GREENCOAT UK WIND

Greencoat UK Wind PLC

Annual Report

For the year ended 31 December 2016

Contents

Company Information

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Registered Office
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Registered Auditor
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All capitalised terms are defined in the list of defined terms on pages 71 and 72 unless separately defined.

Summary

Greencoat UK Wind PLC is the leading listed renewable infrastructure fund, invested in operating UK wind farms. The Company's aim is to provide investors with an annual dividend that increases in line with RPI inflation while preserving the capital value of its investment portfolio in the long term on a real basis through reinvestment of excess cash flow and the prudent use of portfolio leverage.

Highlights

- The Group's investments generated 978.1GWh of electricity, 6 per cent. below budget owing to low wind resource.
- Net cash generation (Group and wind farm SPVs) was £49.0 million.
- Acquisition of an interest in Clyde and the acquisition of Screggagh increased the portfolio to nineteen wind farm investments, net generating capacity to 420MW and GAV to £900.1 million as at 31 December 2016.
- Issuance of further shares raising £100 million in May 2016 and £147 million in November 2016.
- The Company has declared total dividends of 6.34 pence per share with respect to the year and is targeting a dividend of 6.49 pence per share for 2017 (increased in line with December 2016 RPI).
- NAV growth of 4.1 pence per share (adjusting for dividends).
- £100 million outstanding borrowings at 31 December 2016, equivalent to 11 per cent. of GAV.

Key Metrics

	As at 31 December 2016	As at 31 December 2015
Market capitalisation	£880.4 million	£546.7 million
Share price	119.5 pence	107.9 pence
Dividends with respect to the year	£38.8 million	£29.6 million
Dividends with respect to the year per share	6.34 pence	6.26 pence
GAV	£900.1 million	£664.8 million
NAV	£800.1 million	£529.8 million
NAV per share	108.6 pence	104.5 pence
NAV growth per share (adjusting for dividends)	4.1 pence	0.5 pence
Total return (NAV)	10.1 per cent.	6.6 per cent.
TSR	17.4 per cent.	4.4 per cent.

Defining Characteristics

Greencoat UK Wind PLC was designed for investors from first principles to be simple, transparent and low risk.

- The Group is invested solely in operating UK wind farms.
- Wind is the most mature and largest scale renewable technology.
- The UK has a long established regulatory regime, high wind resource and £60 billion of wind farms in operation in the short to medium term.
- The Group is wholly independent and thus avoids conflicts of interests in its investment decisions.
- The UK-based, independent Board is actively involved in key investment decisions and in monitoring the efficient operation of the assets, and works in conjunction with the most experienced investment management team in the sector.
- The Group only invests in wind farms that have an appropriate operational track record (or price adjustment mechanism as disclosed in note 14 to the financial statements).
- Low leverage (including no asset level leverage) is important to ensure a high level of cash flow stability and higher tolerance to downside sensitivities.
- The Group invests in sterling assets and thus does not incur material currency risk.

Chairman's Statement

I am pleased to present the Annual Report of Greencoat UK Wind PLC for the year ended 31 December 2016.

Performance

During the year, portfolio power generation was 6 per cent. below budget at 978.1GWh owing to average wind speed across the UK being 6 per cent. below the long term mean. In the first three quarters of the year we also saw lower power prices before prices increased in the fourth quarter. Despite this, net cash generated by the Group and wind farm SPVs was £49.0 million and dividend cover was 1.4x, showing the resilience of the business model.

The Group's current average production provides enough electricity to power 375,000 homes.

Dividends and Returns

The Company's aim is to provide investors with an attractive and sustainable dividend that increases in line with RPI inflation while preserving capital on a real basis. The Company declared dividends of 6.34 pence per share with respect to the year and paid dividends of £35.1 million during the year.

In addition, NAV per share increased from 102.9 pence (ex dividend) on 31 December 2015 to 107.0 pence (ex dividend) on 31 December 2016, an increase in NAV per share of 4.1 pence (4 per cent.), while RPI increased by 2.5 per cent. over the year. Since listing, NAV per share has grown by 9.2 per cent. while RPI growth has been 7.4 per cent..

The Total Shareholder Return for the year was 17.4 per cent. and since listing has been 46.1 per cent..

Gearing

The Group's policy is to have no gearing at the individual asset level and to keep overall Group level borrowings at a prudent level (the maximum is 40 per cent. of GAV) to reduce risk while ensuring that the Group is at least fully invested thus always using capital efficiently. Over the medium term, we would expect gearing to be between 20 per cent. and 30 per cent. and during most of 2016, gearing was within this range. During the year, the Group's longer term fixed rate borrowings were increased from £75 million to £100 million. As a result of November's equity raise, the Group's revolving credit facility was fully repaid and therefore as at 31 December 2016, the Group's borrowings were £100 million, equivalent to 11 per cent. of GAV.

Acquisitions and Equity Raising

During the year, the Group made two additional high quality acquisitions, increasing our net generating capacity to 420MW. In March, the Group acquired a

28.2 per cent. stake in the 350MW Clyde wind farm, one of the largest windfarms in the UK. Clyde is the fourth wind farm to be acquired from SSE and maintains a longstanding relationship between both companies. The acquisition also brought in the Greater Manchester Pension Fund and the London Pensions Fund Authority as co-investment partners. In June, the Group acquired Screggagh, a 20MW wind farm in Northern Ireland. The mix of acquisitions demonstrates the Group's ability to source and execute transactions across the market – but only when we consider the terms to be advantageous to our shareholders.

In May, the Company raised gross proceeds of £100 million through the placing of 95.2 million new shares at an issue price of 105 pence per share. In November, the Company raised gross proceeds of £147 million through the over-subscribed placing of 133.6 million new shares at an issue price of 110 pence per share. Only shares sufficient to repay the revolving credit facility were issued as the Company did not consider holding significant cash on its balance sheet to be in the interest of shareholders.

The Board was delighted with both placings, the first and second tranches of the 300 million new share programme, and is grateful for the support received from existing shareholders as well as being pleased to welcome a number of new shareholders. Having entered the FTSE 250 index in September, and now with a market capitalisation of £880 million, the Company has seen an increase in liquidity in its shares as well as the benefits of economies of scale.

Outlook

Wind continues to remain the most mature and widely deployed renewable technology available in the UK and the Company is in a good position to benefit as electricity production from wind becomes an increasingly important part of the UK's generation mix.

Chairman's Statement continued

Outlook continued

The Company does not expect any material change to its business as a result of the UK exiting the European Union. Being solely UK focused and deliberately low-risk, all of the Group's assets and liabilities are inside the UK and sterling denominated. In addition, the regulatory regime under which the assets operate is robust, longstanding and rooted in UK legislation.

At the end of June, the Government approved the Fifth Carbon Budget under the 2008 Climate Change Act, legislating for a 57 per cent. reduction in carbon emissions (relative to 1990) by 2032. The Fifth Carbon Budget lies on the pathway to 80 per cent. emission reductions by 2050, which is more onerous than EU legislation.

Owing to significant sterling devaluation since the EU referendum vote, the price of gas has increased in sterling terms and this has fed into higher current and forecast future power prices. In addition, global oil and gas prices have strengthened throughout the year.

Since the EU referendum vote, inflation has also increased. As the vast majority of our cashflows are either directly or indirectly linked to RPI inflation, this is likely to have a positive effect on future cash generation.

The Company continues to look at acquiring operating UK wind farms (both onshore and offshore) from a market that is expected to reach £60 billion over the next few years, providing extensive and very encouraging opportunities for further value creating investment.

Given the strength and stability of cash generation from our investments, we can confidently target total dividends of 6.49 pence per share with respect to 2017 (increased in line with December 2016 RPI).

Governance

The Company undertook a Board review during the year, with the external assistance of Independent Audit Limited, and a number of minor governance changes have been made.

Annual General Meeting

The 2017 AGM will take place on 26 April 2017 at 2.30pm at the offices of the Investment Manager. Details of the formal business of the meeting are set out in a separate circular which is being sent to shareholders with the Annual Report. We look forward to meeting shareholders on that occasion.

Tim Ingram
Chairman

22 February 2017

Clyde

Strategic Report

Introduction

The Directors present their Strategic Report for the year ended 31 December 2016. Details of the Directors who held office during the year and as at the date of this report are given on pages 20 to 22.

Investment Objective

The Company's aim is to provide investors with an annual dividend that increases in line with RPI inflation while preserving the capital value of its investment portfolio in the long term on a real basis through reinvestment of excess cash flow and the prudent use of portfolio gearing. The target return to investors is an IRR net of fees and expenses of 8 per cent. to 9 per cent.. The 2016 dividend of 6.34 pence per annum is targeted to increase in line with December 2016 RPI to 6.49 pence for 2017. Progress on the objectives is measured by reference to the key metrics on page 2.

Investment Policy

The Group invests in unlevered operating UK wind farms predominantly with a capacity of over 10MW, which sell the power produced and associated green benefits to creditworthy UK offtakers under route-to-market power purchase agreements.

The Group is structured by design to be a utility friendly buyer and co-investor in utility owned wind farms since utilities are the owners of the majority of UK operating wind farms. The Group is wholly independent and is not tied to any particular utility or developer.

As the Group has no borrowings at the asset level, and only limited borrowing at the Group level, the annual dividend is sufficiently protected against lower power prices. At the same time, it has the ability to benefit from higher power prices as the Group is not required to be locked into long term fixed price contracts.

The Group has used debt facilities to make additional investments in the year. This has enhanced the Group's attractiveness to sellers since execution risk is greatly diminished, with the Group effectively being a cash buyer. The Group will continue to use debt facilities to make further investments.

The Group will look to repay its drawn debt facilities by refinancing them in the equity markets at appropriate times in order to refresh its debt capacity. While debt facilities are drawn, the Group benefits from an increase in investor returns because borrowing costs are below the underlying return on investments.

In contrast to the PFI infrastructure sector (smaller in terms of total equity invested and occupied by larger funds), where links to developers may be beneficial in sourcing new acquisitions, independence is of key importance for the Company to continue to make acquisitions at the best possible price. The Investment Manager's relationships across the sector are also important.

The Group invests in both onshore and offshore wind farms with the amount invested in offshore wind farms being capped at 40 per cent. of GAV at acquisition.

The Group believes that there is a significant market in which it can continue to grow over the next few years.

Structure

The Company is a UK registered investment company with a premium listing on the London Stock Exchange. The Group comprises the Company and Holdco.

Holdco invests in SPVs which hold the underlying wind farm assets. The Group employs Greencoat Capital LLP as its Investment Manager.

Discount Control

The Articles of Association require there to be a continuation vote by shareholders if the share price were to trade at an average discount to NAV of 10 per cent. or more over a 12 month period. Notwithstanding this, it is the intention of the Board for the Company to buy back its own shares in the market if the share price is trading at a material discount to NAV, providing of course that it is in the interests of shareholders to do so.

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Strategic Report continued

Review of Business and Future Outlook

A detailed discussion of the individual project performance and a review of the business in the year together with future outlook are covered in the Investment Manager's Report on pages 10 to 19.

Key Performance Indicators

The Board believes that the key metrics detailed on page 2, which are typical for investment funds, together with cash generation will provide shareholders with sufficient information to assess how effectively the Group is meeting its objectives.

Ongoing Charges

The ongoing charges ratio of the Company is 1.33 per cent. of the weighted average NAV for the year to 31 December 2016. This is made up as follows and has been calculated using the AIC recommended methodology.

	31 December 2016	31 December 2015
Total management fee	**1.16%**	1.20%
Directors' fees	**0.04%**	0.04%
Ongoing expenses	**0.13%**	0.17%
Total	**1.33%**	1.41%

Based on the 31 December 2016 NAV of £800.1 million, the ongoing total management fee is 1.12 per cent. of NAV. If stated with reference to the Adjusted Portfolio Value (in line with a number of the Company's peers) then the total management fee would be 0.84 per cent., assuming medium term gearing of 25 per cent. of GAV (current gearing 11 per cent. of GAV).

The Investment Manager is not paid any performance or acquisition fees.

Corporate and Social Responsibility

Environmental, Social and Governance

The Group invests in wind farms and the environmental benefits of renewable energy are widely known.

The Group relies on the Investment Manager to apply appropriate Environmental, Social and Governance policies to the investments the Group makes. The policies in place at the Investment Manager outline the Group's approach to responsible investing, as well as the environmental standards which it aims to meet. Responsible investing principles have been applied to each of the investments made.

These policies require the Group to make reasonable endeavours to procure the ongoing compliance of its portfolio companies with its policies on responsible investment. Further details on these policies may be found on the Company's website: www.greencoat-ukwind.com.

The Investment Manager monitors compliance at the investment phase and reports on an ongoing basis to the Board.

Employees and Officers of the Company

The Company does not have any employees and therefore employee policies are not required. The Directors of the Company are listed on page 1.

Diversity

As at the date of this report, the Board comprised four men and one woman. The Board is aware of the benefits of diversity and considers this when appointing Board Directors. The Investment Manager operates an equal opportunities policy and its partners and employees comprise fourteen men and ten women.

Principal Risks and Uncertainties

In the normal course of business, each investee company has a rigorous risk management framework with a comprehensive risk register that is reviewed and updated regularly and approved by its board. The key risks identified by the Board to the performance of the Group are detailed below.

The Board maintains a risk matrix considering the risks affecting both the Group and the investee companies. This risk matrix is updated annually to ensure that procedures are in place to identify, mitigate and minimise the impact of risks should they crystallise. This enables the Board to carry out a robust assessment of the risks facing the Group, including those principal risks that would threaten its business model, future performance, solvency or liquidity.

As it is not possible to eliminate risks completely, the purpose of the Group's risk management policies and procedures is not to eliminate risks, but to reduce them and to ensure that the Group is adequately prepared to respond to such risks and to minimise any impact if the risk develops.

The spread of assets within the portfolio ensures that the portfolio benefits from a diversified wind resource and spreads the exposure to a number of potential technical risks associated with grid connections and with local distribution and national transmission networks. In addition, the portfolio includes six different turbine manufacturers, which diversifies technology and maintenance risks. Finally, each site contains a number of individual turbines, the performance of which is largely independent of other turbines.

Strategic Report continued

Risks Affecting the Group

Investment Manager

The ability of the Group to achieve its investment objective depends heavily on the managerial experience of the management team within the Investment Manager and more generally on the Investment Manager's ability to attract and retain suitable staff. The sustained growth of the Group depends upon the ability of the Investment Manager to identify, select and execute further investments which offer the potential for satisfactory returns.

The Investment Management Agreement includes key man provisions which would require the Investment Manager to employ alternative staff with similar experience relating to investment, ownership, financing and management of wind farm projects should for any reason any key man cease to be employed by the Investment Manager. The Investment Management Agreement ensures that no investments are made following the loss of key men until suitable replacements are found and there are provisions for a reduction in the investment management fee during the loss period. It also outlines the process for their replacement with the Board's approval. The key men are also shareholders in the Company.

Financing Risk

The Group will finance further investments either by borrowing or by issuing further shares. The ability of the Group to deliver enhanced returns and consequently realise expected real NAV growth is dependent on access to debt facilities and equity capital markets. There can be no assurance that the Group will be able to borrow additional amounts or refinance on reasonable terms or that there will be a market for further shares.

Investment Returns Become Unattractive

A significantly strengthening economy may lead to higher future interest rates which could make the listed infrastructure asset class relatively less attractive to investors. In such circumstances, it is likely that there will be an increase in inflation (to which the revenues and costs of the investee companies are either indexed or significantly correlated) or an increase in power prices (due to greater consumption of power) or both. Both would increase the investment return and thus would provide a degree of mitigation against higher future interest rates. The Company has not changed its market discount rate since listing, although long term gilt rates have reduced by over one per cent..

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Strategic Report continued

Risks Affecting Investee Companies

Regulation

If a change in Government renewable energy policy were applied retrospectively to current operating projects including those in the Group's portfolio, this could adversely impact the market price for renewable energy or the value of the green benefits earned from generating renewable energy. The Government has evolved the regulatory framework for new projects being developed but has consistently stood behind the framework that supports operating projects as it understands the need to ensure investors can trust regulation. This principle of "grandfathering" was confirmed in the Energy Act 2013.

Electricity Prices

Other things being equal, a decline in the market price of electricity would reduce the portfolio companies' revenues. Approximately 40 per cent. of the Group's revenues are exposed to the floating power price.

The Group's dividend policy has been designed to withstand significant short term variability in power prices. A longer period of power price decline would materially affect the revenues of investee companies. In general, independent forecasters expect UK wholesale power prices to rise in real terms from current levels, driven by higher gas and carbon prices combined with the ongoing phasing out of coal-fired power stations.

Wind Resource

The investee companies' revenues are dependent upon wind conditions, which will vary across seasons and years within statistical parameters. The standard deviation of energy production is 10 per cent. over a 12 month period (2 per cent. over 25 years). Since long term variability is low, there is no significant diversification benefit to be gained from geographical diversification across weather systems.

The Group does not have any control over the wind resource but has no asset level gearing and has designed its dividend policy such that it can withstand significant short term variability in production relating to wind. Before investment, the Group carries out extensive due diligence and relevant historical wind data is available over a substantial period of time. The other component of wind energy generation, a wind farm's ability to turn wind into energy, is mitigated by only purchasing wind farms with a proven operating track record.

When acquiring wind farms that have only recently entered into operation, only limited operational data is available. In these instances, the acquisition agreements with the vendors of these wind farms will include a "wind energy true-up" which will apply once two years' operational data has become available. Under this true-up, the net load factor will be reforecast based on all available data and the purchase price will be adjusted, subject to de minimis thresholds and caps.

Asset Life

Wind turbines may have shorter lives than their expected life-span of 25 years. In the event that the wind turbines do not operate for the period of time assumed by the Group in its business model or require higher than expected maintenance expenditure to do so, it could have a material adverse effect on investment returns.

The Group invests in companies that own operating wind farms with an appropriate track record. The Group performs regular reviews and ensures that maintenance is performed on all wind turbines across the wind farm portfolio. Regular maintenance ensures the wind turbines are in good working order, consistent with their expected life-spans.

Health and Safety and the Environment

The physical location, operation and maintenance of wind farms may, if inappropriately assessed and managed, pose health and safety risks to those involved. Wind farm operation and maintenance may result in bodily injury or industrial accidents, particularly if an individual were to fall from height, fall or be crushed in transit from a vessel to an offshore installation or be electrocuted. If an accident were to occur in relation to one or more of the Group's investments and if the Group were deemed to be at fault, the Group could be liable for damages or compensation to the extent such loss is not covered by insurance policies. In addition, adverse publicity or reputational damage could ensue.

The Board reviews health and safety at each of its scheduled Board meetings and Martin McAdam serves as the appointed Health and Safety Director. The Group engages an independent health and safety consultant to ensure the ongoing appropriateness of its health and safety policies.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Investment Manager's Report. The Group faces a number of risks and uncertainties, as set out above. The financial risk management objectives and policies of the Group, including exposure to price risk, interest rate risk, credit risk and liquidity risk are discussed in note 18 to the financial statements.

Strategic Report continued

Going Concern continued

The Group continues to meet day-to-day liquidity needs through its cash resources.

As at 31 December 2016, the Group had net current assets of £5.3 million (2015: £7.2 million) and had cash balances of £5.9 million (2015: £7.2 million) (excluding cash balances within investee companies), which are sufficient to meet current obligations as they fall due. The major cash outflows of the Group are the payment of dividends and costs relating to the acquisition of new assets, both of which are discretionary. The Group had £100 million (2015: £135 million) of outstanding debt as at 31 December 2016. The Group is expected to continue to comply with the covenants of its banking facilities going forward.

The Directors have reviewed Group forecasts and projections which cover a period of not less than 12 months from the date of this report, taking into account foreseeable changes in investment and trading performance, which show that the Group has sufficient financial resources.

On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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Longer Term Viability

As further disclosed on page 30, the Company is a member of the AIC and complies with the AIC Code. In accordance with the AIC Code, the Directors are required to assess the prospects of the Group over a period longer than the 12 months associated with going concern. The Directors conducted this review for a period of ten years, which it deemed appropriate, given the long term nature of the Group's investments which are modelled over 25 years, coupled with its long term strategic planning horizon.

