GREENCOAT
UK WIND

Greencoat UK Wind PLC

Annual Report

For the period from
4 December 2012 to 31 December 2013

Contents

Company Information

Directors (all non-executive)
Tim Ingram (Chairman) *(appointed 4 December 2012)*
Shonaid Jemmett-Page *(appointed 4 December 2012)*
William Rickett C.B. *(appointed 4 December 2012)*
Kevin McCullough *(appointed 1 July 2013)*
Dan Badger *(appointed 1 July 2013)*

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All capitalised terms are defined in the list of defined terms on page 64 unless separately defined.

Summary

Greencoat UK Wind PLC is the leading 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 (6p for 2013, 6.16p for 2014) 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 Company raised proceeds of £260 million by issuing 260,000,000 ordinary shares in an oversubscribed Initial Public Offering on 27 March 2013 and acquired a seed portfolio of interests in six wind farms (126.5 MW).
- The Group increased its portfolio to ten wind farms (184.0 MW) in October and November 2013 using its acquisition debt facility.
- On 18 December 2013, the Company raised proceeds of £83 million by issuing 80,975,610 ordinary shares, repaying acquisition debt.
- The Group's investments generated 291.5 GWh of electricity in the period, 7.6 per cent. above budget.
- Net cash generation after fees, costs and expenses, was £21.6 million in the period.
- The Company paid an interim dividend of 1.5 pence per share for the period 27 March to 30 June 2013 and paid a further interim dividend on 21 February 2014 of 3 pence per share in relation to the period 1 July to 31 December 2013.
- The target dividend for 2014 is 6.16 pence.

Key Metrics

	As at 31 December 2013
Market capitalisation	£351.5 million
Share price	103.0 pence
Dividends paid with respect to the period	£14.2 million[1]
Dividends paid with respect to the period per share	4.5 pence
GAV	£401.1 million
NAV	£351.1 million
NAV per share	102.9 pence
NAV growth (adjusting for dividends)	1.9 pence
Total return (NAV)	6.5 per cent.
Annualised total return (NAV) (not seasonally adjusted)	8.7 per cent.

[1] £10.2 million of which was paid after 31 December 2013

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 and stable regulatory regime, high wind resource and over £40 billion of wind farms in operation in the short to medium term.
- The Group is structured to be the preferred partner of utilities, who own the significant majority of UK wind assets and who need to recycle capital.
- 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).
- 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 period to 31 December 2013[(1)].

The Company listed on 27 March 2013 in an oversubscribed Initial Public Offering and was the first renewable infrastructure fund to list on the London Stock Exchange.

Wind is the most mature and cheapest of renewable technologies and electricity production from wind is becoming an increasingly important part of the UK's generation mix. Renewable generation build-out is needed to achieve the UK's low carbon targets but also, as importantly, to bolster security of supply. In February 2014, 11 per cent. of all UK electricity came from the UK's wind farms, exceeding the recently-set record of 10 per cent. in December 2013.

The Group's focus is to acquire operating UK wind farms, mainly from utilities, who own the majority of the £40 billion or more of wind farms available for investment in the short to medium term, and who need to recycle capital. We then concentrate on ensuring these assets maximise their net revenue generation.

£250.5 million of the £254.8 million of net proceeds raised in the Initial Public Offering were invested immediately in six operating wind farms, thereby ensuring that shareholders' funds were straightaway efficiently employed to produce returns. During the last quarter, the Group made four additional investments using a three year acquisition debt facility and subsequently raised additional equity to pay down part of that facility and refresh the Group's capacity to make further acquisitions.

The total equity raised by the Company in 2013 was £343 million. Shareholder funds have been efficiently invested in income generating assets at all times.

I am pleased to report that the portfolio outperformed budgeted generation in the period by 7.6 per cent., producing 291.5 GWh of power.

Dividends and Returns

The Company's aim is to provide investors with an attractive dividend that increases in line with the RPI inflation while protecting capital on a real basis.

In September 2013, the Company paid its first dividend and in February 2014, it paid its second. Both were in line with expectation and delivered the 6 pence pro rated dividend that was targeted at listing. We generated £21.6 million of cash which effectively financed the £14.2 million of dividends now paid in

respect of the period and £6.2 million of reinvestment made.

Our annualised 2013 return to investors, including dividends and NAV growth, is 8.7 per cent. (not seasonally adjusted). Given production in December, January and February, I am confident that we will deliver real NAV growth in our first full year of operation.

The Company's market capitalisation on 31 December 2013 was £351.5 million and the Gross Asset Value was £401.1 million (statutory gross assets were £402.3 million).

The Company has announced a 6.16 pence target dividend for 2014.

Leverage

As at 31 December 2013, the Group had £50 million of bank borrowings, which was 12.5 per cent. of the Gross Asset Value. The policy is to have no asset level leverage and to keep fund level borrowings at a prudent level (the absolute maximum is 40 per cent. of Gross Asset Value), to reduce risk and to ensure that the Group is at least fully invested in order to use its

[(1)]This is the first annual report of the Company since it listed on 27 March 2013. The Company formed on 4 December 2012 so the financial statements cover the period from 4 December 2012 to 31 December 2013 but the meaningful activities of the Company span the 27 March to 31 December 2013 period.

Chairman's Statement continued

Leverage *continued*

capital efficiently. New borrowings provide finance for acquisitions and are repaid both by further capital raisings and by the surplus cash generated by the operations of the wind farms. Over the medium term, we would expect leverage to be between 20 per cent. and 30 per cent.

Discount control

The Company's share price has traded at a premium to Net Asset Value since listing on 27 March 2013. 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 Net Asset Value, providing of course that it is in the interests of shareholders to do so.

Little Cheyne Court

Board

During the year, a number of experienced Directors joined the Board, now totalling five, all based in the UK. The Board's experience and expertise includes finance, accounting, energy markets, policy and wind farm operations.

Annual General Meeting

The 2014 AGM will take place on Monday 28 April 2014 at 2.30pm at the offices of Norton Rose. 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.

Outlook

We remain confident that the outlook for investment in UK wind farms is very encouraging. The Company is specifically structured to be the independent partner of choice for utility owners seeking to recycle capital into the development and construction of new wind farms. This is particularly important given that the significant majority of both onshore and offshore wind farms are owned by utilities with no leverage at the asset level.

At the same time, there is continuing significant investment in the construction of new wind farms providing a strong pipeline of operating wind farms for us to purchase at attractive yields well into the future.

We believe that it is in the interest of our shareholders for us to grow the Group, through further wind farm purchases, inter alia:

- to provide additional economies of scale at fund level;
- to increase our market power when purchasing further assets and when negotiating power offtake terms; and
- to increase liquidity in our shares.

We are currently actively evaluating a number of potential opportunities for further acquisitions.

Tim Ingram
Chairman

23 March 2014

Strategic Report

Introduction

This Strategic Report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006. Its purpose is to inform shareholders and help them to assess how the Directors have performed their duty to promote the success of the Company.

Investment Objective

The Company's aim is to provide investors with an annual dividend that increases in line with RPI inflation while preserving the capital value of its investment portfolio in the long term on a real basis through reinvestment of excess cash flow and the prudent use of portfolio leverage. The target dividend of 6 pence per annum for 2013 will increase in line with the RPI to 6.16 pence for 2014. 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 KPIs on page 7.

Investment Policy

The Group will invest mostly in unlevered operating UK wind farms predominantly with a capacity of over 10 MW, which sell the power produced and associated green benefits to utilities 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. It is thus likely that most investments will be acquired from utilities. 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 Group 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.

Since listing, the Group has used acquisition debt to make further investments. This has enhanced the Group's attractiveness to sellers since execution risk is greatly diminished, with the Group effectively being a cash buyer. Execution risk is also significantly lower relative to project financed acquisitions. Consequently, the Group has seen an increase in the returns it has been able to achieve from further investments. The Group will continue to use acquisition debt facilities to make further investments.

The Group will look to refresh such debt facilities by refinancing them in the equity markets at an appropriate time. While acquisition debt is drawn, the Group benefits from an increase in investor returns because borrowing costs are below the underlying yield on investments.

Strategic Report continued

Investment Policy continued

In contrast to the smaller equity investment in the PFI infrastructure sector, 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 and the Board's relationships across the sector are also helpful.

At any point in time, the Board is aware of the overall pipeline of potential new investments, and the status of each. The Investment Manager and the Board agree which opportunities to pursue. Throughout any acquisition process, the Board is closely involved. Board approval is required before significant due diligence costs are incurred and before any investment is made.

Investment Securities

The Group invests in a range of securities in unquoted SPVs owning the wind farms, usually structured as ordinary shares and shareholder loans. Cash is held primarily in interest bearing bank accounts.

Asset Mix

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 the Gross Asset Value at acquisition.

The Group believes that there is a significant market in which it can grow over the next few years. The estimated total value of UK wind farm assets in operation, under construction or consented is over £40 billion.

Borrowing

Although the Group's total borrowing (anywhere in the business) is limited to 40 per cent. of the Gross Asset Value, the Company expects leverage to vary with its business cycle, as it has during 2013. Average leverage is expected to be between 20 per cent. and 30 per cent. in the medium term.

Approach to Risk

The Company will seek to minimise the risks for investors, as far as practical, in particular through:

- focussing our investments on UK based wind farms, thus reducing currency, cross-border and foreign regulatory risks;
- investing only in operating wind farms thereby eliminating development risk and minimising the risk from having to rely on modelling rather than proven wind energy yield[(1)];
- only borrowing funds to purchase new assets and later repaying such borrowings through equity fund raisings and surplus cash flow and therefore having relatively low average leverage;
- having no project level debt and thus being able to withstand significant downside sensitivities to power price and wind volume, while benefitting from any upside;
- having a corporate structure where all the entities are UK based thus reducing the potential tax and the risks associated with foreign locations for holding entities;
- maintaining an experienced Board that is actively involved in overseeing the actions of the Investment Manager; and
- avoiding conflicts of interest through independence.

Rhyl Flats

(1) See Wind Resource section on page 10. Up to a maximum of 15 per cent. may be invested in non-operating wind farms but there are no plans for such investment.

Strategic Report continued

Approach to Risk continued

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 five different turbine manufacturers, which diversifies technology and maintenance risks. Finally, each site contains a number of individual turbines, the performance of which is independent of other turbines.

For further detail on risks refer to the Principal Risks and Uncertainties section on pages 8 to 10.

Structure

The Company is an externally managed UK registered investment company with a premium listing on the London Stock Exchange. The Group includes the Company, LLP (of which the Company and the Investment Manager are the members) and Holdco, a wholly-owned subsidiary of LLP. Holdco invests in SPVs, which hold the underlying wind farm assets.

Management

The Board has adopted a set of reserved powers outlining its particular duties. The Board has overall responsibility for the Company's activities including determining the Company's investment objective and policy, approving the acquisition of investments, strategy, capital raisings, monitoring operations, financial reporting and entering into any material contracts on behalf of the Company.

Although non-executive, the Board is entirely UK-based and as a consequence is actively involved with the business and has a high degree of skill and experience in relevant complementary backgrounds. It can draw upon experience in the investment management of listed funds, as well as in the energy sector from a public policy, commercial and operational perspective.

The Board has entered into an Investment Management Agreement with the Investment Manager under which the Investment Manager will be responsible for 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 as detailed in the Corporate Governance report on page 30. A summary of the fees paid to the Investment Manager are given in note 3 to the financial statements. The Board has also delegated administration and company secretarial services to the Administrator.

The Directors have access to the advice and services of the Administrator and Company Secretary, who are responsible to the Board for ensuring that Board procedures are followed and that it complies with all applicable rules and regulations, including those of the London Stock Exchange. Where necessary, in carrying out their duties, the Directors may seek independent professional advice at the expense of the Company. The Company maintains appropriate Directors' and Officers' liability insurance in respect of legal action against its Directors on an ongoing basis.

Review of Business

The portfolio 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 period is covered in the Investment Manager's Report on pages 11 to 18.

Key Performance Indicators

The Board believes that the following indicators, which are typical for investment funds, will provide shareholders with sufficient information to assess how effectively the Group is meeting its objectives.

KPI	As at 31 December 2013
Market capitalisation	£351.5 million
Share price	103.0 pence
Dividends paid with respect to the period	£14.2 million(2)
Dividends paid with respect to the period per share	4.5 pence
GAV	£401.1 million
NAV	£351.1 million
NAV per share	102.9 pence
NAV growth (adjusting for dividends)	1.9 pence
Total return (NAV)	6.5 per cent.
Annualised total return (NAV) (not seasonally adjusted)	8.7 per cent.
TSR	4.5 per cent.
Annualised TSR (not seasonally adjusted)	6.0 per cent.

