends paid	(501,942)	(59,300)
Balance at the end of the period	351,331	537,131

Notes to the Audited Financial Statements (continued)

14. Cash flow statement

	31 December 2017	31 December 2016
	£'000's	£'000's
Operating profit	104,162	88,147
Adjustments for:		
Interest income	(28,299)	(24,435)
Dividend income	-	(1,959)
Gains on investments	(76,099)	(61,794)
Interest received on deposits	-	8
Operating cash flow before movement in working capital	(236)	(33)
Changes in working capital:		
Increase in debtors	(328)	(108)
Increase in creditors	23	183
Cash flow from operations	(541)	42
Cash received from investments	72,193	59,467
Cash generated by operations	71,652	59,509

15. Financial commitments

As at 31 December 2017, the Company has provided £20.5m (2016: £18.3m) in guarantees to the projects in the TRIG portfolio.

16. Contingent consideration

The Company has performance-related contingent consideration obligations of up to £4.4m (2016: £10.2m) relating to acquisitions completed prior to 31 December 2017. 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.

17. Events after the balance sheet date

On 16 January 2018 the revolving credit facility was extended to enable TRIG UK and TRIG UK I to borrow amounts up to a value of £240 million.

Notes to the Audited Financial Statements (continued)

On 16 January 2018 TRIG purchased Clahane Wind Farm, an Irish wind farm from private developers for total consideration of €72 million including an element of deferred consideration for the construction of a further six turbines due to become operational in the third quarter of 2018.

There are no other events after the balance sheet date, which are required to be disclosed.

18. Related party and key advisor transactions

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

19. 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-ltd.com.