In considering the prospects of the Group, the Directors looked at the key risks facing both the Group and the investee companies, focusing on the likelihood and impact of each risk as well as any key contracts, future events or timescales that may be assigned to each key risk. The Directors also tested the Company's ability to remain viable under several robust downside scenarios.

As a sector-focused infrastructure fund, the Group aims to produce stable and inflating dividends while preserving the capital value of its investment portfolio on a real basis. The Directors believe that the Group is well placed to manage its business risks successfully over both the short and long term and accordingly, the Board has a reasonable expectation that the Group will be able to continue in operation and to meet its liabilities as they fall due for a period of at least ten years.

While the Directors have no reason to believe that the Group will not be viable over a longer period, they are conscious that it would be difficult to foresee the economic viability of any company with any degree of certainty for a period of time greater than ten years.

By order of the Board

Tim Ingram
Chairman

22 February 2017

Investment Manager's Report

The Investment Manager

The investment management team's experience covers wind farm investment, ownership, finance and operation. All the skills and experience required to manage the Group's investments lie within a single investment manager. The team is led by Stephen Lilley and Laurence Fumagalli.

Stephen has twenty years of investment management and financing experience in addition to six years in the nuclear industry. Prior to joining the Investment Manager in March 2012, Stephen led the Renewable Energy Infrastructure team at Climate Change Capital (CCC) from May 2010. Prior to that, he was a senior director of Infracapital Partners LP, M&G's European Infrastructure fund. During this time, Stephen led over £400 million of investments, including the acquisition of stakes in Kelda Group (Yorkshire Water), Zephyr (wind farms) and Meter Fit (gas/electricity metering). He also sat on the boards of these companies after acquisition. Prior to this he was a director at Financial Security Assurance where he led over £2 billion of underwritings in the infrastructure and utility sectors. He has also worked for the investment companies of the Serco and Kvaerner Groups.

Laurence also has twenty years of investment management and financing experience. Prior to joining the Investment Manager in March 2012, Laurence held a number of senior roles within CCC from 2006 to 2011. Initially he co-headed CCC's Advisory team before transferring in 2007 to the Carbon Finance team. Laurence joined Stephen in the Renewable Energy Infrastructure team in early 2011. From 2003-2006, Laurence headed the Bank of Tokyo-Mitsubishi's London-based renewables team, where he financed and advised on over 1GW of installed UK wind capacity. Prior to the Bank of Tokyo-Mitsubishi, Laurence worked in the power project finance team at Greenwich NatWest (formerly NatWest Markets).

The Investment Manager is authorised and regulated by the Financial Conduct Authority and is a full scope UK AIFM.

Investment Portfolio

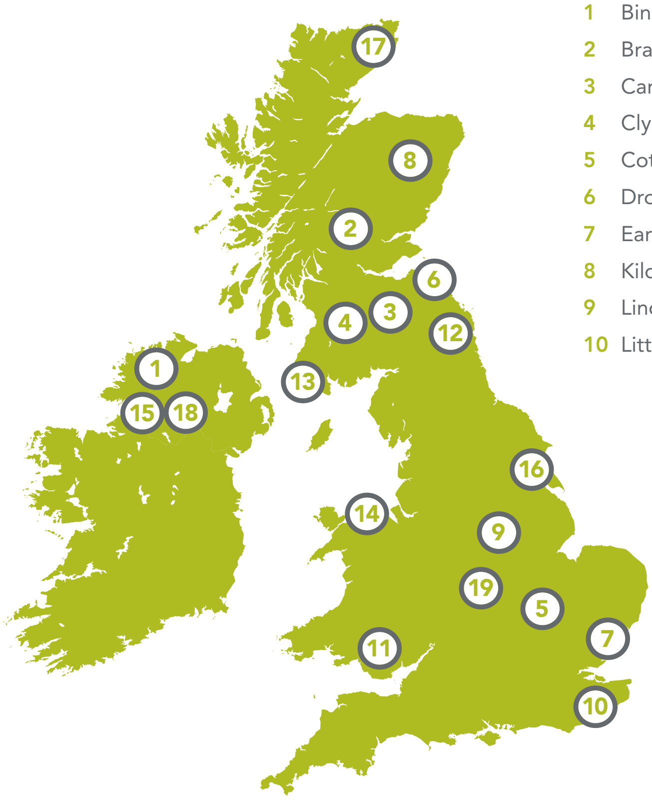
The Group's investment portfolio as at 31 December 2016 consisted of interests in SPVs which held the following underlying operating wind farms:

Wind Farm	Turbines	Operator	PPA	Total MW	Ownership Stake	Net MW
Bin Mountain	GE	SSE	SSE	9.0	100%	9.0
Braes of Doune	Vestas	DNV-GL	Centrica	72.0	50%	36.0
Carcant	Siemens	SSE	SSE	6.0	100%	6.0
Clyde	Siemens	SSE	SSE	349.6	28.2%	98.6
Cotton Farm	Senvion	BayWa	Sainsbury's	16.4	100%	16.4
Drone Hill	Nordex	BayWa	Statkraft	28.6	51.6%	14.8
Earl's Hall Farm	Senvion	BayWa	Sainsbury's	10.3	100%	10.3
Kildrummy	Enercon	BayWa	Sainsbury's	18.4	100%	18.4
Lindhurst	Vestas	Innogy	Innogy	9.0	49%	4.4
Little Cheyne Court	Nordex	Innogy	Innogy	59.8	41%	24.5
Maerdy	Siemens	Wind Prospect	Statkraft	24.0	100%	24.0
Middlemoor	Vestas	Innogy	Innogy	54.0	49%	26.5
North Rhins	Vestas	DNV-GL	E.ON	22.0	51.6%	11.4
Rhyl Flats	Siemens	Innogy	Innogy	90.0	24.95%	22.5
Screggagh	Nordex	Wind Prospect	Energia	20.0	100%	20.0
Sixpenny Wood	Senvion	BayWa	Statkraft	20.5	51.6%	10.6
Stroupster	Enercon	BayWa	BT	29.9	100%	29.9
Tappaghan	GE	SSE	SSE	28.5	100%	28.5
Yelvertoft	Senvion	BayWa	Statkraft	16.4	51.6%	8.5
Total(1)						**420.0**

(1) Numbers do not cast owing to rounding of (0.3)MW.

Investment Manager's Report continued

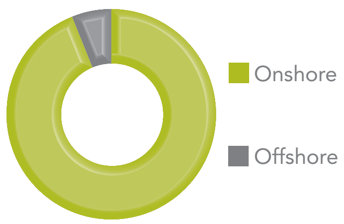
Investment Portfolio continued



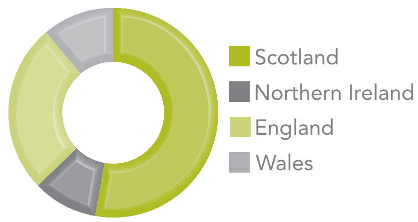
1	Bin Mountain	11	Maerdy
2	Braes of Doune	12	Middlemoor
3	Carcant	13	North Rhins
4	Clyde	14	Rhyl Flats
5	Cotton Farm	15	Screggagh
6	Drone Hill	16	Sixpenny Wood
7	Earl's Hall Farm	17	Stroupster
8	Kildrummy	18	Tappaghan
9	Lindhurst	19	Yelvertoft
10	Little Cheyne Court		

The portfolio breakdown by value as at 31 December 2016 is as follows:

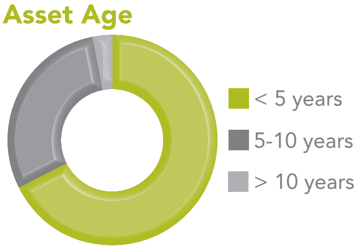
Onshore/Offshore



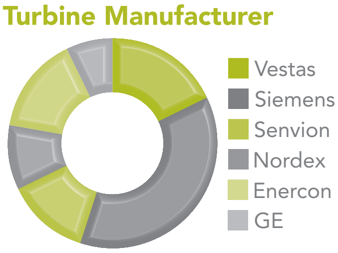
Geography



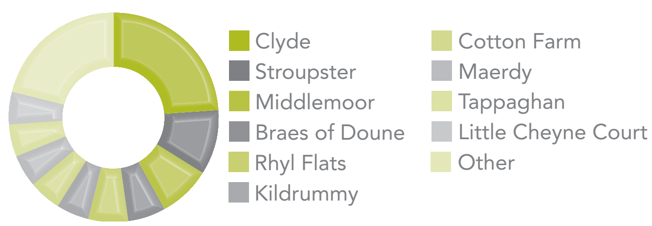
Asset Age



Turbine Manufacturer



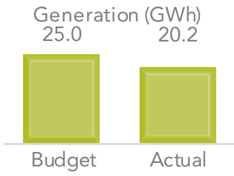
Assets



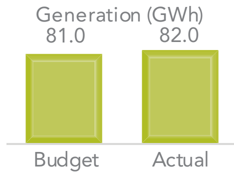
Investment Manager's Report continued

Portfolio Performance

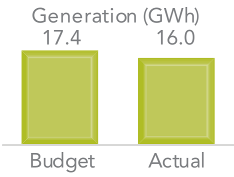
Bin Mountain (100%)
Jan-Dec



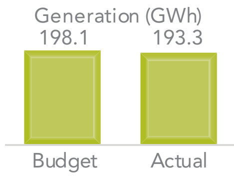
Braes of Doune (50%)
Jan-Dec



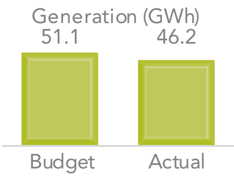
Carcant (100%)
Jan-Dec



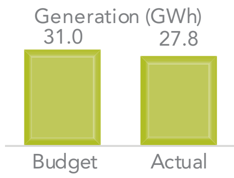
Clyde (28.2%)
Apr-Dec



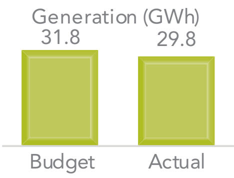
Cotton Farm (100%)
Jan-Dec



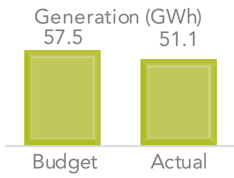
Drone Hill (51.6%)
Jan-Dec



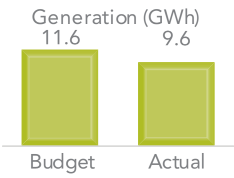
Earl's Hall Farm (100%)
Jan-Dec



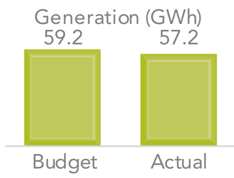
Kildrummy (100%)
Jan-Dec



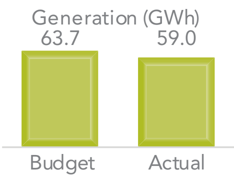
Lindhurst (49%)
Jan-Dec



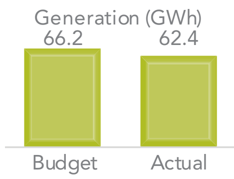
Little Cheyne Court (41%)
Jan-Dec



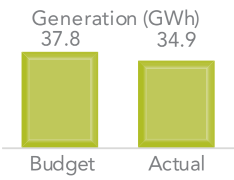
Maerdy (100%)
Jan-Dec



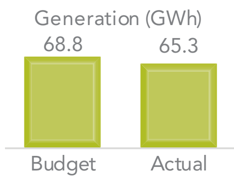
Middlemoor (49%)
Jan-Dec



North Rhins (51.6%)
Jan-Dec



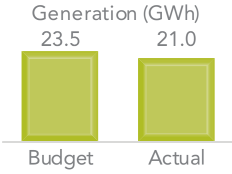
Rhyl Flats (24.95%)
Jan-Dec



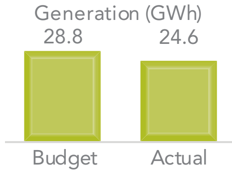
Investment Manager's Report continued

Portfolio Performance continued

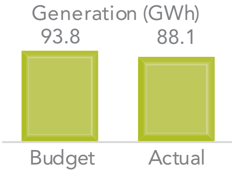
Screggagh (100%) Jul-Dec



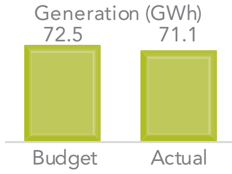
Sixpenny Wood (51.6%) Jan-Dec



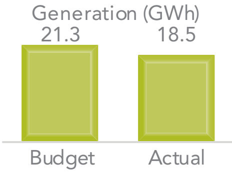
Stroupster (100%) Jan-Dec



Tappaghan (100%) Jan-Dec

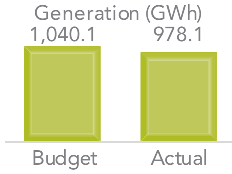


Yelvertoft (51.6%) Jan-Dec



Portfolio (net)

GREENCOAT UK WIND



Generation for the year was 978.1GWh[1], 6 per cent. below budget owing to low wind resource. The following table sets out wind speed and generation relative to budget since IPO.

	Wind speed (variation to long term mean)	Generation (variation to budget)
2013 (adjusted)	+3%	+8%
2014	-2%	-3%
2015	+5%	+8%
2016	-6%	-6%

Variation to budget lies within reasonable statistical parameters. The annual standard deviation of wind speed is 6 per cent. and the annual standard deviation of generation is 10 per cent. (2 per cent. over 25 years).

2016 saw below budget power prices in Q1-Q3. However, power prices in Q4 were above budget and forecast power prices have risen.

Overall, below budget generation and below budget power prices contributed to below budget cash generation and dividend cover of 1.4x.

Overall portfolio availability was above budget. Notable issues were:

- failure of a resistor in the substation at Bin Mountain, which resulted in the wind farm being offline for six weeks while a replacement was ordered and manufactured (resistor required to prevent grid instability when energising the wind farm);
- a turbine being offline at Lindhurst from April to November, awaiting a replacement blade following a lightning strike;
- warranty snagging and upgrade works at Little Cheyne Court, including converter and gearbox upgrade works over the summer period; and
- implementation of a technical solution by Siemens at Maerdy to resolve yaw gear issues, the effectiveness of which is being confirmed over the winter period.

Insurance proceeds or liquidated damages have been (or are expected to be) received in respect of all of the above issues.

(1) Including Clyde curtailed generation.

Investment Manager's Report continued

Portfolio Performance continued

Wind energy true-ups for Cotton Farm, Earl's Hall Farm, Kildrummy and Middlemoor were agreed in the year: Cotton Farm and Earl's Hall Farm resulted in no net payment; Kildrummy resulted in a payment of £1.2 million from BayWa to the Group; and Middlemoor resulted in a payment of £2.2 million from the Group to Innogy. Also in the year, £2 million was received by the Group from Velocita in settlement of the Maerdy wind energy true-up (agreed in December 2015 and reflected in the 2015 financial statements). The true-up mechanism is designed to mitigate the risk associated with investing in a wind farm before sufficient operational data are available. Wind energy true-ups in respect of Stroupster and Clyde Extension remain outstanding as disclosed in note 14 to the financial statements.

Health and Safety

There were no major incidents in the year to 31 December 2016. A health and safety audit was conducted across January and February 2016 by an independent consultant. No material areas of concern were identified.

Acquisitions

During the year, the Investment Manager priced 40 wind farms totalling 1,334MW. Of the 40 wind farms priced: 2 investments were made by the Group (Clyde and Screggagh); 10 were acquired by other buyers; 24 are no longer being pursued by the Group; and 4 are subject to continuing discussions.

The Group invested £195.5 million (including acquisition costs, excluding acquired cash) to acquire a 28.2 per cent. stake in the 350MW Clyde wind farm on 18 March 2016. SSE retained a 50.1 per cent. stake, with the Greater Manchester Pension Fund and the London Pensions Fund Authority investing £150 million alongside the Group (21.7 per cent. stake). The Group has enjoyed a strong relationship with SSE since listing (March 2013) and the transaction demonstrates the attractiveness to utilities of the Group's unlevered investment model.

The Group acquired 100 per cent. of the 20MW Screggagh wind farm on 30 June 2016 for £28.0 million (including acquisition costs, excluding acquired cash). The transaction was executed in three weeks from the granting of exclusivity and reflects the Group's ability to select the best investments and efficiently process a wide range of transaction types and sizes.

Financial Performance

Dividend cover of 1.4x for the year remained robust despite below budget generation and below budget power prices (target dividend cover 1.7x). Net cash generation was £49.0 million. Cash balances (Group and wind farm SPVs) at 31 December 2016 were £20.7 million.

Group and wind farm SPV cash flows	For the year ended 31 December 2016 £m
Net cash generation	49.0
Dividends paid	(35.1)
Acquisitions[(1)]	(220.0)
Acquisition costs[(2)]	(2.7)
Equity issuance	247.0
Equity issuance costs	(3.9)
Debt repayment	(35.0)
Upfront finance costs	(0.6)
Movement in cash (Group and wind farm SPVs)	(1.3)
Opening cash balance (Group and wind farm SPVs)	22.0
Ending cash balance (Group and wind farm SPVs)	20.7
Net cash generation	49.0
Dividends	35.1
Dividend cover	1.4x

(1) Excludes acquired cash, includes wind energy true-up payments and receipts.
(2) Includes costs relating to the 2015 acquisition of Stroupster, paid in 2016.

Investment Manager's Report continued

Investment Performance

The NAV at 31 December 2016 was £800.1 million (108.6 pence per share).

Shares in issue	506,787,431	736,700,850
NAV/share (pence)	104.5	108.6

(1) Includes acquisition costs, excludes acquired cash.

The £223.5 million investment in new assets comprises £195.5 million invested in Clyde plus £28.0 million invested in Screggagh.

The £13.6 million increase in the portfolio DCF valuation in the year comprises a £14.6 million decrease in H1 plus a £28.2 million increase in H2. The increase in H2 (3.8 pence per share) primarily reflects higher forecast power prices, reflecting post EU referendum sterling devaluation and recovery in global oil and gas prices.

The movement in Aggregate Group Debt comprises £190 million drawn down for the acquisition of Clyde plus £20 million drawn down for the acquisition of Screggagh less repayments of £100 million and £145 million following equity raises in May and November.

Total dividends of £35.1 million were paid in 2016. Total dividends of £38.8 million have been paid or declared with respect to 2016 (6.34 pence per share). The target dividend with respect to 2017 is 6.49 pence per share.

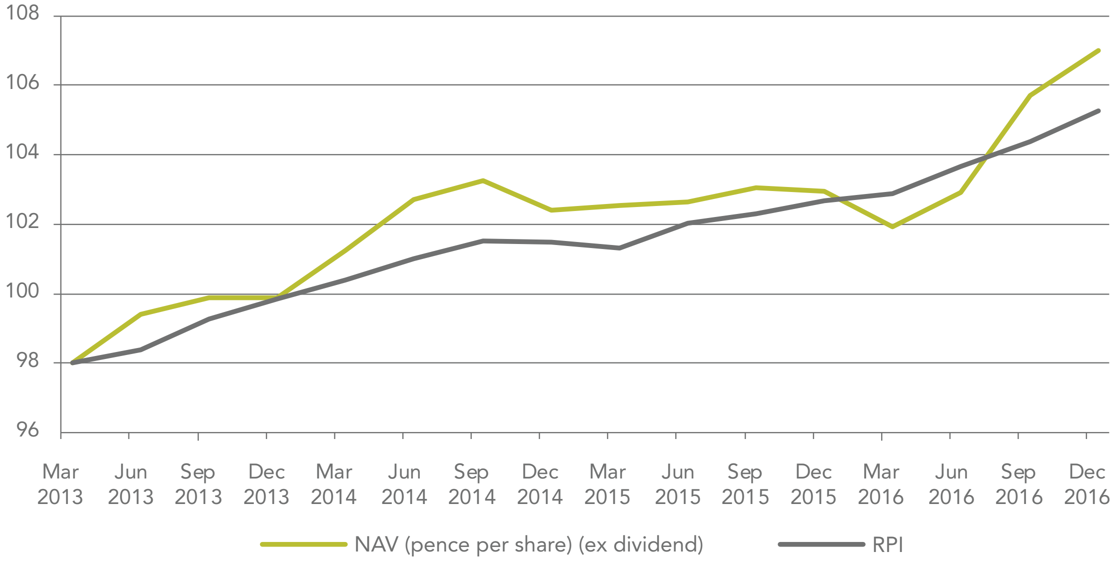
	pence per share	per cent.
NAV at 31 December 2015	104.5	
Less February 2016 dividend	(1.6)	
NAV at 31 December 2015 (ex dividend)	102.9	
NAV at 31 December 2016	108.6	
Less February 2017 dividend	(1.6)	
NAV at 31 December 2016 (ex dividend)	107.0	
Movement in NAV (ex dividend)	4.1	4.0
Dividends with respect to the year	6.3	6.1
Total return on NAV	10.4	10.1

Investment Manager's Report continued

Investment Performance continued

The chart below shows NAV per share versus RPI.