(2) £10.2 million of which was paid after 31 December 2013

Strategic Report continued

Ongoing Charges

The ongoing charges ratio of the Company is 1.46 per cent. for the period to 31 December 2013. This is made up as follows and has been calculated using the AIC recommended methodology.

	2013
Total management fee and priority profit share	1.20%
Directors' fees	0.07%
On-going expenses	0.19%
Total	1.46%

The management fee and priority profit share paid to the Investment Manager are based on the Net Asset Value. If they were stated with reference to the Adjusted Portfolio Value (including acquisition debt, in line with a number of the Company's peers) then the annual management fee and priority profit share would be 0.96 per cent., assuming 20 per cent. medium term gearing (current gearing 12.5 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 has in place an Environmental, Social and Governance policy. The 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 through their attendance at Board meetings.

Gender Diversity

The Board comprises 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 fifteen men and eight women.

Principal Risks and Uncertainties

Under the Financial Conduct Authority's Disclosure and Transparency Rules, the Directors are required to identify those material risks to which the Group is exposed and take appropriate steps to mitigate those risks.

In the normal course of business, each asset 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 purpose of the Group's risk management policies and procedures is not to eliminate risks completely, as this is not possible, but to reduce them and to ensure that the Group is adequately prepared to respond and to minimise their impact should they crystallise.

Strategic Report continued

Risks affecting the Fund

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 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 and are incentivised through the management fee which is linked to NAV.

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 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.

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.

Kevin McCullough has been appointed as Health and Safety Director to the Board and Quadriga Health and Safety Limited have been engaged to ensure the ongoing appropriateness of the Group's health and safety policies.

Risks affecting investee companies

Regulation

A change in Government policy could lead to new renewable energy policies resulting in a change or abandonment of the Renewables Obligation. If these 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. At the same time, such a policy change would be likely to halt further investment in new generating capacity, resulting in legally binding renewable energy targets being missed and adding to the already considerable security of supply concerns.

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 recently enacted Energy Act 2013.

Electricity prices

Other things being equal, a decline in the market price of electricity would reduce the portfolio companies' revenues. At present, the Group does not hedge its exposure to power prices; power prices have a natural floor whereas upside is uncapped.

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 European energy wholesale prices to continue to rise in real terms (in the short and long term), feeding into UK power prices, together with the ongoing phasing out of coal-fired power stations and the net reduction in nuclear capacity.

Strategic Report continued

Risks affecting investee companies continued

It was announced in the Budget on 19 March 2014 that the Carbon Price Support level would be capped at £18/tCO_2 until 2019/20. Depending on the market price of carbon allowances, this could lead to a reduction in the total price of carbon and, other things being equal, to a reduction in the wholesale price of electricity. The measures announced in the Budget were anticipated and are reflected in the 31 December 2013 Net Asset Value and no amendments to valuations are expected in this regard.

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 wind speed is 6 per cent. over a 12 month period (2 per cent. over 10 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 leverage 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 risk associated with the other driver 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 which 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 life-spans 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 additional 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 and that turbines are fit for purpose over their expected life spans.

Investment Manager's Report

The Investment Manager

The Investment Manager is responsible for 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.

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. Between them they have 35 years of infrastructure investing and financing experience, have sat on the boards of major utilities and have made significant investments in, and loans to, the UK wind industry.

Shortly after listing, the Investment Manager completed the build-out of its team including adding senior operational experience. Further detail is shown on the Investment Manager's website (www.greencoat-capital.com/team/uk-wind.aspx).

The Investment Manager is authorised and regulated by the Financial Conduct Authority.

Investment portfolio

The Group's investment portfolio consists of interests in SPVs which hold the following underlying operating wind farms:

Wind farm	Turbines	Operator	PPA	Total MW	Fund Ownership Stake	Net MW
Braes of Doune	Vestas	DNV-GL	Centrica	72.0	50%	36.0
Tappaghan	GE	SSE	SSE	28.5	100%	28.5
Bin Mountain	GE	SSE	SSE	9.0	100%	9.0
Carcant	Siemens	SSE	SSE	6.0	100%	6.0
Little Cheyne Court	Nordex	RWE	RWE	59.8	41%	24.5
Cotton Farm	Repower	BayWa	Sainsbury's	16.4	100%	16.4
Earl's Hall Farm	Repower	BayWa	Sainsbury's	10.3	100%	10.3
Middlemoor	Vestas	RWE	RWE	54.0	49%	26.5
Lindhurst	Vestas	RWE	RWE	9.0	49%	4.4
Total Onshore						**161.5**
Rhyl Flats	Siemens	RWE	RWE	90.0	24.95%	22.5
Total Offshore						**22.5**
Total						**184.0**

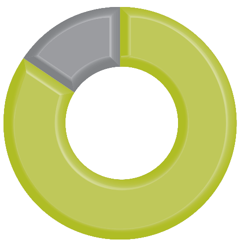
Investment Manager's Report continued

Investment portfolio continued

1 Braes of Doune
2 Carcant
3 Middlemoor
4 Bin Mountain
5 Tappaghan
6 Rhyl Flats
7 Lindhurst
8 Cotton Farm
9 Earl's Hall Farm
10 Little Cheyne Court

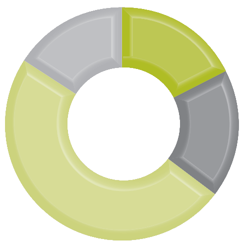
The portfolio breakdown by value (as at 31 December 2013) is as follows:

Onshore/Offshore



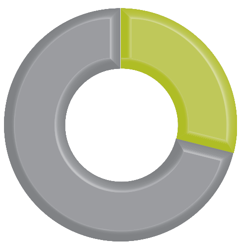
- Onshore
- Offshore

Geography



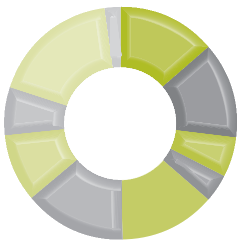
- Scotland
- Northern Ireland
- England
- Wales

Asset Age



- 5-10 years
- < 5 years

Assets



- Braes of Doune
- Tappaghan
- Bin Mountain
- Carcant
- Little Cheyne Court
- Rhyl Flats
- Cotton Farm
- Earl's Hall Farm
- Middlemoor
- Lindhurst

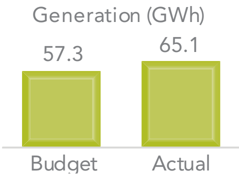
Investment Manager's Report continued

Portfolio performance

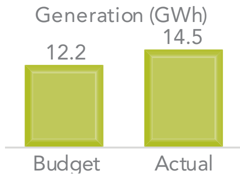
The portfolio has performed in line with management expectations. Deviations from budget lie within reasonable statistical parameters. The standard deviation of energy yield over a 12 month period is 10 per cent. (standard deviation of wind speed 6 per cent.).

Generation by wind farm, and for the portfolio as a whole, is summarised below.

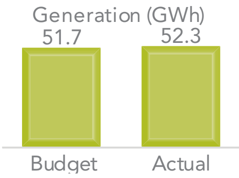
Braes of Doune — Apr-Dec



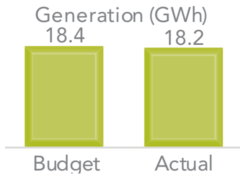
Carcant — Apr-Dec



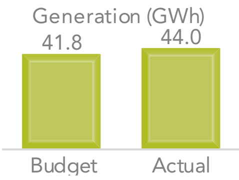
Tappaghan — Apr-Dec



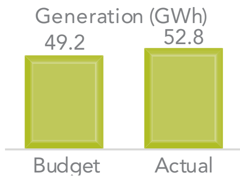
Bin Mountain — Apr-Dec



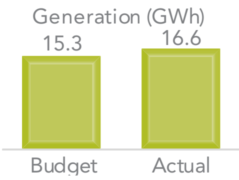
Little Cheyne Court — Apr-Dec



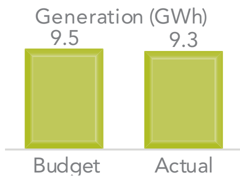
Rhyl Flats — Apr-Dec



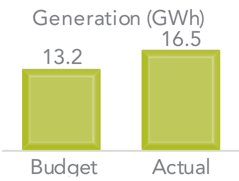
Cotton Farm — Oct-Dec



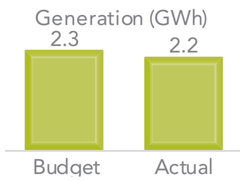
Earl's Hall Farm — Oct-Dec



Middlemoor — Nov-Dec

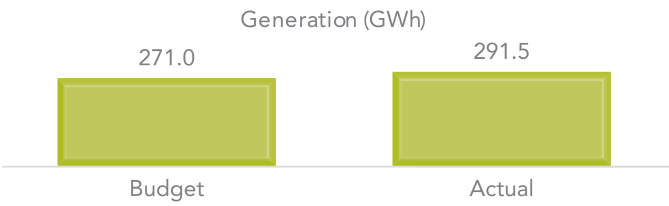


Lindhurst — Nov-Dec



Portfolio

GREENCOAT UK WIND



Investment Manager's Report continued

Portfolio performance continued

Generation in the period was 7.6 per cent. above budget and there are no material issues that are affecting the performance of the assets.

During the period, Tappaghan and Bin Mountain suffered a number of issues arising from the transition to a full-service contract with the turbine manufacturer (the aim of the contract being to manage the wind farms on a low risk basis and to maximise availability). These issues are now resolved.

Rhyl Flats continued the programme of grouting repairs and expects to complete the work by the middle of 2014. The permanent repair to an export cable joint failure was also carried out. Both of these costs are recoverable from RWE under an indemnity.

Towards the end of 2013, the UK experienced a number of significant storms. Even with wind speeds of over 100mph, no significant damage was incurred by any of the 151 turbines that generate power for the Group. A small amount of damage was incurred at Earl's Hall Farm where some transformer housing roofs were blown off and the resulting water ingress required the site to be de-energised for a number of days.

December saw consistently high wind speeds, with portfolio generation of 72GWh (nearly 50 per cent. above budget). Revenue from December generation will be received in January 2014 (power) and April 2014 (ROCs and LECs), which will feed into Net Asset Value in 2014.

Following a competitive tender, DNV-GL was selected to replace SSE as provider of operational management services for Braes of Doune from 1 January 2014.

Health and safety

There are no major incidents to report in the period to 31 December 2013.

The Group has commissioned a safety audit to be conducted across all portfolio investments in early 2014 by an independent consultant, which will focus on the absolute standard of health and safety procedures, consistency of reporting across the portfolio and industry benchmarking.

Financial performance

The table below demonstrates strong dividend cover in the period of 1.8x. Net cash generation after fees, costs and expenses was £21.6 million. After dividends, reinvestment and equity issuance, cash balances (Group and wind farms SPVs) increased to £17.1 million at 31 December 2013.

