Greencoat UK Wind PLC

Annual Report

For the year ended 31 December 2015

GREENCOAT UK WIND

Contents

Company Information

Directors (all non-executive)
Tim Ingram *(Chairman)*
Shonaid Jemmett-Page
William Rickett C.B.
Dan Badger
Martin McAdam (from 1 March 2015)

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Administrator and Company Secretary
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Belfast BT3 9DT

Depositary
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Belfast BT3 9DT

Registrar
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Registered Office
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London W1W 8DH

Registered Auditor
BDO LLP
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London W1U 7EU

Legal Adviser
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3 More London Riverside
London SE1 2AQ

Brokers
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Riverbank House
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London EC4R 3BF

Winterflood Securities Limited
The Atrium Building
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25 Dowgate Hill
London EC4R 2GA

Account Bank
The Royal Bank of Scotland PLC
280 Bishopsgate
London EC2M 4RB

All capitalised terms are defined in the list of defined terms on pages 69 and 70 unless separately defined.

Summary

Greencoat UK Wind PLC is the leading listed renewable infrastructure fund, solely and fully 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 799.3GWh of electricity, 8 per cent. above budget, owing to high wind resource.
- Net cash generation (Group and wind farm SPVs) was £48.3 million.
- Acquisition of Stroupster wind farm using the Group's debt facilities has increased the portfolio to seventeen wind farms, net generating capacity to 301.4MW and GAV to £664.8 million as at 31 December 2015.
- Issuance of further shares in a significantly oversubscribed placing raising £48.3 million in November 2015.
- The Company declared total dividends of 6.26 pence per share in relation to the year and is targeting a dividend of 6.34 pence per share for 2016 (increased by 1.2 per cent., in line with RPI).
- NAV growth of 0.5 pence per share (adjusting for dividends).
- £135 million outstanding borrowings at 31 December 2015, equivalent to 20 per cent. of GAV.

Key Metrics

	As at 31 December 2015	As at 31 December 2014
Market capitalisation	**£546.7 million**	£511.4 million
Share price	**107.9 pence**	111.0 pence
Dividends with respect to the year	**£29.6 million**	£24.8 million
Dividends with respect to the year per share	**6.26 pence**	6.16 pence
GAV	**£664.8 million**	£591.2 million
NAV	**£529.8 million**	£486.2 million
NAV per share	**104.5 pence**	105.5 pence
NAV growth per share (adjusting for dividends)	**0.5 pence**	2.5 pence
Total return (NAV)	**6.6 per cent.**	8.7 per cent.
TSR	**4.2 per cent.**	13.7 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 currency risk.

Chairman's Statement

I am pleased to present the Annual Report of Greencoat UK Wind PLC for the year ended 31 December 2015.

Performance

During the year, portfolio power generation was 8 per cent. above budget at 799.3GWh owing to high wind resource. However, the average power price during the year was below budget (40 per cent. of revenues are subject to floating power prices) with the result that the net cash generated by the Group and wind farm SPVs was in line with budget at £48.3 million (2014: £32.4 million). Dividend cover was 1.7x (adjusted to reflect quarterly dividends).

In 2015, the UK generated 11 per cent. of its electricity from wind, up from 9.5 per cent. in 2014, with wind turbines providing enough electricity to power 10 million homes, approximately one third of UK households.

Power prices were lower than forecast in 2015 owing to lower gas prices. Our quarterly NAV figures always take into account the latest power price forecasts obtained from a leading independent market consultant.

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 6.26 pence per share for the year. The Company paid dividends of £35.9 million during the year, reflecting the switch to quarterly dividends at the beginning of the year and the payment for five quarters in 2015. Dividends paid, adjusted to remove the quarterly hangover from 2014, were £28.8 million.

In addition, NAV per share increased from 102.4 pence (ex-dividend) on 31 December 2014 to 102.9 (ex-dividend) pence on 31 December 2015, an increase in NAV per share of 0.5 pence, whilst RPI increased by 1.2 per cent. over the year. The full year return to investors was thus 6.6 per cent., being dividends declared plus NAV growth per share. Since listing, the growth of the NAV per share has exceeded RPI growth.

Group Structure and Financing

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. As at 31 December 2015, the Group's borrowings were £135 million, equivalent to 20 per cent. of GAV. Over the medium term, we would expect gearing to be between 20 per cent. and 30 per cent..

As explained in the half-year statement, the Group's structure was simplified and the investment management arrangements were amended, creating value for the Group as explained in note 3 to the Financial Statements, and the Group's acquisition financing package was refreshed. In July 2015, the Company also entered into a longer term loan. All debt facilities are now at the Company level and rank pari passu with each other. The Board expects term financing to be an increasing feature of the Group's capital structure and is pleased with the attractive rates available to the Group, given the senior nature of all facilities.

Acquisitions and Equity Raising

During the year, the Group made one additional high quality investment, increasing our net generating capacity to 301.4MW, through the acquisition of Stroupster in December at a cost of £84.8 million (excluding cash balances). Stroupster is our fourth wind farm from BayWa. This acquisition was the first the Company has made for fifteen months, a result of our selective approach of only acquiring assets when we are confident that they bring value to shareholders.

In November, the Company raised gross proceeds of £48.3 million through the placing of 44.9 million new shares at an issue price of 107.5 pence per share. The Board was delighted that this placing was significantly oversubscribed.

The Board believes that growth of the Company benefits shareholders through increasing liquidity of its shares, increasing its competitive position and providing economies of scale.

Outlook

Wind remains 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 is becoming an increasingly important part of the UK's generation mix.

Chairman's Statement continued

Outlook continued

The policy changes announced during 2015 to the Renewables Obligation for onshore wind are not relevant to the Company as they relate to new capacity that is not yet built. This is not anticipated to have a significant impact on the investment opportunities available to the Company as the market size of operating UK wind farms (both onshore and offshore) is expected to reach £60 billion over the next few years providing extensive and very encouraging opportunities for further value creating investment. However, the announcement of the immediate loss of the Climate Change Levy exemption for renewable electricity in July's Budget had a negative impact on NAV, although this was largely offset by the reduction in the Corporation Tax rate announced at the same time.

The Investment Manager has generated a healthy pipeline of attractive further investment opportunities, resulting in significant potential for the Group to benefit from the growing market noted above. At the same time, the Board and the Investment Manager are prudent in their approach to acquisitions in order to ensure value for shareholders, as further outlined in the Investment Manager's report.

At the time of writing, world markets are displaying some turmoil. However, the Company's assets are long term with an anticipated remaining life of an average of 21 years and, as stated above, only 40 per cent. of revenue from generation is subject to floating power prices. Given the strength and stability of cash generation from our investments, we can confidently target total dividends of 6.34 pence per share in respect of 2016 (increased in line with RPI).

Governance

With the listing of the Company coming to its third anniversary in March 2016, we are planning to undertake an externally assisted Board review during the course of the year.

Annual General Meeting

The 2016 AGM will take place on 27 April 2016 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

21 February 2016

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Strategic Report

Introduction

The Directors present their Strategic Report for the year ended 31 December 2015. 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 continue 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 2015 dividend of 6.26 pence per annum is targeted to increase in line with the RPI to 6.34 pence for 2016. The target return to investors is an IRR net of fees and expenses of 8 per cent. to 9 per cent.. 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 significant 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 helpful.

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. Prior to 29 December 2015, the Group included the Company, LLP and Holdco. However, as disclosed in

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Strategic Report continued

Structure continued

note 19 to the financial statements, on 30 April 2015, the structure of the Group was simplified and LLP transferred its equity interest of one ordinary share in Holdco to the Company. LLP was dissolved on 29 December 2015 and from this date 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 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.

Review of Business and Future Outlook

The wind farm assets have performed in line with management expectations in terms of energy production, operational expenditure and overall cash flow generation. A more 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 1.41 per cent. for the year to 31 December 2015. This is made up as follows and has been calculated using the AIC recommended methodology.

	31 December 2015	31 December 2014
Total management fee	**1.20%**	1.20%
Directors' fees	**0.04%**	0.05%
Ongoing expenses	**0.17%**	0.17%
Total	**1.41%**	1.42%

Investment management fees paid to the Investment Manager, as detailed in note 3 to the financial statements, are based on NAV. If they were stated with reference to the Adjusted Portfolio Value (in line with a number of the Company's peers) then the annual management fee would be 0.9 per cent., assuming 25 per cent. medium term gearing (current gearing 20 per cent.).

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

Corporate and Social Responsibility

Environmental

The Group invests in wind farms and the environmental benefits of renewable energy are widely known. The Group's Environmental, Social and Governance policy outlines 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.

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.

Social, Community and Human Rights Issues

The Company's Environmental, Social and Governance policy also outlines the Company's aims in relation to social standards, covering the requirement to continue to meet legal standards and good industry practice. The policy requires the Company to make reasonable endeavours to procure the ongoing compliance of its portfolio companies with the policy. The Investment Manager monitors compliance at the investment phase and reports on an ongoing basis to the Board.

Gender 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 thirteen 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.

Strategic Report continued

Principal Risks and Uncertainties continued

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 both by asset type (onshore and offshore) and by geographical location 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.

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 also have an equity stake 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.

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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. In the short term, power prices are likely to remain volatile.

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 purchase, 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 wind turbines that have an appropriate operational 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 under 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 has appointed Martin McAdam as Health and Safety Director. The Group engages a leading 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 2015, the Group had net current assets of £7.2 million (2014: £8.1 million) and had cash balances of £7.2 million (2014: £8.3 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 £135 million (2014: £105 million) of outstanding debt as at 31 December 2015. 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.

Longer Term Viability

As further disclosed on page 30, the Company is a member of the AIC and complies with the AIC Code which was revised in February 2015 to reflect changes to the UK Code. In accordance with the revised 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, focussing 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.

As a sector-focused infrastructure fund, the Group aims to produce stable and inflating dividends whilst 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.

Whilst 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.

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By order of the Board

Tim Ingram
Chairman

21 February 2016

Investment Manager's Report

The Investment Manager

The investment management team's experience covers ownership, financing and operation of wind farm projects, both onshore and offshore, and investment in renewable energy infrastructure. All the skills and experience required to manage the Company's business lie within a single investment manager. The team is led by Stephen Lilley and Laurence Fumagalli.

Stephen has nineteen 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, from May 2010 Stephen led the Renewable Energy Infrastructure team at Climate Change Capital (CCC). Prior to that, he was with M&G where he was a senior director of Infracapital Partners LP, the European Infrastructure fund of the Prudential Group. 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 finance sectors including: major transport and health PPPs; the securitisation of Kielder Water for Northumbrian Water; and the repackaging of a number of utility bonds. He has also worked for the investment companies of the Serco and Kvaerner Groups.