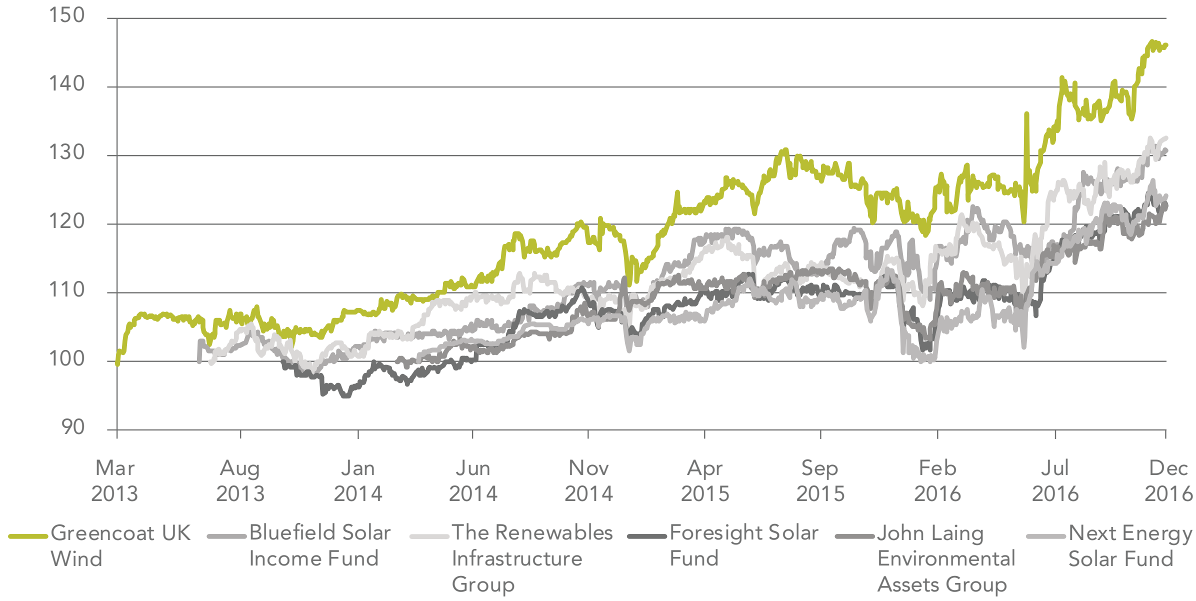
NAV vs RPI



The share price as at 31 December 2016 was 119.5 pence, representing a 10.0 per cent. premium to NAV.

The chart below shows TSR versus market peers.

Total Shareholder Return vs Market Peers *(Bloomberg)*



Investment Manager's Report continued

Reconciliation of Statutory Net Assets to Reported NAV

	As at 31 December 2016 £'000	As at 31 December 2015 £'000
DCF valuation	879,913	642,784
Cash (wind farm SPVs)	14,878	14,806
Fair value of investments	**894,791**	**657,591**
Cash (Group)	5,860	7,231
Other relevant liabilities	(513)	(56)
GAV	**900,138**	**664,766**
Aggregate Group Debt	(100,000)	(135,000)
NAV	**800,138**	**529,766**
Reconciling items	—	—
Statutory net assets	**800,138**	**529,766**
Shares in issue	736,700,850	506,787,431
NAV per share (pence)	**108.6**	**104.5**

NAV Sensitivities

NAV is equal to GAV less Aggregate Group Debt.

GAV is the sum of:

- DCF valuations of the Group's investments;
- cash (at Group and wind farm SPV level); and
- other relevant assets and liabilities of the Group.

The DCF valuation of the Group's investments represents the largest component of GAV and the key sensitivities are considered to be the discount rate used in the DCF valuation and long term assumptions in relation to energy yield, power prices and inflation.

The unlevered discount rate used in the DCF valuation is between 8 and 9 per cent.. The market discount rate has remained constant since listing. A variance of +/- 0.5 per cent. is considered to be a reasonable range of alternative assumptions for discount rate.

Base case energy yield assumptions are P50 (50 per cent. probability of exceedance) forecasts produced by expert consultants based on long term wind data and operational history. The P90 (90 per cent. probability of exceedance over a 10 year period) and P10 (10 per cent. probability of exceedance over a 10 year period) sensitivities reflect the future variability of wind and the uncertainty associated with the long term data source being representative of the long term mean. Given their basis on long term operating data, it is not anticipated that base case energy yield assumptions will be adjusted (other than any wind energy true-ups with compensating purchase price adjustments).

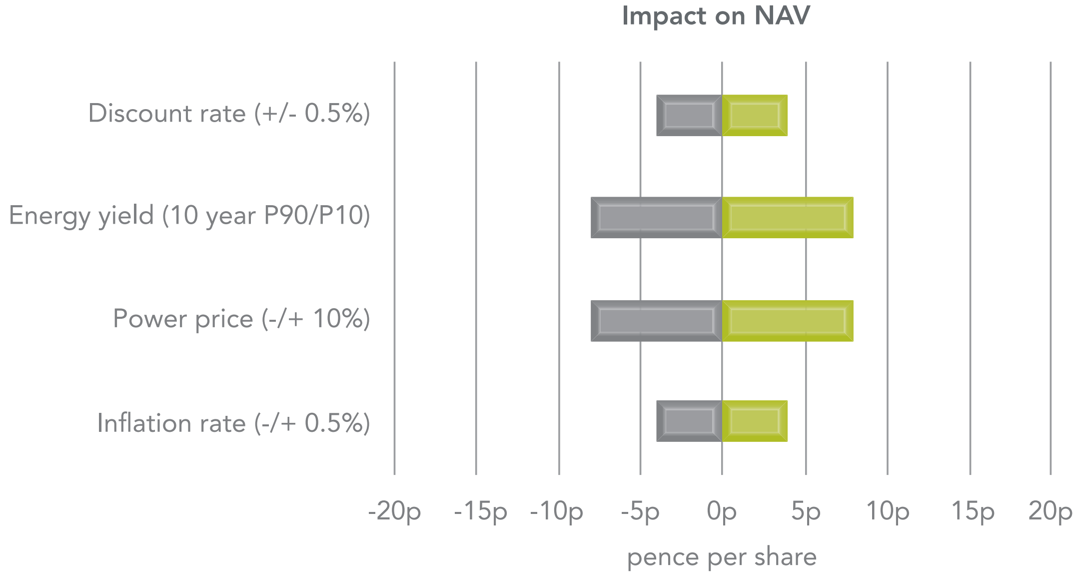
Long term power price forecasts are provided by a leading market consultant, updated quarterly and adjusted by the Investment Manager where more conservative assumptions are considered appropriate. Base case real power prices increase from approximately £45/MWh (2017) to approximately £65/MWh (2040). The sensitivity below assumes a 10 per cent. increase or decrease in power prices relative to the base case for every year of the asset life, which is relatively extreme (a 10 per cent. variation in short term power prices, as reflected by the forward curve, would have a much lesser effect).

The base case long term RPI assumption is 2.75 per cent. (0.75 per cent. above the long term 2.0 per cent. CPI target).

Investment Manager's Report continued

NAV Sensitivities continued

The following chart shows the impact of the key sensitivities on NAV.



Gearing

As at 31 December 2016, the Group had £100 million of debt outstanding, equating to 11 per cent. of GAV.

Debt outstanding comprised a single term debt facility (together with associated interest rate swaps) following the repayment in full of the Group's revolving credit facility in November from the proceeds of the heavily oversubscribed equity raise.

All borrowing is at the Company level (no asset level debt).

Clyde

Investment Manager's Report continued

Outlook

The regulatory outlook for operational wind farms in the UK remains stable owing to the UK Government's policy of "grandfathering" for operational projects. The Group invests in operational wind farms, backed by known and fixed support mechanisms.

There is currently over 10GW of operational onshore wind capacity plus over 5GW offshore. Installed capacity is set to grow over the next few years to over 12GW onshore plus over 12GW offshore, despite recent policy changes for new projects, as assets in construction come into operation. In monetary terms, the secondary market for operational UK wind farms is approximately £35 billion, increasing to £60 billion in the medium term. The Group currently has a market share of approximately 3 per cent..

The Company does not expect any material change to its business as a result of the UK exiting the European Union. Being solely UK focused and deliberately low-risk, all of the Group's assets and liabilities are inside the UK and sterling denominated. In addition, the regulatory regime under which the assets operate is robust, longstanding and rooted in UK legislation.

As an owner of operational wind farms, the key risk faced by the Group is power price. In general, independent forecasters expect UK wholesale power prices to rise in real terms from current levels, driven by higher gas and carbon prices combined with the ongoing phasing out of coal-fired power stations. The long term power price forecast is updated each quarter and reflected in the reported NAV.

Long term power price forecasts fell through 2015 and the first half of 2016, reflecting falls in global oil and gas prices, and achieved power prices were below budget in Q1-Q3 2016. However, power prices in Q4 were above budget and forecast power prices have risen reflecting post EU referendum sterling devaluation and recovery in global oil and gas prices.

In general, the outlook for the Group is very encouraging, with proven operational and financial performance from the existing portfolio combined with a healthy pipeline of attractive further investment opportunities.

Screggagh

Board of Directors

The Directors are of the opinion that the Board as a whole comprises an appropriate balance of skills, experience and diversity. The Board is comprised of individuals from relevant and complementary backgrounds offering experience in the investment management of listed funds, as well as in the energy sector from both a public policy and a commercial perspective.

Tim Ingram, Chairman (appointed 4 December 2012)

Tim Ingram (Chairman), aged 69, is an experienced chairman and chief executive, with a long executive career in financial services and a non-executive portfolio spanning a variety of sectors, including business management software and services, real estate, manufacturing, investment trusts and commercial and investment banking.

Tim's early executive career was in international banking with Grindlays Bank and ANZ Banking Group. He was an executive director of Abbey National plc (now part of Santander) from 1996 to 2002. After leaving Abbey National, he became Chief Executive of Caledonia Investments plc from 2002 until his retirement in July 2010.

He was chairman of Collins Stewart Hawkpoint plc from 2010 until it was acquired by Canaccord Financial Inc. in March 2012. Since October 2012 he has been chairman of the Wealth Management Association (formerly APCIMS (the Association of Private Client Investment Managers and Stockbrokers)) and since April 2011 he has been chairman of Fulham Palace Trust. He was chairman of RSM Tenon plc from May 2012 to August 2013. He was a non-executive director, and later senior independent director, of Sage plc from 2002 to 2011, a non-executive director, and later Senior Independent Director, of Savills plc from 2002 to 2012, a non-executive director of Alliance Trust plc from 2010 to 2012, a non-executive director of Alok Industries Ltd, an Indian quoted company, from 2005 to 2015 and a non-executive director of Fastjet plc from September 2015 to March 2016. He has also been a non-executive director of the board of the European subsidiaries of QBE Ltd since March 2014 and is now its chairman. He is a member of the Takeover Panel.

Shonaid Jemmett-Page, Chairman of the Audit Committee (appointed 5 December 2012)

Shonaid Jemmett-Page, FCA, aged 56, is an experienced non-executive director in the energy and financial sectors. She is currently a non-executive director, chairman of the audit and risk committees and member of the remuneration committee of GKN plc. She is a non-executive director, deputy chairman, chairman of the remuneration committee and member of the audit and risk & solvency committees of MS Amlin plc. She is the non-executive chairman of Origo Partners plc. She is a non-executive director and member of the remuneration and governance committees of Caledonia Investments plc. She is also the chairman of the audit and remuneration committees, a member of the risk committee and senior independent director of ClearBank Limited. She was previously a non-executive director of Close Brothers Group plc and APR Energy plc.

Shonaid spent 20 years at KPMG, the global audit and advisory firm, in London and Tokyo, leaving the company in 2001 as a Partner in the Financial Services team. She was a Senior Vice President, Finance and Information at Unilever plc from 2001 to 2009 when Shonaid left Unilever plc and became Chief Operating Officer of CDC Group plc, a private equity fund of funds with net assets of £2.8 billion investing in developing countries. She left this role in May 2012 to focus on her non-executive appointments.

Board of Directors continued

William Rickett C.B., Senior Independent Director (appointed 4 December 2012)

William Rickett C.B., aged 63, is a former Director General of the Department of Energy & Climate Change within the UK Government (2006-2009) with considerable experience as a non-executive director of private sector companies. William is chairman of Cambridge Economic Policy Associates Ltd, an economic, financial and public policy consultancy with a strong energy practice and was chairman of the Governing Board of the International Energy Agency from 2007 to 2009. He is currently a non-executive director of Impax Environmental Markets plc, a listed investment trust specialising in the alternative energy, waste and water sectors and Smart DCC Ltd, the company procuring the shared infrastructure needed for the roll out of smart gas and electricity meters across the country. William was previously a non-executive director of: Eggborough Power Ltd, an electricity generating company; Helius Energy plc, an AIM listed developer of new dedicated biomass power stations; and the National Renewable Energy Centre Limited, which helps to develop renewable energy technologies.

William's Whitehall career included fifteen years of board-level experience in five government departments focusing on energy and transport. In the late 1980s he led the privatisation of the electricity industry creating the first competitive electricity market in the world. Later as Director General of Energy he drove the transformation of the UK energy policy to re-establish a nuclear power programme as well as developing strategies for the deployment of renewable energy.

Dan Badger (appointed 1 July 2013)

Dan Badger, aged 70, has had a long career in the energy sector and has significant experience in wind farm transactions. He is currently a Partner at Hideal Partners, a renewables advisory firm, and was previously a member of the UK/European renewables M&A team at Babcock & Brown.

Dan worked for ten years at the US Department of Energy and the International Energy Agency in economic and policy development roles before moving onto project development within the gas-fired generation and then renewables sectors. While at Babcock and Brown, Dan was involved with and led a number of significant renewables acquisitions across Europe of both development pipeline and operational capacity, a number of these through innovative framework agreements. Dan also led the 200MW development of the Robin Rigg offshore wind farm, in the Solway Firth, now owned by E.ON.

Martin McAdam (appointed 1 March 2015)

Martin McAdam, aged 55, is an accomplished executive with significant experience in the energy and renewables sector. He was formerly Chief Executive Officer of Aquamarine Power. Prior to that, Martin was President and Chief Executive Officer of the US subsidiary of Airtricity, a role in which he constructed over 400MW of wind farm capacity.

Martin spent his early career at ESB, the Irish utility, involved in a number of activities including power station construction and generation planning. After a number of years in information services, he returned to the power industry and joined Airtricity, a significant developer and constructor of wind farms throughout the UK and Ireland, managing construction of new wind farms. Martin's role expanded into operations and ultimately to take responsibility for the growing US business. He led the integration of the Airtricity Generation Business Unit into the SSE Renewables Division after its sale.

Martin is a non-executive director of Aveillant Ltd, a three-dimensional holographic radar company. Martin is a Chartered Engineer and a Fellow of Engineers Ireland and a Fellow of the Royal Society for the Encouragement of Arts, Manufactures and Commerce.

Board of Directors continued

Other UK Public Company Directorships

In addition to their directorships of the Company, the below Directors currently hold the following UK public company directorships:

Shonaid Jemmett-Page

GKN plc

Origo Partners plc

Caledonia Investments PLC

William Rickett C.B.

Impax Environmental Markets plc

The Directors have all offered themselves for re-election and resolutions concerning this will be proposed at the AGM.

Conflicts of Interest

The Directors have declared any conflicts or potential conflicts of interest to the Board of Directors which has the authority to approve such situations. The Company Secretary maintains the Register of Directors' Conflicts of Interests which is reviewed quarterly by the Board and when changes are notified. The Directors advise the Company Secretary and the Board as soon as they become aware of any conflicts of interest. Directors who have conflicts of interest do not take part in discussions which relate to any of their conflicts.

Report of the Directors

The Directors present their Annual Report, together with the consolidated financial statements of Greencoat UK Wind PLC for the year to 31 December 2016. The Corporate Governance Report on pages 30 to 32 form part of this report.

Details of the Directors who held office during the year and as at the date of this report are given on pages 20 to 22.

Capital Structure

The Company has one class of ordinary shares which carry no rights to fixed income. Shareholders are entitled to all dividends paid by the Company and, on a winding up, provided the Company has satisfied all of its liabilities, the shareholders are entitled to all of the surplus assets of the Company.

Shareholders will be entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each ordinary share held.

Authority to Purchase Own Shares

The current authority of the Company to make market purchases of up to 14.99 per cent. of its issued share capital expires at the conclusion of the 2017 AGM. Special resolution 14 will be proposed at the forthcoming AGM seeking renewal of such authority until the next AGM (or 30 June 2018, whichever is earlier). The price paid for the shares will not be less than the nominal value or more than the maximum amount permitted to be paid in accordance with the rules of the UK Listing Authority in force at the date of purchase. This power will be exercised only if, in the opinion of the Directors, a repurchase would be in the best interests of shareholders as a whole. Any shares repurchased under this authority will either be cancelled or held in treasury at the discretion of the Board for future resale in appropriate market conditions.

The Directors believe that the renewal of the Company's authority to purchase shares, as detailed above, is in the best interests of shareholders as a whole and therefore recommend shareholders to vote in favour of special resolution 14.

The Directors also recommend shareholders to vote in favour of resolutions 12 and 13, which renew their authority to allot equity securities for the purpose of satisfying the Company's obligations to pay the equity element of the Investment Manager's Fee, and also their authority to allot equity securities for cash either pursuant to the authority conferred by resolution 12 or by way of a sale of treasury shares.

Major Interests in Shares

Significant shareholdings as at 8 February 2017 are detailed below.

Shareholder	Ordinary shares held % 8 February 2017
Newton Investment Management	9.21
Legal & General Investment Management	5.48
Fidelity Worldwide Investment	5.00
Investec Wealth & Investment	4.99
Baille Gifford & Co Limited	4.59
Sarasin & Partners LLP	4.32
Aviva Investors	3.67
Insight Investment	3.62

Significant shareholdings as at 31 December 2016 are detailed below.

Shareholder	Ordinary shares held % 31 December 2016
Newton Investment Management	9.27
Legal & General Investment Management	5.47
Fidelity Worldwide Investment	4.99
Investec Wealth & Investment	4.84
Baille Gifford & Co Limited	4.58
Sarasin & Partners LLP	4.31
Insight Investment	3.78
Aviva Investors	3.67

Companies Act 2006 Disclosures

In accordance with Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 the Directors disclose the following information:

- the Company's capital structure is detailed in note 15 to the financial statements and all shareholders have the same voting rights in respect of the share capital of the Company. There are no restrictions on voting rights that the Company is aware of, nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights;
- there exist no securities carrying special rights with regard to the control of the Company;

Report of the Directors continued

Companies Act 2006 Disclosures continued

- the Company does not have an employees' share scheme;
- the rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and the Companies Act 2006;
- there exist no agreements to which the Company is party that may affect its control following a takeover bid; and
- there exist no agreements between the Company and its Directors providing for compensation for loss of office that may occur because of a takeover bid.

Alternative Investment Fund Managers Directive

Under the Alternative Investment Fund Manager Regulations 2013 (as amended) the Company is a UK AIF and the Investment Manager is a full scope UK AIFM.

Heritage Depositary Company (UK) Limited provide depositary services under the AIFMD.