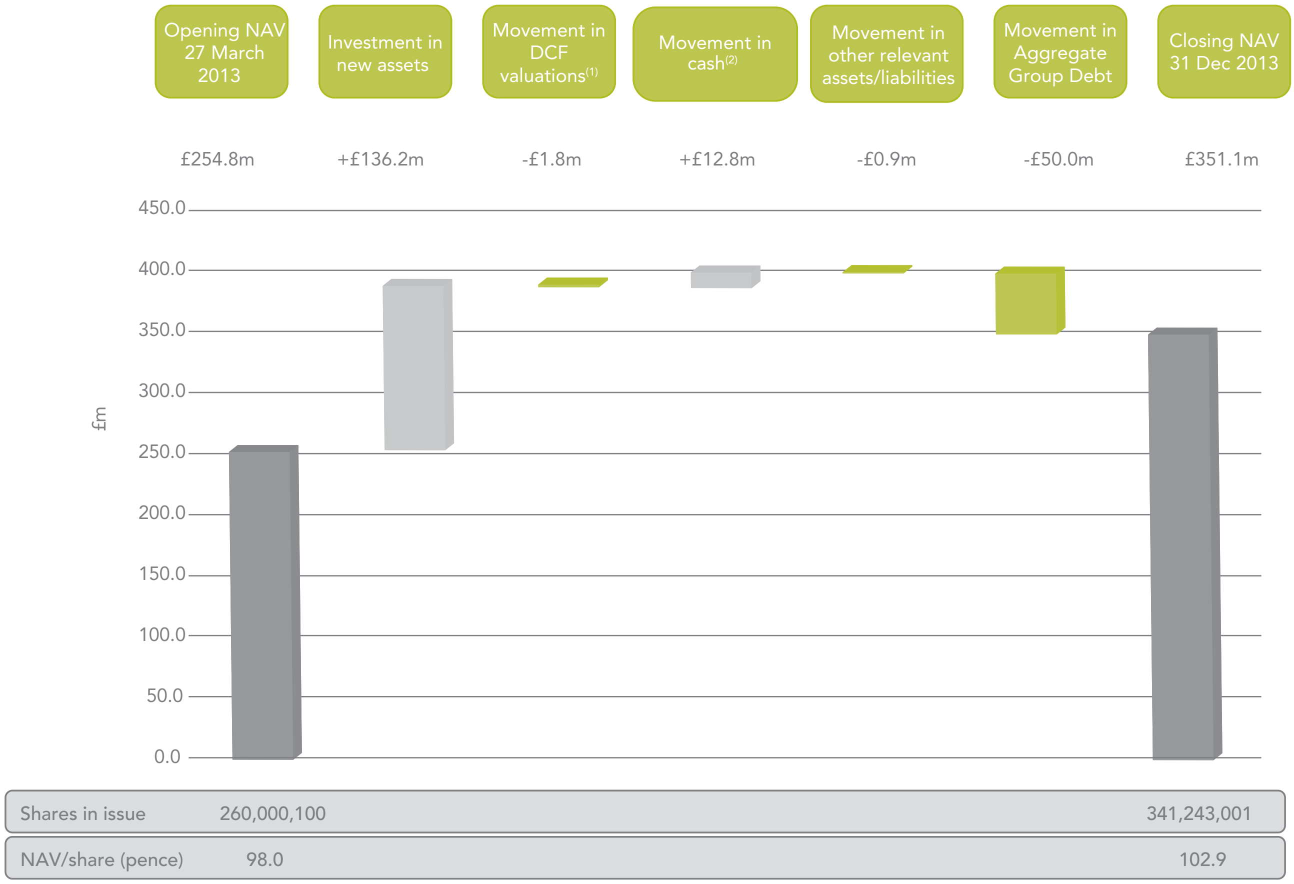
	27 March 2013 to 31 December 2013 £m
Net cash generation (after fees, costs and expenses)	**21.6**
Dividend	**(3.9)**
Investment in Cotton Farm and Earl's Hall Farm[1]	(64.7)
Debt drawn down	60.0
Net reinvestment	**(4.7)**
Investment in Middlemoor and Lindhurst[1]	(71.5)
Debt drawn down	70.0
Net reinvestment	**(1.5)**
Gross issue proceeds	83.0
Issuance costs	(1.7)
Debt repayment	(80.0)
Net issue proceeds	**1.3**
Movement in cash (Group and wind farm SPVs)	**12.8**
Opening cash balance (Group and wind farm SPVs)	4.3
Ending cash balance (Group and wind farm SPVs)	**17.1**
Net cash generation	21.6
Dividend in respect of period to 31 December 2013	14.2
Dividend cover	1.5x
Dividend cover (IPO shares only)	**1.8x**

[1] includes acquisition and upfront finance costs

Investment Manager's Report continued

Investment performance

The NAV at listing on 27 March 2013 was £254.8 million (98.0 pence per share) and increased to £351.1 million (102.9 pence per share) by 31 December 2013.



(1) (£1.8m) movement in DCF valuation includes (£0.9m) movement in DCF valuation (note 9) plus (£0.3m) purchase price rebate for Braes of Doune plus (£0.6m) acquisition cost adjustment

(2) movement includes cash held by SPVs included in fair value of investments

A dividend of £3.9 million (1.5 pence per share) was paid in September 2013 in respect of the period 27 March to 30 June 2013 and a dividend of £10.2 million (3.0 pence per share) was paid in February 2014 in respect of the period 1 July to 31 December 2013.

Summary:

	NAV (pence per share)	Dividend (pence per share)	Total return (pence per share)	Total return (per cent.)
NAV at 27 March 2013	98.0			
Dividend paid		1.5		
NAV at 31 December 2013	102.9			
Dividend declared	(3.0)	3.0		
NAV ex dividend	99.9			
Movement in NAV	1.9	4.5	6.4(3)	6.5
Annualised (not seasonally adjusted)	2.5	6.0	8.5	8.7

(3) 6.4 pence total return includes £1.7 million issuance costs in relation to the December 2013 follow-on equity issuance, which are not included in the 6.9 pence EPS in the statutory accounts (issuance costs are applied directly against reserves and do not pass through the Statement of Comprehensive Income).

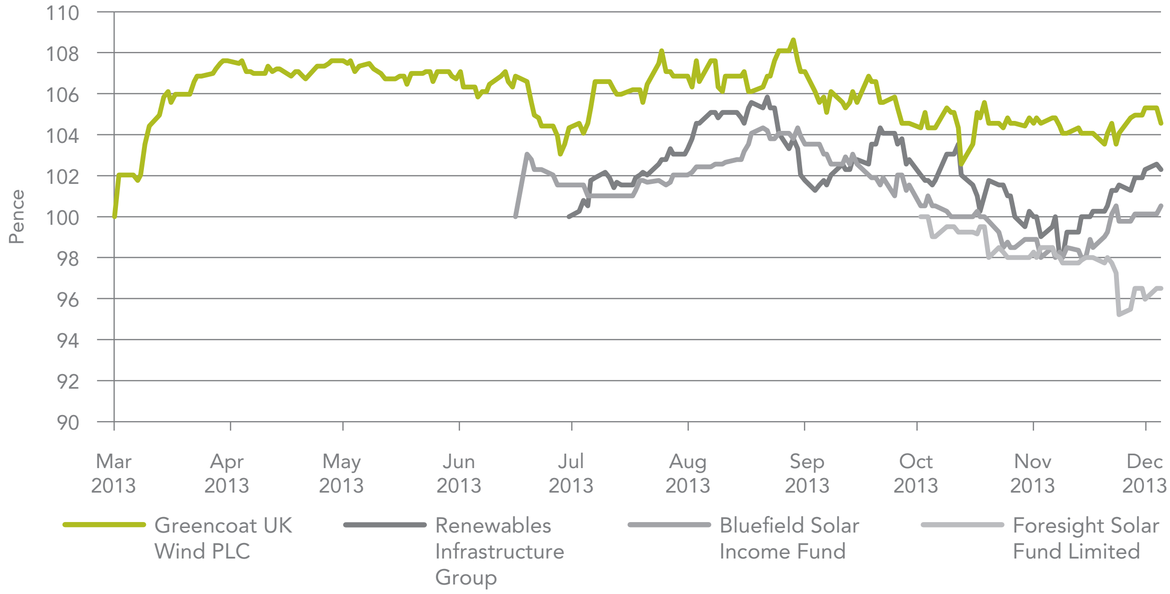
Investment Manager's Report continued

Investment performance continued

Since listing, the Company's share price increased from the issue price of 100 pence, reaching a high of 108.0 pence in the period. As at 31 December 2013, the share price was 103.0 pence.

The below graph charts total shareholder return against market peers.

Total shareholder return vs market peers



Reconciliation of statutory net assets to published NAV

	As at 27 March 2013 £	As at 31 December 2013 £
DCF valuation	250,514,628	384,963,210
Cash – wind farm SPVs	1,239,200	9,801,960
Fair value of investments	**251,753,828**	**394,765,170**
Cash – PLC, LLP, Holdco	3,046,172	7,257,576
Other relevant liabilities	—	(948,193)
Gross Asset Value	**254,800,000**	**401,074,553**
Aggregate Group Debt	—	(50,000,000)
Net Asset Value	**254,800,000**	**351,074,553**
Statutory net assets	**N/A**	**351,074,553**
Shares in issue	260,000,100	341,243,001
Net Asset Value per share (pence)	**98.0**	**102.9**

Investment Manager's Report continued

NAV sensitivities

The Net Asset Value is the sum of:

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

less Aggregate Group Debt.

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

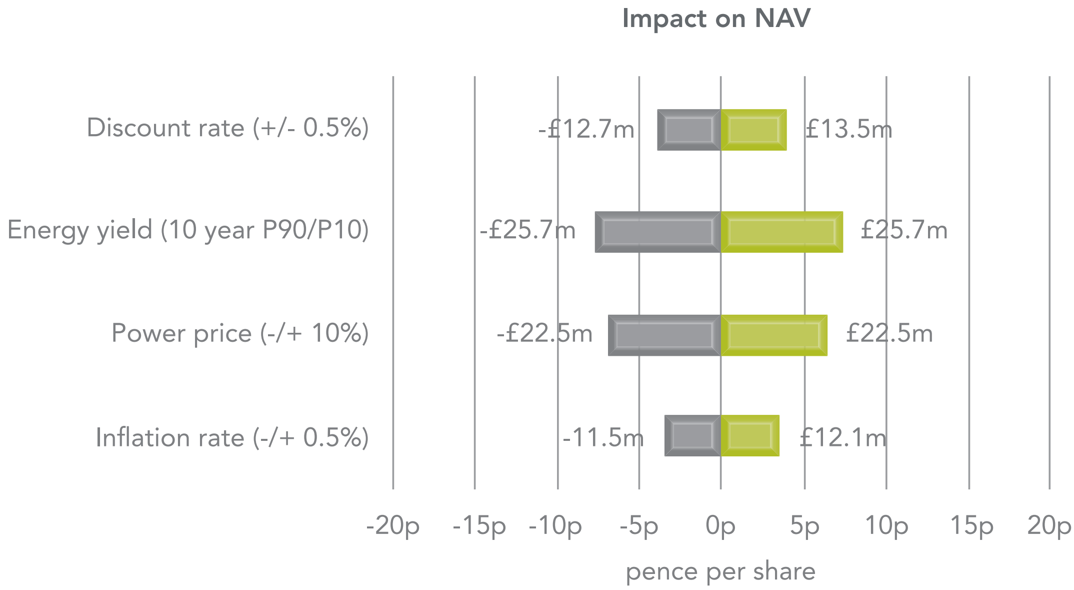
A variance of +/-0.5 per cent. is considered to be a reasonable range of alternative assumptions for discount rate.

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. Other uncertainties are uncorrelated across the portfolio.

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.

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

Currently the Group has £50 million of corporate debt equating to 12.5 per cent. of the Gross Asset Value. The Group has no project level leverage. Acquisition debt will continue to be used at the portfolio level to make new investments.

Investment Manager's Report continued

Pipeline

The Investment Manager continues its ongoing process of identifying and executing potential new wind farm acquisitions. The Group's independence enables it to transact across the entire ownership spectrum, although it is focussed on unlevered, utility-owned assets, which constitute the majority of the market.

Outlook

The Energy Act 2013, the culmination of the Government's Electricity Market Reform, received Royal Assent on 18 December 2013 and is now an Act of Parliament. The most relevant feature of the Act for the Company is the grandfathering of the current support regime for operational projects. For future projects, the Government intends to implement new forms of contractual arrangements, CFDs, and whilst the structure and level of the CFDs is not directly relevant to the value of the Group's portfolio or to the value of any short to medium term pipeline, this demonstrates the continued governmental support for the renewable energy sector, not least for reasons of security of supply. This latter point was demonstrated in early December when the CFD strike price for new offshore wind farms (a technology that can be deployed at scale) was increased while for onshore it was decreased.

The secondary market for operational UK wind generating assets remains significant in size in the short term, increasing to over £40 billion of assets in the medium term, being the combined value of those assets currently in operation, in construction or consented. Of these assets, most are owned by the major utilities and a significant number are looking to sell such assets to recycle capital into assets in development and construction.

Board of Directors

The Directors are aware of the need to have a Board which, 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

Tim Ingram, aged 66, 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)). He was chairman of RSM Tenon plc from May 2012 to August 2013 when the business was purchased by Baker Tilly LLP. 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, and a non-executive director of Alliance Trust plc from 2010 to 2012. He has been a non-executive director of Alok Industries Ltd, an Indian quoted company, since 2005.

Shonaid Jemmett-Page, Chairman of the Audit Committee

Shonaid Jemmett-Page, FCA, aged 53, is an experienced non-executive director in the energy and financial sectors. She is currently a non-executive director of GKN plc, APR Energy plc, Close Brothers Group plc, Amlin plc and Origo Partners plc. She chairs the audit committees of all of these companies. She also sits on the risk committees of Close Brothers Group plc and Amlin plc. Shonaid is also the Sustainability Committee Chair of the Institute of Chartered Accountants in England and Wales (ICAEW).