Laurence also has nineteen 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, a provider of project finance, M&A, strategic and policy advice in the European renewables and clean-tech sectors. In 2007, Laurence transferred to CCC's Carbon Finance team as Managing Director responsible for origination and execution for all regions outside of China. Laurence joined Stephen in the Renewable Energy Infrastructure team in early 2011. Prior to joining CCC, Laurence spent approximately ten years in the European power sector in project and structured finance. 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).

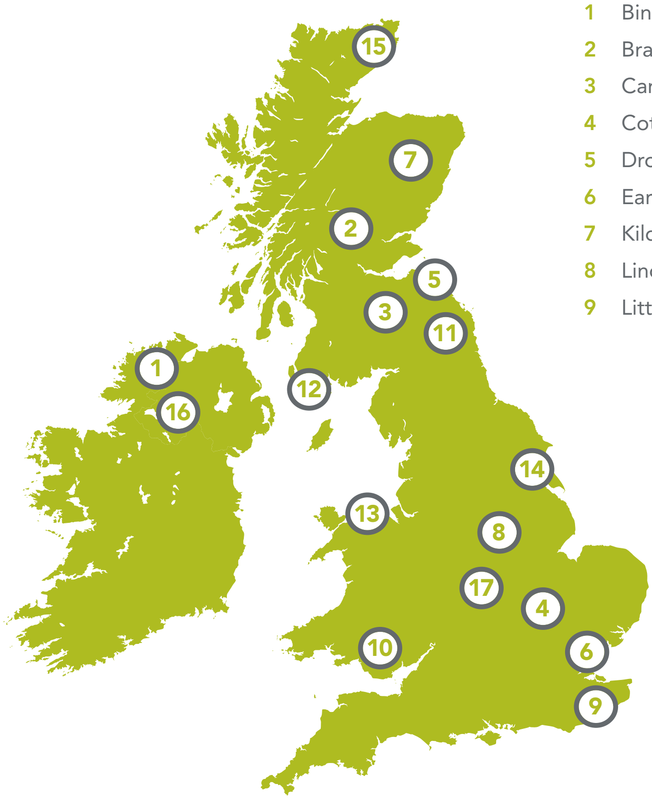
Investment Portfolio

The Group's investment portfolio as at 31 December 2015 consisted of interests in SPVs which held the following underlying operating wind farms:

Wind farm	Turbines	Operator	PPA	Ownership Total MW	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
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	RWE	RWE	9.0	49%	4.4
Little Cheyne Court	Nordex	RWE	RWE	59.8	41%	24.5
Maerdy	Siemens	Wind Prospect	Statkraft	24.0	100%	24.0
Middlemoor	Vestas	RWE	RWE	54.0	49%	26.5
North Rhins	Vestas	DNV-GL	E.ON	22.0	51.6%	11.4
Rhyl Flats	Siemens	RWE	RWE	90.0	24.95%	22.5
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						**301.4**

Investment Manager's Report continued

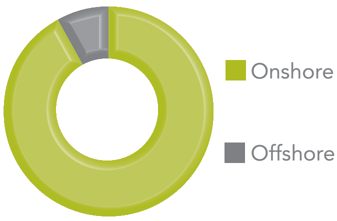
Investment Portfolio continued



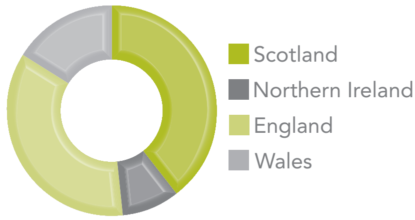
1 Bin Mountain
2 Braes of Doune
3 Carcant
4 Cotton Farm
5 Drone Hill
6 Earl's Hall Farm
7 Kildrummy
8 Lindhurst
9 Little Cheyne Court
10 Maerdy
11 Middlemoor
12 North Rhins
13 Rhyl Flats
14 Sixpenny Wood
15 Stroupster
16 Tappaghan
17 Yelvertoft

The portfolio breakdown by value as at 31 December 2015 is as follows:

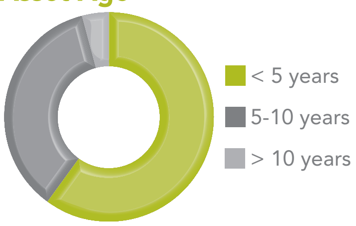
Onshore/Offshore



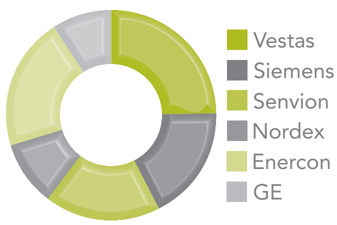
Geography



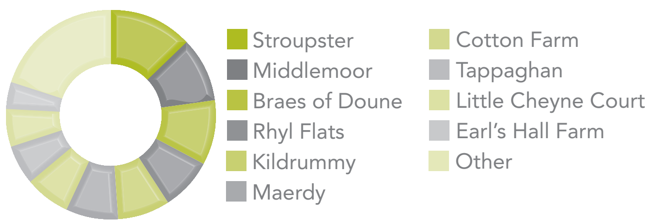
Asset Age



Turbine Manufacturer



Assets

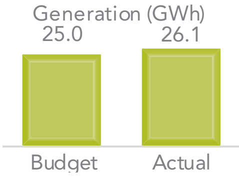


Investment Manager's Report continued

Portfolio Performance

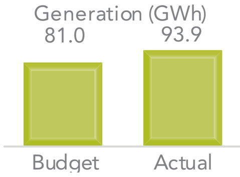
Bin Mountain (100%)

Jan-Dec



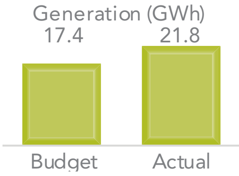
Braes of Doune (50%)

Jan-Dec



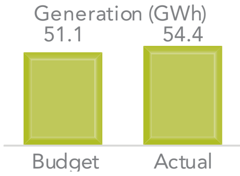
Carcant (100%)

Jan-Dec



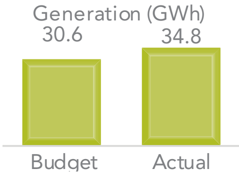
Cotton Farm (100%)

Jan-Dec



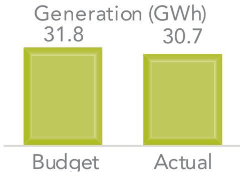
Drone Hill (51.6%)

Jan-Dec



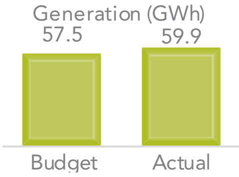
Earl's Hall Farm (100%)

Jan-Dec



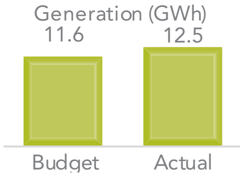
Kildrummy (100%)

Jan-Dec



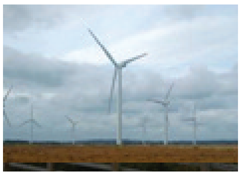
Lindhurst (49%)

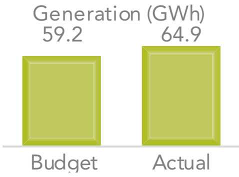
Jan-Dec



Little Cheyne Court (41%)

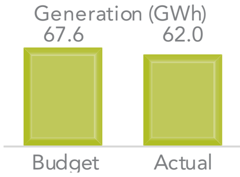
Jan-Dec





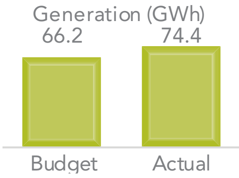
Maerdy (100%)

Jan-Dec



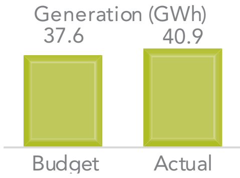
Middlemoor (49%)

Jan-Dec



North Rhins (51.6%)

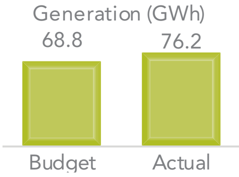
Jan-Dec



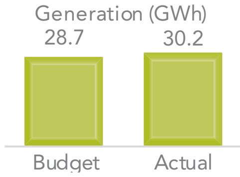
Investment Manager's Report continued

Portfolio Performance continued

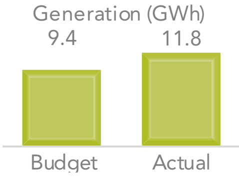
Rhyl Flats (24.95%) Jan-Dec



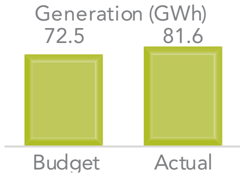
Sixpenny Wood (51.6%) Jan-Dec



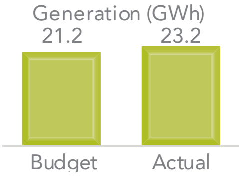
Stroupster (100%) Dec



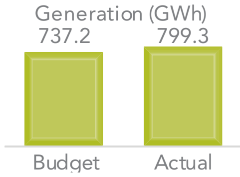
Tappaghan (100%) Jan-Dec



Yelvertoft (51.6%) Jan-Dec



Portfolio (net)



Generation for the year was 799.3GWh, 8 per cent. above budget owing to high wind resource[(1)].

Power prices were lower than forecast in 2015 owing to lower than forecast gas prices.

Higher generation and lower power prices offset each other, leading to cash generation and dividend cover in line with budget (see financial performance below).

Generation for the year was negatively impacted by various major outages:

- failure of a grid transformer at Earl's Hall Farm, which resulted in the wind farm being offline from 18 April to 6 June, while the Distribution Network Operator (UKPN) resolved the issue;
- a turbine being offline at Little Cheyne Court until 21 March as a result of a lightning strike in late 2014;
- the replacement of two gearboxes at Little Cheyne Court, following end of warranty inspections;
- failure of the grid energisation resistor at Bin Mountain, which resulted in two weeks' downtime in August; and
- repeated yaw gear failures at Maerdy.

Insurance proceeds or liquidated damages have been (or are expected to be) received in respect of all of the above faults. All faults have now been resolved with the exception of the yaw gear failures at Maerdy, which remain under investigation by Siemens and are being remedied on a case-by-case basis in the interim. The yaw gears are responsible for turning the turbines to face the wind and have been subject to overload at Maerdy in high wind conditions.

In December 2015, the Group agreed an amount of £2 million to be paid from Velocita on 31 March 2016 in settlement of the Maerdy wind energy true-up. The Maerdy load factor assumption has been reduced accordingly (no net impact on NAV as a result of the true-up). 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 Cotton Farm, Earl's Hall Farm, Kildrummy, Middlemoor and Stroupster remain outstanding as disclosed in note 14 to the financial statements.

[(1)] Deviations from budget lie within reasonable statistical parameters. The standard deviation of energy yield over a 12 month period is 10 per cent. (2 per cent. over 25 years).