AIFMD outlines the required information which has to be made available to investors in an AIF and directs that material changes to this information be disclosed in the Annual Report of the AIF.

All information required to be disclosed under the AIFMD is either disclosed in this Annual Report or is detailed within a schedule of disclosures on the Company's website at www.greencoat-ukwind.com.

There were no material changes in the year.

Investment Trust Status

The Company has been approved as an investment trust under sections 1158 and 1159 of the Corporation Taxes Act 2010. As an investment trust, the Company is required to meet relevant eligibility conditions and ongoing requirements. In particular, the Company must not retain more than 15 per cent. of its eligible investment income. The Company has conducted and monitored its affairs so as to enable it to comply with these requirements.

Diversity and Business Review

A business review and the Group's policy on diversity are detailed in the Strategic Report on page 6.

Directors' Indemnity

Directors' and Officers' liability insurance cover is in place in respect of the Directors. The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court.

Except for such indemnity provisions in the Company's Articles of Association and in the Directors' letters of appointment, there are no qualifying third party indemnity provisions in force.

Global Greenhouse Gas Emissions

As the Group has outsourced operations to third parties, there are no significant greenhouse gas emissions to report from the operations of the Group.

In relation to the Group's investee companies, the level of greenhouse gas emissions arising from the low volume of electricity imports and from operation and maintenance activity is not considered material for disclosure purposes. Further, as the assets are renewable energy generators, they reduce carbon dioxide emissions on a net basis (at a rate of approximately 440g CO_2 per kWh).

Risks and Risk Management

The Group is exposed to financial risks such as price risk, interest rate risk, credit risk and liquidity risk and the management and monitoring of these risks are detailed in note 18 to the financial statements.

Independent Auditor

The Directors will propose the reappointment of BDO LLP as the Company's Auditor and resolutions concerning this and the remuneration of the Company's Auditor will be proposed at the AGM.

So far as each of the Directors at the time that this report was approved are aware:

- there is no relevant audit information of which the Auditor is unaware; and
- they have taken all the steps they ought to have taken to make themselves aware of any audit information and to establish that the Auditor is aware of that information.

Report of the Directors continued

Annual Accounts

The Directors are of the opinion that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the performance, strategy and business model of the Company.

The Directors recommend that the Annual Report, the Report of the Directors and the Independent Auditor's Report for the year ended 31 December 2016 are received and adopted by the shareholders and a resolution concerning this will be proposed at the AGM.

Dividend

The Directors recommended an interim dividend of £11,681,787, equivalent to 1.585 pence per share with respect to the three month period ended 31 December 2016, bringing total dividends with respect to the year to £38,835,224, equivalent to 6.34 pence per share as disclosed in note 8 to the financial statements.

Subsequent Events

Significant subsequent events have been disclosed in note 21 to the financial statements.

Strategic Report

A review of the business and future outlook, going concern statement and the principal risks and uncertainties of the Group have not been included in this report as they are disclosed in the Strategic Report on pages 5 to 9.

By order of the Board

Tim Ingram
Chairman

22 February 2017

Rhyl Flats

Directors' Remuneration Report

This report has been prepared by the Directors in accordance with the requirements of the Companies Act 2006 and the Large and Medium sized Company and Groups (Accounts and Reports) regulations 2008. A resolution to approve the Directors' Remuneration Report will be proposed at the AGM. At the AGM on 27 April 2016, shareholders voted 99.99 per cent. in favour to approve the Directors' Remuneration Report for the year ended 31 December 2015.

The Company's independent Auditor is required to give their opinion on the information provided on Directors' remuneration on page 27 of this report and this is explained further in its report to shareholders on pages 36 to 39. The remainder of this report is outside the scope of the external audit.

Annual Statement from the Chairman of the Board

The Board, which is profiled on pages 20 to 22, consists solely of non-executive Directors and is considered to be entirely independent. The Board considers at least annually the level of the Board's fees, in accordance with the AIC Code. Following a review in January 2016, non-executive Directors' remuneration was increased to £35,000 per annum with additional amounts of £10,000 and £5,000 to be paid to the Chairman of the Audit Committee and the Senior Independent Director respectively.

Remuneration Policy

As at the date of this report, the Board comprised five Directors, all of whom are non-executive. The Board does not have a separate Remuneration Committee as, being wholly comprised of non-executive Directors, the whole Board considers these matters.

Each Director receives a fixed fee per annum based on their roles and responsibility within the Company and the time commitment required. It is not considered appropriate that Directors' remuneration should be performance related and none of the Directors are eligible for pension benefits, share options, long term incentive schemes or other benefits in respect of their services as non-executive Directors of the Company. The total remuneration of non-executive Directors has not exceeded the £300,000 per annum limit set out in the Articles of Association of the Company.

The Company's Articles of Association empower the Board to award a discretionary bonus where any Director has been engaged in exceptional work on a time spent basis to compensate for the additional time spent over their expected time commitment.

The Articles of Association provide that Directors retire and offer themselves for re-election at the first AGM after their appointment and at least every three years thereafter. In accordance with corporate governance best practice the Company expects Directors to be re-elected annually.

All of the Directors have been provided with letters of appointment which stipulate that their initial term shall be for three years, subject to re-election. Those Directors who have served the initial term of three years have signed updated letters of appointment for a further three years, subject to re-election. The extension of each appointment was considered by the Board, taking into account, among other matters, each Directors length of service, attendance at meetings and contribution to the Board's deliberations.

A Director's appointment may at any time be terminated by and at the discretion of either party upon 6 months' written notice. A Director's appointment will automatically end without any right to compensation whatsoever if they are not re-elected by the shareholders. A Director's appointment may also be terminated with immediate effect and without compensation in certain other circumstances. Being non-executive Directors, none of the Directors have a service contract with the Company.

The terms and conditions of appointment of non-executive Directors are available for inspection from the Company's registered office.

The Company's remuneration policy has applied from incorporation on 4 December 2012, and the Directors do not envisage any changes to the remuneration policy in the next accounting period. A resolution to approve the remuneration policy will be proposed at the AGM and the Directors recommend that this policy is approved by the shareholders.

Directors' Remuneration Report continued

Annual Report on Remuneration

The table below (audited information) shows all remuneration earned by each individual Director during the year:

	Paid in the year to 31 December 2016	Paid in the year to 31 December 2015
Tim Ingram (Chairman)	£70,000	£70,000
Shonaid Jemmett-Page (Audit Committee Chairman)	£45,000	£35,000
William Rickett C.B. (Senior Independent Director)	£40,000	£33,500
Dan Badger	£35,000	£30,000
Martin McAdam	£35,000	£25,000
Total	**£225,000**	**£193,500**

None of the Directors received any other remuneration or additional discretionary payments during the year from the Company (2015: £nil).

Relative Importance of Spend on Pay

The remuneration of the Directors with respect to the year totalled £225,000 (2015: £193,500) in comparison to dividends paid to shareholders with respect to the year of £38,835,224 (2015: £29,604,300).

Directors' Interests (audited information)

Directors who held office during the year and had interests in the shares of the Company as at 31 December 2016 are given in the table below. There were no changes to the interests of each Director as at the date of this report.

	Ordinary shares of 1p each held at 31 December 2016	Ordinary shares of 1p each held at 31 December 2015
Tim Ingram(1)	328,214	228,649
Shonaid Jemmett-Page(2)	55,842	23,376
William Rickett C.B.(3)	37,500	37,500
Dan Badger(4)	23,700	23,700
Martin McAdam	60,270	53,604

(1) includes 42,702 ordinary shares legally and beneficially owned by his spouse, 177,827 ordinary shares which are held in trust arrangements with Lloyd's of London in respect of security for certain underwriting activities.

(2) includes 29,381 ordinary shares legally and beneficially owned by her spouse.

(3) includes 30,000 ordinary shares legally and beneficially owned by members of his family.

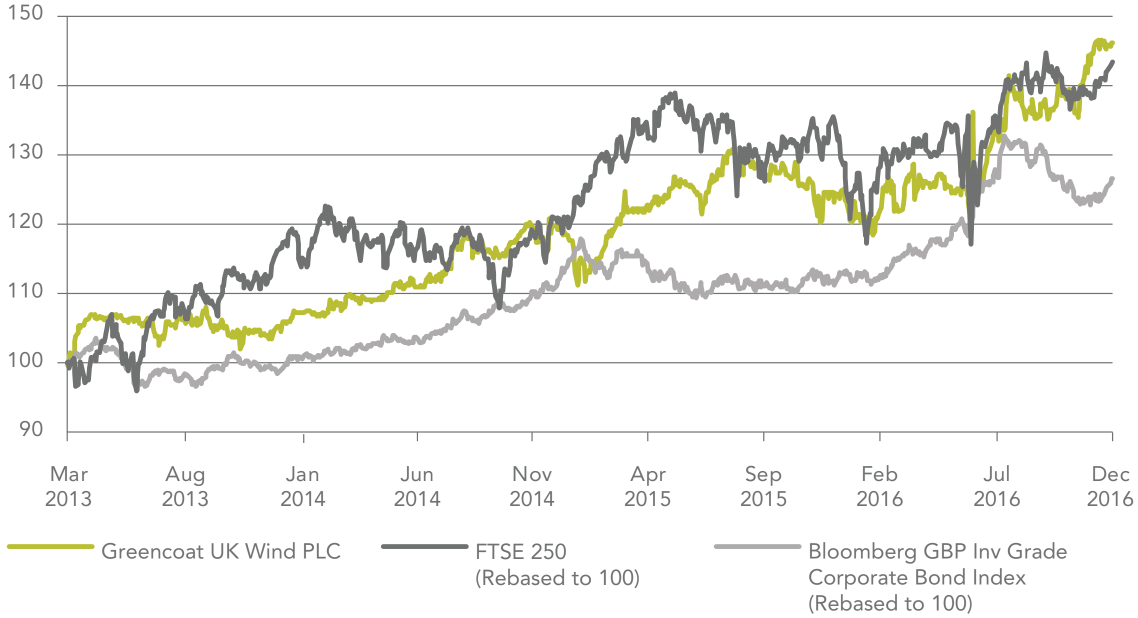
(4) includes 11,690 ordinary shares legally and beneficially owned by his spouse.

Company Performance

Due to the positioning of the Company in the market as a sector-focused infrastructure fund investing in operating UK wind farms to produce stable and inflating dividends for investors while aiming to preserve capital value, the Directors consider that a listed infrastructure fund has characteristics of both an equity index and a bond index. The graph below shows the TSR of the Company compared to the FTSE 250 index and the Bloomberg GBP Investment Grade Corporate Bond Index:

Directors' Remuneration Report continued

Total Shareholder Return vs Equity and Bond Indices



As the Company listed on 27 March 2013, historical data for the past eight years is not yet available.

On behalf of the Board,

Tim Ingram
Chairman

22 February 2017

Clyde

Statement of Directors' Responsibilities

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 are required to prepare the Group financial statements, and have elected to prepare the Company financial statements, in accordance with IFRS as adopted by the EU. 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 Group and Company and of the profit or loss for the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

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 and, as regards the Group financial statements, Article 4 of the IAS Regulation. 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 ensuring that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Website Publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibilities also extend to the ongoing integrity of the financial statements contained therein.

Directors' Responsibilities Pursuant to DTR4

The Directors confirm to the best of their knowledge that:

- the Group financial statements have been prepared in accordance with IFRS as adopted by the EU and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the parent company, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board,

Tim Ingram
Chairman

22 February 2017

Corporate Governance

This Corporate Governance report forms part of the Report of the Directors as further disclosed on pages 23 to 25. The Board operates under a framework for corporate governance which is appropriate for an investment company. All companies with a premium listing of equity shares in the UK are required under the UK Listing Rules to report on how they have applied the UK Code in their Annual Report and financial statements.

The Company became a member of the AIC with effect from 27 March 2013 and has therefore put in place arrangements to comply with the AIC Code and, in accordance with the AIC Code, voluntarily complies with the UK Code.

The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies such as the Company. The Board considers that reporting against the principles and recommendations of the AIC Code, by reference to the AIC Guide, provides better information to shareholders.

The AIC Code and the AIC Guide are available on the AIC's website, www.theaic.co.uk. The UK Code is available on the FRC's website, www.frc.org.uk.

The Company has complied with the recommendations of the AIC Code throughout the year.

The Board

As at the date of this report, the Board consists of five non-executive Directors, all of whom are considered to be independent of the Investment Manager and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. Directors' details are contained in pages 20 to 22 which sets out the range of investment, financial and business skills and experience represented. Board appointments have been based on merit, against objective criteria, and with due regard for the benefits of diversity, including gender diversity. There were no changes to the Board members during the year.

The Chairman of the Board is Tim Ingram. In considering the independence of the Chairman, the Board took note of the provisions of the AIC Code relating to independence, and has determined that Mr Ingram is an Independent Director. The Senior Independent Director is William Rickett C.B.. The Company has no employees and therefore there is no requirement for a chief executive.

The Articles of Association provide that Directors shall retire and offer themselves for re-election at the first AGM after their appointment and at least every three years thereafter. However, as a FTSE 250 company, all Directors should be subject to an annual election by shareholders as prescribed by the AIC Code, therefore, Directors are re-elected annually. All of the Directors shall offer themselves for re-election at the forthcoming AGM. Having considered their effectiveness, demonstration of commitment to the role, length of service, attendance at meetings and contribution to the Board's deliberations, the Board approves the nomination for re-election of all of the Directors.

Any Director, who has held office with the Company for a continuous period of nine years or more at the date of the AGM, shall retire from office and may offer themselves for re-appointment. This will allow for phased Board appointments and retirements and enable the Board to consider whether there is any risk that such Director might reasonably be deemed to have lost independence through such long service.

The terms and conditions of appointment of non-executive Directors are available for inspection from the Company's registered office.

Performance and Evaluation

Pursuant to Principle 7 of the AIC Code, the Board undertakes a formal and rigorous evaluation of its performance each financial year. As a FTSE 250 company, in keeping with the provisions of the AIC Code, it is the Company's policy that every three years an external consultant, who has no connection with the Company, carries out a formal review of the Board's performance.

A full external review of the effectiveness of the Board was conducted during 2016 by Independent Audit Limited. The independent review concluded that the Board and its committees were performing well, working closely with a strongly committed Investment Manager. A number of minor governance changes were made as a result of this review.

An internal evaluation of the Board, the Audit Committee, and individual Directors will be conducted during Q1 2017 in the form of performance appraisal, questionnaires and discussion to determine effectiveness and performance in various areas, as well as the Directors' continued independence and tenure. This process will be facilitated by the Company Secretary and the results of this review will be reported in the next Annual Report.

Each individual Directors' training and development needs are reviewed annually. All new Directors receive an induction, including being provided with information about the Company and their responsibilities and meetings with the Investment Manager. In addition, each Director visits operational sites and specific Board training days are arranged involving presentations on relevant topics.

Corporate Governance continued

Board Responsibilities

The Board will meet, on average, four times in each calendar year for scheduled Board meetings and on an ad hoc basis as and when necessary. At each meeting the Board follows a formal agenda that will cover the business to be discussed. Between meetings there is regular contact with the Investment Manager and the Administrator. The Board requires to be supplied, in a timely manner, with information by the Investment Manager, the Administrator and other advisers in a form and of a quality appropriate to enable it to discharge its duties.

The Board has responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable it to ensure that the financial statements comply with applicable regulation. It is the Board's responsibility to present a fair, balanced and understandable Annual Report, which provides the information necessary for shareholders to assess the performance, strategy and business model of the Company. This responsibility extends to half-yearly and other price-sensitive public reports.

Committees of the Board

The Company's Audit Committee is chaired by Shonaid Jemmett-Page, and consists of a minimum of three members. In accordance with best practice, the Company's Chairman is not a member of the Audit Committee however he does attend Audit Committee meetings as and when deemed appropriate. The Audit Committee report which is on pages 33 to 35 of this report describes the work of the Audit Committee.

The Company has established a Communications and Disclosure Committee which is required to meet at least once a year. The committee has responsibility for, amongst other things, determining on a timely basis the disclosure treatment of material information, and assisting in the design, implementation and periodic evaluation of disclosure controls and procedures. The committee also has responsibility for the identification of inside information for the purpose of maintaining the Company's insider list.

Terms of reference for the Communications and Disclosure Committee have been approved by the Board and membership consists of Tim Ingram (or one other Director) and one of Stephen Lilley and Laurence Fumagalli. Additional members of the committee may be appointed and existing members removed by the committee. The membership of the committee is reviewed by the Board on a periodic basis and at least once a year.

The AIC Code recommends that companies appoint Remuneration and Nomination Committees, however the Board has not deemed this necessary, as being wholly comprised of non-executive Directors, the whole Board considers these matters.

The Investment Manager

The Board has entered into the Investment Management Agreement with the Investment Manager under which the Investment Manager is responsible for developing strategy and the day-to-day management of the Group's investment portfolio, in accordance with the Group's investment objective and policy, subject to the overall supervision of the Board. A summary of the fees paid to the Investment Manager are given in note 3 to the financial statements.

The Investment Manager's appointment is terminable by the Investment Manager or the Company on not less than 12 months' notice, such notice not to expire earlier than 30 June 2019. The Investment Management Agreement may be terminated with immediate effect and without compensation, by either the Investment Manager or the Company if the other party has gone into liquidation, administration or receivership or has committed a material breach of the Investment Management Agreement.

The Board as a whole fulfils the functions of a Management Engagement Committee and reviewed the actions and judgements of the Investment Manager in relation to the half yearly and annual financial statements and the Company's compliance with the UK Corporate Governance Code, the Listing Rules, the Disclosure and Transparency Rules and the AIC Code. It reviewed the terms of the Investment Management Agreement and monitored the performance of the Investment Manager during the year. In accordance with the Listing Rules, the Directors confirm that the continued appointment of the Investment Manager under the current terms of the Investment Management Agreement is in the interests of shareholders. The Board also reviewed the performance of other service providers and examined the effectiveness of the Company's internal control systems during the year.

Board Meetings, Committee Meetings and Directors' Attendance

The number of meetings of the full Board attended in the year to 31 December 2016 by each Director is set out below:

	Scheduled Board Meetings (Total of 4)	Additonal Board Meetings (Total of 6)
Tim Ingram	4	6
Shonaid Jemmett-Page	4	5
William Rickett C.B.	4	5
Dan Badger	4	6
Martin McAdam	4	6

During the year, there were five additional meetings of sub-committees of the Board.

Corporate Governance continued

Board Meetings, Committee Meetings and Directors' Attendance continued

The number of meetings of the Audit Committee attended in the year to 31 December 2016 by each Audit Committee member is set out below:

	Audit Committee Meetings (Total of 4)
Shonaid Jemmett-Page	4
William Rickett C.B.	4
Dan Badger	4
Martin McAdam[1]	3

[1] There was a total of three Audit Committee meetings in the period from Martin McAdam's appointment to the Audit Committee on 28 January 2016 to 31 December 2016.

Internal Control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board confirms that it has an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place throughout the year and has continued since the year end.

The Company's principal risks and uncertainties are detailed on pages 6 to 8 of this report. As further explained in the Audit Committee Report, the risks of the Company are outlined in a risk matrix which was reviewed and updated during the year. The Board continually reviews its policy setting and updates the risk matrix annually to ensure that procedures are in place with the intention of identifying, mitigating and minimising the impact of risks should they crystallise. The Board relies on reports periodically provided by the Investment Manager and the Administrator regarding risks that the Company faces. When required, experts are employed to gather information, including tax and legal advisers. The Board also regularly monitors the investment environment and the management of the Company's portfolio, and applies the principles detailed in the internal control guidance issued by the FRC.

The principal features of the internal control systems which the Investment Manager and the Administrator have in place in respect of the Group's financial reporting include:

- internal reviews of all financial reports;
- review by the Board of financial information prior to its publication;
- authorisation limits over expenditure incurred by the Group;
- review of valuations; and
- authorisation of investments.

Whistleblowing

The Board has considered the AIC Code recommendations in respect of arrangements by which staff of the Investment Manager or Administrator may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. It has concluded that adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken within their organisation.