Shonaid spent 20 years at KPMG, the global audit and advisory firm, in London and Tokyo, leaving in 2001 as a Partner in the Financial Services team. She was a Senior Vice President in the Finance and Information team 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

William Rickett C.B., aged 61, is a former Director General of the Department of Energy & Climate Change within the UK Government (2006-2009) with considerable experience as non-executive director of private sector companies. William was chairman of the Governing Board of the International Energy Agency from 2007 to 2009. His current non-executive directorships include: Eggborough Power Ltd, an electricity generating company; Helius Energy plc (where he is senior independent director and chairman of the audit committee), an AIM listed developer of new dedicated biomass power stations; Impax Environmental Markets plc, a listed investment trust specialising in the alternative energy, waste and water sectors; Cambridge Economic Policy Associates Ltd, an economic, financial and public policy consultancy with a strong energy practice; 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's Whitehall career included 15 years of board-level experience in five government departments focussing 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.

Kevin McCullough

Kevin McCullough, aged 48, is an experienced executive in the energy and renewables sectors. He was formerly Chief Operating Officer of RWE Innogy (the dedicated renewable subsidiary of RWE) and latterly Chief Operating Officer of RWE npower where, in addition, he was responsible for Health, Safety and Environment Management. He is currently Chief Executive Officer of UK Coal Production Ltd, and is a qualified engineer.

Kevin started his career in a number of operational plant roles, with increasing responsibility, within the CEGB and in time, National Power. Following that, he moved to the United States to develop and deliver a number of significant projects before returning to RWE npower to take on further senior responsibility within the UK. From 2004, as Managing Director of RWE npower's renewable business he grew a UK operational portfolio of greater than 450MW and was responsible for the group-wide renewables strategy.

From 2007 he took on responsibility, as COO, across Europe for the Group with annual renewable investment in excess of £1 billion. From 2009 to 2012, as COO of RWE's UK business he was responsible for the management of npower's generation fleet, commercial optimisation of the full value chain including procurement, and customer service management. He was also the lead interface with the UK government on all matters relating to UK generation asset operations and development.

Board of Directors continued

Dan Badger

Dan Badger, aged 67, 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 started his career in a number of economic and policy development roles within the energy industry before moving onto project development within the gas-fired 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.

Dan was proposed to the Board by BIS, a significant shareholder of the Company, pursuant to its rights under a side letter with the Company and the Board appointed Dan given his sector experience.

Other public company directorships

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

Shonaid Jemmett-Page

GKN plc
APR Energy plc
Close Brothers Group plc
Amlin plc
Orgio Partners plc

William Rickett C.B.

Impax Enviromental Markets plc
Helius Energy plc

The Directors have all offered themselves for election or re-election, as appropriate, and resolutions concerning this and the Directors' remuneration 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 period from incorporation on 4 December 2012 to 31 December 2013. Details of the Directors who held office during the period and at the reporting date are given on pages 19 to 21.

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, which are set out in the Strategic Report on pages 8 to 10. Financial risk management is discussed in note 18 to the financial statements.

The Group continues to meet Group and individual entity requirements and day-to-day liquidity needs through the Group's cash resources.

As at 31 December 2013, the Group had net current assets of £6.3 million and had cash balances of £7.3 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 the acquisition of new assets, both of which are discretionary. The Group had £50 million outstanding debt as at 31 December 2013. 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.

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.

Share price discount policy

The Company has been granted Shareholder authority to buy back up to 14.99 per cent. per annum of the ordinary shares in issue, if in the opinion of the Board, a repurchase would be in the best interests of the Company's shareholders as a whole. Shares are bought back through the market rather than directly from shareholders.

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 first AGM. Special resolution 13 will be proposed at the forthcoming AGM seeking renewal of such authority until the next AGM (or the expiry of 15 months, after the passing of the resolution, if 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 Board'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.

Report of the Directors continued

Major interests in shares

As at 31 December 2013, a total of six shareholders held more than 3 per cent. each of the issued ordinary shares of the Company, accounting for a total amount of 121,893,895 shares or 35.7 per cent. of the issued share capital. Significant shareholdings as at 28 February 2014 are detailed below.

Shareholder	Ordinary shares currently held %
BIS	14.55
Sarasin & Partners LLC	5.31
Investec Wealth & Investment	5.20
Baillie Gifford & Co Limited	4.77
Henderson Global Investors	3.17
Bestinvest	3.16
Aberdeen Asset Managers Ltd	3.06

BIS committed to subscribe for the above holding prior to the initial listing of the Company on 27 March 2013 and their shares are subject to a lock-up restriction of one year.

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;
- 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 AIFMD, the Company becomes an Alternative Investment Fund and is required to appoint a manager who has the necessary regulatory approval to act as the Company's AIFM under the new AIFMD requirements. The Investment Manager is taking the necessary steps to obtain a variation in its regulatory status with the Financial Conduct Authority so that it is approved as the Company's AIFM by the application deadline of 22 July 2014. As the Company meets the AIFMD's threshold, the Investment Manager is obliged to appoint a depositary for the Company to provide cash monitoring, safekeeping and oversight functions as required by the directive.

Gender diversity and business review

The Group's policy on gender diversity and a business review are detailed in the Strategic Report on pages 7 and 8.

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 aims to distribute 100 per cent. of its eligible investment income). The Company intends to and has conducted and monitored its affairs so as to enable it to comply with these requirements.

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.

Report of the Directors continued

Global greenhouse gas emissions

As the Group has outsourced operations to third parties, the Group has no 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 CO2 per kWh assuming the displacement of CCGT generation).

Risks and risk management

The principal risks and uncertainties of the group are detailed in the Strategic Report on pages 8 to 10. 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 have decided to 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.

Annual accounts

The Directors recommend that the annual report, the Report of the Directors and the Auditor's Report for the year ended 31 December 2013 are received and adopted by the shareholders and a resolution concerning this will be proposed at the AGM.

Subsequent events

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

By order of the Board

Tim Ingram
Chairman

23 March 2014

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. The Remuneration Policy will be subject to the approval of the members at the forthcoming AGM and will be binding on the Company. The binding vote will be held annually unless the Company chooses to leave its remuneration policy unchanged, in which case it will be compulsory every three years.

The Company's independent auditor is required to give its opinion on the information provided on Directors' emoluments on page 26 of this report and this is explained further in its report to shareholders on pages 36 to 38. 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 19 to 21, 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.

During the year, the Board met to consider the level of Directors' fees and concluded that there should be no change to Directors' remuneration.

Remuneration policy

The Board comprises five Directors, all of whom are non-executive. The Board does not have a separate Remuneration Committee as the Company has no employees, other than the non-executive Directors.

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.

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. 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. 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 elected or re-elected (where appropriate) by the Shareholders. A Director's appointment may also be terminated with immediate effect and without compensation in certain other circumstances.

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 period:

	Date of appointment	Directors' fee per annum	Paid from appointment to 31 December 2013
Tim Ingram (Chairman)	4 December 2012	£70,000	£70,000
Shonaid Jemmett-Page (Audit Committee Chairman)	4 December 2012	£30,000	£30,000
William Rickett C.B. (Senior Independent Director)	4 December 2012	£25,000	£25,000
Kevin McCullough	1 July 2013	£25,000	£12,500
Dan Badger	1 July 2013	£25,000	£12,500

None of the Directors received any other remuneration or additional discretionary payments during the period from the Company. As at 31 December 2013, the unexpired term of all the Directors was greater than one year.

Future remuneration policy

The Board will propose a resolution in the forthcoming AGM that the remuneration of the Directors remains at the above level for the year to 31 December 2014.

Relative importance of spend on pay

The remuneration of the Directors in relation to the period totalled £150,000 in comparison to dividends paid to shareholders in relation to the period of £14,150,507.

Directors' interests

Directors who held office during the period and had interests in the shares of the Company as at 31 December 2013 are given in the table below. There were no changes to the interests of each Director as at 23 March 2014. All new Shares allotted to the Directors under the capital raise in December 2013 are subject to a lock up restriction of one year:

	Ordinary shares of 1p each held at 31 December 2013
Tim Ingram[1]	160,706
Shonaid Jemmett-Page[2]	22,300
William Rickett C.B.[3]	37,500
Kevin McCullough	—
Dan Badger[4]	22,478

[1] includes 150,000 ordinary shares which are held in trust arrangements with Lloyd's of London in respect of security for certain underwriting activities and 50,000 of which were new shares issued in December 2013.

[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 and 32,500 new shares issued in December 2013.

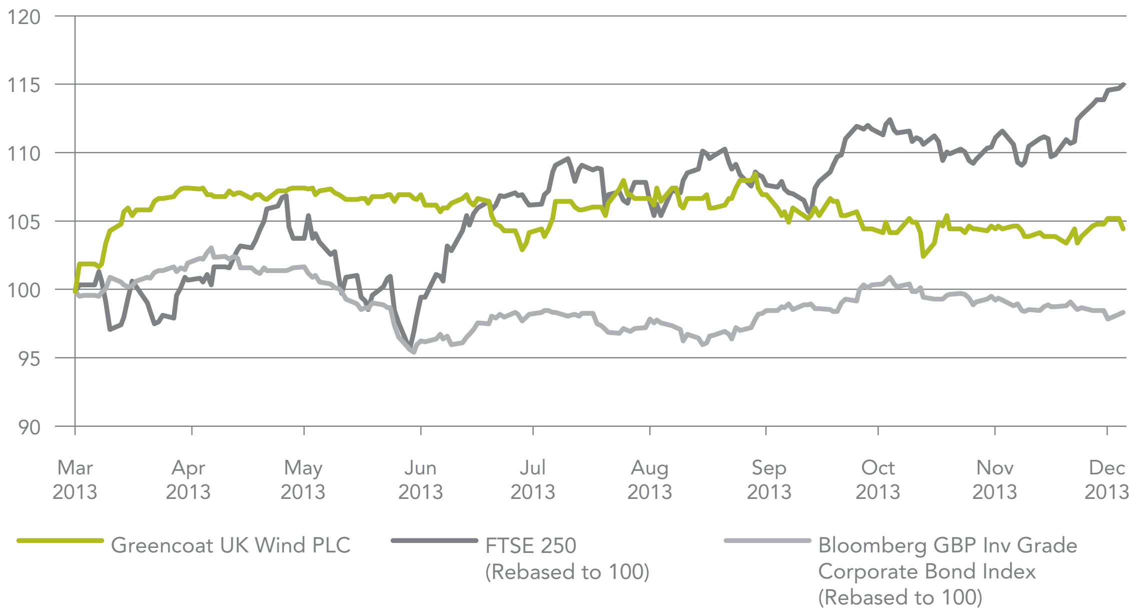
[4] includes 11,239 ordinary shares legally and beneficially owned by his spouse and 22,478 new shares issued in December 2013.

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 on page 27 shows the total shareholder return of the Company compared to the FTSE 250 index and the Bloomberg GBP Investment Grade Corporate Bond Index:

Directors' Remuneration Report continued

Total shareholder return vs equity and bond indices



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

On behalf of the Board,

Tim Ingram
Chairman

23 March 2014

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 International Financial Reporting Standards as adopted by the European Union. 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 IFRSs as adopted by the European Union, 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 Strategic Report, a Report of the Directors and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 United Kingdom 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 International Financial Reporting Standards as adopted by the European Union 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 or the principal risks and uncertainties that they face.

On behalf of the Board,

Tim Ingram
Chairman

23 March 2014

Corporate Governance

The Board has put in place a framework for corporate governance which it believes is appropriate for an investment company. Paragraph 9.8.6R of the UK Listing Rules obliges Boards to report upon their corporate governance arrangements against the UK Code issued by the FRC. The Company is a member of the AIC and has considered the principles and recommendations of the AIC's Code of Corporate Governance published in February 2013 by way of reference to the AIC Guide. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide will provide better information to shareholders. The FRC has provided the AIC with an endorsement letter which confirms that by following the AIC Guide, investment company boards should fully meet their obligations in relation to the UK Code and paragraph LR9.8.6 of the Listing Rules. The Board reports against the February 2013 version of the AIC Code.

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

Except as disclosed below, the Company complied throughout the year with the recommendations of the AIC Code.

The Board

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 19 to 21 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. The Chairman of the Board is Tim Ingram who was recommended to the Company by Stonehaven Associates LLP, an independent external consultant. In considering the independence of the Chairman, the Board has taken note of the provisions of the AIC Code relating to independence, and has determined that Mr Ingram is an Independent Director. The other non-executive Directors were appointed following interviews with the Chairman and the Investment Manager. The Company has no employees and therefore there is no requirement for a chief executive. Principle 1 of the AIC Code states that a board should consider appointing one independent non-executive Director to be the senior independent Director. The Board has appointed William Rickett C.B. as the senior independent Director with effect from 1 December 2013.

The Articles of Association provide that Directors shall retire and offer themselves for re-election at the first Annual General Meeting 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, therefore the Board considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by Principle 3 of the AIC Code. 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. However the Company will consider whether there is any risk that such Director might reasonably be deemed to have lost independence through such long service.