Investment Manager's Report continued

Health and Safety

There were no major incidents in the year to 31 December 2015. 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 48 wind farms totalling 1,854MW, with 12 (941MW) being presented to the Investment Committee. Of the 48 wind farms priced: one investment was made by the Group during the year (Stroupster); 12 were acquired by other buyers; and 26 are subject to continuing discussions.

Stroupster was acquired from BayWa on 1 December 2015 for £84.8 million (excluding cash balances). Stroupster was the fourth wind farm acquired from BayWa (Cotton Farm and Earl's Hall Farm were acquired in October 2013 and Kildrummy was acquired in June 2014). The Company was the natural counterparty for BayWa owing to agreed documentation and trusted execution.

Financial Performance

The table below demonstrates strong dividend cover in the year of 1.7x. Net cash generation was £48.3 million. Cash balances (Group and wind farm SPVs) increased from £19.0 million to £22.0 million in the year to 31 December 2015.

Group and wind farm SPV cash flows	Year ended 31 December 2015 £m
Net cash generation	48.3
Dividends paid	(35.9)
Acquisitions[1]	(84.8)
Acquisition costs	(0.1)
Equity issuance	48.3
Equity issuance costs	(1.0)
Debt repayment/drawdown	30.0
Upfront finance costs	(1.8)
Movement in cash (Group and wind farm SPVs)[2]	3.1
Opening cash balance (Group and wind farm SPVs)	19.0
Ending cash balance (Group and wind farm SPVs)	22.0
Net cash generation	48.3
Dividends[3]	28.8
Dividend cover	1.7x

(1) Excluding cash balances.
(2) Numbers do not cast owing to rounding.
(3) February 2015 dividend has been halved for dividend cover calculation purposes as it relates to six months as opposed to three months.

Investment Manager's Report continued

Investment Performance

The NAV at 31 December 2014 was £486.2 million (105.5 pence per share) and increased to £529.8 million (104.5 pence per share) by 31 December 2015.

Shares in issue	460,715,847	506,787,431
NAV/share (pence)	105.5	104.5

Total dividends of £35.9 million were paid in 2015, including £14.2 million paid in February 2015 in respect of the six months to 31 December 2014, after which the Company switched from semi-annual to quarterly dividends.

Total dividends of £29.6 million have been paid in respect of 2015 (6.26 pence per share), including £7.9 million paid on 12 February 2016 in respect of Q4 2015.

Summary:

	pence	per cent.
NAV at 31 December 2014	105.5	
Less February 2015 dividend	(3.1)	
NAV at 31 December 2014 (ex dividend)	102.4	
NAV at 31 December 2015	104.5	
Less February 2016 dividend	(1.6)	
NAV at 31 December 2015 (ex dividend)	102.9	
Movement in NAV (ex dividend)	0.5	0.5
Dividends with respect to the year	6.3	6.1
Total return	6.8	6.6

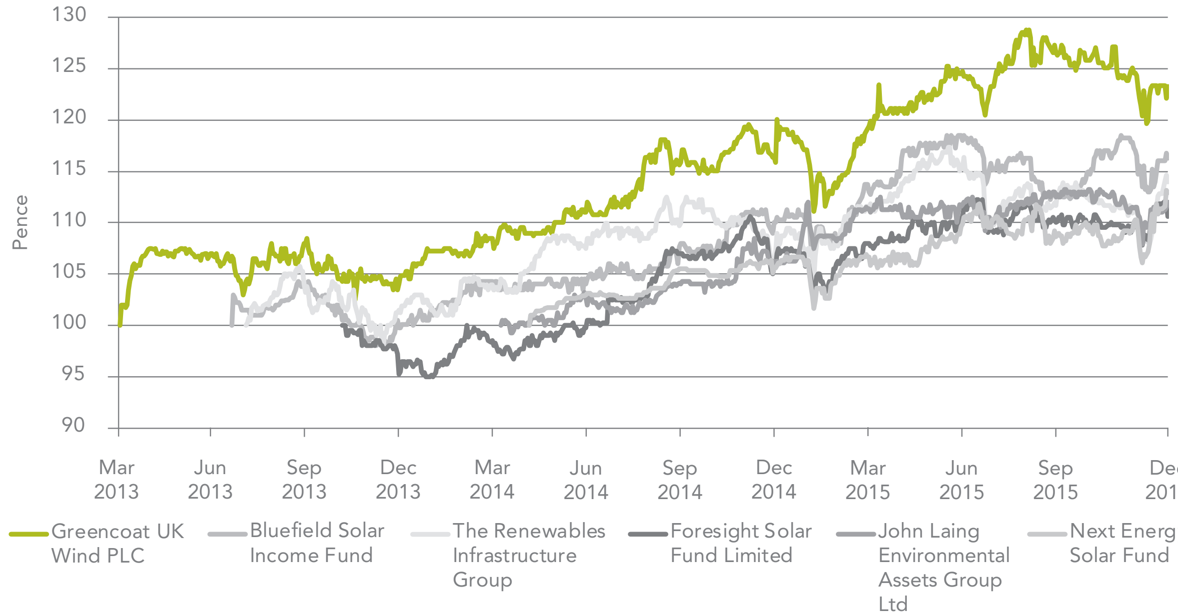
The relatively weak NAV growth in the year reflects lower forecast power prices and the loss of the Climate Change Levy exemption for renewable electricity from 1 August 2015 announced in the July 2015 Budget.

Investment Manager's Report continued

Investment Performance continued

The below graph charts TSR against market peers.

Total Shareholder Return vs Market Peers *(Bloomberg)*



Reconciliation of Statutory Net Assets to Reported NAV

	As at 31 December 2015 £'000	As at 31 December 2014 £'000
DCF valuation	642,784	572,541
Cash (wind farm SPVs)	14,806	10,647
Fair value of investments	**657,591**	**583,189**
Cash (Group)	7,231	8,320
Other relevant liabilities	(56)	(263)
GAV	**664,766**	**591,246**
Aggregate Group Debt	(135,000)	(105,000)
NAV	**529,766**	**486,246**
Reconciling items	—	—
Statutory net assets	**529,766**	**486,246**
Shares in issue	506,787,431	460,715,847
NAV per share (pence)	**104.5**	**105.5**

NAV Sensitivities

NAV is the sum of:

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

less Aggregate Group Debt.

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.

Investment Manager's Report continued

NAV Sensitivities continued

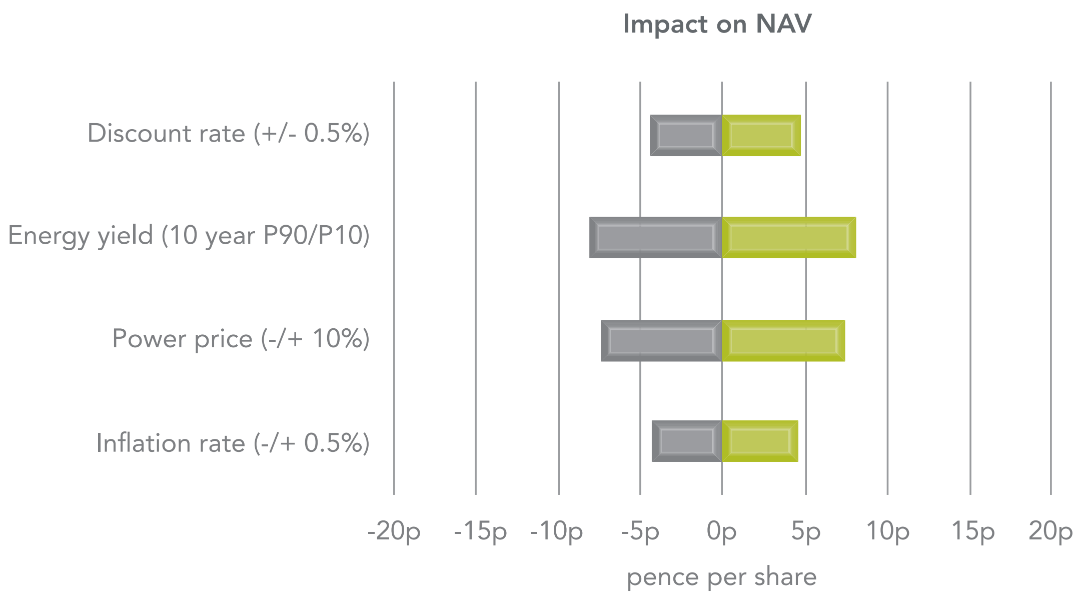
The unlevered discount rate used in the DCF valuation is between 8 and 9 per cent.. The market discount rate has remained constant since listing. A variance of +/- 0.5 per cent. is considered to be a reasonable range of alternative assumptions for discount rate.

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 £40/MWh (2016) to approximately £60/MWh (2030). 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 2.5 per cent. (0.5 per cent. above the long term 2.0 per cent. CPI target).

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



Gearing

As at 31 December 2015, the Group had £135 million of debt outstanding, equating to 20 per cent. of GAV.

£135 million outstanding debt comprised a term debt facility of £75 million, together with associated interest rate swap and £60 million drawn under the Group's revolving credit facility.

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

Investment Manager's Report continued

Carcant

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.

Notwithstanding this, the loss of the Climate Change Levy exemption for renewable electricity from 1 August 2015 announced in the July 2015 Budget had a negative impact on NAV, although this was largely offset by announced reductions in the Corporation Tax rate. The removal of the exemption is effectively an increase in taxation and benefits HM Treasury accordingly. The Group was previously assuming the removal of the exemption from 2022.

In contrast to operational wind farms, regulatory risk is the key risk faced by renewable developers. With the new Government, 2015 saw several changes in this area, affecting solar and onshore wind in particular. The CFD regime, which replaces the Renewables Obligation for new projects, brings considerable uncertainty for developers.