Amendment of Articles of Association

The Company's Articles of Association may be amended by the members of the Company by special resolution (requiring a majority of at least 75 per cent. of the persons voting on the relevant resolution).

Relations with Shareholders

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. Senior members of the Investment Manager make themselves available at all reasonable times to meet with principal shareholders and key sector analysts. The Chairman, the Senior Independent Director and other Directors are also available to meet with shareholders if required.

All shareholders have the opportunity to put questions to the Company at the registered address. The AGM of the Company will provide a forum for shareholders to meet and discuss issues with the Directors and Investment Manager.

The Board receives comprehensive shareholder reports from the Company's Registrar at all quarterly Board meetings and regularly monitors the views of shareholders and the shareholder profile of the Company. The Board is also kept fully informed of all relevant market commentary on the Company by the Investment Manager.

Shareholders may also find Company information or contact the Company through its website: www.greencoat-ukwind.com.

On behalf of the Board

Tim Ingram
Chairman of the Board

22 February 2017

Audit Committee Report

During the year, the Audit Committee comprised Shonaid Jemmett-Page (Chairman), William Rickett C.B., Dan Badger and, with effect from 28 January 2016, Martin McAdam. The AIC Code has a requirement that at least one member of the Audit Committee should have recent and relevant financial experience and the Audit Committee as a whole shall have competence relevant to the sector. The Board is satisfied that the Audit Committee is properly constituted in these respects. The qualifications and experience of all Audit Committee members are disclosed on pages 20 to 22 of this report.

The Audit Committee operates within clearly defined terms of reference which were reviewed during the financial year. The revised terms have been approved by the Board, and include all matters indicated by Disclosure and Transparency Rule 7.1 and the AIC Code and are available for inspection on the Company's website: www.greencoat-ukwind.com.

Audit Committee meetings are scheduled at appropriate times in the reporting and auditing cycle. The Chairman, other Directors and third parties may be invited to attend meetings as and when deemed appropriate.

Summary of the Role and Responsibilities of the Audit Committee

The duties of the Audit Committee include reviewing the Company's quarterly NAV, half-yearly report, Annual Report and financial statements and any formal announcements relating to the Company's financial performance.

The Audit Committee is the forum through which the external Auditor reports to the Board and is responsible for reviewing the terms of appointment of the Auditor, together with their remuneration. On an ongoing basis, the Audit Committee is responsible for reviewing the objectivity of the Auditor along with the effectiveness of the audit and the terms under which the Auditor is engaged to perform non-audit services. The Audit Committee is also responsible for reviewing the Company's corporate governance framework, system of internal controls and risk management, ensuring they are suitable for an investment company.

The Audit Committee reports its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

Overview

During the year, the Audit Committee's discussions have been broad ranging. In addition to the six formally convened Audit Committee meetings from 1 January 2016 to the date of this report, the Audit Committee has had regular contact and meetings with the Investment Manager, the Administrator and the Auditor. These meetings and discussions focused on, but were not limited to:

- a detailed analysis of the Company's quarterly NAVs;
- reviewing the updated risk matrix of the Company;
- reviewing the Company's corporate governance framework;
- reviewing the internal controls framework for the Company, the Administrator and the Investment Manager, considering the need for a separate internal audit function;
- considering any incidents of internal control failure or fraud and the Company's response;
- considering the ongoing assessment of the Company as a going concern;
- considering the principal risks and period of assessment for the longer term viability of the Company;
- monitoring the ongoing appropriateness of the Company's status as an investment entity under IFRS 10, in particular following an acquisition;
- monitoring compliance with AIFMD, the AIC code and other regulatory and governance frameworks;
- reviewing and approving the audit plan in relation to the audit of the Company's Annual Report and financial statements;
- monitoring compliance with the Company's policy on the provision of non-audit services by the Auditor; and
- reviewing the effectiveness, resources, qualifications and independence of the Auditor.

Financial Reporting

The primary role of the Audit Committee in relation to financial reporting is to review with the Investment Manager, the Administrator and the Auditor the appropriateness of the half-yearly report and Annual Report and financial statements, concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- amendments to legislation and corporate governance reporting requirements and accounting treatment of new transactions in the year;
- the impact of new and amended accounting standards on the Company's financial statements;

Audit Committee Report continued

Financial Reporting continued

- whether the Audit Committee believes that proper and appropriate processes and procedures have been followed in the preparation of the half-yearly report and Annual Report and financial statements;
- consideration and recommending to the Board for approval of the contents of the annual financial statements and reviewing the Auditors' report thereon including consideration of whether the financial statements are overall fair, balanced and understandable;
- material areas in which significant judgements have been applied or there has been discussion with the Auditor; and
- any correspondence from regulators in relation to the Company's financial reporting.

BDO LLP attended three of the six formal Audit Committee meetings held during the period from 1 January 2016 to the date of this report. The Audit Committee has also held private meetings with the Auditor to provide additional opportunities for open dialogue and feedback. Matters typically discussed include the Auditor's assessment of the transparency and openness of interactions with the Investment Manager and the Administrator, confirmation that there has been no restriction in scope placed on them, the independence of their audit and how they have exercised professional scepticism.

Significant Issues

The Audit Committee discussed the planning, conduct and conclusions of the external audit as it proceeded. At the Audit Committee meeting in advance of the year end, the Audit Committee discussed and approved the Auditor's audit plan. The Audit Committee identified the carrying value of investments as a key area of risk of misstatement in the Company's financial statements.

Assessment of the Carrying Value of Investments

The Group's accounting policy is to designate investments at fair value through profit or loss. Therefore, the most significant risk in the Group's financial statements is whether its investments are fairly valued due to the uncertainty involved in determining the investment valuations. There is also an inherent risk of management override as the Investment Manager's fee is calculated based on NAV as disclosed in note 3 to the financial statements. The Investment Manager is responsible for calculating the NAV with the assistance of the Administrator, prior to approval by the Board.

On a quarterly basis, the Investment Manager provides a detailed analysis of the NAV highlighting any movements and assumption changes from the previous quarter's NAV. The Audit Committee considers and challenges this analysis and the rationale of any changes made. The Committee has satisfied itself that the key estimates and assumptions used in the valuation model, which are disclosed in note 2 to the financial statements, are appropriate and that the investments have been fairly valued.

Internal Control

The Audit Committee has established a set of ongoing processes designed to meet the particular needs of the Company in managing the risks to which it is exposed.

The process is one whereby the Investment Manager has identified the key risks to which the Company is exposed, and recorded them on a risk matrix together with the controls employed to mitigate these risks. A residual risk rating has been applied to each risk. The Audit Committee is responsible for reviewing the risk matrix and associated controls before recommending to the Board for consideration and approval, challenging the Investment Manager's assumptions to ensure a robust internal risk management process.

The Audit Committee formally reviewed the updated risk matrix during the year and will continue to do so on an annual basis. By their nature, these procedures provide a reasonable, but not absolute, assurance against material misstatement or loss. Regular reports will be provided to the Audit Committee highlighting material changes to risk ratings.

The Audit Committee also reviewed the Group's principal risks and uncertainties as at 30 June 2016, to determine that these were unchanged from those disclosed in the Company's 2015 Annual Report and remained the most likely to affect the Group in the second half of the year.

During the year, the Audit Committee also discussed and reviewed the internal controls frameworks in place at the Investment Manager and the Administrator in depth. Discussions focused on three lines of defence: assurances at operational level; internal oversight; and independent objective assurance. The Audit Committee concluded that these frameworks were appropriate for the identification, assessment, management and monitoring of financial and regulatory risks, with particular regard to the protection of the interests of the Company's shareholders.

Internal Audit

The Audit Committee continues to review the need for an internal audit function and has decided that the systems, processes and procedures employed by the Company, Investment Manager and Administrator, including their own internal controls and procedures, provide sufficient assurance that an appropriate level of risk management and internal control is maintained. In addition to this, the Company's external Depositary provides cash monitoring, asset verification and oversight services to the Company.

Audit Committee Report continued

Internal Audit continued

The Audit Committee has therefore concluded that shareholders' investments and the Company's assets are adequately safeguarded and an internal audit function specific to the Company is considered unnecessary.

The Audit Committee shall meet investors in relation to the Company's financial reporting and internal controls, should it be deemed appropriate.

External Auditor

Effectiveness of the Audit Process

The Audit Committee assessed the effectiveness of the audit process by considering BDO LLP's fulfilment of the agreed audit plan through the reporting presented to the Audit Committee by BDO LLP and the discussions at the Audit Committee meeting, which highlighted the major issues that arose during the course of the audit. In addition, the Audit Committee also sought feedback from the Investment Manager and the Administrator on the effectiveness of the audit process. For this financial year, the Audit Committee was satisfied that there had been appropriate focus and challenge on the primary areas of audit risk and assessed the quality of the audit process to be good.

Non-Audit Services

Details of fees paid to BDO LLP during the year are disclosed in note 5 to the financial statements. The Audit Committee approved these fees after a review of the level and nature of work to be performed, and are satisfied that they are appropriate for the scope of the work required. The Audit Committee seeks to ensure that any non-audit services provided by the external Auditor do not conflict with their statutory and regulatory responsibilities, as well as their independence, before giving written approval prior to their engagement. The Audit Committee was satisfied that BDO LLP had adequate safeguards in place and that provision of these non-audit services did not provide threats to the Auditor's independence.

The Audit Committee has a policy regarding the provision of non-audit services by the external Auditor which precludes the external Auditor from providing any of the prohibited non-audit services as listed in Article 5 of the EU Directive Regulation (EU) No 537/2014. The Audit Committee monitors the Group's expenditure on non-audit services provided by the Company's Auditor who should only be engaged for non-audit services where they are deemed to be the most commercially viable supplier and prior approval of the Audit Committee has been sought.

Independence

The Audit Committee is required to consider the independence of the external Auditor. In fulfilling this requirement, the Audit Committee has considered a report from BDO LLP describing its arrangements to identify, report and manage any conflict of interest and the extent of non-audit services provided by them.

The Audit Committee has concluded that it considers BDO LLP to be independent of the Company and that the provision of the non-audit services described above is not a threat to the objectivity and independence of the conduct of the audit.

Re-appointment

BDO LLP has been the Company's Auditor from its incorporation on 4 December 2012. The Auditor is required to rotate the audit partner responsible for the Group audit every five years. In the prior year, a new lead partner was appointed and therefore the lead partner will be required to rotate after the completion of the 2019 year end audit.

The external audit contract is required to be put to tender at least every ten years. The Audit Committee shall give advance notice of any retendering plans within the Annual Report. The Audit Committee has considered the re-appointment of the Auditor and decided not to put the provision of the external audit out to tender at this time. As described above, the Audit Committee reviewed the effectiveness and independence of the Auditor and remain satisfied that the Auditor provides effective independent challenge to the Board, the Investment Manager and the Administrator. The Audit Committee will continue to monitor the performance of the Auditor on an annual basis and will consider their independence and objectivity, taking account of appropriate guidelines.

The Audit Committee has therefore recommended to the Board that BDO LLP be proposed for re-appointment as the Company's Auditor at the AGM of the Company.

Annual General Meeting

The Chairman of the Audit Committee will be present at the Company's AGM to answer questions on the Audit Committee's activity and matters within the scope of the Audit Committee's responsibilities.

Shonaid Jemmett-Page

Shonaid Jemmett-Page
Chairman of the Audit Committee

22 February 2017

Independent Auditor's Report

To the Members of Greencoat UK Wind PLC

Opinion on Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Consolidated Statement of Comprehensive Income, the consolidated and parent company Statement of Financial Position, the consolidated and parent company Statement of Changes in Equity, the consolidated and parent company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Report of the Directors, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

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.

Our Assessment of and Response to the Risks of Material Misstatement and Overview of the Scope of Our Audit

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

Our audit approach was developed by obtaining an understanding of the Group's activities, the key functions undertaken on behalf of the Board by the Investment Manager and Administrator and the overall control environment. Based on this understanding we assessed those aspects of the Group's financial statements which were most likely to give rise to a material misstatement. The Group audit engagement team was responsible for the audit of all entities included in the consolidated financial statements.

The valuation of investments in the underlying wind farm portfolio was the risk that had the greatest impact on our audit strategy and scope, including the allocation of resources in the audit. The Audit Committee's consideration of this key matter is set out on page 34.

Independent Auditor's Report continued

Risk description	How our audit addressed the risk
The valuation of investments is a highly subjective accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Manager, who is remunerated based on the NAV of the Company. 100% of the underlying investment portfolio is represented by unquoted equity and loan investments and all investments are individually material to the financial statements.	In respect of the equity investments valued using discounted cash flow models, we performed the following specific procedures: • Used spreadsheet analysis tools to assess the integrity of the valuation models and track changes to inputs or structure • Agreed wind generation and power price forecasts to independent reports • For new investments we obtained and reviewed all key agreements and contracts and considered whether these were accurately reflected in the valuation model • For existing investments we analysed changes in significant assumptions compared with assumptions audited in previous periods and vouched these to independent evidence including available industry data • Challenged the appropriateness of the selection and application of key assumptions in the model including the discount factor, inflation, asset life and the allocation of Group tax losses applied by benchmarking to available industry data and consulting with our internal valuations specialists • Reviewed the corporation tax workings within the valuation model • Agreed cash and other net assets to bank statements and investee company management accounts • Considered the accuracy of forecasting by comparing previous forecasts to actual results • Reviewed the outcome of purchase price true-ups that have taken place in the year and confirmed that these have been accurately reflected in the models. For loan investments we performed the following: • Vouched to loan agreements and verified the terms of the loan • Considered wider economic and commercial factors that, in our opinion, could impact on the recoverability and fair value of the loan • Considered the carrying value of the loan with regard to the "unit of account" concept. For each of the key assumptions in the valuation models, we considered the appropriateness of the assumption and whether alternative reasonable assumptions could have been applied. We considered each assumption in isolation as well as in conjunction with other assumptions and the valuation as a whole. Where appropriate, we sensitised the valuations where other reasonable alternative assumptions could have been applied. We also considered the completeness and clarity of disclosures regarding the range of reasonable alternative assumptions in the financial statements. Based on our procedures performed we concluded that the valuation of the investment portfolio was considered to be within an acceptable range.

Independent Auditor's Report continued

Our Application of Materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The application of these key considerations gives rise to two levels of materiality for the Group, the quantum and purpose of which are tabulated below.

Materiality measure	Purpose	Basic and key considerations	Quantum (£)
Financial statement materiality	Assessing whether the financial statements as a whole present a true and fair view	Based on 1.5% of an adjusted net asset value considering: • The nature of the investment portfolio and the level of judgement inherent in the valuation • The expected level of gearing in the portfolio	10,100,000
Specific materiality – classes of transactions and balances which impact on the realised return	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	• 10% of profit before tax for the year excluding unrealised valuation movements	4,200,000

It is appropriate to set financial statement materiality for the parent company and the other component at a lower level than Group materiality. In light of the nature of the transactions and balances within each company, we have set materiality at 95% of Group materiality.

We agreed with the Audit Committee that we would report to the Audit Committee all audit differences in excess of £200,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Opinion on Other Matters Prescribed by the Companies Act 2006

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

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

Statement Regarding the Directors' Assessment of Principal Risks, Going Concern and Longer Term Viability of the Company

We have nothing material to add or to draw attention to in relation to:

- the Directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated;

Independent Auditor's Report continued

Statement Regarding the Directors' Assessment of Principal Risks, Going Concern and Longer Term Viability of the Company continued

- the Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; or
- the Directors' explanation in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any material disclosures drawing attention to any necessary qualifications or assumptions.

Matters on Which we are Required to Report by Exception

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 material misstatement in the Strategic Report and Report of the Directors.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited 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.

Under the Listing Rules we are required to review the parts of the Directors' statement relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the Auditor in accordance with Listing Rule 9.8.10 R(2). The Listing Rules also require that we review the Directors' statements set out on pages 8 and 9 regarding going concern and longer term viability.

We have nothing to report in respect of these matters.

BDO LLP

Leigh Treacy (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

22 February 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2016

	Note	For the year ended 31 December 2016 £'000	For the year ended 31 December 2015 £'000
Return on investments	4	78,452	42,037
Other income		477	412
Total income and gains		**78,929**	**42,449**
Operating expenses	5	(8,879)	(7,363)
Investment acquisition costs		(2,562)	(263)
Operating profit		**67,488**	**34,823**
Finance expense	13	(7,559)	(6,162)
Profit for the year before tax		**59,929**	**28,661**
Tax credit	6	1,429	1,988
Profit for the year after tax		**61,358**	**30,649**
Profit and total comprehensive income attributable to:			
Equity holders of the Company		**61,358**	**30,649**
Earnings per share			
Basic and diluted earnings from continuing operations in the year (pence)	7	**10.56**	**6.59**

The accompanying notes on pages 46 to 70 form an integral part of the financial statements.

Consolidated Statement of Financial Position

As at 31 December 2016

	Note	31 December 2016 £'000	31 December 2015 £'000
Non current assets			
Investments at fair value through profit or loss	9	894,791	657,591
		894,791	**657,591**
Current assets			
Receivables	11	3,838	3,619
Cash and cash equivalents		5,860	7,231
		9,698	**10,850**
Current liabilities			
Payables	12	(4,351)	(3,675)
Net current assets		**5,347**	**7,175**
Non current liabilities			
Loans and borrowings	13	(100,000)	(135,000)
Net assets		**800,138**	**529,766**
Capital and reserves			
Called up share capital	15	7,367	5,068
Share premium account	15	495,110	253,310
Other distributable reserves		157,011	192,096
Retained earnings		140,650	79,292
Total shareholders' funds		**800,138**	**529,766**
Net assets per share (pence)	16	**108.6**	**104.5**

Authorised for issue by the Board on 22 February 2017 and signed on its behalf by:

Tim Ingram
Chairman

Shonaid Jemmett-Page
Director

The accompanying notes on pages 46 to 70 form an integral part of the financial statements.

Statement of Financial Position – Company

As at 31 December 2016

	Note	31 December 2016 £'000	31 December 2015 £'000
Non current assets			
Investments at fair value through profit or loss	9	906,532	667,198
		906,532	**667,198**
Current assets			
Receivables	11	2,793	509
Cash and cash equivalents		573	4
		3,366	**513**
Current liabilities			
Payables	12	(9,760)	(2,945)
Net current liabilities		**(6,394)**	**(2,432)**
Non current liabilities			
Loans and borrowings	13	(100,000)	(135,000)
Net assets		**800,138**	**529,766**
Capital and reserves			
Called up share capital	15	7,367	5,068
Share premium account	15	495,110	253,310
Other distributable reserves		157,011	192,096
Retained earnings		140,650	79,292
Total shareholders' funds		**800,138**	**529,766**
Net assets per share (pence)	16	**108.6**	**104.5**

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 and accordingly has not presented a Statement of Comprehensive Income for the Company alone. The profit after tax of the Company alone for the year was £61,358,000 (2015: £30,649,000).

Authorised for issue by the Board on 22 February 2017 and signed on its behalf by:

Tim Ingram
Chairman

Shonaid Jemmett-Page
Director

The accompanying notes on pages 46 to 70 form an integral part of the financial statements.

Consolidated and Company Statement of Changes in Equity

For the year ended 31 December 2016

For the year ended 31 December 2016	Note	Share capital £'000	Share premium £'000	Other distributable reserves £'000	Retained earnings £'000	Total £'000
Opening net assets attributable to shareholders (1 January 2016)		5,068	253,310	192,096	79,292	**529,766**
Issue of share capital	15	2,299	245,790	—	—	**248,089**
Share issue costs	15	—	(3,990)	—	—	**(3,990)**
Profit and total comprehensive income for the year		—	—	—	61,358	**61,358**
Interim dividends paid in the year	8	—	—	(35,085)	—	**(35,085)**
Closing net assets attributable to shareholders		**7,367**	**495,110**	**157,011**	**140,650**	**800,138**

Other distributable reserves were created through the cancellation of the share premium account on 5 June 2013. This amount is capable of being applied in any manner in which the Company's profits available for distribution, as determined in accordance with the Companies Act 2006, are able to be applied.