Performance and evaluation

Pursuant to Principle 7 of the AIC Code that requires a formal and rigorous annual evaluation of its performance, the Board formally reviewed its performance for this financial year through an internal process. Internal evaluation of the Board, the Audit Committee, and individual Directors has taken the form of performance appraisal questionnaires and discussion to determine effectiveness and performance in various areas as well as the Directors' continued independence. The results have been collated and reviewed and the conclusions were that the overall performance of the Board and the Audit Committee during the period had been satisfactory and that the Board was confident in its ability to continue to lead the Company and oversee its affairs.

New Directors receive an induction from the Investment Manager, and all Directors receive other relevant training as necessary.

Board responsibilities

The Board will meet, on average, six times in each calendar year 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 Company Secretary and other advisers in a form and of a quality appropriate to enable it to discharge its duties.

Corporate Governance continued

Board responsibilities continued

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 interim and other price-sensitive public reports.

Committees of the Board

The Company has established an Audit Committee which is chaired by Shonaid Jemmett-Page, and shall consist of a minimum of three members. In accordance with best practice, the Chairman is not a member of the Audit Committee. The Audit Committee report which is on pages 32 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 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 five years following 27 March 2013. 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 period. They also reviewed the performance of other service providers and examined the effectiveness of the Company's internal control systems during the period.

On 14 March 2014 the Board formally concluded that the continued appointment of the Investment Manager on the terms currently agreed is in the interests of shareholders.

Board meetings, Committee meetings and Directors' attendance

The number of meetings of the full Board and the Audit committee attended in the period from 4 December 2012 to 31 December 2013 by each Director is set out below:

	Board Meetings (Total of 21)	Audit Committee Meetings (Total of 2)
Tim Ingram	21	n/a
Shonaid Jemmett-Page	20	2
William Rickett C.B.	18	1
Kevin McCullough (appointed 1 July 2013)	5	1
Dan Badger (appointed 1 July 2013)	5	n/a

Internal control

The Board confirms that it has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place throughout the period and has continued since the period end as discussed in the Audit Committee Report.

The Company's principal risks and uncertainties are further discussed on pages 8 to 10 of this report. As further explained in the Audit Committee Report, the initial risks of the Company were outlined in a risk matrix prior to listing and this matrix was subsequently reviewed and updated in January 2014. The Board intends to continually review policy setting and to update the risk matrix annually to ensure that procedures are in place with the intention of minimising the impact of risks. 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.

Corporate Governance continued

Internal control continued

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;
- bank reconciliations, carried out on a regular basis;
- review of valuations; and
- authorisation of investments.

Whistleblowing

The Board has considered the AIC Code of Corporate Governance 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 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 Annual General Meeting 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 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

23 March 2014

Audit Committee Report

The Audit Committee comprises Shonaid Jemmett-Page (Chairman), William Rickett C.B. and Kevin McCullough. The Board has taken note of the FRC's requirement that at least one member of the Committee should have recent and relevant financial experience and is satisfied that the Committee is properly constituted in that respect. The qualifications and experience of all Committee members are disclosed on pages 19 and 20 of this report.

The Committee operates within clearly defined terms of reference which are available for inspection from the Company's registered office. The terms of reference were reviewed during the financial period, and the requirement for the Committee to meet was increased from two to three times a 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.

Our 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 reviews the terms of appointment of the auditor, together with their remuneration, and on an ongoing basis reviews 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

As this is the Company's first reporting period the Committee's discussions have been broad ranging. In addition to the four formally convened Audit Committee meetings from incorporation 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 focused primarily on, but were not limited to:

- discussions regarding the appropriateness of accounting policies and practices adopted for the Company;
- recommending to the Board the approval of the terms of appointment of BDO LLP as Auditor of the Company and their remuneration following the resignation of PKF (UK) LLP;
- review and approval of the audit plan in relation to the audit of the Company's initial report and accounts, the review of the Company's half-yearly report, the audit of the accounts for inclusion within the prospectus regarding the follow-on capital raising and the audit of the Company's annual report and financial statements;
- detailed review and recommendation for approval by the Board of the Company's initial report and accounts, half-yearly report, accounts for inclusion within the prospectus regarding the secondary capital raising, and the annual report and financial statements;
- developing and implementing the Company's policy on the provision of non-audit services by the external auditor;
- reviewing the Company's corporate governance framework;
- reviewing the Company's system of internal controls;
- reviewing the initial and amended risk matrix for the Company; and
- reviewing the effectiveness, resources, qualifications and independence of the external 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;
- 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;

Audit Committee Report continued

Financial Reporting continued

- 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 our financial reporting.

BDO LLP attended three of the four formal Audit Committee meetings held from incorporation to the date of this report. We have also held private meetings with the Auditor at one Committee meeting 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 meetings in advance of the half-year and 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. There is also an inherent risk of management override as the Investment Manager is responsible for calculating the Net Asset Value 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 Net Asset Value 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 provided the Committee with a paper documenting the rationale for adopting the discount rates used in the valuation model. The Auditor also confirmed to the Committee that the key assumptions used in the valuation model appear to be reasonable and are supported by independent evidence where possible. The Committee concluded that the valuation process had been properly carried out and that the investments have been fairly valued.

Income recognition

Auditing standards require the Auditor to consider fraudulent income recognition as a significant audit risk. The Group's income is a driver of dividend returns and consists of dividends and loan interest receivable from Group companies. The Committee does not consider income recognition to be a high risk area for the Group. The Board is advised at quarterly meetings of cash balances of all Group and investee companies compared to budgets.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The Investment Entities standard is a recently issued standard and the Committee discussed in detail at all of our meetings during the period whether the Company satisfied the criteria as set out in the amendments to be regarded as an investment entity, and the appropriateness of early adopting these amendments. Before reaching our conclusions we considered papers prepared by the Investment Manager and the Administrator which compared the contractual, operational and commercial arrangements in place against the criteria in the standard. We reconsidered the on-going appropriateness of this accounting policy following the Company's acquisition of two additional wholly owned assets in October 2013 and concluded that the Company continues to meet the definition of an investment entity.

The amendments require investment entities to account for subsidiaries at fair value rather than consolidate their results. However, IFRS 10 requires subsidiaries that provide investment related services to be consolidated. The significant assumptions and judgements used in evaluating whether the Company meets the definition of an investment entity are described in note 1 to the financial statements. Adoption of this standard ensures consistent treatment of the wind farm investments held in the portfolio, and we are of the opinion that it will provide more meaningful, relevant and understandable information to shareholders.

Audit Committee Report continued

Significant issues continued

First time financial reporting

As this is the Company's first accounting period the Committee has satisfied itself through review of the financial statements and discussions with the Investment Manager and the Administrator that the Company has applied appropriate accounting treatments and adequately disclosed the nature of significant one-off transactions in the financial statements, including the initial and subsequent fundraisings, the acquisition of investments, new debt financing, the cancellation of the share premium account and the approval of the Company as an investment trust.

External Auditor

Appointment

PKF (UK) LLP was appointed as Auditor of the Company upon incorporation. Following the merger of PKF (UK) LLP with BDO LLP, the Committee approved and recommended the appointment of BDO LLP as Auditor of the Company to the Board. As this is the first reporting period of the Company the current audit partner is in his first year of tenure. The Auditor is required to rotate the audit partner responsible for the Group audit every five years therefore the lead partner will rotate after the completion of the 2017 year end audit.

Effectiveness of the audit process

We assess the effectiveness of the audit process by considering BDO LLP's fulfilment of the agreed audit plan through the reporting we received from 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 we also sought feedback from the Investment Manager and the Administrator on the effectiveness of the audit process. For this financial period, we were satisfied that there had been appropriate focus and challenge on the primary areas of audit risk and assessed the quality of the audit process to be good.

Non-audit services

During the financial period PKF (UK) LLP and BDO LLP charged the Group £44,400 for the audit of the statutory financial statements, £23,928 for audit related services and £253,394 for non-audit services. Further details of these fees 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 fees for non-audit services were primarily in relation to the listing of the Company and limited due diligence and advice on the acquisition of investments. The Committee was satisfied that PKF (UK) LLP and BDO LLP had adequate safeguards in place and that provision of these non-audit services did not threaten the independence of the external auditor. Notwithstanding this however, during the period the Committee implemented a formal policy governing the engagement of the external auditor to provide non-audit services. This policy now precludes BDO LLP from providing certain services in future to the Company such as due diligence services and also sets a presumption that BDO LLP should only be engaged for non-audit services where there is no legal or practical alternative supplier and prior approval of the Committee has been sought. The Committee is satisfied that the level of non-audit services fees should be significantly reduced in future reporting periods.

Independence

The Audit Committee is required to consider the independence of the external auditor. In fulfilling this requirement we have 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 external Auditor and decided not to put the provision of the external audit out to tender at this time. As described above, we reviewed the effectiveness and independence of the Auditor and remain satisfied that they provide effective independent challenge to the Board and to the Investment Manager. 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 Annual General Meeting of the Company.

Internal Audit

The Audit Committee considers at least once a year whether or not there is a need for an internal audit function. Currently, the Audit Committee does not consider there to be a need for an internal audit function, given that there are no employees in the Company and all outsourced functions are with parties who have their own internal controls and procedures.

Audit Committee Report continued

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 during the period a set of on-going 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 has formally reviewed and amended the initial risk matrix prepared for listing during the financial period, 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.

Annual General Meeting

As Chairman of the Audit Committee, I will be present at the Company's Annual General Meeting to answer questions on the Audit Committee's activity and matters within the scope of the Audit Committee's responsibilities.

Shonaid Jemmett-Page
Chairman of the Audit Committee

23 March 2014

Independent Auditor's Report

To the members of Greencoat UK Wind PLC

We have audited the financial statements of Greencoat UK Wind PLC for the period ended 31 December 2013 which comprise the Consolidated Statement of Comprehensive Income, the consolidated and parent company Statements of Financial Position, the consolidated and parent company Statement of Changes in Equity, the consolidated and parent company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2013 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Our assessment of risks of material misstatement

We identified the following risks that we consider to have had the greatest impact on our audit strategy and scope:

- The assessment of the fair value of investments: this is a key 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, derived using those valuations.

  We challenged the assumptions inherent in the valuation of unquoted investments, and we assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements. The valuations are based on a discounted cash flow model. Consequently, our audit procedures included, amongst others, testing the integrity of the model, comparing assumptions on forecast wind availability and electricity prices to independent reports and reviewing cost assumptions based on actual costs incurred. In addition, given the sensitivity of the valuation model to small changes in discount rates, we assessed the appropriateness of those rates applied and the disclosures made in the financial statements by reference to recent market data for comparable assets.

- Income recognition: income consists of dividends receivable from investee companies and interest earned on loans to investee companies and cash balances. Income recognition is considered to be a significant audit risk as it is the key driver of dividend returns to investors.

  We considered the controls relating to income recognition and undertook testing of interest income by comparing actual income to expectations generated using the interest rates in the loan instruments. We also tested dividends receivable to cash received, as well as to supporting documentation and management accounts of the investee companies and, where appropriate, independent confirmation from the investee companies.

- First time financial reporting: this is the Group's first accounting period where the preparation of the financial statements involved a number of judgemental accounting policy decisions, as well as significant one-off transactions including the initial and subsequent fundraisings, the acquisition of investments, new debt financing, the cancellation of the share premium account and the conversion of the Company to an investment trust. The Company has adopted early the amendment to IFRS 10 which requires "Investment Entities" that control investee companies to account for them at fair value through profit and loss, rather than to consolidate them.

  We considered and challenged management's rationale for assessing that the Company met the definition of an investment entity, through the review of relevant agreements, discussions with the Investment Manager, the Administrator and the Board and a review of comparative treatment in other relevant funds. We considered the adequacy of disclosures in the financial statements regarding non-consolidated subsidiaries. We also considered

Independent Auditor's Report continued

Our assessment of risks of material misstatement continued

the accounting treatment of the fundraisings, the acquisitions, debt financing, the cancellation of the share premium account and the associated costs, through examining agreements and adviser engagement letters and a sample of invoices and also the terms of the court application and order for the cancellation of the share premium. We challenged the presentation of the financial statements under IAS 8, noting that the presentation adopted is comparable to other listed infrastructure funds, rather than listed investment trusts, as this was considered by the Board to be the most relevant and understandable presentation for investors.

The Audit Committee's consideration of these key issues is set out on pages 32 to 35.

Purpose of this report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

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

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. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels 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.

We determined planning materiality for the financial statements as a whole to be £2,630,000. In determining this, we based our assessment on a percentage of net assets which reflects the underlying level of precision within the valuation of the investment portfolio and the range of reasonably possible alternative valuations that could be expected to apply to the unquoted investments. On the basis of our risk assessment, together with our assessment of the Company's control environment, our judgment is that performance materiality for the financial statements should be 75 per cent. of planning materiality, namely £1,972,500. Our objective in adopting this approach is to ensure that total detected and undetected audit differences do not exceed our planning materiality of £2,630,000 for the financial statements as a whole.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £50,000, 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 period 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 29 to 31 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.