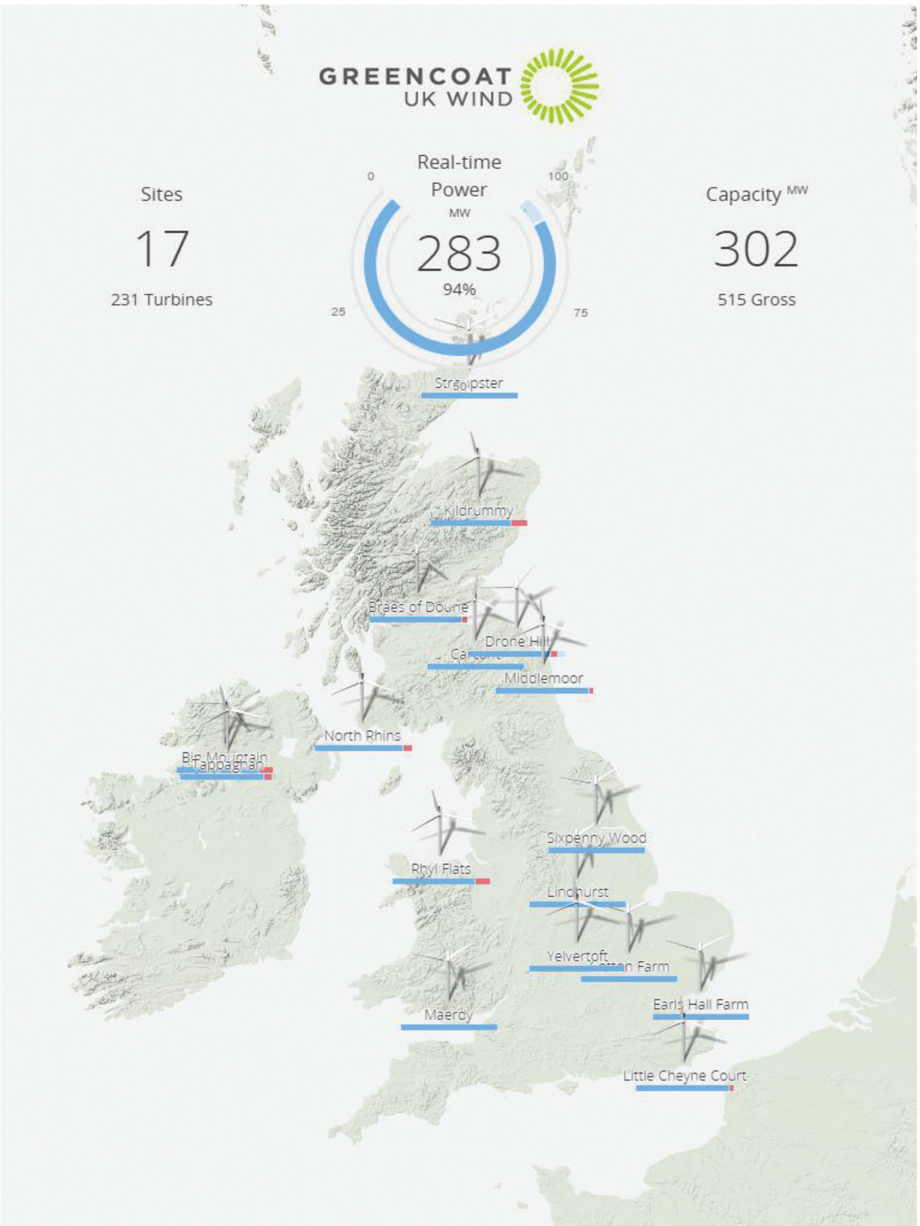
There is currently over 8GW of operational onshore wind capacity plus over 5GW offshore. Installed capacity is set to grow over the next few years to over 12GW onshore plus over 12GW offshore, despite recent policy changes for new projects. In monetary terms, the secondary market for operational UK wind farms is approximately £30 billion, increasing to £60 billion in the medium term. The Group currently has a market share of approximately 2 per cent..

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. In the short term, power prices are likely to remain volatile.

The long term power price forecast is updated each quarter and reflected in the reported NAV. The power price forecast incorporated in the current NAV is considerably lower than the forecast applicable at listing (March 2013), with consequently reduced downside exposure.

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.

Investment Manager's Report continued



Portfolio generation snapshot; 26 January 2016, 11.20 am

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, aged 68, 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 and Alok Industries Ltd, an Indian quoted company, from 2005 to 2015. 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. Since September 2015 he has been a non-executive director of FastJet plc.

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

Shonaid Jemmett-Page, FCA, aged 55, is an experienced non-executive director in the energy and financial sectors. She is currently a non-executive director of GKN plc, MS Amlin plc (formerly Amlin plc) and Origo Partners plc. She is chairman of the audit committees of all of these companies and she sits on the risk committee of MS Amlin plc. Shonaid is also a non-executive director of Caledonia Investments plc, and sits on both their remuneration committee and their governance committee. 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 2008. In 2009 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 62, 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 69, 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 U.S. 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. Whilst 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 54, 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:

Tim Ingram	Shonaid Jemmett-Page	William Rickett C.B.
Fastjet plc	GKN plc	Impax Environmental Markets plc
	Origo Partners plc	
	Caledonia Investments 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, when changes are notified, and 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 2015. 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 carries 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 2016 AGM. Special resolution 13 will be proposed at the forthcoming AGM seeking renewal of such authority until the next AGM (or 30 June 2017, whichever is earlier). The price paid for the shares will not be less than the nominal value nor 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 13.

The Directors also recommend shareholders to vote in favour of resolutions 11 and 12, 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 11 or by way of a sale of treasury shares.

Major Interests in Shares

Significant shareholdings as at 8 February 2016 are detailed below.

Shareholder	Ordinary shares held % 8 February 2016
Newton Investment Management	7.98
Sarasin & Partners LLP	6.40
Baille Gifford & Co Limited	5.74
Investec Wealth & Investment	5.11
Fidelity Worldwide Investment	4.53
Aviva Investors	3.37
Aberdeen Asset Management Limited	3.25

Significant shareholdings as at 31 December 2015 are detailed below.

Shareholder	Ordinary shares held % 31 December 2015
Newton Investment Management	7.90
Sarasin & Partners LLP	6.40
Baille Gifford & Co Limited	5.71
Investec Wealth & Investment	5.03
Fidelity Worldwide Investment	4.50
Aviva Investors	3.37
Aberdeen Asset Management Limited	3.22

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 has been appointed to provide depositary services under the AIFMD.

The 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.

Material Changes

As approved by shareholders at the AGM on 28 April 2015, the Company amended its investment policy to remove the requirement for the Directors to ensure that the Company will only invest in an offshore wind farm where a utility company retains an equity interest for a lock-up period.

There were no other 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.

Gender Diversity and Business Review

A business review and the Group's policy on gender 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 450g CO_2 per kWh assuming the displacement of CCGT generation).

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 2015 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 £7,931,223, equivalent to 1.565 pence per share in relation to the three month period ended 31 December 2015, bringing total dividends in relation to the year to £29,604,300, equivalent to 6.26 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 6 to 9.

By order of the Board

Tim Ingram
Chairman

21 February 2016

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 28 April 2015, shareholders voted 100 per cent. in favour to approve the Directors' Remuneration Report for the year ended 31 December 2014.

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. The Board engaged the services of Stonehaven Associates LLP, an independent external consultant, to review and provide input on the level of remuneration of the Board. Following this review non-executive Directors' remuneration was increased to £30,000 per annum with additional amounts of £5,000 and £3,500 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.

Directors' Remuneration Report continued

Annual Report on Remuneration (audited information)

The table below shows all remuneration earned by each individual Director during the year:

	Paid in the year to 31 December 2015	Paid in the year to 31 December 2014
Tim Ingram (Chairman)	£70,000	£70,000
Shonaid Jemmett-Page (Audit Committee Chairman)	£35,000	£30,000
William Rickett C.B. (Senior Independent Director)	£33,500	£25,000
Dan Badger	£30,000	£25,000
Martin McAdam (from 1 March 2015)	£25,000	—
Kevin McCullough (resigned 31 December 2014)	—	£25,000
Total	**£193,500**	**£175,000**

None of the Directors received any other remuneration or additional discretionary payments during the year from the Company (2014: £nil).

Relative Importance of Spend on Pay

The remuneration of the Directors in relation to the year totalled £193,500 (2014: £175,000) in comparison to dividends paid to shareholders in relation to the year of £29,604,300 (2014: £24,795,616).

Directors' Interests

Directors who held office during the year and had interests in the shares of the Company as at 31 December 2015 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 2015	Ordinary shares of 1p each held at 31 December 2014
Tim Ingram[(1)]	228,649	188,648
Shonaid Jemmett-Page[(2)]	23,376	23,060
William Rickett C.B.[(3)]	37,500	37,500
Dan Badger[(4)]	23,700	23,080
Martin McAdam (appointed 1 March 2015)	53,604	—
Kevin McCullough (resigned 31 December 2014)	—	10,000

(1) includes 14,018 ordinary shares legally and beneficially owned by his spouse, 150,000 ordinary shares which are held in trust arrangements with Lloyd's of London in respect of security for certain underwriting activities.

(2) includes 11,200 ordinary shares legally and beneficially owned by her spouse.

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

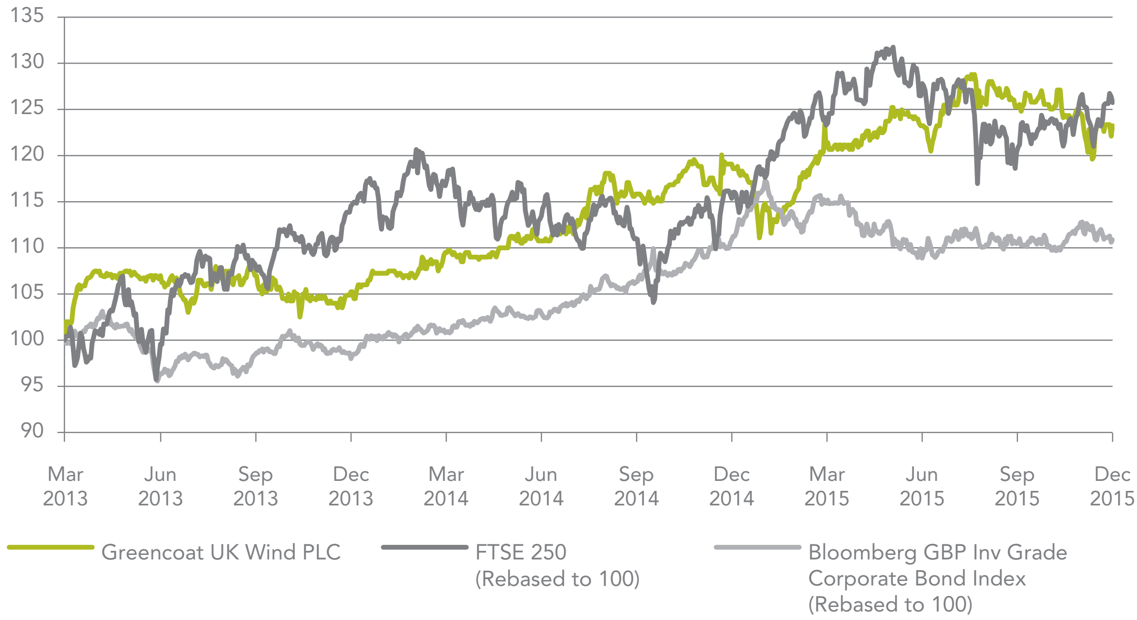
(4) includes 11,690 ordinary shares legally and beneficially owned by his spouse.