After taking account of cumulative unrealised gains of £35,194,977, the total reserves distributable by way of a dividend as at 31 December 2016 were £262,466,218.

For the year ended 31 December 2015	Note	Share capital £'000	Share premium £'000	Other distributable reserves £'000	Retained earnings £'000	Total £'000
Opening net assets attributable to shareholders (1 January 2015)		4,607	205,023	227,973	48,643	**486,246**
Issue of share capital	15	459	49,037	—	—	**49,496**
Share issue costs	15	—	(750)	—	—	**(750)**
Profit and total comprehensive income for the year		—	—	—	30,649	**30,649**
Interim dividends paid in the year	8	—	—	(35,877)	—	**(35,877)**
Closing net assets attributable to shareholders		**5,068**	**253,310**	**192,096**	**79,292**	**529,766**

After taking account of cumulative unrealised gains of £15,058,250, the total reserves distributable by way of a dividend as at 31 December 2015 were £256,329,138.

The accompanying notes on pages 46 to 70 form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	Note	For the year ended 31 December 2016 £'000	For the year ended 31 December 2015 £'000
Net cash flows from operating activities	17	**52,216**	**48,468**
Cash flows from investing activities			
Acquisition of investments	9	(222,787)	(85,285)
Investment acquisition costs		(2,688)	(135)
Cash received for adjustment to purchase price of investments		3,200	—
Cash paid for adjustment to purchase price of investments		(2,176)	—
Repayment of loan capital from Clyde	9	5,724	—
Net cash flows from investing activities		**(218,727)**	**(85,420)**
Cash flows from financing activities			
Issue of share capital	15	247,000	48,306
Payment of issue costs		(3,894)	(971)
Amounts drawn down on loan facilities	13	210,000	265,000
Amounts repaid on loan facilities	13	(245,000)	(235,000)
Finance costs		(7,881)	(5,595)
Dividends paid	8	(35,085)	(35,877)
Net cash flows from financing activities		**165,140**	**35,863**
Net decrease in cash and cash equivalents during the year		**(1,371)**	**(1,089)**
Cash and cash equivalents at the beginning of the year		**7,231**	**8,320**
Cash and cash equivalents at the end of the year		**5,860**	**7,231**

The accompanying notes on pages 46 to 70 form an integral part of the financial statements.

Statement of Cash Flows – Company

For the year ended 31 December 2016

	Note	For the year ended 31 December 2016 £'000	For the year ended 31 December 2015 £'000
Net cash flows from operating activities	17	**(1,550)**	**45,991**
Cash flows from investing activities			
Acquisition of investments		—	(105,000)
Loans advanced to Group companies	9	(210,000)	(85,000)
Repayment of loans to Group companies	9	46,979	1,487
Net cash flows from investing activities		**(163,021)**	**(188,513)**
Cash flows from financing activities			
Issue of share capital	15	247,000	48,306
Payment of issue costs		(3,894)	(971)
Amounts drawn down on loan facilities	13	210,000	265,000
Amounts repaid on loan facilities	13	(245,000)	(130,000)
Finance costs		(7,881)	(3,988)
Dividends paid	8	(35,085)	(35,877)
Net cash flows from financing activities		**165,140**	**142,470**
Net increase/(decrease) in cash and cash equivalents during the year		**569**	**(52)**
Cash and cash equivalents at the beginning of the year		**4**	**56**
Cash and cash equivalents at the end of the year		**573**	**4**

The accompanying notes on pages 46 to 70 form an integral part of the financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

1. Significant accounting policies

Basis of accounting

The consolidated annual financial statements have been prepared in accordance with IFRS to the extent that they have been adopted by the EU and with those parts of the Companies Act 2006 applicable to companies under IFRS.

The annual financial statements have been prepared on the historical cost basis, as modified for the measurement of certain financial instruments at fair value through profit or loss. The principal accounting policies are set out below.

These consolidated financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Group operates and are rounded to the nearest thousand, unless otherwise stated.

New and amended standards and interpretations not applied

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2016 that had a significant effect on the Group or Company's financial statements. Furthermore, none of the amendments to standards that are effective from that date had a significant effect on the financial statements.

At the date of authorisation of these financial statements, IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" were issued but will not become effective until accounting periods beginning on or after 1 January 2018 and IFRS 16 "Leases" was issued but will not become effective until accounting periods beginning on or after 1 January 2019. These accounting standards have not been applied in these financial statements. Other accounting standards have been published and will be mandatory for the Company's accounting periods beginning on or after 1 January 2017 or later periods. The impact of these standards is not expected to be material to the reported results and financial position of the Group.

Accounting for subsidiaries

The Directors have concluded that the Group has all the elements of control as prescribed by IFRS 10 "Consolidated Financial Statements" in relation to all its subsidiaries and that the Company continues to satisfy the criteria to be regarded as an investment entity as defined in IFRS 10, IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Consolidated and Separate Financial Statements". Subsidiaries are therefore measured at fair value through profit or loss, in accordance with IFRS 13 "Fair Value Measurement" and IAS 39 "Financial Instruments: Recognition and Measurement". The financial support provided by the Company to its unconsolidated subsidiaries is disclosed in note 10.

Notwithstanding this, IFRS 10 requires subsidiaries that provide services that relate to the investment entity's investment activities to be consolidated. Accordingly, the annual financial statements include the consolidated financial statements of Greencoat UK Wind PLC and Greencoat UK Wind Holdco Limited (a 100 per cent. owned UK subsidiary). Consolidated comparative figures for the year ended 31 December 2015 include Greencoat UK Wind 1 LLP (a UK limited liability partnership) which was dissolved on 29 December 2015. In respect of these entities, intra-Group balances and any unrealised gains arising from intra-Group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless the costs cannot be recovered. The financial statements of subsidiaries that are included in the consolidated financial statements are included from the date that control commences until the dates that control ceases.

In the parent company financial statements, investments in subsidiaries are measured at fair value through profit or loss in accordance with IAS 39, as permitted by IAS 27.

Accounting for associates and joint ventures

The Group has taken the exemption permitted by IAS 28 "Investments in Associates and Joint Ventures" and IFRS 11 "Joint Arrangements" for entities similar to investment entities and measures its investments in associates and joint ventures at fair value. The Directors consider an associate to be an entity over which the Group has significant influence, through an ownership of between 20 per cent. and 50 per cent.. The Group's associates and joint ventures are disclosed in note 10.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

1. Significant accounting policies continued

Financial instruments

Financial assets and financial liabilities are recognised in the Group's Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

At 31 December 2016 and 2015 the carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses and short term borrowings reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the original instruments and their expected realisation. The fair value of advances and other balances with related parties which are short-term or repayable on demand is equivalent to their carrying amount.

Financial assets

The classification of financial assets at initial recognition depends on the purpose for which the financial asset was acquired and its characteristics.

All financial assets are initially recognised at fair value. All purchases of financial assets are recorded at the date on which the Group became party to the contractual requirements of the financial asset.

The Group's and Company's financial assets comprise of only investments held at fair value through profit or loss and loans and receivables.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They principally comprise cash and trade and other receivables and they are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method, less provisions for impairment. Transaction costs are recognised in the Consolidated Statement of Comprehensive Income as incurred.

The Group and the Company assess whether there is any objective evidence that financial assets are impaired at the end of each reporting period. If any such evidence exists, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the loss is recognised in profit or loss.

Investments held at fair value through profit or loss

Investments are designated upon initial recognition as held at fair value through profit or loss. Gains or losses resulting from the movement in fair value are recognised in the Consolidated Statement of Comprehensive Income at each valuation point. As shareholder loan investments form part of a managed portfolio of assets whose performance is evaluated on a fair value basis, loan investments are designated at fair value in line with equity investments.

The Company's loan and equity investments in Holdco are held at fair value through profit or loss. Gains or losses resulting from the movement in fair value are recognised in the Company's Statement of Comprehensive Income at each valuation point.

Financial assets are recognised/derecognised at the date of the purchase/disposal. Investments are initially recognised at cost, being the fair value of consideration given. Transaction costs are recognised in the Consolidated Statement of Comprehensive Income as incurred.

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Fair value is calculated on an unlevered, discounted cash flow basis in accordance with IFRS 13 and IAS 39. Gains or losses resulting from the revaluation of investments are recognised in the Consolidated Statement of Comprehensive Income.

Derecognition of financial assets

A financial asset (in whole or in part) is derecognised either:

- when the Group has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred or retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

1. Significant accounting policies continued

Financial liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into.

All financial liabilities are initially recognised at fair value net of transaction costs incurred. All financial liabilities are recorded on the date on which the Group becomes party to the contractual requirements of the financial liability.

All loans and borrowings are initially recognised at cost, being fair value of the consideration received, less issue costs where applicable. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Loan balances as at the year end have not been discounted to reflect amortised cost, as the amounts are not materially different from the outstanding balances.

The Group's other financial liabilities measured at amortised cost include trade and other payables and other short term monetary liabilities which are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the Consolidated Statement of Comprehensive Income.

Embedded derivatives

Derivatives may be embedded in other financial instruments, such as an interest rate swap in a borrowing. Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, the terms of the embedded derivative would meet the definition of a stand-alone derivative if they were contained in a separate contract and the combined contract is not held for trading or designated at fair value. These embedded derivatives are measured at fair value with changes in fair value recognised in the Consolidated Statement of Comprehensive Income. Embedded derivatives which are closely related to the host contract are not separated from the host instrument.

Finance expenses

Borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the period to which they relate on an accruals basis.

Share capital

Financial instruments issued by the Company are treated as equity if the holder has only a residual interest in the assets of the Company after the deduction of all liabilities. The Company's ordinary shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds.

Incremental costs include those incurred in connection with the placing and admission which include fees payable under a placing agreement, legal costs and any other applicable expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits held on call with banks and other short-term highly liquid deposits with original maturities of three months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

1. Significant accounting policies continued

Dividends

Dividends payable are recognised as distributions in the financial statements when the Company's obligation to make payment has been established.

Income recognition

Dividend income and interest income on shareholder loan investments are recognised when the Group's entitlement to receive payment is established.

Other income is accounted for on an accruals basis using the effective interest rate method.

Gains or losses resulting from the movement in fair value of the Group's and Company's investments held at fair value through profit and loss are recognised in the Consolidated or Company Statement of Comprehensive Income at each valuation point.

Expenses

Expenses are accounted for on an accruals basis. Share issue expenses of the Company directly attributable to the issue and listing of shares are charged to the share premium account.

The Company issues shares to the Investment Manager in exchange for receiving investment management services. The fair value of the investment management services received in exchange for shares is recognised as an expense at the time at which the investment management fees are earned, with a corresponding increase in equity. The fair value of the investment management services is calculated by reference to the definition of investment management fees in the Investment Management Agreement.

Taxation

Under the current system of taxation in the UK, the Group is liable to taxation on its operations in the UK.

Payment received or receivable from the Group or Group owned SPVs for losses surrendered has been recognised in the financial statements and form part of the tax credit. In some situations, it might not be appropriate to recognise the tax credit until the Group's and Group owned SPVs' tax affairs have been finalised and the losses elections have been made.

Current tax is the expected tax payable on the taxable income for the period, using tax rates that have been enacted or substantively enacted at the date of the Consolidated Statement of Financial Position.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit or the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments, except where the Group is able to control the timing of the reversal of the difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Consolidated Statement of Comprehensive Income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. Deferred tax assets and liabilities are not discounted.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

1. Significant accounting policies continued

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, as a whole. The key measure of performance used by the Board to assess the Group's performance and to allocate resources is the total return on the Group's net assets, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the financial statements.

For management purposes, the Group is organised into one main operating segment, which invests in wind farm assets.

All of the Group's income is generated within the UK.

All of the Group's non-current assets are located in the UK.

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the application of estimates and assumptions which may affect the results reported in the financial statements. Estimates, by their nature, are based on judgement and available information.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are those used to determine the fair value of the investments as disclosed in note 9 to the financial statements.

As disclosed in note 1, the Directors have concluded that the Company meets the definition of an investment entity as defined in IFRS 10, IFRS 12 and IAS 27. This conclusion involved a degree of judgement and assessment as to whether the Company met the criteria outlined in the accounting standards.

The key assumptions that have a significant impact on the carrying value of investments that are valued by reference to the discounted value of future cash flows are the useful life of the assets, the discount factors, the level of wind resource, the rate of inflation, the price at which the power and associated benefits can be sold and the amount of electricity the assets are expected to produce.

Useful lives are based on the Investment Manager's estimates of the period over which the assets will generate revenue which are periodically reviewed for continued appropriateness. The standard assumption used for the useful life of a wind farm is 25 years. The actual useful life may be a shorter or longer period depending on the actual operating conditions experienced by the asset.

The discount factors are subjective and therefore it is feasible that a reasonable alternative assumption may be used resulting in a different value. The discount factors applied to the cash flows are reviewed annually by the Investment Manager to ensure they are at the appropriate level. The Investment Manager will take into consideration market transactions, where of similar nature, when considering changes to the discount factors used.

The revenues and expenditure of the investee companies are frequently partly or wholly subject to indexation and an assumption is made that inflation will increase at a long term rate.

The price at which the output from the generating assets is sold is a factor of both wholesale electricity prices and the revenue received from the Government support regime. Future power prices are estimated using external third party forecasts which take the form of specialist consultancy reports. The future power price assumptions are reviewed as and when these forecasts are updated. There is an inherent uncertainty in future wholesale electricity price projection.

Specifically commissioned external reports are used to estimate the expected electrical output from the wind farm assets taking into account the expected average wind speed at each location and generation data from historical operation. The actual electrical output may differ considerably from that estimated in such a report mainly due to the variability of actual wind to that modelled in any one period. Assumptions around electrical output will be reviewed only if there is good reason to suggest there has been a material change in this expectation.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

3. Investment management fees

Under the terms of the Investment Management Agreement and effective from 1 April 2015, the Investment Manager is entitled to a combination of a Cash Fee and an Equity Element from the Company.

The Cash Fee is based upon the NAV as at the start of the quarter in question on the following basis:

- on that part of the then most recently announced NAV up to and including £500 million, an amount equal to 0.25 per cent. of such part of the NAV;
- on that part of the then most recently announced NAV over £500 million and up to and including £1,000 million, an amount equal to 0.225 per cent. of such part of the NAV; and
- on that part of the then most recently announced NAV over £1,000 million, an amount equal to 0.2 per cent. of such part of the NAV.

The Equity Element is calculated quarterly in advance and has a value as set out below:

- on that part of the then most recently announced NAV up to and including £500 million, 0.05 per cent.; and
- on that part of the then most recently announced NAV over £500 million up to and including £1,000 million, 0.025 per cent.

The ordinary shares issued to the Investment Manager under the equity element are subject to a three year lock up starting from the quarter in which they are due to be paid.

As at 31 December each year, the Cash Fee and Equity Element shall be subject to a true-up to the value that would have been deliverable had they been calculated quarterly in arrears.

Prior to 31 March 2015, PPS was paid quarterly in advance, in each case based upon the NAV as at the start of the quarter in question on the following basis:

- on that part of the then most recently announced NAV up to and including £500 million, an amount equal to 0.25 per cent. of such part of the NAV;
- on that part of the then most recently announced NAV over £500 million and up to and including £1,000 million, an amount equal to 0.225 per cent. of such part of the NAV; and
- on that part of the then most recently announced NAV over £1,000 million, an amount equal to 0.2 per cent. of such part of the NAV,

in each case less an amount equivalent to the quarterly Base Fee of £275,000.

Investment management fees paid or accrued in the year to 31 December 2016 were as follows:

For the year ended 31 December 2016	Cash Fee £'000	Value of Equity Element £'000	Total amounts paid to the Investment Manager £'000
Quarter to March 2016	1,305	256	**1,561**
Quarter to June 2016	1,427	270	**1,697**
Quarter to September 2016	1,580	287	**1,867**
Quarter to December 2016	1,737	304	**2,041**
Total	**6,049**	**1,117**	**7,166**

The value of the Equity Element and the Cash Fee detailed in the table above include the true-up amount for the year calculated in accordance with the Investment Management Agreement.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

3. Investment management fees continued

Investment management fees and PPS paid or accrued in the year to 31 December 2015 were as follows:

For the year ended 31 December 2015	Base fee £'000	PPS £'000	Cash Fee £'000	Value of Equity Element £'000	Total amounts paid to the Investment Manager £'000
Quarter to March 2015	275	925	—	240	**1,440**
Quarter to June 2015	—	—	1,202	240	**1,442**
Quarter to September 2015	—	—	1,207	241	**1,448**
Quarter to December 2015	—	—	1,246	249	**1,495**
Total	**275**	**925**	**3,655**	**970**	**5,825**

The value of the Equity Element and the Cash Fee detailed in the table above include the true-up amount for the year calculated in accordance with the Investment Management Agreement.

4. Return on investments

	For the year ended 31 December 2016 £'000	For the year ended 31 December 2015 £'000
Dividends received (note 19)	54,232	50,920
Interest on shareholder loan investment received (note 19)	5,059	—
(Loss)/gain on adjustment to purchase price of investment (note 9 & 14)	(976)	2,000
Unrealised movement in fair value of investments (note 9)	20,137	(10,883)
	78,452	**42,037**

5. Operating expenses

	For the year ended 31 December 2016 £'000	For the year ended 31 December 2015 £'000
Management fees (note 3)	7,166	4,900
PPS (note 3)	—	925
Group and SPV administration fees	500	428
Non-executive Directors' fees	225	194
Other expenses	867	851
Fees to the Company's Auditor:		
for audit of the statutory financial statements	64	61
for other services	53	—
for other audit related services	4	4
	8,879	**7,363**

The fees to the Company's Auditor include £3,600 (2015: £3,600) payable in relation to a limited review of the half-yearly report. During the year, BDO was paid £56,000 (2015: £nil) in relation to capital raises of the Company which was included in share issue costs. Total fees payable to BDO for non-audit services during the year were £112,600 (2015: £3,600).

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

6. Taxation

	For the year ended 31 December 2016 £'000	For the year ended 31 December 2015 £'000
UK Corporation Tax credit	(1,429)	(1,988)
	(1,429)	**(1,988)**

The tax credit for the year shown in the Statement of Comprehensive Income is lower than the standard rate of corporation tax of 20 per cent. (2015: 21 per cent. to 31 March 2015 and 20 per cent. from 1 April 2015). The differences are explained below.

	For the year ended 31 December 2016 £'000	For the year ended 31 December 2015 £'000
Profit for the year before taxation	59,929	28,661
Profit for the year multiplied by the standard rate of corporation tax of 20 per cent. (2015: 21 per cent. to 31 March 2015 and 20 per cent. from 1 April 2015)	11,986	5,803
Fair value movements (not subject to taxation)	(3,832)	1,799
Dividends received (not subject to taxation)	(10,846)	(10,310)
Expenditure not deductible for tax purposes	517	247
Surrendering of tax losses to unconsolidated subsidiaries	2,175	2,461
Payments for current year losses surrendered	(188)	(172)
Payments for prior year losses surrendered	(1,241)	(1,816)
Total tax credit	**(1,429)**	**(1,988)**

7. Earnings per share

	For the year ended 31 December 2016	For the year ended 31 December 2015
Profit attributable to equity holders of the Company – £'000	61,358	30,649
Weighted average number of ordinary shares in issue	580,837,147	465,221,854
Basic and diluted earnings from continuing operations in the year (pence)	**10.56**	**6.59**

Dilution of the earnings per share as a result of the equity element of the investment management fee as disclosed in note 3 does not have a significant impact on the basic earnings per share.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

8. Dividends declared with respect to the year

Interim dividends paid during the year ended 31 December 2016	Dividend per share pence	Total dividend £'000
With respect to the quarter ended 31 December 2015	1.565	7,931
With respect to the quarter ended 31 March 2016	1.585	8,041
With respect to the quarter ended 30 June 2016	1.585	9,554
With respect to the quarter ended 30 September 2016	1.585	9,559
	6.320	**35,085**

Interim dividends declared after 31 December 2016 and not accrued in the year	Dividend per share pence	Total dividend £'000
With respect to the quarter ended 31 December 2016	1.585	11,682
	1.585	**11,682**

On 30 January 2017, the Company announced a dividend of 1.585 pence per share with respect to the quarter ended 31 December 2016, bringing the total dividend declared with respect to the year to 31 December 2016 to 6.34 pence per share. The record date for the dividend was 10 February 2017 and the payment date is 24 February 2017.