Independent Auditor's Report continued

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
- is otherwise misleading.

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

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

- adequate accounting records have not been kept, 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' statement, set out on page 22, in relation to going concern; and
- the part of the corporate governance statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of these matters.

BDO LLP

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

23 March 2014

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

Consolidated Statement of Comprehensive Income

For the period from 4 December 2012 to 31 December 2013

	Note	For the period 4 December 2012 to 31 December 2013 £
Return on investments	4	26,779,158
Other income		96,531
Total income and gains		**26,875,689**
Operating expenses	5	(3,461,711)
Investment acquisition costs		(2,889,441)
Operating profit		**20,524,537**
Finance costs	13	(2,327,748)
Profit for the period before tax		**18,196,789**
Taxation	6	—
Profit for the period after tax		**18,196,789**
Profit and total comprehensive income attributable to:		
Equity holders of the Company		**18,196,789**
Earnings per share		
Basic profit from continuing operations in the period (pence)	7	**6.89**

All results are derived from continuing operations.

The accompanying notes on pages 45 to 63 form an integral part of the financial statements.

Consolidated Statement of Financial Position

As at 31 December 2013

	Note	As at 31 December 2013 £
Non-current assets		
Investments at fair value through profit or loss	9	394,765,170
		394,765,170
Current assets		
Other receivables	11	242,057
Cash and cash equivalents		7,257,576
		7,499,633
Current liabilities		
Other payables	12	(1,190,250)
Net current assets		**6,309,383**
Non-current liabilities		
Loans and borrowings	13	(50,000,000)
Net assets		**351,074,553**
Capital and reserves		
Called up share capital	15	3,412,430
Share premium account	15	80,654,271
Other distributable reserves		248,811,063
Retained income		18,196,789
Total Shareholders' funds		**351,074,553**
Net assets per share (pence)	16	**102.9**

Authorised for issue by the Board on 23 March 2014 and signed on its behalf by:

Tim Ingram
Chairman

Shonaid Jemmett-Page
Director

The accompanying notes on pages 45 to 63 form an integral part of the financial statements.

Statement of Financial Position – Company

As at 31 December 2013

	Note	As at 31 December 2013 £
Non-current assets		
Investments at fair value through profit or loss	9	351,453,781
		351,453,781
Current assets		
Other receivables	11	1,003,541
Cash and cash equivalents		1,784
		1,005,325
Current liabilities		
Other payables	12	(1,384,553)
Net current assets		**(379,228)**
Net assets		**351,074,553**
Capital and reserves		
Called up share capital	15	3,412,430
Share premium account	15	80,654,271
Other distributable reserves		248,811,063
Retained income		18,196,789
Total Shareholders' funds		**351,074,553**
Net assets per share (pence)	16	**102.9**

Authorised for issue by the Board on 23 March 2014 and signed on its behalf by:

Tim Ingram
Chairman

Shonaid Jemmett-Page
Director

The accompanying notes on pages 45 to 63 form an integral part of the financial statements.

Consolidated and Company Statement of Changes in Equity

For the period from 4 December 2012 to 31 December 2013

	Note	Share capital £	Share premium £	Other distributable reserves £	Retained income £	Total £
Opening net assets attributable to Shareholders		—	—	—	—	**—**
Issue of share capital	15	3,412,430	339,853,234	—	—	**343,265,664**
Share issue costs	15	—	(6,483,889)	—	—	**(6,483,889)**
Cancellation of share premium account	15	—	(252,715,074)	252,715,074	—	**—**
Profit and total comprehensive income for the period		—	—	—	18,196,789	**18,196,789**
Dividends paid in the period	8	—	—	(3,904,011)	—	**(3,904,011)**
Closing net assets attributable to Shareholders		**3,412,430**	**80,654,271**	**248,811,063**	**18,196,789**	**351,074,553**

On 5 June 2013, the share premium account in relation to the initial capital raise of the Company was cancelled by court order. An amount of £252,715,074 standing to the credit of the share premium account of the Company less any issue expenses set off against the share premium account was cancelled and credited to distributable reserves. This amount shall be 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 unrealised gains, the total reserves distributable by way of a dividend as at 31 December 2013 were £242,236,554.

The accompanying notes on pages 45 to 63 form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the period from 4 December 2012 to 31 December 2013

	Note	For the period 4 December 2012 to 31 December 2013 £
Net cash flow from operating activities	17	**5,836,995**
Cash flow from investing activities		
Acquisition of investments	9	(383,855,029)
Investment acquisition costs		(2,779,265)
Repayment of Shareholder loans		7,149,544
Net cash flow from investing activities		**(379,484,750)**
Cash flows from financing activities		
Issue of share capital		343,000,000
Payment of issue costs		(5,912,644)
Drawdowns on acquisition loan facility	13	130,000,000
Repayment of acquisition loan facility	13	(80,000,000)
Finance costs		(2,278,014)
Dividends paid	8	(3,904,011)
Net cash inflow from financing activities		**380,905,331**
Net increase in cash and cash equivalents during the period		**7,257,576**
Cash and cash equivalents at the beginning of the period		—
Cash and cash equivalents at the end of the period		**7,257,576**

The accompanying notes on pages 45 to 63 form an integral part of the financial statements.

Statement of Cash Flows – Company

For the period from 4 December 2012 to 31 December 2013

	Note	For the period 4 December 2012 to 31 December 2013 £
Net cash flow from operating activities	17	**2,952,579**
Cash flow from investing activities		
Loans advanced to Group companies	9	(336,134,140)
Net cash flow from investing activities		**(336,134,140)**
Cash flows from financing activities		
Issue of share capital		343,000,000
Payment of issue costs		(5,912,644)
Dividends paid	8	(3,904,011)
Net cash inflow from financing activities		**333,183,345**
Net increase in cash and cash equivalents during the period		**1,784**
Cash and cash equivalents at the beginning of the period		—
Cash and cash equivalents at the end of the period		**1,784**

The accompanying notes on pages 45 to 63 form an integral part of the financial statements.

Notes to the Consolidated Financial Statements

For the period from 4 December 2012 to 31 December 2013

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.

As these financial statements represent the first financial statements of the Company since incorporation, comparative information is not relevant.

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 operating profit of the Company alone for the period was £18,196,789.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The Investment Entities standard is a recently issued standard, and was endorsed by the EU on 20 November 2013, with an effective date of 1 January 2014. As referred to in the Audit Committee Report, the Company has early adopted this standard for the period from incorporation to 31 December 2013. The standard introduced an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent entity that is an investment entity to measure 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 Directors have concluded that the Company satisfies the criteria to be regarded as an investment entity and have early adopted this amendment.

The Directors are of the opinion that the Company has all the typical characteristics of an investment entity and the three essential criteria specified in the standard.

The three essential criteria are such that the entity must:

1) Obtain funds from one or more investors for the purpose of providing these investors with professional investment management services;

2) Commit to its investors that its business purpose is to invest its funds solely for returns from capital appreciation, investment income or both; and

3) Measure and evaluate the performance of substantially all of its investments on a fair value basis.

In satisfying the second essential criteria, the notion of an investment time frame is critical. An investment entity should not hold its investments indefinitely but should have an exit strategy for their realisation. Although the Company has invested in equity interests in wind farms that have an indefinite life, the underlying wind farm assets that it invests in typically have an expected life of 25 years. The Company intends to hold these wind farms for the remainder of their useful life to preserve the capital value of the portfolio. However, as the wind farms are expected to have no residual value after their 25 year life and provisions will be made for decommissioning costs where appropriate, the Directors consider that this demonstrates a clear exit strategy from these investments.

The Company, through its agreement with the Investment Manager, provides management services to wind farm companies. However, these activities are undertaken to maximise the investment return from its investees and are not considered to represent a separate substantial business activity. In practice, the ability of the Company to significantly affect the wind farms' returns is limited as the most significant factors that will influence returns are the strength of the wind and the market price of power.

The financial support provided by the Company to its unconsolidated subsidiaries is disclosed in note 10 to the financial statements.

Notes to the Consolidated Financial Statements continued

For the period from 4 December 2012 to 31 December 2013

1. Significant accounting policies continued

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) continued

Notwithstanding this, the amendments to IFRS 10 require subsidiaries that provide "investment-related services" to be consolidated. Accordingly, the annual financial statements include the consolidated financial statements of Greencoat UK Wind PLC, Greencoat UK Wind 1 LLP 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.

The Company's investment in the Braes of Doune wind farm was initially held through Braes of Doune Holding Company Limited. Braes of Doune Holding Company Limited was dissolved during the period and consequently, the Company now owns 50 per cent. of the shares in Braes of Doune directly which are treated as an investment at fair value in accordance with the above policy.

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.

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 trade date, being 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 loans and receivables and investments held at fair value through profit or loss.

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 cash and cash equivalents. 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.

A provision for impairment is made where there is objective evidence (including counterparties with financial difficulties or in default on payments) that amounts will not be recovered in accordance with original terms of the agreement. This is established when the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate. If any such indication exists, the asset's recoverable amount, being the higher of the fair value less costs to sell and the value in use of the asset, is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Notes to the Consolidated Financial Statements continued

For the period from 4 December 2012 to 31 December 2013

1. Significant accounting policies continued

Financial assets continued

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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 trade 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. The Board base the fair value of the investments on information received from the Investment Manager.

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 trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values.

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.

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.

Finance costs

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

Notes to the Consolidated Financial Statements continued

For the period from 4 December 2012 to 31 December 2013

1. Significant accounting policies continued

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.

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.

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

These consolidated financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Group operates.

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 balance sheet 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.

Share based payments

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. Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions regardless of how the equity instruments are obtained by the Group.

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 receives payment.

Expenses

Expenses are accounted for on an accruals basis. Formation fees are those necessary for the establishment of the Company and are taken to the Statement of Comprehensive Income in the period in which they are incurred. Share issue expenses of the Company directly attributable to the issue and listing of shares are charged to the share premium account.

Notes to the Consolidated Financial Statements continued

For the period from 4 December 2012 to 31 December 2013

1. Significant accounting policies continued

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, and is accounted for using the balance sheet liability method. 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 UK.

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

Adoption of new and revised standards

As disclosed on pages 45 and 46, the Company has early adopted the Investment Entities standard for the period from incorporation to 31 December 2013.

Other revised standards and interpretations have become effective during this accounting period but have not had a significant impact on presentation or disclosure in these financial statements.

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were issued but not yet effective (and in some cases had not yet been adopted by the EU) and are relevant to the financial statements of the Group:

- IFRS 9 "Financial Instruments" – reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The Company is currently assessing the full impact of this standard and it is not practicable to quantify the effect as at the date of the publication of these Financial Statements. The effective implementation date is not yet determined but is not expected to be earlier than 1 January 2017.

Notes to the Consolidated Financial Statements continued

For the period from 4 December 2012 to 31 December 2013

1. Significant accounting policies continued

Adoption of new and revised standards continued

- IFRS 13 "Fair value measurement" – IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The Company is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 in the next financial reporting period.
- IAS 32 "Financial Instruments Presentation" and IFRS 7 "Financial Instruments Disclosure" – Intended to clarify existing application issues relating to the offsetting rules and the disclosures required to reduce the level of diversity in current practice (effective 1 January 2014).
- IAS 36 "Recoverable amount disclosures for non-financial assets" – IAS 36 amendment aims to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The Group is yet to assess the amendment to IAS 36's full impact and intends to adopt the amended IAS 36 no later than the accounting period beginning on 1 January 2014.

With the exception of the Investment Entities standard discussed earlier in note 1 to the financial statements, the Company has not adopted early any standards, amendments and interpretations to existing standards that have been published and will be mandatory for the Company's accounting periods beginning on or after 1 January 2014 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.

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 assumptions used in determining whether the Company satisfies the criteria to be regarded as an investment entity are disclosed in note 1 to the financial statements.

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.

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 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, however this assumption may be shorter in some instances as determined by lease or other contractual arrangements. 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.

Notes to the Consolidated Financial Statements continued

For the period from 4 December 2012 to 31 December 2013

2. Critical accounting judgements, estimates and assumptions continued

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

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a combination of a Base Fee and an Equity Element from the Company and a priority profit share from the LLP as set out below.

The Base Fee shall be paid quarterly in advance except for the first part quarter which is the period from 27 March to 31 March 2013. The amount of Base Fee shall be equal to £275,000 per quarter. The Base Fee for the first part quarter is the appropriate pro rated amount.