Directors' Remuneration Report continued

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 whilst 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:

Total Shareholder Return vs Equity and Bond Indices



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

On behalf of the Board,

Tim Ingram
Chairman

21 February 2016

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 Director's Report, a Strategic Report and Director's 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, are 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' responsibility also extends 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

21 February 2016

Corporate Governance

The Board operates under a framework for corporate governance which is appropriate for an investment company. The FRC issued a new version of the UK code which is effective for reporting periods beginning on or after 1 October 2014. 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 effective 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. A new version of the AIC code was issued in February 2015 to reflect the recent changes made to the UK code.

The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance 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 Corporate Governance Code is available on the Financial Reporting Council'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.

During the year, the Board appointed Martin McAdam as a Director of the Company with effect from 1 March 2015. He was recommended to the Company by Stonehaven Associates LLP, an independent external consultant. On 28 April 2015 Martin McAdam was appointed as Health and Safety Director of the Company.

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. In accordance with corporate governance best practice the Company expects Directors to be re-elected annually. All of the Directors shall therefore 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. Internal evaluation of the Board, the Audit Committee, and individual Directors for 2014 was conducted internally during Q1 2015 in the form of performance appraisal, questionnaires and discussion to determine effectiveness and performance in various areas, as well as the Directors' continued independence. This process was facilitated by the Company Secretary.

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. After considering potential suppliers, the Board has engaged Independent Audit Limited as the external facilitator to support the Board evaluation for 2015. The evaluation will include document review, discussion interviews and a meeting observation.

The full external review will commence during Q1 2016 and the results of this review will be reported in the next Annual Report. This will enable the necessary rigour of evaluation, and consideration thereafter, as anticipated by the Code.

Corporate Governance continued

Performance and Evaluation continued

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 non-executive director visits operational sites and specific Board training days are arranged involving presentations on relevant topics.

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 this committee.

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 an 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. Strategy is agreed jointly by the Board and the Investment Manager. A summary of the fees paid to the Investment Manager are given in note 3 to the financial statements.

Also as disclosed in note 3 to the financials statements, the Company entered into a new Investment Management Agreement with the Investment Manager during the year. 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 2015 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	6
William Rickett C.B.	4	6
Dan Badger	4	6
Martin McAdam[1]	3	4

[1] There were a total of three scheduled Board meetings and five additional Board meetings in the period from Martin McAdam's appointment on 1 March 2015 to 31 December 2015.

Corporate Governance continued

Board Meetings, Committee Meetings and Directors' Attendance continued

During the year there were two additional Board Committee meetings.

The number of meetings of the Audit Committee attended in the year to 31 December 2015 by each Audit Committee Members is set out below:

	Audit Committee Meetings (Total of 4)
Shonaid Jemmett-Page	4
William Rickett C.B.	4
Dan Badger	4

Tim Ingram and Martin McAdam were present at Audit Committee meetings, but were not members of the Audit Committee during the year, therefore their attendance has not been reflected in the table above.

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 Company Secretary 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

21 February 2016

Audit Committee Report

During the year, the Audit Committee comprised Shonaid Jemmett-Page (Chairman), William Rickett C.B. and Dan Badger. The FRC has a requirement that at least one member of the Committee should have recent and relevant financial experience and the Board is satisfied that the Committee is properly constituted in that respect. The qualifications and experience of all Committee members are disclosed on pages 20 to 22 of this report.

The 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.

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 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. The Committee is responsible for reviewing the terms of appointment of the Auditor, together with their remuneration. On an ongoing basis, the 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 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 Committee's discussions have been broad ranging. In addition to the five formally convened Audit Committee meetings from 1 January 2015 to the date of this report, the Committee has had regular contact and meetings with the Investment Manager, the Administrator and the Auditor. These meetings and discussions focussed on, but were not limited to:

- reviewing the updated risk matrix of the Company;
- reviewing the Company's corporate governance framework;
- reviewing the Company's ongoing internal controls;
- considering the ongoing assessment of the Company as a going concern;
- considering the period of assessment and longer term viability of the Group;
- 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;

Audit Committee Report continued

Financial Reporting continued

- whether the 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 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 five formal Audit Committee meetings held during the period from 1 January 2015 to the date of this report. The 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 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 Committee discussed and approved the Auditor's audit plan in which they identified the significant issues as detailed below as the key areas 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 accounts 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 is responsible for calculating the NAV in conjunction with the Administrator and, as disclosed in note 3 to the financial statements, the Investment Manager's fee is calculated based on the NAV of the Group.

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. The Investment Manager provides the Board with a monthly report on the performance of each investment and a formal presentation explaining assumptions used in the preparation, and explaining the movement in each quarterly valuation. The Investment Manager has provided and discussed with the Committee a formal valuation policy documenting, amongst other things, the rationale for adopting the discount rates used in the valuation model. The Committee concluded that the valuation process had been properly carried out and that the investments have been fairly valued.

Income Recognition

The Group's income is a factor in demonstrating the performance of the portfolio and is a driver of dividend returns and consists of dividends from the underlying investments. The Committee does not consider income recognition to be an area of significant judgement for the Group. The Board is advised at quarterly meetings of cash balances of all Group and investee companies.

External Auditor

Effectiveness of the Audit Process

The 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 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 Committee also sought feedback from the Investment Manager and the Administrator on the effectiveness of the audit process. For this financial year, the 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.

During the year a new lead partner was appointed on behalf of BDO LLP. The Committee is satisfied that appropriate transition arrangements have been put in place and that sufficient continuity is provided by other audit team members.

Non-Audit Services

Details of fees paid to BDO LLP during the year are disclosed in note 5 to the financial statements. The 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 Committee seeks to ensure that any non-audit services provided by the external auditor do not conflict with their statutory and regulatory responsibilities before giving written approval prior to their engagement. The Committee was satisfied that BDO LLP had adequate safeguards in place and that

Audit Committee Report continued

Non-Audit Services continued

provision of these non-audit services did not threaten the independence of the Auditor.

In the prior year the Company updated its policy regarding the provision of non-audit services by the external auditor. The policy places a cap on fees to be charged by the external auditor for non-audit services from 17 June 2016 at 70 per cent. of the average of the statutory audit fee for the previous three years.

The policy 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 Committee monitors expenditure on non-audit services by the Company's auditor with regard to the cap, and the external auditor should only be engaged for non-audit services where they are deemed to be the most commercially viable supplier and prior approval of the Committee has been sought.

Independence

The Audit Committee is required to consider the independence of the external auditor. In fulfilling this requirement, the 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

The 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 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 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 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.

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. During the 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.

Internal Control

The Audit Committee keeps under review the effectiveness of the Company's internal control policies and procedures for the identification, assessment and reporting of risks. The 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 significant 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 Committee is responsible for reviewing the risk matrix before recommending to the Board for consideration and approval, challenging the Investment Manager's assumptions to ensure a robust internal risk management process.

The 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 Committee highlighting material changes to risk ratings.

Internal Audit

The Audit Committee continues to review the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and the Investment Manager, including their own internal controls and procedures, provide sufficient assurance that an appropriate level of risk management and internal control, which safeguards Shareholders' investment and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

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

21 February 2016

Independent Auditor's Report

To the members of Greencoat UK Wind PLC

Our opinion on the financial statements

In our opinion the Greencoat UK Wind PLC financial statements for the year ended 31 December 2015, which have been prepared by the Directors in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- have, as regards the Group financial statements, been properly prepared in accordance with IFRSs as adopted by the European Union;
- have, as regards the parent company financial statements, 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
- 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.

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.

What our opinion covers

Our audit opinion on the financial statements covers the:

- consolidated Statement of Comprehensive Income;
- consolidated and parent company Statements of Financial Position;
- consolidated and parent company Statement of Changes in Equity;
- consolidated and parent company Statements of Cash Flows; and
- related notes.

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.

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

An overview of the scope of the audit including our assessment of and response to the risk of material misstatement

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 outcome of our risk assessment was that the valuation of the underlying investment portfolio was considered to be the area that had the greatest effect on the overall audit strategy including the allocation of resources in the audit.

Independent Auditor's Report continued

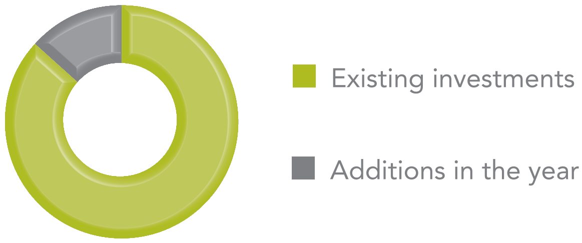
An overview of the scope of the audit including our assessment of and response to the risk of material misstatement continued

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 net asset value of the company.

100 per cent. of the underlying investment portfolio is represented by unquoted equity investments and all investments are individually material to the financial statements. The investments are valued using discounted cash flow models prepared by the Investment Manager. The key assumptions in the valuation model include, inter alia, the discount factor, inflation rate, power prices and energy yield.

Our starting point was to review the components of the movement in the investment valuations in order to understand the rationale for the fair value movement in the year. We then agreed key assumptions to supporting evidence and challenged the Investment Manager regarding the appropriateness of judgemental assumptions including sensitising the valuations where we considered that reasonably possible alternative assumptions could have been applied.

The total investment valuation at 31 December 2015 of £658 million is broken down as follows:



In respect of new investments made during the year, we performed the following specific procedures:

- agreed key inputs to the valuation model to independent information including energy yield report, power purchase agreement, lease agreement and operating and maintenance agreement; and
- reviewed the assumptions compared with other investments in the portfolio to consider the overall reasonableness of assumptions and completeness of costs.

In respect of all investments, we performed the following specific procedures:

- tested the integrity of the discounted cash flow model using IT audit tools;
- agreed changes in key assumptions compared with the prior year to independent evidence;
- agreed electricity price assumptions to an independent expert's report;
- considered the appropriateness of the discount factor and inflation assumptions applied with reference to a comprehensive list of comparable transactions and consultation with our valuations specialists;
- reviewed cost assumptions in the valuation models compared with actual results to assess the completeness of costs;
- reviewed the corporation tax workings within the valuation model; and
- vouched cash and other net assets to bank statements and investee company management accounts.

The Audit Committee's consideration of their key issues is set out on pages 33 to 35.

Independent Auditor's Report continued

Materiality in context

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.

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	Key considerations and benchmarks	Quantum (£)
Financial statement materiality	Assessing whether the financial statements as a whole present a true and fair view.	• The value of investments • The level of judgement inherent in the valuation • The range of reasonable alternative valuations	7,950,000
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.	• Profit for the year excluding unrealised gains/losses	3,750,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £145,000, 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:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 30 to 32 of the Annual Report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

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;
- 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; and

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' 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

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
- 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- a corporate governance statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statements, set out on pages 8 to 9, in relation to going concern and longer term viability; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of these matters.