The following table shows dividends paid in the prior year.

Interim dividends paid during the year ended 31 December 2015	Dividend per share pence	Total dividend £'000
With respect to the 6 months ended 31 December 2014	3.080	14,204
With respect to the quarter ended 31 March 2015	1.565	7,221
With respect to the quarter ended 30 June 2015	1.565	7,224
With respect to the quarter ended 30 September 2015	1.565	7,228
	7.775	**35,877**

9. Investments at fair value through profit or loss

Group – for the year ended 31 December 2016	Loans £'000	Equity interest £'000	Total £'000
Opening balance	—	657,591	**657,591**
Additions	113,380	109,407	**222,787**
Repayment of shareholder loan investments (note 19)	(5,724)	—	**(5,724)**
Adjustment to purchase price of investment (note 14)	—	976	**976**
Loss on adjustment to purchase price of investment (note 4)	—	(976)	**(976)**
Unrealised movement in fair value of investments (note 4)	17	20,120	**20,137**
	107,673	**787,118**	**894,791**

Group – for the year ended 31 December 2015	Loans £'000	Equity interest £'000	Total £'000
Opening balance	—	583,189	**583,189**
Additions	—	85,285	**85,285**
Adjustment to purchase price of investments (note 14)	—	(2,000)	**(2,000)**
Gain on adjustment to purchase price of investment (note 4)	—	2,000	**2,000**
Unrealised movement in fair value of investments (note 4)	—	(10,883)	**(10,883)**
	—	**657,591**	**657,591**

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

9. Investments at fair value through profit or loss continued

The unrealised movement in fair value of investments of the Group during the year and the prior year was made up as follows:

	For the year ended 31 December 2016 £'000	For the year ended 31 December 2015 £'000
Increase/(decrease) in DCF valuation of investments	13,572	(14,558)
Repayment of shareholder loan investment	5,724	—
Movement in cash balances of SPVs	(1,721)	3,675
Acquisition costs	2,562	—
	20,137	**(10,883)**

The unrealised movement in fair value of investments of the Company during the year and the prior year was made up as follows:

Company – for the year ended 31 December 2016	Loans £'000	Equity interest £'000	Total £'000
Opening balance	83,513	583,685	**667,198**
Loan advanced to Holdco (note 19)	210,000	—	**210,000**
Repayment of loan to Holdco (note 19)	(46,979)	—	**(46,979)**
Unrealised movement in fair value of investments	—	76,313	**76,313**
	246,534	**659,998**	**906,532**

Company – for the year ended 31 December 2015	Loans £'000	Equity interest £'000	Total £'000
Opening balance	461,018	25,831	**486,849**
Additions	—	105,000	**105,000**
Group restructure	(461,018)	461,018	**—**
Loan advanced to Holdco	85,000	—	**85,000**
Repayment of loan to Holdco	(1,487)	—	**(1,487)**
Unrealised movement in fair value of investments	—	(8,164)	**(8,164)**
	83,513	**583,685**	**667,198**

During the year, the Group acquired a 28.2 per cent. interest in Clyde.

The Clyde Extension is being developed by SSE within the same SPV (Clyde) as the operating wind farm. SSE has agreed to take construction risk and certain arrangements have been agreed to effect this which will remain in place until the commissioning date of the Clyde Extension. SSE has agreed to meet all construction costs relating to the Clyde Extension, and has provided an indemnity to Holdco and GLIL in respect of any claims against Clyde in connection with construction of the Clyde Extension.

Following the commissioning date Holdco and GLIL's 49.9 per cent. stake in Clyde will dilute to reflect the increase in value of Clyde as a result of the commencement of operation of the Clyde Extension. It is intended that the economic value of Holdco and GLIL's current stake will remain unchanged as a result of the dilution, and will reduce to a minimum of 30 per cent. in Clyde to reflect the increase in value of Clyde. Reserved matters, board representation rights and other minority protections will remain unchanged notwithstanding Holdco and GLIL's reduced shareholding. Holdco and GLIL have a right of first offer should SSE decide to reduce its shareholding, including upon the commissioning of the Clyde Extension.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

9. Investments at fair value through profit or loss continued

Fair value measurements

IFRS 13 requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the following three levels:

- 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 assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The determination of what constitutes 'observable' requires significant judgement by the Group. The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The only financial instruments held at fair value are the instruments held by the Group in the SPVs, which are fair valued at each reporting date. The Group's investments have been classified within level 3 as the investments are not traded and contain unobservable inputs. The Company's investments are all considered to be level 3 assets. As the fair value of the Company's equity and loan investments in Holdco is ultimately determined by the underlying fair values of the SPV investments, the Company's sensitivity analysis of reasonably possible alternative input assumptions is the same as for the Group.

Due to the nature of the investments, they are always expected to be classified as level 3. There have been no transfers between levels during the year ended 31 December 2016.

Any transfers between the levels would be accounted for on the last day of each financial period.

The Investment Manager will carry out the asset valuations, which form part of the NAV calculation. These asset valuations will be based on discounted cash flow methodology in line with IPEV Valuation Guidelines and adjusted where appropriate, given the special nature of wind farm investments.

The valuations are based on a detailed financial model produced by the Investment Manager which takes into account, inter alia, the following:

- due diligence findings where relevant;
- the terms of any material contracts including PPAs;
- asset performance;
- power price forecast from a leading market consultant; and
- the economic, taxation or regulatory environment.

The DCF valuation of the Group's investments represents the largest component of NAV and the key sensitivities are considered to be the discount rate used in the DCF valuation and long term assumptions in relation to energy yield, power prices and inflation.

The unlevered discount rate used in the DCF valuation is between 8 and 9 per cent.. The market discount rate has remained constant since listing. A variance of +/- 0.5 per cent. is considered to be a reasonable range of alternative assumptions for discount rate.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

9. Investments at fair value through profit or loss continued

Fair value measurements continued

Base case energy yield assumptions are P50 (50 per cent. probability of exceedance) forecasts produced by expert consultants based on long term wind data and operational history. The P90 (90 per cent. probability of exceedance over a 10 year period) and P10 (10 per cent. probability of exceedance over a 10 year period) sensitivities reflect the future variability of wind and the uncertainty associated with the long term data source being representative of the long term mean. Given their basis on long term operating data, it is not anticipated that base case energy yield assumptions will be adjusted (other than any wind energy true-ups with compensating purchase price adjustments).

Long term power price forecasts are provided by a leading market consultant, updated quarterly and adjusted by the Investment Manager where more conservative assumptions are considered appropriate. Base case real power prices increase from approximately £45/MWh (2017) to approximately £65/MWh (2040). The sensitivity below assumes a 10 per cent. increase or decrease in power prices relative to the base case for every year of the asset life, which is relatively extreme (a 10 per cent. variation in short term power prices, as reflected by the forward curve, would have a much lesser effect).

The base case long term RPI assumption is 2.75 per cent. (0.75 per cent. above the long term 2.0 per cent. CPI target).

Sensitivity analysis

The fair value of the Group's investments is £894,790,604 (2015: £657,590,555). The analysis below is provided to illustrate the sensitivity of the fair value of investments to an individual input, while all other variables remain constant. The Board considers these changes in inputs to be within reasonable expected ranges. This is not intended to imply the likelihood of change or that possible changes in value would be restricted to this range.

Input	Base case	Change in input	Change in fair value of investments £'000	Change in NAV per share pence
Discount rate	8 – 9 per cent.	+ 0.5 per cent.	(30,498)	(4.1)
		- 0.5 per cent.	32,294	4.4
Energy yield	P50	10 year P90	(57,948)	(7.9)
		10 year P10	57,922	7.9
Power price	Forecast by leading consultant	- 10 per cent.	(57,298)	(7.8)
		+ 10 per cent.	57,290	7.8
Inflation rate	2.75 per cent.	- 0.5 per cent.	(29,796)	(4.0)
		+ 0.5 per cent.	31,318	4.3

The sensitivities above are assumed to be independent of each other. Combined sensitivities are not presented.

The base case asset life assumption is 25 years. An asset life sensitivity is not presented owing to the difficulty in quantifying various associated valuation drivers, including: ability to extend the lease term; ability to extend planning permission; commercial terms attaching to any lease extension; operating and maintenance costs associated with longer life; decommissioning costs; and scrap value. Notwithstanding the difficulty in quantification, the Investment Manager considers asset life extension to be a significant potential upside to the Group. Asset life is also highlighted as a principal risk and uncertainty in the Strategic Report.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

10. Unconsolidated subsidiaries, associates and joint ventures

The following table shows subsidiaries of the Group. As the Company is regarded as an Investment Entity as referred to in note 1, these subsidiaries have not been consolidated in the preparation of the financial statements:

Investment	Place of Business	Ownership Interest as at 31 December 2016	Ownership Interest as at 31 December 2015
Bin Mountain	Northern Ireland	100%	100%
Carcant	Scotland	100%	100%
Cotton Farm	England	100%	100%
Earl's Hall Farm	England	100%	100%
Kildrummy	Scotland	100%	100%
Maerdy	Wales	100%	100%
Screggagh	Northern Ireland	100%	—
Stroupster	Scotland	100%	100%
Tappaghan	Northern Ireland	100%	100%
Drone Hill	Scotland	51.6%	51.6%
North Rhins	Scotland	51.6%	51.6%
Sixpenny Wood	England	51.6%	51.6%
Yelvertoft	England	51.6%	51.6%
SYND Holdco*	UK	51.6%	51.6%

* The Group's investments in Drone Hill, North Rhins, Sixpenny Wood and Yelvertoft are held through SYND Holdco.

The following table shows associates and joint ventures of the Group which have been recognised at fair value as permitted by IAS 28 "Investments in Associates and Joint Ventures":

Wind Farm	Place of Business	Ownership Interest as at 31 December 2016	Ownership Interest as at 31 December 2015
Braes of Doune	Scotland	50%	50%
ML Wind*	England	49%	49%
Little Cheyne Court	England	41%	41%
Clyde	Scotland	28.2%	—
Rhyl Flats	Wales	24.95%	24.95%

* The Group's investments in Middlemoor and Lindhurst are 49 per cent. (2015: 49 per cent.). These are held through ML Wind.

As disclosed in note 19, on 18 March 2016, Holdco advanced a loan to Clyde of £113,380,464 to replace loans from former shareholders. The loan accrues interest at a rate of 5.8 per cent. per annum.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

10. Unconsolidated subsidiaries, associates and joint ventures continued

Security deposits and guarantees provided by the Group on behalf of its investments are as follows:

Provider of security	Investment	Beneficiary	Nature	Purpose	Amount £'000
The Company	Maerdy	Natural Resource Wales	Guarantee	Access rights to neighbouring land	n/a
The Company	Cotton Farm	Land owner	Guarantee	Decommissioning	165
The Company	Sixpenny Wood	Land owner	Guarantee	Decommissioning	150
The Company	Rhyl Flats	The Crown Estate	Guarantee	Decommissioning	4,291
The Company	Braes of Doune	Land owner	Guarantee	Decommissioning	2,000
The Company	Stroupster	RBS	Counter-indemnity	Decommissioning	366
Holdco	Braes of Doune	Centrica	Cash	PPA	500
Holdco	Middlemoor	Northumberland County Council	Cash	Development works	77
Holdco	Clyde	SSE	Counter-indemnity	Grid connection, radar, decommissioning	21,771
					29,320

The fair value of financial guarantees and counter-indemnities provided by the Group are considered to be £nil and the fair values of cash security deposits are as disclosed in the table above.

11. Receivables

Group	31 December 2016 £'000	31 December 2015 £'000
VAT receivable	2,854	219
Amounts due as consideration for investee company tax losses (note 19)	897	1,217
Prepayments	79	79
Other receivables	8	104
Amounts due in relation to wind energy true-up (note 9)	—	2,000
	3,838	**3,619**

Company	31 December 2016 £'000	31 December 2015 £'000
VAT receivable	2,709	30
Prepayments	77	79
Other receivables	7	—
Amounts due from Group companies (note 19)	—	400
	2,793	**509**

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

12. Payables

Group	31 December 2016 £'000	31 December 2015 £'000
VAT payable	2,647	—
Loan interest payable	570	574
Commitment fee payable	193	216
Investment management fee payable	340	1,243
Share issue costs payable	180	85
Other payables	421	771
Amounts due as consideration for investee company tax losses (note 19)	—	356
Acquisition costs payable	—	126
Other finance costs payable	—	304
	4,351	**3,675**

Company	31 December 2016 £'000	31 December 2015 £'000
Amounts due to Group companies	5,540	80
VAT payable	2,646	—
Investment management fee payable	340	1,243
Loan interest payable	570	574
Other finance costs payable	—	304
Commitment fee payable	193	216
Share issue costs payable	180	85
Other payables	291	443
	9,760	**2,945**

13. Loans and borrowings

Group	31 December 2016 £'000	31 December 2015 £'000
Opening balance	135,000	105,000
Acquisition loan facility		
Repayments	—	(105,000)
Revolving credit facility		
Drawdowns	185,000	190,000
Repayments	(245,000)	(130,000)
Term debt facility		
Drawdowns	25,000	75,000
Closing balance	**100,000**	**135,000**

Company	31 December 2016 £'000	31 December 2015 £'000
Opening balance	135,000	—
Revolving credit facility		
Drawdowns	185,000	190,000
Repayments	(245,000)	(130,000)
Term debt facility		
Drawdowns	25,000	75,000
Closing balance	**100,000**	**135,000**

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

13. Loans and borrowings continued

	For the year ended 31 December 2016 £'000	For the year ended 31 December 2015 £'000
Loan interest	6,412	3,173
Commitment fees	701	775
Facility arrangement fees	297	1,500
Other facility fees	140	133
Professional fees	9	581
Finance expense	**7,559**	**6,162**

The loan balance as at 31 December 2016 has not been adjusted to reflect amortised cost, as the amount is not materially different from the outstanding balances.

In relation to non-current loans and borrowings, the Directors are of the view that the current market interest rate is not significantly different to the respective instrument's contractual interest rates, therefore the fair value of the non-current loans and borrowings at the end of the reporting periods is not significantly different from their carrying amounts.

On 27 April 2015, the Company entered into a revolving credit facility with RBS, RBC and Santander of up to £225,000,000. The final maturity date of the revolving credit facility is 23 April 2018 which is the third anniversary of the facility agreement. The margin is 2 per cent. per annum. The Company is obliged to pay a quarterly commitment fee of 0.7 per cent. per annum on the undrawn commitment available under the revolving credit facility.

As disclosed in note 19, on 18 March 2016, £165,000,000 was drawn down and used to partly fund the purchase of an interest in Clyde and on 29 June 2016, £20,000,000 was drawn down and used to purchase Screggagh.

On 30 November 2016, the Company used proceeds from a capital raise to repay the outstanding balance on the revolving credit facility in full. As at 31 December 2016, the balance on this facility was £nil (2015: £60,000,000), accrued interest was £nil (2015: £109,172) and the outstanding commitment fee was £193,027 (2015: £215,562).

On 22 July 2015, the Company entered into a seven year term debt facility with CBA of £75,000,000, together with the associated interest rate swap. The margin is 1.65 per cent. per annum and the swap rate is 1.94 per cent. per annum.

On 11 March 2016, the Company extended the amounts drawn under the seven year term facility with CBA to £100,000,000 together with associated interest rate swap. The additional £25,000,000 drawn was used to partly fund the purchase of an interest in Clyde, as disclosed in note 19. The terms for the initial facility of £75,000,000 remain unchanged. The margin for the extended amount of £25,000,000 is 1.65 per cent. and the swap rate is 1.23 per cent. per annum.

The swap is an embedded derivative closely related to the host contract. Accordingly it has been treated as a single fixed rate loan agreement which effectively sets interest payable at fixed rates of 3.59 per cent. for the initial amount drawn down of £75,000,000 and 2.88 per cent. for the extended amount of £25,000,000 drawn down in the year (3.41 per cent. on a blended basis).

As at 31 December 2016, accrued interest on the term debt facility and associated swap was £570,266 (2015: £464,862).

All borrowing ranks pari passu and is secured by a debenture over the assets of the Company, including its shares in Holdco, and a floating charge over Holdco's bank accounts.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

14. Contingencies

At the time of acquisition, seven of the wind farms in the portfolio (Cotton Farm, Earl's Hall Farm, Kildrummy, Maerdy, Middlemoor, Stroupster and Clyde Extension) had less than twelve months' operational data. Consequently, in line with the Group's policy of applying a wind energy true-up to wind farms which have only recently entered into operation, the purchase price for these wind farms may be adjusted so that it is based on a two year operational record, once the operational data has become available.

On 24 March 2016 the Group agreed an amount of £1,200,000 to be paid from BayWa in settlement of the Kildrummy wind energy true-up. This amount was received by the Group on 7 April 2016. The Kildrummy load factor assumption has been reduced as a result.

During the year, the Group received £2,000,000 from Velocita in settlement of the Maerdy wind energy true-up that was agreed in December 2015.

Wind energy true-ups for Cotton Farm and Earl's Hall Farm were also agreed in the year which resulted in no net payment.

On 12 December 2016, the Group agreed an amount of £2,176,166 which was to be paid to Innogy in settlement of the Middlemoor wind energy true-up. This amount was paid on 16 December 2016. The Middlemoor load factor assumption has been increased as a result.

The following two wind energy true-ups remain outstanding and the maximum adjustment under each are as follows: Stroupster £6,100,000; and Clyde Extension £4,747,094.

The Directors and the Investment Manager are of the opinion that the estimate of the energy yield utilised at acquisition for the remaining assets is the most appropriate unbiased estimate of the yield following two years' operational data. Any variances of actual energy production from the date of acquisition to the date of signing this report are attributable to weather fluctuations and other short term operational factors rather than more fundamental factors that might influence the long term assessment. Therefore it is not appropriate to recognise an asset or liability in respect of these acquisitions.

15. Share capital – ordinary shares of £0.01

Date	Issued and fully paid	Number of shares issued	Share capital £'000	Share premium £'000	Total £'000
1 January 2016		**506,787,431**	**5,068**	**253,310**	**258,378**
Shares issued to the Investment Manager					
4 May 2016	True-up of 2015 Equity Element	7,686	—	6	**6**
4 May 2016	Q1 2016 Equity Element	246,275	2.5	255	**257.5**
4 May 2016	Q2 2016 Equity Element	247,475	2.5	254	**256.5**
2 August 2016	Q3 2016 Equity Element	270,296	3	279	**282**
7 November 2016	Q4 2016 Equity Element	267,222	3	284	**287**
		1,038,954	11	1,078	**1,089**
Other shares issued					
17 May 2016	Capital raise	95,238,101	952	99,048	**100,000**
17 May 2016	Less share issue costs	—	—	(1,857)	**(1,857)**
22 November 2016	Capital raise	133,636,364	1,336	145,664	**147,000**
22 November 2016	Less share issue costs	—	—	(2,133)	**(2,133)**
31 December 2016		**736,700,850**	**7,367**	**495,110**	**502,477**

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

15. Share capital – ordinary shares of £0.01 continued

Date	Issued and fully paid	Number of shares issued	Share capital £'000	Share premium £'000	Total £'000
1 January 2015		**460,715,847**	**4,607**	**205,023**	**209,630**
Shares issued to the Investment Manager					
4 February 2015	Q4 2014 Equity Element	171,947	2	178	**180**
4 February 2015	True-up of 2014 Equity Element	40,908	—	47	**47**
4 February 2015	Q1 2015 Equity Element	230,358	2	241	**243**
5 May 2015	Q2 2015 Equity Element	230,580	2	238	**240**
30 July 2015	Q3 2015 Equity Element	230,695	2	238	**240**
29 October 2015	Q4 2015 Equity Element	230,810	2	239	**241**
		1,135,298	10	1,182	**1,192**
Other shares issued					
30 November 2015	Capital raise	44,936,286	449	47,857	**48,306**
30 November 2015	Less share issue costs	—	—	(750)	**(750)**
31 December 2015		**506,787,431**	**5,068**	**253,310**	**258,378**

Shareholders are entitled to all dividends paid by the Company and, on a winding up, provided the Company has satisfied all of its liabilities, the shareholders are entitled to all of the residual assets of the Company.