The Equity Element due to the Investment Manager is calculated quarterly in advance (except for the first part quarter) and shall have 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 Equity Element for the first part quarter is the appropriate pro rated amount. 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.

The priority profit share payable from the LLP shall be paid quarterly in advance (except for the first part quarter), 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.

The priority profit share for the first part quarter is the appropriate pro rated amount.

Notes to the Consolidated Financial Statements continued

For the period from 4 December 2012 to 31 December 2013

3. Investment management fees continued

Investment management fees and priority profit share paid or accrued in the period were as follows:

	Base fee £	Value of equity element £	Total Management fee paid £	Priority profit share £	Total amounts paid to the Investment Manager £
First Part Quarter	15,277	7,078	22,355	20,111	**42,466**
Quarter to June 2013	275,000	131,188	406,188	380,941	**787,129**
Quarter to September 2013	275,000	131,921	406,921	384,604	**791,525**
Quarter to December 2013	275,000	141,056	416,056	430,280	**846,336**
Total	**840,277**	**411,243**	**1,251,520**	**1,215,936**	**2,467,456**

The value of the equity element and the priority profit share detailed in the table above includes the true up amount for the period calculated in accordance with the Investment Management Agreement.

In order to reduce issuance costs associated with the equity element of the management fee, it has been agreed between the Company and the Investment Manager that such fees are paid on a half-yearly as opposed to a quarterly basis. As a result, the equity element of the investment management fee in relation to the fourth and first quarters of each year will be paid in January and the equity element of the investment management fee in relation to the second and third quarters of each year will be paid in July.

130,134 ordinary shares were issued in January 2014 as part payment of the Equity Element of the Investment Management Fee for the quarter to December 2013. The value of these ordinary shares is £131,921 based on the NAV as at 30 September 2013 and this amount is included in other payables.

4. Return on investments

	For the period 4 December 2012 to 31 December 2013 £
Shareholder loan interest received (note 10)	819,324
Dividends received (note 19)	7,900,149
Movement in fair value of investments (note 9)	24,771,298
Realised loss on loan to Braes of Doune dissolved in the period (note 10)	(6,711,613)
	26,779,158

5. Operating expenses

	For the period 4 December 2012 to 31 December 2013 £
Management fees (note 3)	1,251,520
Priority profit share (note 3)	1,215,936
Formation fees	302,278
Non-executive Directors' fees	150,000
Administration fees	199,020
Fees to the Company's auditor:	
for audit of the statutory financial statements	44,400
for audit related services pursuant to legislation	23,928
for tax compliance services	32,350
Other expenses	242,279
	3,461,711

Notes to the Consolidated Financial Statements continued

For the period from 4 December 2012 to 31 December 2013

5. Operating expenses continued

Prior to the merger of PKF LLP with BDO LLP, PKF LLP was paid £95,000 in relation to work on the listing of the Company which is included in share issue costs and £30,000 in relation to limited scope due diligence and advice on the acquisition of the seed portfolio wind farms which is included in acquisition costs.

BDO LLP was paid £74,794 in relation to work on the second capital raise of the Company which is included in share issue costs and £21,250 in relation to limited scope due diligence and advice on the acquisition of Cotton Farm, Earl's Hall Farm, Lindhurst and Middlemoor which is included in acquisition costs.

BDO LLP was also paid a total of £27,900 during the period in relation to the statutory audit of three of the Group's unconsolidated subsidiaries, Tappaghan, Bin Mountain and Carcant.

6. Taxation

	For the period 4 December 2012 to 31 December 2013 £
UK Corporation tax charge	—

The tax charge for the period shown in the Statement of Comprehensive Income is lower than the standard rate of corporation tax of 24 per cent. to 31 March 2013 and 23 per cent. from 1 April 2013 (average rate of 23.30 per cent.). The differences are explained below.

	For the period 4 December 2012 to 31 December 2013 £
Profit on ordinary activities before taxation	18,196,789
Profit on ordinary activities multiplied by the standard rate of corporation tax (24 per cent. to 31 March 2013 and 23 per cent. from 1 April 2013.)	4,239,898
Fair value increases (not subject to taxation) (note 4)	(5,771,776)
Realised loss on dissolved loan to Braes of Doune (not subject to taxation) (note 4)	1,563,823
Dividends received (not subject to taxation) (note 4)	(1,840,755)
Intra-group interest received (not subject to taxation) (note 4)	(190,905)
Expenditure not deductible for tax purposes (note 5)	956,563
Tax losses surrendered to Group companies	1,043,152
	—

7. Earnings per share

	For the period 4 December 2012 to 31 December 2013
Profit attributable to equity holders of the Company	18,196,789
Weighted average number of ordinary shares in issue	263,978,059
Basic profit from continuing operations in the period (pence)	**6.89**

There was no income earned or shares issued between 4 December 2012 and 27 March 2013, therefore this period has not been included for the purpose of calculating the weighted average number of shares above.

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 period from 4 December 2012 to 31 December 2013

8. Dividends declared in relation to the period

	Dividend per share pence	Total dividend £
Interim dividend paid during the period	1.5	3,904,011
	1.5	**3,904,011**

	Dividend per share pence	Total dividend £
Interim dividend declared and paid after 31 December 2013 and not accrued in the period	3.0	10,246,496
	3.0	**10,246,496**

The Company aims to provide investors with an annual dividend of 6 pence per share that increases in line with the RPI. Distributions on the ordinary shares are expected to be paid twice a year, normally in respect of the six months to 30 June and 31 December, and are expected to be made by way of interim dividends in February and August.

On 23 January 2014, the Company announced a dividend of 3 pence per share, bringing the total dividend declared in respect of the period from 27 March 2013 to 31 December 2013 to 4.5 pence per share. The record date for the dividend was 31 January 2014 and the payment date was 21 February 2014.

9. Investments at fair value through profit or loss

Group	Loan £	Equity interest £	Total £
Opening balance	—	—	**—**
Additions	94,838,750	289,016,279	**383,855,029**
Repayment of shareholder loans (note 10)	(7,149,544)	—	**(7,149,544)**
Realised loss on loan to Braes of Doune dissolved in the period (note 10)	(6,711,613)	—	**(6,711,613)**
Movement in fair value of investments (note 4)	—	24,771,298	**24,771,298**
	80,977,593	**313,787,577**	**394,765,170**

The movement in fair value of investments comprises movement in cash balances of SPVs of £7.4 million, the repayment of shareholder loans of £7.1 million, dissolving the shareholder loan to Braes of Doune of £6.7 million, acquisition and upfront finance costs of £4.5 million and a movement in the DCF valuation of the investments of (£0.9 million).

Company	Loan to LLP £	LLP Profit Participation interest £	Total £
Opening balance	—	—	**—**
Additions	336,134,140	—	**336,134,140**
Movement in the period	—	15,319,641	**15,319,641**
	336,134,140	**15,319,641**	**351,453,781**

Notes to the Consolidated Financial Statements continued

For the period from 4 December 2012 to 31 December 2013

9. Investments at fair value through profit or loss continued

Fair value measurements

IFRS 7 "Financial Instruments" establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 7 are as follows:

- Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company 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.

As disclosed in note 2 to the financial statements, the Group's and the Company's investments are valued by reference to the discounted value of future cash flows and the discount factors used are subjective. The Group's and the Company's investments have therefore been classified within level 3. Movements in the Group's investments of £394,765,170 and the Company's investments of £351,453,781 are disclosed in the above table.

The Board considers a movement of 0.5 per cent. in the discount factors to be within a reasonable expected range based on their understanding of market transactions. As at 31 December 2013, the impact of a 0.5 per cent increase in the discount factors used to value the Group's investments would be a £12.7 million decrease in the Group's (and the Company's) net assets and profit before tax and the impact of a 0.5 per cent decrease in the discount factors used to value the Group's investments would be a £13.5 million increase in the Group's (and the Company's) net assets and profit before tax. The Investment Manager will review the discount factors annually and will take into consideration market transactions when considering changes to the discount factors used.

10. Financial support to unconsolidated subsidiaries, associates and joint ventures

The following table shows subsidiaries of the Group. As the Company has adopted the Investment Entities standard as referred to in note 1 to the financial statements, these subsidiaries have not been consolidated in the preparation of the financial statements:

Wind Farm	Place of Business	Ownership Interest
Tappaghan	Northern Ireland	100%
Bin Mountain	Northern Ireland	100%
Carcant	Scotland	100%
Cotton Farm	England	100%
Earl's Hall Farm	England	100%

Notes to the Consolidated Financial Statements continued

For the period from 4 December 2012 to 31 December 2013

10. Financial support to unconsolidated subsidiaries, associates and joint ventures continued

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

Wind Farm	Place of Business	Ownership Interest
Braes of Doune	Scotland	50%
Little Cheyne Court	England	41%
Middlemoor	England	49%
Lindhurst	England	49%
Rhyl Flats	Wales	24.95%

During the period, Holdco advanced loans which accrued interest at a rate of 8 per cent. per annum and were repayable on demand to the following wind farms to replace the loans of former shareholders. As disclosed in note 21 to the financial statements, on 3 March 2014 these loans were dissolved and reclassified to equity. Accrued interest in relation to these loans amounting to £1,412,875 as at 31 December 2013 was written off, together with accrued interest thereafter.

Wind farm	Loan drawn in the period £	Loan repaid in the period £	Loan drawn at 31 December 2013 £	Loan interest received in the period £
Braes of Doune	9,999,244	(9,999,244)*	—	405,871
Tappaghan	2,745,144	(2,745,144)	—	80,748
Bin Mountain	1,174,348	(935,959)	238,389	38,130
Carcant	13,999,999	(180,810)	13,819,189	294,575
Cotton Farm	2,540,885	—	2,540,885	—
Earl's Hall Farm	4,468,360	—	4,468,360	—
ML Holdco**	59,910,770	—	59,910,770	—
	94,838,750	**(13,861,157)**	**80,977,593**	**819,324**

* During the period Braes of Doune repaid £3,287,631 of its shareholder loan to Holdco. On 8 November 2013, the remaining balance of the loan, amounting to £6,711,613, was dissolved.

** The Group's investments in Middlemoor and Lindhurst are held through ML Holdco, a common SPV to which the Group provided a shareholder loan in the period.

During the period, Holdco provided a performance guarantee of £4,291,400 on behalf of Rhyl Flats and a performance guarantee of £164,930 on behalf of Cotton Farm in relation to land agreements. During the period, Holdco also paid a security deposit on behalf of Braes of Doune of £500,000 as collateral in relation to its power purchase agreement. Any underlying liabilities secured or guaranteed are reflected in the DCF valuation of the relevant investment.

11. Other receivables

Group	As at 31 December 2013 £
Prepayments	24,312
Other receivables	217,745
	242,057

Company	As at 31 December 2013 £
Amounts due from Group companies	973,091
Prepayments	24,312
Other receivables	6,138
	1,003,541

Notes to the Consolidated Financial Statements continued

For the period from 4 December 2012 to 31 December 2013

12. Other payables

Group	As at 31 December 2013 £
Share issue costs payable	571,245
Management fee payable	145,579
Acquisition costs payable	110,176
Loan facility interest payable (note 13)	49,734
Other payables	313,516
	1,190,250

Company	As at 31 December 2013 £
Share issue costs payable	571,245
Amounts due to Group companies	505,238
Management fee payable	145,579
Other payables	162,491
	1,384,553

13. Loans and borrowings

	For the period 4 December 2012 to 31 December 2013 £
Amounts drawn down in the period	130,000,000
Amounts repaid in the period	(80,000,000)
Balance at 31 December 2013	**50,000,000**
Facility arrangement fees	1,300,000
Loan interest paid	692,106
Professional fees	260,642
Other costs	75,000
Finance costs	**2,327,748**

The loan as at 31 December 2013 has not been revalued to reflect amortised cost, as this amount is not materially different from the outstanding balance.

On 27 September 2013, Holdco entered into a loan facility agreement with RBS and RBC, for an initial loan facility of £60 million. This facility was fully drawn down on 27 September 2013 and the proceeds were used to purchase Earl's Hall Farm and Cotton Farm.

On 8 November 2013, Holdco, RBS and RBC agreed to increase the loan facility by £70 million on the same terms as the initial facility. This facility was fully drawn down on 8 November 2013 and the proceeds were used to purchase Lindhurst and Middlemoor.

The final maturity date of the loan facility is 27 September 2016. The margin is 250 basis points in the first year (325 basis points in year two and 400 basis points in year three, if not refinanced with debt or equity). The loan is secured by a fixed charge over the shares in Holdco and a floating charge over Holdco's bank accounts. Under the terms of the loan facility agreement, the Group is obliged to maintain a maximum leverage of 40 per cent. with an interest coverage ratio of 2.0x (with dividend lock up at 2.5x).