BDO LLP

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

21 February 2016

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 2015

	Note	For the year ended 31 December 2015 £'000	For the year ended 31 December 2014 £'000
Return on investments	4	42,037	41,825
Other income		412	307
Total income and gains		**42,449**	**42,132**
Operating expenses	5	(7,363)	(5,690)
Investment acquisition costs		(263)	(757)
Operating profit		**34,823**	**35,685**
Finance expense	13	(6,162)	(5,239)
Profit for the year before tax		**28,661**	**30,446**
Tax credit	6	1,988	—
Profit for the year after tax		**30,649**	**30,446**
Profit and total comprehensive income attributable to:			
Equity holders of the Company		**30,649**	**30,446**
Earnings per share			
Basic and diluted profit from continuing operations in the year (pence)	7	**6.59**	**8.38**

All results are derived from continuing operations.

The accompanying notes on pages 46 to 68 form an integral part of the financial statements.

Consolidated Statement of Financial Position

As at 31 December 2015

	Note	31 December 2015 £'000	31 December 2014 £'000
Non current assets			
Investments at fair value through profit or loss	9	657,591	583,189
		657,591	**583,189**
Current assets			
Receivables	11	3,619	1,409
Cash and cash equivalents		7,231	8,320
		10,850	**9,729**
Current liabilities			
Payables	12	(3,675)	(1,672)
Net current assets		**7,175**	**8,057**
Non current liabilities			
Loans and borrowings	13	(135,000)	(105,000)
Net assets		**529,766**	**486,246**
Capital and reserves			
Called up share capital	15	5,068	4,607
Share premium account	15	253,310	205,023
Other distributable reserves		192,096	227,973
Retained earnings		79,292	48,643
Total shareholders' funds		**529,766**	**486,246**
Net assets per share (pence)	16	**104.5**	**105.5**

Authorised for issue by the Board on 21 February 2016 and signed on its behalf by:

Tim Ingram
Chairman

Shonaid Jemmett-Page
Director

The accompanying notes on pages 46 to 68 form an integral part of the financial statements.

Statement of Financial Position – Company

As at 31 December 2015

	Note	31 December 2015 £'000	31 December 2014 £'000
Non current assets			
Investments at fair value through profit or loss	9	667,198	486,849
		667,198	**486,849**
Current assets			
Receivables	11	509	1,072
Cash and cash equivalents		4	56
		513	**1,128**
Current liabilities			
Payables	12	(2,945)	(1,731)
Net current assets		**(2,432)**	**(603)**
Non current liabilities			
Loans and borrowings	13	(135,000)	—
Net assets		**529,766**	**486,246**
Capital and reserves			
Called up share capital	15	5,068	4,607
Share premium account	15	253,310	205,023
Other distributable reserves		192,096	227,973
Retained earnings		79,292	48,643
Total Shareholders' funds		**529,766**	**486,246**
Net assets per share (pence)	16	**104.5**	**105.5**

Authorised for issue by the Board on 21 February 2016 and signed on its behalf by:

Tim Ingram
Chairman

Shonaid Jemmett-Page
Director

The accompanying notes on pages 46 to 68 form an integral part of the financial statements.

Consolidated and Company Statement of Changes in Equity

For the year ended 31 December 2015

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**

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 £15,058,250, the total reserves distributable by way of a dividend as at 31 December 2015 were £254,329,308.

For the year ended 31 December 2014	Note	Share capital £'000	Share premium £'000	Other distributable reserves £'000	Retained earnings £'000	Total £'000
Opening net assets attributable to shareholders (1 January 2014)		3,412	80,654	248,811	18,197	**351,074**
Issue of share capital	15	1,195	126,535	—	—	**127,730**
Share issue costs	15	—	(2,166)	—	—	**(2,166)**
Profit and total comprehensive income for the year		—	—	—	30,446	**30,446**
Interim dividends paid in the year	8	—	—	(20,838)	—	**(20,838)**
Closing net assets attributable to shareholders		**4,607**	**205,023**	**227,973**	**48,643**	**486,246**

After taking account of cumulative unrealised gains of £25,941,397, the total reserves distributable by way of a dividend as at 31 December 2014 were £250,674,433.

The accompanying notes on pages 46 to 68 form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Note	For the year ended 31 December 2015 £'000	For the year ended 31 December 2014 £'000
Net cash flow from operating activities	17	**48,468**	**35,160**
Cash flows from investing activities			
Acquisition of investments	9	(85,285)	(187,254)
Investment acquisition costs		(135)	(867)
Net cash flow from investing activities		**(85,420)**	**(188,121)**
Cash flows from financing activities			
Issue of share capital	15	48,306	127,050
Payment of issue costs		(971)	(2,417)
Amounts drawn down on loan facilities	13	265,000	183,000
Amounts repaid on loan facilities	13	(235,000)	(128,000)
Finance expense		(5,595)	(4,771)
Dividends paid	8	(35,877)	(20,838)
Net cash inflow from financing activities		**35,863**	**154,024**
Net (decrease)/increase in cash and cash equivalents during the year		**(1,089)**	**1,063**
Cash and cash equivalents at the beginning of the year		**8,320**	**7,257**
Cash and cash equivalents at the end of the year		**7,231**	**8,320**

The accompanying notes on pages 46 to 68 form an integral part of the financial statements.

Statement of Cash Flows – Company

For the year ended 31 December 2015

	Note	For the year ended 31 December 2015 £'000	For the year ended 31 December 2014 £'000
Net cash flow from operating activities	17	**45,991**	**21,143**
Cash flow from investing activities			
Acquisition of investments	19	(105,000)	—
Loans advanced to Group companies	9	(85,000)	(124,884)
Repayment of loans to Group companies	9	1,487	—
Net cash flow from investing activities		**(188,513)**	**(124,884)**
Cash flows from financing activities			
Issue of share capital	15	48,306	127,050
Payment of issue costs		(971)	(2,417)
Amounts drawn down on loan facilities	13	265,000	—
Amounts repaid on loan facilities	13	(130,000)	—
Finance expense		(3,988)	—
Dividends paid	8	(35,877)	(20,838)
Net cash inflow from financing activities		**142,470**	**103,795**
Net (decrease)/increase in cash and cash equivalents during the year		**(52)**	**54**
Cash and cash equivalents at the beginning of the year		**56**	**2**
Cash and cash equivalents at the end of the year		**4**	**56**

The accompanying notes on pages 46 to 68 form an integral part of the financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

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.

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 £30,648,335 (2014: £30,446,391).

New and amended standards and interpretations not applied

There have been no new or revised standards adopted in the year.

At the date of authorisation of these financial statements, IFRS 9 "Financial Instruments" was issued but will not become effective until accounting periods beginning on or after 1 January 2018 and has 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 2016 or later periods, however 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 Company continues to satisfy the criteria to be regarded as an investment entity as defined in the amendments to IFRS 10, IFRS 12 and IAS 27 and measures its subsidiaries at fair value through profit or loss, in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" instead of consolidating those subsidiaries.

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, Greencoat UK Wind 1 LLP (dissolved on 29 December 2015 as disclosed in note 19) and Greencoat UK Wind Holdco Limited. 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.

Accounting for associates and joint ventures

The Company has taken the exemption permitted by IAS 28 "Investments in Associates and Joint Ventures" and IFRS 11 "Joint Arrangements" and upon initial recognition, will measure its investment in Associates and Joint Ventures at fair value, with subsequent changes to fair value recognised in the Income Statement in the period of change.

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. Financial assets and financial liabilities are only offset and the net amount reported in the Consolidated Statement of Financial Position when there is a currently enforceable legal right to offset the recognised amounts and the Group intends to settle on a net basis or realise the asset and liability simultaneously.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

1. Significant accounting policies continued

Financial instruments continued

At 31 December 2015 and 2014 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 has not classified any of its financial assets as Held to Maturity or as Available for Sale.

The Group's financial assets comprise of only investments held at fair value through profit or loss 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 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 Company assesses 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. 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. Thereafter, investments are measured at subsequent reporting dates at fair value in accordance with IFRS.

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 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 nor 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.

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.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

1. Significant accounting policies continued

Financial liabilities continued

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.

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 2015

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

Interest income is accounted for on an accruals basis using the effective interest rate method. Dividend income is recognised when the Group entitlement to receive payment is established.

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.

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 nor 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.

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.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

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.

Also as disclosed in note 9, 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.

3. Investment management fees

As disclosed in note 19, the structure of the Group was simplified during the year. As part of this restructuring the Company entered into a new Investment Management Agreement with the Investment Manager, replacing the previous agreement between the Company, LLP, Holdco and the Investment Manager, and the minimum term under the Investment Management Agreement has been extended by 15 months.

Under the terms of the revised 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 amount of the Cash Fee, which was previously a Base Fee plus PPS, remains unchanged and is now fully tax deductible.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

3. Investment management fees continued

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 due to the Investment Manager, which remains unchanged from the previous Investment Management Agreement, 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, 0.25 x 0.2 per cent.; and
- on that part of the then most recently announced NAV over £500 million up to and including £1,000 million, 0.25 x 0.1 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.

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 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 tables 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 2015

3. Investment management fees continued

Investment management fees and PPS paid or accrued in the year to 31 December 2014 were as follows:

For the year ended 31 December 2014	Base fee £'000	PPS £'000	Value of Equity Element £'000	Total amounts paid to the Investment Manager £'000
Quarter to March 2014	275	606	176	**1,057**
Quarter to June 2014	275	633	182	**1,090**
Quarter to September 2014	275	626	180	**1,081**
Quarter to December 2014	275	844	224	**1,343**
Total	**1,100**	**2,709**	**762**	**4,571**

The value of the Equity Element and the PPS detailed in the tables 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 2015 £'000	For the year ended 31 December 2014 £'000
Dividends received (note 19)	50,920	40,655
Gain on adjustment to purchase price of investment (note 14)	2,000	—
Unrealised movement in fair value of investments (note 9)	(10,883)	1,170
	42,037	**41,825**

5. Operating expenses

	For the year ended 31 December 2015 £'000	For the year ended 31 December 2014 £'000
Management fees (note 3)	4,900	1,862
PPS (note 3)	925	2,709
Group and SPV administration fees	428	361
Non-executive Directors' fees	194	175
Other expenses	851	486
Fees to the Company's Auditor:		
for audit of the current year statutory financial statements	61	65
for audit of the prior year statutory financial statements	—	14
for other audit related services	4	4
for tax compliance services	—	14
	7,363	**5,690**

The fees to the Company's auditor includes £3,600 (2014: £3,500) payable in relation to a limited review of the half-yearly report.

During the year, BDO was paid £nil (2014: £50,000) in relation to a capital raise of the Company which was included in share issue costs.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

6. Taxation

	For the year ended 31 December 2015 £'000	For the year ended 31 December 2014 £'000
UK Corporation tax credit	1,988	—
	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 21 per cent. to 31 March 2015 (2014: 23 per cent.) and 20 per cent. from 1 April 2015 (2014: 21 per cent.) (average rate of 20.25 per cent. (2014: 21.5 per cent.)). The differences are explained below.