Pursuant to the terms of the Investment Management Agreement, the Investment Manager receives an Equity Element as part payment of its investment management fee as disclosed in note 3 to the financial statements. The figures given in the table in note 3 include the true-up amount of the investment management fee for the periods calculated in accordance with the Investment Management Agreement and issued subsequent to 31 December 2016.

16. Net assets per share

Group	31 December 2016	31 December 2015
Net assets – £'000	800,138	529,766
Number of ordinary shares issued	736,700,850	506,787,431
Total net assets – pence	**108.6**	**104.5**

Company	31 December 2016	31 December 2015
Net assets – £'000	800,138	529,766
Number of ordinary shares issued	736,700,850	506,787,431
Total net assets – pence	**108.6**	**104.5**

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

17. Reconciliation of operating profit for the year to net cash from operating activities

Group	For the year ended 31 December 2016 £'000	For the year ended 31 December 2015 £'000
Operating profit for the year	67,488	34,823
Adjustments for:		
Movement in fair value of investments (note 9)	(20,137)	10,883
Adjustment to purchase price of investment (note 14)	976	—
Investment acquisition costs	2,562	263
Increase in receivables	(2,533)	(984)
Increase in payables	1,350	1,164
Equity Element of Investment Manager's fee (note 3)	1,117	1,192
Consideration for investee company tax losses (note 19)	1,393	1,127
Net cash flows from operating activities	**52,216**	**48,468**

Company	For the year ended 31 December 2016 £'000	For the year ended 31 December 2015 £'000
Operating profit for the year	68,917	35,686
Adjustments for:		
Movement in fair value of investments (note 9)	(76,313)	8,164
(Increase)/decrease in receivables	(2,278)	608
Increase in payables	7,007	341
Equity Element of Investment Manager's fee (note 3)	1,117	1,192
Net cash flows from operating activities	**(1,550)**	**45,991**

18. Financial risk management

The Investment Manager and the Administrator report to the Board on a quarterly basis and provide information to the Board which allows it to monitor and manage financial risks relating to its operations. The Group's activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk.

The Group's market risk is managed by the Investment Manager in accordance with the policies and procedures in place. The Group's overall market positions are monitored on a quarterly basis by the Board of Directors.

Price risk

Price risk is defined as the risk that the fair value of a financial instrument held by the Group will fluctuate. Investments are measured at fair value through profit or loss and are valued on an unlevered, discounted cash flow basis. Therefore, the value of these investments will be (amongst other risk factors) a function of the discounted value of their expected cash flows and, as such, will vary with movements in interest rates and competition for such assets. As disclosed in note 9, the discount factors are subjective and therefore it is feasible that a reasonable alternative assumption may be used resulting in a different valuation for these investments.

Interest rate risk

The Group's interest rate risk on interest bearing financial assets is limited to interest earned on cash. The Group's only other exposure to interest rate risk is due to floating interest rates required to service external borrowings through the revolving credit facility. An increase of 1 per cent. represents the Investment Manager's assessment of a reasonably possible change in interest rates. Should the LIBOR rate increase from 0.25 per cent. to 1.25 per cent., the annual interest due on the facility would increase by £nil (2015: £600,000). The Investment Manager regularly monitors interest rates to ensure the Group has adequate provisions in place in the event of significant fluctuations.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

18. Financial risk management continued

Interest rate risk continued

The associated interest rate swaps on amounts drawn under the seven year term debt facility with CBA effectively set interest payable at a fixed rate for the full term of the loan, thereby mitigating the risks associated with the variability of cash flow arising from interest rate fluctuations.

The Directors consider that, as shareholder loan investments bear interest at a fixed rate, they do not carry any interest rate risk.

The Group's interest and non-interest bearing assets and liabilities as at 31 December 2016 are summarised below:

Group	Interest Bearing Fixed rate £'000	Interest Bearing Floating rate £'000	Non-interest bearing £'000	Total £'000
Assets				
Cash at bank	—	3,606	2,254	**5,860**
Other receivables	—	—	3,759	**3,759**
Investments	107,673	—	787,118	**894,791**
	107,673	**3,606**	**793,131**	**904,410**
Liabilities				
Other payables	—	—	(4,351)	**(4,351)**
Loans and borrowings	(100,000)	—	—	**(100,000)**
	(100,000)	**—**	**(4,351)**	**(104,351)**

The Group's interest and non-interest bearing assets and liabilities as at 31 December 2015 are summarised below:

Group	Interest Bearing Fixed rate £'000	Interest Bearing Floating rate £'000	Non-interest bearing £'000	Total £'000
Assets				
Cash at bank	—	6,572	659	**7,231**
Other receivables	—	—	3,540	**3,540**
Investments	—	—	657,591	**657,591**
	—	**6,572**	**661,790**	**668,362**
Liabilities				
Other payables	—	—	(3,675)	**(3,675)**
Loans and borrowings	(75,000)	(60,000)	—	**(135,000)**
	(75,000)	**(60,000)**	**(3,675)**	**(138,675)**

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

18. Financial risk management continued

Interest rate risk continued

The Company's interest and non-interest bearing assets and liabilities as at 31 December 2016 are summarised below:

Company	Interest Bearing Fixed rate £'000	Interest Bearing Floating rate £'000	Non-interest bearing £'000	Total £'000
Assets				
Cash at bank	—	572	1	**573**
Other receivables	—	—	2,716	**2,716**
Investments	—	—	906,532	**906,532**
	—	**572**	**909,249**	**909,821**
Liabilities				
Other payables	—	—	(9,760)	**(9,760)**
Loans and borrowings	(100,000)	—	—	**(100,000)**
	(100,000)	**—**	**(9,760)**	**(109,760)**

The Company's interest and non-interest bearing assets and liabilities as at 31 December 2015 are summarised below:

Company	Interest Bearing Fixed rate £'000	Interest Bearing Floating rate £'000	Non-interest bearing £'000	Total £'000
Assets				
Cash at bank	—	3	1	**4**
Other receivables	—	—	30	**30**
Amounts due from Group companies			400	**400**
Investments	—	—	667,198	**667,198**
	—	**3**	**667,629**	**667,632**
Liabilities				
Other payables	—	—	(2,945)	**(2,945)**
Loans and borrowings	(75,000)	(60,000)	—	**(135,000)**
	(75,000)	**(60,000)**	**(2,945)**	**(137,945)**

Foreign currency risk

Foreign currency risk is defined as the risk that the fair values of future cash flows will fluctuate because of changes in foreign exchange rates. The Group's financial assets and liabilities are denominated in GBP and substantially all of its revenues and expenses are in GBP. The Group is not considered to be materially exposed to foreign currency risk.

Credit risk

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfil its contractual obligations. The Group is exposed to credit risk in respect of other receivables, cash at bank and loan investments. The Group's credit risk exposure is minimised by dealing with financial institutions with investment grade credit ratings and making loan investments which are equity in nature. The Company has advanced loans to Holdco, however does not consider these loans a risk as they are intra-Group. No balances are past due or impaired.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

18. Financial risk management continued

Credit risk continued

The table below details the Group's maximum exposure to credit risk:

Group	31 December 2016 £'000	31 December 2015 £'000
Other receivables	3,759	3,540
Cash at bank	5,860	7,231
Loan investments	107,673	—
	117,292	**10,771**

The table below details the Company's maximum exposure to credit risk:

Company	31 December 2016 £'000	31 December 2015 £'000
Other receivables	2,716	30
Cash at bank	573	4
Loan investments	246,534	83,513
	249,823	**83,547**

The table below shows the cash balances of the Group and the Standard & Poor's credit rating for each counterparty:

Group	Rating	31 December 2016 £'000	31 December 2015 £'000
Royal Bank of Scotland PLC	BBB-	5,283	6,654
Barclays Bank PLC	BBB	577	577
		5,860	**7,231**

The table below shows the cash balances of the Company and the Standard & Poor's credit rating for each counterparty:

Company	Rating	31 December 2016 £'000	31 December 2015 £'000
Royal Bank of Scotland PLC	BBB-	573	4
		573	**4**

Liquidity risk

Liquidity risk is the risk that the Group and the Company may not be able to meet a demand for cash or fund an obligation when due. The Investment Manager and the Board continuously monitor forecast and actual cash flows from operating, financing and investing activities to consider payment of dividends, repayment of the Company's outstanding debt or further investing activities.

As disclosed in note 14, the purchase price of wind farms acquired which have less than twelve months' operational data, may be adjusted once two years of operational data becomes available.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

18. Financial risk management continued

Liquidity risk continued

The following tables detail the Group's expected maturity for its financial assets (excluding equity) and liabilities together with the contractual undiscounted cash flow amounts:

Group – 31 December 2016	Less than 1 year £'000	1 – 5 years £'000	5+ years £'000	Total £'000
Assets				
Other receivables	3,759	—	—	**3,759**
Cash at bank	5,860	—	—	**5,860**
Loan investments	—	—	107,673	**107,673**
Liabilities				
Other payables	(4,351)	—	—	**(4,351)**
Loan facility – CBA	(3,413)	(13,650)	(101,963)	**(119,026)**
	1,855	**(13,650)**	**5,710**	**(6,085)**

Group – 31 December 2015	Less than 1 year £'000	1 – 5 years £'000	5+ years £'000	Total £'000
Assets				
Other receivables	3,540	—	—	**3,540**
Cash at bank	7,231	—	—	**7,231**
Liabilities				
Other payables	(3,675)	—	—	**(3,675)**
Loan facility – RBS	(1,500)	(61,964)	—	**(63,464)**
Loan facility – CBA	(2,693)	(10,770)	(79,242)	**(92,705)**
	2,903	**(72,734)**	**(79,242)**	**(149,073)**

The following tables detail the Company's expected maturity for its financial assets (excluding equity) and liabilities together with the contractual undiscounted cash flow amounts:

Company – 31 December 2016	Less than 1 year £'000	1 – 5 years £'000	5+ years £'000	Total £'000
Assets				
Other receivables	2,716	—	—	**2,716**
Cash at bank	573	—	—	**573**
Loan investments	—	—	246,534	**246,534**
Liabilities				
Other payables	(9,760)	—	—	**(9,760)**
Loan facility – CBA	(3,413)	(13,650)	(101,963)	**(119,026)**
	(9,884)	**(13,650)**	**144,571**	**121,037**

Company – 31 December 2015	Less than 1 year £'000	1 – 5 years £'000	5+ years £'000	Total £'000
Assets				
Other receivables	30	—	—	**30**
Cash at bank	4	—	—	**4**
Loan investments	—	—	83,513	**83,513**
Liabilities				
Other payables	(2,945)	—	—	**(2,945)**
Loan facility – RBS	(1,500)	(61,964)	—	**(63,464)**
Loan facility – CBA	(2,693)	(10,770)	(79,242)	**(92,705)**
	(7,104)	**(72,734)**	**4,271**	**(75,567)**

The Group and Company will use cash flow generation, equity raisings, debt refinancing or disposal of assets to manage liabilities as they fall due in the longer term.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

18. Financial risk management continued

Capital risk management

The Company considers its capital to comprise ordinary share capital, distributable reserves and retained earnings. The Company is not subject to any externally imposed capital requirements.

The Group's and the Company's primary capital management objectives are to ensure the sustainability of its capital to support continuing operations, meet its financial obligations and allow for growth opportunities. Generally, acquisitions are anticipated to be funded with a combination of current cash, debt and equity.

19. Related party transactions

On 18 March 2016, the Company drew down £165,000,000 from its revolving credit facility and £25,000,000 from the extended CBA facility and increased its loan to Holdco by £190,000,000 relating to the acquisition of Clyde. On 29 June 2016, the Company drew down £20,000,000 from its revolving credit facility and increased its loan to Holdco by £20,000,000 relating to the acquisition of Screggagh. The loan provided by the Company to Holdco is interest free and repayable upon demand. During the year, Holdco repaid £46,978,735 of the loan and the amount outstanding at the year end was £246,534,375 (2015: £83,513,110).

As disclosed in note 10, on 18 March 2016 Holdco advanced a loan to Clyde of £113,380,464 to replace loans from former shareholders. The loan accrues interest at a rate of 5.8 per cent. per annum. The Group received loan capital repayments of £5,724,600 and loan interest repayments of £5,059,207 during the year from Clyde in relation to this shareholder loan. The balance of the loan receivable from Clyde at 31 December 2016 was £107,655,864.

During the year, £790,937 (2015: £172,000) was received from Little Cheyne Court, £958,392 (2015: £955,202) was received from Braes of Doune and £356,369 (2015: £nil) was paid to Rhyl Flats, as compensation for corporation tax losses surrendered via consortium relief through the Group.

As at 31 December 2016, amounts of: £897,321 (2015: £958,392) was due from Braes of Doune and £nil (2015: £258,854) was due from Little Cheyne Court as disclosed in note 11, and £nil (2015: £356,369) was due to Rhyl Flats in relation to corporation tax losses surrendered through the Group.

Under the terms of a Management Services Agreement with Holdco, the Company receives £800,000 per annum in relation to management and administration services. During the year, £1,200,000 (2015: £400,000) was paid from Holdco to the Company under this agreement and amounts due to the Company at the year end were £nil (2015: £400,000) as disclosed in note 11.

Holdco has Management Service Agreements with Braes of Doune, Tappaghan, Bin Mountain, Carcant, Cotton Farm, Earl's Hall Farm, Kildrummy, Maerdy, North Rhins, Drone Hill, Sixpenny Wood and Yelvertoft for which Holdco receives £31,212 (2015: £30,600) per annum and with Stroupster and Screggagh for which Holdco receives £41,616 (2015: £40,800) per annum in relation to administration services. Amounts due to Holdco in respect of these fees as at 31 December 2016 were £nil (2015: £3,400) which are included in other receivables in note 11.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2016

19. Related party transactions continued

The table below shows dividends receivable in the year from the Group's investments.

	For the year ended 31 December 2016 £'000	For the year ended 31 December 2015 £'000
SYND Holdco[1]	6,762	7,758
Stroupster	6,231	—
Rhyl Flats	4,968	5,763
Maerdy	4,820	4,208
Kildrummy	4,739	4,951
Cotton Farm	4,564	4,054
Braes of Doune	4,337	5,368
ML Wind[2]	4,283	5,873
Tappaghan	3,634	3,643
Little Cheyne Court	3,563	4,222
Earl's Hall Farm	3,194	2,326
Bin Mountain	1,281	1,445
Carcant	989	1,309
Screggagh	867	—
	54,232	**50,920**

(1) The Group's investments in Drone Hill, North Rhins, Sixpenny Wood and Yelvertoft are held through SYND Holdco.

(2) The Group's investments in Middlemoor and Lindhurst are held through ML Wind.

20. Ultimate controlling party

In the opinion of the Directors, on the basis of the shareholdings advised to them, the Company has no ultimate controlling party.

21. Subsequent events

On 30 January 2017, the Company announced a dividend of £11.7 million, equivalent to 1.585 pence per share with respect to the quarter ended 31 December 2016, bringing the total dividend declared with respect to the year to 31 December 2016 to 6.34 pence per share. The record date for the dividend was 10 February 2017 and the payment date is 24 February 2017.

Defined Terms

Adjusted Portfolio Value means Gross Asset Value

AGM means Annual General Meeting of the Company

AIC means the Association of Investment Companies

AIC Code means the AIC's Code of Corporate Governance by way of reference to the AIC Guide

AIC Guide means the AIC's Corporate Governance Guide for Investment Companies

AIF means an Alternative Investment Fund as defined under the AIFMD

AIFM means an Alternative Investment Fund Manager as defined under the AIFMD

AIFMD means the Alternative Investment Fund Managers Directive

Base Fee means the cash fee that the Investment Manager was entitled to under the Investment Management Agreement prior to 31 March 2015

BDO LLP means the Company's Auditor as at the reporting date

Bin Mountain means Bin Mountain Wind Farm (NI) Limited

Board means the Directors of the Company

Braes of Doune means Braes of Doune Wind Farm (Scotland) Limited

Carcant means Carcant Wind Farm (Scotland) Limited

Cash Fee means the cash fee that the Investment Manager is entitled to under the Investment Management Agreement

CBA means Commonwealth Bank of Australia

Clyde means Clyde Wind Farm (Scotland) Limited

Clyde Extension means the Clyde extension wind farm currently being developed by SSE adjacent to the operational Clyde wind farm

Company means Greencoat UK Wind PLC

Cotton Farm means Cotton Farm Wind Farm Limited

CPI means the Consumer Price Index

DCF means Discounted Cash Flow

Drone Hill means Drone Hill Wind Farm Limited

Earl's Hall Farm means Earl's Hall Farm Wind Farm Limited

Equity Element means the ordinary shares issued to the Investment Manager under the Investment Management Agreement

EU means the European Union

FRC means the Financial Reporting Council

GAV means Gross Asset Value as defined in the prospectus

GLIL means GLIL Corporate Holdings Limited, the infrastructure investment vehicle of certain local authority pension funds, originally founded by the Greater Manchester Pension Fund and the London Pensions Fund Authority

Group means Greencoat UK Wind PLC and Greencoat UK Wind Holdco Limited

Holdco means Greencoat UK Wind Holdco Limited

IAS means International Accounting Standard

IFRS means International Financial Reporting Standards

Investment Management Agreement means the agreement between the Company and the Investment Manager

Investment Manager means Greencoat Capital LLP

IPEV Valuation Guidelines means the International Private Equity and Venture Capital Valuation Guidelines

IPO means Initial Public Offering

IRR means Internal Rate of Return

Kildrummy means Kildrummy Wind Farm Limited

KPI means Key Performance Indicator

Lindhurst means Lindhurst Wind Farm

Listing Rules means the listing rules made by the UK Listing Authority under Section 73A of the Financial Services and Markets Act 2000

Little Cheyne Court means Little Cheyne Court Wind Farm Limited

LLP means Greencoat UK Wind 1 LLP, a limited liability partnership of which the Company and the Investment Manager were the members prior to its dissolution on 29 December 2015

Maerdy means Maerdy Wind Farm Limited

Middlemoor means Middlemoor Wind Farm

Defined Terms continued

ML Wind means ML Wind LLP

NAV means Net Asset Value as defined in the prospectus

NAV per Share means the Net Asset Value per Ordinary Share

North Rhins means North Rhins Wind Farm Limited

PFI means Private Finance Initiative

PPA means Power Purchase Agreement entered into by the Group's wind farms

PPS means share of profit as governed by the Investment Management Agreement prior to 31 March 2015

RBC means the Royal Bank of Canada

RBS means the Royal Bank of Scotland PLC

Review Section means the front end review section of this report (including but not limited to the Chairman's Statement, Strategic Report, Investment Manager's Report and Report of the Directors)

Rhyl Flats means Rhyl Flats Wind Farm Limited

RPI means the Retail Price Index

Santander means Santander Global Banking and Markets

Screggagh means Screggagh Wind Farm Limited

Sixpenny Wood means Sixpenny Wood Wind Farm Limited

SPVs means the Special Purpose Vehicles which hold the Group's investment portfolio of underlying operating wind farms

Stroupster means Stroupster Caithness Wind Farm (Scotland) Limited

SYND Holdco means SYND Holdco Limited

Tappaghan means Tappaghan Wind Farm (NI) Limited

TSR means Total Shareholder Return

UK means the United Kingdom of Great Britain and Northern Ireland

UK Code means the UK Corporate Governance Code issued by the FRC

Yelvertoft means Yelvertoft Wind Farm Limited

Cautionary Statement

The Review Section of this report has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Review Section may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Manager concerning, amongst other things, the investment objectives and Investment Policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Directors and the Investment Manager expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

In addition, the Review Section may include target figures for future financial periods. Any such figures are targets only and are not forecasts.

This Annual Report has been prepared for the Company as a whole and therefore gives greater emphasis to those matters which are significant in respect of Greencoat UK Wind PLC and its subsidiary undertakings when viewed as a whole.

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