On 19 December 2013, the Company repaid £80 million of the loan facility, leaving an outstanding balance of £50 million. Accrued interest on this amount as at 31 December 2013 was £49,734.

On 19 March 2014, the Group repaid a further £8 million of the loan facility, leaving an outstanding balance of £42 million.

Notes to the Consolidated Financial Statements continued

For the period from 4 December 2012 to 31 December 2013

14. Contingencies

Cotton Farm and Earl's Hall Farm both came into operation in March 2013 and Middlemoor came into operation in September 2013. Consequently, in line with the policy detailed on page 10, the purchase price for these wind farms may be adjusted (maximum adjustment £12 million across all three assets) so that it is based on a two year operational record, once the operational data has become available.

The Directors and the Investment Manager are of the opinion that the estimate of the energy yield utilised at acquisition for all three assets remains the most appropriate unbiased estimate of the yield in two years' time. 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 a contingent asset or liability in respect of these acquisitions.

The purchase price of Middlemoor assumes that Middlemoor is accredited with 1 ROC per MWh as expected. If, contrary to expectation, Middlemoor were accredited with 0.9 ROCs per MWh then the Group would be entitled to a purchase price rebate of £2.8 million.

15. Share capital – ordinary shares of £0.01

Date	Issued and fully paid	Number of shares issued £	Share capital £	Share premium £	Total £
27 March 2013	Subscriber shares – Issued at £0.01	100	1	—	**1**
27 March 2013	Capital raise – issued at £1.00	260,000,000	2,600,000	257,400,000	**260,000,000**
11 April 2013	Equity element of Investment Management Fee – Issued at £0.98	137,222	1,372	133,105	**134,477**
23 July 2013	Equity element of Investment Management Fee – Issued at £1.01	130,069	1,301	129,885	**131,186**
18 December 2013	Capital raise – issued at £1.025	80,975,610	809,756	82,190,244	**83,000,000**
		341,243,001	3,412,430	339,853,234	**343,265,664**
27 March 2013	Less share issue costs	—	—	(4,818,031)	**(4,818,031)**
5 June 2013	Cancellation of share premium account	—	—	(252,715,074)	**(252,715,074)**
18 December 2013	Less share issue costs	—	—	(1,665,858)	**(1,665,858)**
		341,243,001	**3,412,430**	**80,654,271**	**84,066,701**

As at 31 December 2013 the Company's issued share capital comprises 341,243,001 ordinary shares.

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.

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 period calculated in accordance with the Investment Management Agreement and issued subsequent to 31 December 2013.

To enable the Company to obtain a certificate to commence business and to exercise its borrowing powers under section 761 CA 2006, on 5 December 2012, 50,000 redeemable preference shares of £1 each were allotted to Greencoat Capital LLP against its irrevocable undertaking to pay 25p in cash for each such share. The redeemable preference shares were redeemed in full on 21 March 2013 out of the proceeds of the issue.

Notes to the Consolidated Financial Statements continued

For the period from 4 December 2012 to 31 December 2013

16. Net assets per share

Group	As at 31 December 2013
Net assets – £	351,074,553
Number of ordinary shares issued	341,243,001
Total net assets – pence	**102.9**

Company	As at 31 December 2013
Net assets – £	351,074,553
Number of ordinary shares issued	341,243,001
Total net assets – pence	**102.9**

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

Group	For the period 4 December 2012 to 31 December 2013 £
Operating profit for the period	20,524,537
Adjustments for non-cash movements:	
Movement in fair value of investments (note 4)	(24,771,298)
Realised loss on loan to Braes of Doune dissolved in the period (note 10)	6,711,613
Investment acquisition costs	2,889,441
Increase in receivables	(242,057)
Increase in payables	313,516
Equity element of Investment Manager's fee (note 3)	411,243
Net cash flow from operating activities	**5,836,995**

Company	For the period 4 December 2012 to 31 December 2013 £
Operating profit for the period	18,196,789
Adjustments for non-cash movements:	
Movement in fair value of investments (note 9)	(15,319,641)
Increase in receivables	(1,003,541)
Increase in payables	667,729
Equity element of Investment Manager's fee (note 3)	411,243
Net cash flow from operating activities	**2,952,579**

18. Financial risk management

The Investment Manager and the Administrator report to the Board on a quarterly basis and provide information to the Group 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, foreign currency risk and interest rate 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.

Notes to the Consolidated Financial Statements continued

For the period from 4 December 2012 to 31 December 2013

18. Financial risk management continued

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. 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 has no exposure to interest rate risk through loan investments as they are all to wholly owned investments.

The Group's only exposure to interest rate risk is due to floating interest rates required to service external borrowings. Should the LIBOR rate increase from 0.5 per cent. to 1.5 per cent., the annual interest due on borrowings would increase by £500,000. The Investment Manager regularly monitors interest rates to ensure the Group has adequate provisions in place in the event of significant fluctuations.

Group	Interest Bearing £	Non-interest bearing £	Total £
Assets			
Cash at bank	4,706,861	2,550,715	**7,257,576**
Other receivables	—	217,745	**217,745**
Investments – Loans	80,977,593	—	**80,977,593**
– Equity	—	313,787,577	**313,787,577**
	85,684,454	316,556,037	**402,240,491**
Liabilities			
Other payables	—	(1,190,250)	**(1,190,250)**
Loan facility	(50,000,000)	—	**(50,000,000)**
	(50,000,000)	(1,190,250)	**(51,190,250)**

Shareholder loans amounting to £80,977,593 accrued interest at a rate of 8 per cent. As disclosed in notes 10 and 21 to the financial statements, these loans were dissolved subsequent to the period end and interest accrued was written off with effect from 31 December 2013.

Company	Interest Bearing £	Non-interest bearing £	Total £
Assets			
Cash at bank	845	939	**1,784**
Other receivables	—	6,138	**406,138**
Amounts due from Group companies	—	973,091	**573,091**
Investments – Loans	—	351,453,781	**351,453,781**
	845	352,433,949	**352,434,794**
Liabilities			
Other payables	—	(1,384,553)	**(1,384,553)**
	—	(1,384,553)	**(1,384,553)**

Notes to the Consolidated Financial Statements continued

For the period from 4 December 2012 to 31 December 2013

18. Financial risk management continued

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 Company is also exposed to credit risk in respect of the loans advanced to Group companies. The Group minimises its credit risk exposure by dealing with financial institutions with high credit ratings.

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

	Group – As at 31 December 2013 £	Company – As at 31 December 2013 £
Other receivables	217,745	6,138
Investments – Loans	80,977,593	351,453,781
Cash at bank	7,257,576	1,784
	88,452,914	**351,461,703**

The table below shows the cash balances at 31 December 2013 and the Standard & Poor's credit rating for each counterparty:

	Rating	Group carrying amount £	Company carrying amount £
Royal Bank of Scotland PLC	A-	6,749,576	1,784
Barclays Bank PLC	A	508,000	—
		7,257,576	**1,784**

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 repayment of the Company's outstanding debt.

The following tables detail the Group's and the Company's expected maturity for its financials assets and liabilities:

Group	Less than 1 year £	1 – 5 years £	5+ years £	Total £
Assets				
Other Receivables	217,745	—	—	**217,745**
Cash at bank	7,257,576	—	—	**7,257,576**
Investments – Loans	80,977,593	—	—	**80,977,593**
Liabilities				
Other Payables	(1,190,250)	—	—	**(1,190,250)**
Loan facility	—	(50,000,000)		**(50,000,000)**
	87,262,664	(50,000,000)	—	**37,262,664**

Notes to the Consolidated Financial Statements continued

For the period from 4 December 2012 to 31 December 2013

18. Financial risk management continued

Liquidity risk continued

Company	Less than 1 year £	1 – 5 years £	5+ years £	Total £
Assets				
Other Receivables	406,138	—	—	**406,138**
Cash at bank	1,784	—	—	**1,784**
Investments – loans	—	—	351,453,781	**351,453,781**
Liabilities				
Other Payables	(1,384,553)	—	—	**(1,384,553)**
	(976,631)	—	351,453,781	**350,477,150**

Capital Risk Management

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

The Company is a member of LLP and during the period, the Company advanced an interest free loan investment to LLP of £336,134,140. The LLP has entered into intra-Group loan agreements with Holdco amounting to £336,134,140, whereby LLP will provide a senior loan facility at an interest rate of 7 per cent. per annum and a junior loan facility at an interest rate of 10 per cent. per annum, both repayable on demand. Holdco used these loan facilities to invest in the wind farms and meet acquisition costs and other operating expenses.

The Company has a Management Services Agreement with Holdco and receives £800,000 per annum in relation to management and administration services.

Holdco has Management Services Agreements with Braes of Doune, Tappaghan, Bin Mountain, Carcant, Cotton Farm and Earl's Hall Farm. Holdco receives £30,000 per annum from each of these entities in relation to administration services, of which £5,000 is paid to the Investment Manager and £20,000 is paid to the Administrator. The other receivables amount referred to in note 11 to the financial statements includes an amount of £57,500 due to Holdco and the other payables amount referred to in note 12 to the financial statements includes an amount of £14,584 due to the Investment Manager, both in respect of these fees.

Other payables include amounts of £24,500 due to the Investment Manager for out of pocket expenses incurred during the period and £131,921 due to the Investment Manager as payment of the Equity Element of the investment management fee for the quarter to 31 December 2013. This was settled by the issuance of 130,134 shares in January 2014 as disclosed in note 3 to the financial statements.

Holdco advanced shareholder loans to certain wind farms to settle intra group loans due to former group companies of the vendors. As disclosed in notes 10 and 21 to the financial statements, these loans have been reclassified to equity with any accrued interest being written off as at 31 December 2013.

Dividends were received in the period from the following wind farms:

	For the period 4 December 2012 to 31 December 2013 £
Tappaghan	238,343
Little Cheyne Court	3,182,684
Rhyl Flats	4,479,122
	7,900,149

Notes to the Consolidated Financial Statements continued

For the period from 4 December 2012 to 31 December 2013

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 23 January 2014, the Company announced a dividend of £10,246,496, equivalent to 3 pence per share. The record date for the dividend was 31 January 2014 and the payment date was 21 February 2014.

On 24 January 2014, 306,866 additional shares were issued and allotted to the Investment Manager. This consisted of 130,134 shares as payment of the equity element of the Investment Management fee for the quarter to 31 December 2013 as disclosed in note 3 to the financial statements, 170,622 shares as payment of the equity element of the Investment Management fee for the quarter to 31 March 2014 and an additional 6,110 shares in respect of the true up amount of the Investment Management fee for the period to 31 December 2013 calculated in accordance with the Investment Management Agreement.

On 30 January 2014, the Company announced that it issued 2,000,000 ordinary shares, at an issue price of 102.5 pence per share to meet investor demand.

On 3 March 2014 as disclosed in note 10, the Group dissolved shareholder loans provided to wind farms amounting to £80,977,593 and reclassified these to equity. Accrued interest in relation to these loans amounting to £1,412,875 as at 31 December 2013 was written off, together with accrued interest thereafter.

On 19 March 2014, the Group repaid a further £8,000,000 of the loan facility, leaving an outstanding balance of £42,000,000.

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

AIFM means an Alternative Investment Fund Manager

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

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

Bin Mountain means Bin Mountain Wind Farm (NI) Limited

BIS means the Secretary of State for Business, Innovation and Skills of the UK Government

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

CFD means contract for differences

Company means Greencoat UK Wind PLC

Cotton Farm means Cotton Farm Wind Farm Limited

DCF means Discounted Cash Flow

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

Fund means Greencoat UK Wind PLC

GAV means Gross Asset Value as defined in the prospectus

Group means Greencoat UK Wind PLC, Greencoat UK Wind 1 LLP and Greencoat UK Wind Holdco

Holdco means Greencoat UK Wind Holdco Limited

IAS means International Accounting Standard

IASB means the International Accounting Standards Board

Investment Manager means Greencoat Capital LLP

IFRS means International Financial Reporting Standards

IRR means Internal Rate of Return

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 are the members

Middlemoor means Middlemoor Wind Farm

ML Holdco means the holding company which owns a 49 per cent. stake in ML Wind LLP, which wholly owns Lindhurst and Middlemoor

NAV means Net Asset Value as defined in the prospectus

NAV per Share means the Net Asset Value per Ordinary Share

PFI means Private Finance Initiative

PKF LLP means PKF (UK) LLP, the Company's former auditor prior to its merger with BDO LLP

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

RBC means the Royal Bank of Canada

RBS means the Royal Bank of Scotland PLC

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

Rhyl Flats means Rhyl Flats Wind Farm Limited

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

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

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.

For your notes

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