	For the year ended 31 December 2015 £'000	For the year ended 31 December 2014 £'000
Profit on ordinary activities before taxation	28,661	30,446
Profit on ordinary activities multiplied by the standard rate of corporation tax of 20.25 per cent. (2014: 21.5 per cent.)	5,803	6,544
Fair value movements (not subject to taxation)	1,799	(252)
Dividends received (not subject to taxation)	(10,310)	(8,738)
Expenditure not deductible for tax purposes	247	745
Payments received for surrendering of tax losses (note 19)	(1,127)	—
Surrendering of tax losses to unconsolidated subsidiaries, associates and joint ventures	5,576	1,701
	1,988	**—**

7. Earnings per share

	For the year ended 31 December 2015	For the year ended 31 December 2014
Profit attributable to equity holders of the Company – £'000	30,649	30,446
Weighted average number of ordinary shares in issue	465,221,854	363,312,179
Basic and diluted profit from continuing operations in the year – pence	**6.59**	**8.38**

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 2015

8. Dividends declared in relation to the year

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

Interim dividends declared after 31 December 2015	Dividend per share pence	Total dividend £'000
In relation to the quarter ended 31 December 2015	1.565	7,931
	1.565	**7,931**

On 13 January 2016, the Company announced a dividend of 1.565 pence per share in relation to the quarter ended 31 December 2015, bringing the total dividend declared in respect of the year to 31 December 2015 to 6.26 pence per share. The record date for the dividend was 22 January 2016 and the payment date was 12 February 2016.

The following table shows dividend paid in the prior year.

Interim dividends paid during the year ended 31 December 2014	Dividend per share pence	Total dividend £'000
In relation to the 6 months ended 31 December 2013	3.00	10,246
In relation to the 6 months ended 30 June 2014	3.08	10,592
	6.08	**20,838**

9. Investments at fair value through profit or loss

Group	For the year ended 31 December 2015 £'000	For the year ended 31 December 2014 £'000
Opening balance	583,189	394,765
Additions	85,285	187,254
Adjustment to purchase price of investment (note 14)	(2,000)	—
Gain on adjustment to purchase price of investment (note 14)	2,000	—
Unrealised movement in fair value of investments (note 4)	(10,883)	1,170
	657,591	**583,189**

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

	For the year ended 31 December 2015 £'000	For the year ended 31 December 2014 £'000
Decrease in DCF valuation of investments	(14,558)	(2,173)
Movement in cash balances of SPVs	3,675	343
Acquisition and upfront finance costs	—	3,000
	(10,883)	**1,170**

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

9. Investments at fair value through profit or loss continued

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

Company – for the year ended 31 December 2015	Loans £'000	Equity interest £'000	Total £'000
Opening balance	461,018	25,831	**486,849**
Additions (note 19)	—	105,000	**105,000**
Group restructure (note 19)	(461,018)	461,018	**—**
Loan to Holdco (note 19)	85,000	—	**85,000**
Repayment of loan to Holdco (note 19)	(1,487)	—	**(1,487)**
Unrealised movement in fair value of investments	—	(8,164)	**(8,164)**
	83,513	**583,685**	**667,198**

Company – for the year ended 31 December 2014	Loans £'000	Equity interest £'000	Total £'000
Opening balance	336,134	15,320	**351,454**
Additions	124,884	—	**124,884**
Unrealised movement in fair value of investments	—	10,511	**10,511**
	461,018	**25,831**	**486,849**

IFRS 13 "Fair Value Measurement" 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, through 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 investments 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 2015.

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 Guidelines and adjusted where appropriate, given the special nature of wind farm investments.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

9. Investments at fair value through profit or loss continued

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.

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 £40/MWh (2016) to approximately £60/MWh (2030). 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 2.5 per cent. (0.5 per cent. above the long term 2.0 per cent. CPI target).

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

9. Investments at fair value through profit or loss continued

Sensitivity analysis

The fair value of the Group's investments is £657,590,555 (2014: £583,188,538). 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.	(22,567)	(4.5)
		-0.5 per cent.	23,950	4.7
Energy yield	P50	10 year P90	(41,259)	(8.1)
		10 year P10	41,197	8.1
Power price	Forecast by leading consultant	-10 per cent.	(37,670)	(7.4)
		+10 per cent.	37,574	7.4
Inflation rate	2.5 per cent.	-0.5 per cent.	(21,955)	(4.3)
		+0.5 per cent.	23,155	4.6

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

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:

		Ownership Interest	
Investment	Place of Business	31 December 2015	31 December 2014
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%
Stroupster	Scotland	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.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

10. Unconsolidated subsidiaries, associates and joint ventures continued

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":

		Ownership Interest	
Investment	**Place of Business**	**31 December 2015**	**31 December 2014**
Braes of Doune	Scotland	50%	50%
ML Wind*	UK	49%	49%
Little Cheyne Court	England	41%	41%
Rhyl Flats	Wales	24.95%	24.95%

* The Group's investments in Middlemoor and Lindhurst is 49 per cent. (2014: 49 per cent.) and their place of business is the UK. These are held through ML Wind.

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
Holdco	Braes of Doune	Centrica	Cash	PPA	500
Holdco	Middlemoor	Northumberland County Council	Cash	Development works	77
					5,183

The fair value of financial guarantees 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 2015 £'000	31 December 2014 £'000
Amounts due in relation to wind energy true-up (note 9)	2,000	—
Amounts due as consideration for investee company tax losses (note 19)	1,217	—
Prepayments	79	53
Other receivables	323	56
Dividends receivable	—	1,300
	3,619	**1,409**

Company	31 December 2015 £'000	31 December 2014 £'000
Amounts due from Group companies (note 19)	400	1,005
Prepayments	79	16
Other receivables	30	51
	509	**1,072**

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

12. Payables

Group	31 December 2015 £'000	31 December 2014 £'000
Investment management fee payable[1]	1,243	467
Loan interest payable	574	518
Amounts due as consideration for investee company tax losses (note 19)	356	—
Finance costs payable	304	—
Acquisition costs payable	126	—
Commitment fee payable	216	—
Other payables	771	367
Share issue costs payable	85	320
	3,675	**1,672**

Company	31 December 2015 £'000	31 December 2014 £'000
Investment management fee payable[1]	1,243	283
Loan interest payable	574	—
Finance costs payable	304	—
Commitment fee payable	216	—
Amounts due to Group companies	80	917
Share issue costs payable	85	320
Other payables	443	211
	2,945	**1,731**

[1] Management fee payable by the Group and the Company consists of the Cash Fee payable for the quarter to 31 December 2015 as well as the 2015 true-up amount calculated in accordance with the Investment Management Agreement.

13. Loans and borrowings

Group	31 December 2015 £'000	31 December 2014 £'000
Opening balance	105,000	50,000
Acquisition loan facility		
Drawdowns	—	183,000
Repayments	(105,000)	(128,000)
Revolving credit facility		
Drawdowns	190,000	—
Repayments	(130,000)	—
Term debt facility		
Drawdowns	75,000	—
Closing balance	**135,000**	**105,000**

Company	31 December 2015 £'000	31 December 2014 £'000
Opening balance	—	—
Revolving credit facility		
Drawdowns	190,000	—
Repayments	(130,000)	—
Term debt facility		
Drawdowns	75,000	—
Closing balance	**135,000**	**—**

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

13. Loans and borrowings continued

	For the year ended 31 December 2015 £'000	For the year ended 31 December 2014 £'000
Facility arrangement fees	1,500	1,830
Loan interest	3,173	3,019
Commitment fees	775	—
Other facility fees	133	219
Professional fees	581	171
Finance expense	**6,162**	**5,239**

The loan balances as at 31 December 2015 have not been revalued to reflect amortised cost, as the amounts are not materially different from the outstanding balances.

On 27 April 2015, the Company entered into a revolving credit facility with RBS, RBC and Santander of up to £225,000,000. £105,000,000 was drawn down and used to repay the £105,000,000 outstanding under the previous loan facility between Holdco, RBS, RBC and Santander as disclosed in notes 9 and 19.

As disclosed in note 19, on 26 November 2015, £85,000,000 was drawn down and used to purchase Stroupster.

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 also 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 at 31 December 2015, accrued interest on the revolving credit facility was £109,172 (2014: £517,836) and the outstanding commitment fee was £215,562 (2014: £nil).

In the prior year, Holdco entered into an acquisition loan facility agreement with RBS, RBC and Santander and borrowed a total of £183,000,000. The outstanding balance on this facility as at 31 December 2014 was £105,000,000.

The final maturity date of the acquisition loan facility was 24 June 2017 which was the third anniversary of the amended facility agreement. The margin was 235 basis points until 24 June 2015, 300 basis points in year two and 375 basis points in year three, if not refinanced with debt or equity. The loan was secured by a fixed charge over the shares in Holdco and a floating charge over Holdco's bank accounts. The minimum interest coverage under the terms of the facility agreement was 2.0x (with dividend lockup at 2.5x).

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.

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 a fixed rate of 3.59 per cent..

As at 31 December 2015, accrued interest on the term debt facility and associated swap was £464,862 (2014: £nil).

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 2015

14. Contingencies

At the time of acquisition, six of the wind farms in the portfolio (Cotton Farm, Earl's Hall Farm, Kildrummy, Maerdy, Middlemoor and Stroupster) had less than two years' 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.

As disclosed in note 9, in December 2015, the Group agreed an amount of £2 million to be paid from Velocita on 31 March 2016 in settlement of the Maerdy wind energy true-up. The Maerdy load factor assumption has been reduced accordingly (no net impact on NAV as a result of the true-up).

The maximum that the purchase price of the remaining five wind farms may be adjusted by is £21.4 million. The Directors and the Investment Manager are of the opinion that the estimate of the energy yield utilised at acquisition for the five 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 2015		**460,715,847**	**4,607**	**205,023**	**209,630**
Shares issued to the Investment Manager					
4 February 2015	Q4 2014 Equity Element – Issued at £1.05	171,947	2	178	**180**
4 February 2015	True up of 2014 Equity Element – Issued at £1.17	40,908	—	47	**47**
4 February 2015	Q1 2015 Equity Element – Issued at £1.06	230,358	2	241	**243**
5 May 2015	Q2 2015 Equity Element – Issued at £1.04	230,580	2	238	**240**
30 July 2015	Q3 2015 Equity Element – Issued at £1.04	230,695	2	238	**240**
29 October 2015	Q4 2015 Equity Element – Issued at £1.05	230,810	2	239	**241**
		1,135,298	**10**	**1,182**	**1,192**
Other shares issued					
30 November 2015	Capital raise issued at £1.075	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**

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

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 2014		**341,243,001**	**3,413**	**80,654**	**84,067**
Shares issued to the Investment Manager					
28 January 2014	Equity Element – Issued at £1.05	306,866	3	318	**321**
5 August 2014	Equity Element – Issued at £1.04	343,550	3	355	**358**
		650,416	**6**	**673**	**679**
Other shares issued					
5 February 2014	Capital raise – issued at £1.025	2,000,000	20	2,030	**2,050**
30 October 2014	Capital raise – issued at £1.07	116,822,430	1,168	123,832	**125,000**
5 February 2014	Less share issue costs	—	—	(10)	**(10)**
30 October 2014	Less share issue costs	—	—	(2,156)	**(2,156)**
31 December 2014		**460,715,847**	**4,607**	**205,023**	**209,630**

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 2015.

16. Net assets per share

Group	31 December 2015	31 December 2014
Net assets – £'000	529,766	486,246
Number of ordinary shares issued	506,787,431	460,715,847
Total net assets – pence	**104.5**	**105.5**

Company	31 December 2015	31 December 2014
Net assets – £'000	529,766	486,246
Number of ordinary shares issued	506,787,431	460,715,847
Total net assets – pence	**104.5**	**105.5**

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

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

Group	For the year ended 31 December 2015 £'000	For the year ended 31 December 2014 £'000
Operating profit for the year	34,823	35,686
Adjustments for non cash movements:		
Movement in fair value of investments (note 9)	10,883	(1,170)
Investment acquisition costs	263	757
Increase in receivables	(984)	(1,167)
Increase in payables	1,164	375
Equity Element of Investment Manager's fee (note 15)	1,192	679
Consideration for investee company tax losses (note 19)	1,127	—
Net cash flow from operating activities	**48,468**	**35,160**

Company	For the year ended 31 December 2015 £'000	For the year ended 31 December 2014 £'000
Operating profit for the year	35,686	30,446
Adjustments for non cash movements:		
Movement in fair value of investments (note 9)	8,164	(10,511)
Decrease/(increase) in receivables	608	(69)
Increase in payables	341	598
Equity Element of Investment Manager's fee (note 15)	1,192	679
Net cash flow from operating activities	**45,991**	**21,143**

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 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 0.5 per cent. to 1.5 per cent., the annual interest due on the facility would increase by £600,000 (2014: £1,050,000). 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 2015

18. Financial risk management continued

Interest rate risk continued

As disclosed in note 13, during the year the Company entered into a seven year term debt facility with CBA of £75,000,000, together with associated interest rate swap which effectively sets interest payable at a fixed rate of 3.59 per cent., thereby mitigating the risks associated with the variability of cash flow arising from interest rate fluctuations.

The Group's exposure to interest rate risk as at 31 December 2015 is summarised below:

Group	Interest Bearing £'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	**661,789**	**668,362**
Liabilities			
Other payables	—	(3,675)	**(3,675)**
Loan facility	(135,000)	—	**(135,000)**
	(135,000)	**(3,675)**	**(138,675)**

The Group's exposure to interest rate risk as at 31 December 2014 is summarised below:

Group	Interest Bearing £'000	Non-interest bearing £'000	Total £'000
Assets			
Cash at bank	24	8,296	**8,320**
Dividends receivable	—	1,300	**1,300**
Other receivables	—	56	**56**
Investments	—	583,189	**583,189**
	24	**592,841**	**592,865**
Liabilities			
Other payables	—	(1,672)	**(1,672)**
Loan facility	(105,000)	—	**(105,000)**
	(105,000)	**(1,672)**	**(106,672)**

The Company's exposure to interest rate risk as at 31 December 2015 is summarised below:

Company	Interest Bearing £'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)**
	—	**(2,945)**	**(2,945)**

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

18. Financial risk management continued

Interest rate risk continued

The Company's exposure to interest rate risk as at 31 December 2014 is summarised below:

Company	Interest Bearing £'000	Non-interest bearing £'000	Total £'000
Assets			
Cash at bank	1	55	56
Other receivables	—	51	51
Amounts due from Group companies	—	1,005	1,005
Investments	—	486,849	486,849
	1	**487,960**	**487,961**
Liabilities			
Other payables	—	(1,731)	(1,731)
	—	**(1,731)**	**(1,731)**

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 and cash at bank. The Group minimises its credit risk exposure by dealing with financial institutions with investment grade credit ratings. In the prior year, the Company advanced loans to LLP. As disclosed in note 19, these loans were waived during the year. The Company did not consider these loans a risk as they were intra-group.

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

Group	31 December 2015 £'000	31 December 2014 £'000
Other receivables	3,540	56
Dividends receivable	—	1,300
Cash at bank	7,231	8,320
	10,771	**9,676**

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

Company	31 December 2015 £'000	31 December 2014 £'000
Other receivables	30	51
Investments – Loans	83,513	486,849
Cash at bank	4	56
	83,547	**486,956**

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

18. Financial risk management continued

Interest rate risk continued

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

	Rating	31 December 2015 £'000	31 December 2014 £'000
Royal Bank of Scotland PLC	BBB-	6,654	7,820
Barclays Bank PLC	BBB	577	500
		7,231	**8,320**

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

	Rating	31 December 2015 £'000	31 December 2014 £'000
Royal Bank of Scotland PLC	BBB-	4	56
		4	**56**

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 two years of operational data, may be adjusted once two years of operational data becomes available.

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

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)**

31 December 2014	Less than 1 year £'000	1 – 5 years £'000	5+ years £'000	Total £'000
Assets				
Other receivables	56	—	—	**56**
Dividends receivable	1,300	—	—	**1,300**
Cash at bank	8,320	—	—	**8,320**
Liabilities				
Other payables	(1,672)	—	—	**(1,672)**
Loan facility	(3,403)	(111,318)	—	**(114,721)**
	4,601	**(111,318)**	**—**	**(106,717)**

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

18. Financial risk management continued

Liquidity risk continued

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

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**
Investments	—	—	667,198	**667,198**
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)**	**587,956**	**508,118**

31 December 2014	Less than 1 year £'000	1 – 5 years £'000	5+ years £'000	Total £'000
Assets				
Other receivables	51	—	—	**51**
Cash at bank	56	—	—	**56**
Investments – loans	—	—	486,849	**486,849**
Liabilities				
Other payables	(1,731)	—	—	**(1,731)**
	(1,624)	**—**	**486,849**	**485,225**

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.

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

As disclosed in note 6, during the year £955,202 was received from Braes of Doune in relation to tax losses surrendered for the year ended 31 December 2013 and £172,000 was received from Little Cheyne Court in relation to tax losses due to be surrendered for the year ended 31 December 2015.

At the year end the Group is due to receive a further £958,392 and £258,854 from Braes of Doune and Little Cheyne Court respectively as disclosed in note 11, and to pay £356,369 to Rhyl Flats as disclosed in note 12 in relation to corporation tax losses surrendered through the Group.

On 24 April 2015, Holdco issued one ordinary share to the Company at an issue price of £105,000,000, which Holdco used to repay the outstanding balance on its loan facility as disclosed in note 13.

As disclosed in note 3, on 30 April 2015, the structure of the Group was simplified and LLP transferred its equity interest of one ordinary share of £1 in Holdco to the Company. To facilitate the restructuring, the Company waived an interest free loan outstanding with LLP amounting to £461,017,861, LLP waived its senior and junior loans outstanding with Holdco amounting to £461,017,861 and Holdco issued one ordinary share to the Company at an issue price of £461,017,861. The restructuring has had no overall financial impact on the Group and LLP was dissolved on 29 December 2015.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2015

19. Related party transactions continued

On 26 November 2015, the Company drew down £85,000,000 from its revolving credit facility and provided a loan to Holdco of £85,000,000 for the acquisition of Stroupster as disclosed in note 9. During the year Holdco repaid £1,486,890 of the loan and the amount outstanding at the year end was £83,513,110.

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, £400,000 (2014: £400,000) was paid from Holdco to the Company under this agreement and amounts due to the Company at the year end were £400,000 (2014: £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 £30,600 (2014: £30,000) per annum and with Stroupster for which Holdco receives £40,800 per annum in relation to administration services. The Administrator receives a fixed fee of £260,000 per annum with respect to its services in relation to the SPVs. Amounts due to Holdco in respect of these fees as at 31 December 2015 were £3,400 (2014: £nil) which are included in other receivables in note 11.

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

	For the year ended 31 December 2015 £'000	For the year ended 31 December 2014 £'000
SYND Holdco	7,758	343
ML Wind	5,873	4,138
Rhyl Flats	5,763	5,439
Braes of Doune	5,368	6,900
Kildrummy	4,951	1,100
Little Cheyne Court	4,222	4,098
Maerdy	4,208	975
Cotton Farm	4,054	4,666
Tappaghan	3,643	6,163
Earl's Hall Farm	2,326	2,995
Bin Mountain	1,445	2,154
Carcant	1,309	1,684
	50,920	**40,655**

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 13 January 2016, the Company announced a dividend of £7.9 million, equivalent to 1.565 pence per share in relation to the quarter ended 31 December 2015, bringing the total dividend declared in respect of the year to 31 December 2015 to 6.26 pence per share. The record date for the dividend was 22 January 2016 and the payment date was 12 February 2016.

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 is entitled to under the Investment Management Agreement

BayWa means BayWa r.e. Operation Services GmbH and/or any other subsidiary of BayWa AG as the context requires

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 revised Investment Management Agreement

CBA means Commonwealth Bank of Australia

CCGT means Combined Cycle Gas Turbine

CFD means Contract For Differences

Climate Change Levy means the tax imposed by the UK Government to encourage reduction in gas emissions and greater efficiency of energy used for business or non domestic purposes

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

Group means Greencoat UK Wind PLC, Greencoat UK Wind Holdco and Greencoat UK Wind 1 LLP until it was dissolved on 29 December 2015

Holdco means Greencoat UK Wind Holdco Limited

IAS means International Accounting Standard

IASB means the International Accounting Standards Board

IFRS means International Financial Reporting Standards

Investment Manager means Greencoat Capital LLP

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

IRR means Internal Rate of Return

Kildrummy means Kildrummy Wind Farm Limited

KPI means Key Performance Indicator

Lindhurst means Lindhurst Wind Farm

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

ML Wind means ML Wind LLP

NAV means Net Asset Value as defined in the prospectus

Defined Terms continued

NAV per Share means the Net Asset Value per Ordinary Share

North Rhins means North Rhins Wind Farm Limited

PFI means Private Finance Initiative

PPAs means Power Purchase Agreements entered into by the Company's wind farms

PPS means share of profit as governed by the Investment Management Agreement

RBC means the Royal Bank of Canada

RBS means the Royal Bank of Scotland PLC

Renewables Obligation means the financial mechanism by which the UK Government incentivises the deployment of large-scale renewable electricity generation by placing a mandatory requirement on licensed UK electricity suppliers to source a specified and annually increasing proportion of electricity they supply to customers from eligible renewable sources or pay a penalty

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

Sixpenny Wood means Sixpenny Wood Limited

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

Stroupster means Stroupster Caithness Wind Farm 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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