

GREENCOAT
UK WIND



Greencoat UK Wind PLC

Annual Report

For the year ended 31 December 2018

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Summary

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

Highlights

- The Group's investments generated 2,003GWh of electricity, 6 per cent. below budget owing to low wind resource.
- On budget cash generation (Group and wind farm SPVs) was £117.3 million.
- Acquisition of 3 further wind farms and an additional interest in Clyde increased the portfolio to 32 wind farm investments, net generating capacity to 836MW and GAV to £1,872.8 million as at 31 December 2018.
- Agreement to acquire 75 per cent. of Tom nan Clach and 100 per cent. of Douglas West, the Group's first CFD and subsidy free investments respectively.
- Issuance of further shares raising £118.8 million in May 2018.
- The Company has declared total dividends of 6.76 pence per share with respect to the year and is targeting a dividend of 6.94 pence per share for 2019 (increased in line with December 2018 RPI).
- NAV growth of 11.8 pence per share (adjusting for dividends).
- £480 million outstanding borrowings at 31 December 2018, equivalent to 26 per cent. of GAV.

Key Metrics

	As at 31 December 2018	As at 31 December 2017
Market capitalisation	£1,425.6 million	£1,263.0 million
Share price	126.0 pence	122.8 pence
Dividends with respect to the year	£74.8 million	£57.3 million
Dividends with respect to the year per share	6.76 pence	6.49 pence
GAV	£1,872.8 million	£1,409.0 million
NAV	£1,392.8 million	£1,144.0 million
NAV per share	123.1 pence	111.2 pence
NAV growth per share (adjusting for dividends)	11.8 pence	2.6 pence
Total return (NAV)	17.0 per cent.	8.5 per cent.
TSR	8.3 per cent.	8.4 per cent.

Defining Characteristics

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

- The Group is invested solely in UK wind farms.
- Wind is the most mature and largest scale renewable technology.
- The UK has a long established regulatory regime, high wind resource and will have £75 billion of wind farms in operation by 2021.
- 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.
- Low gearing (including no debt at wind farm level) is important to ensure a high level of cashflow stability and higher tolerance to downside sensitivities.
- The Group invests in sterling assets and thus does not incur material currency risk.

Chairman's Statement



I am pleased to present the Annual Report of Greencoat UK Wind PLC for the year ended 31 December 2018.

Performance

During the year, portfolio generation was 6 per cent. below budget at 2,003GWh. Although wind speed was below the long term mean, the Group benefitted from robust wholesale power prices, with net cash generated by the Group and wind farm SPVs being on budget at £117.3 million. Dividends paid in the year totalled £72.3 million, thus dividend cover was 1.6x.

By the end of 2018, the portfolio provides sufficient electricity to power over 750,000 homes and reduces carbon dioxide emissions by approximately 1 million tonnes per annum by displacing thermal generation.

Dividends and Returns

Declared dividends for the year total 6.76 pence per share, with the fourth and final quarterly dividend of 1.69 pence per share to be paid on 28 February 2019. With our continuing strong cashflow and robust dividend cover we can confidently target a dividend of 6.94 pence per share with respect to 2019, again increased in line with December's RPI.

NAV per share increased from 109.6 pence per share (ex dividend) on 31 December 2017 to 121.4 pence per share (ex dividend) on 31 December 2018, an increase of 11.8 pence (10.8 per cent.) during the year.

The chart on page 18 compares NAV per share with RPI, showing how, in addition to our policy of increasing the dividend by RPI, we have been meeting our objective of real capital preservation since listing.

At the end of 2018, we employed a leading technical consultancy firm to advise us on the expected life of our assets. Their report was provided to the Board in January 2019 and, as a result, we have increased our asset life assumption from 25 to 30 years, having made

appropriate assumptions in relation to the continued good management of the assets, lease extensions and other factors.

The Total Shareholder Return for the year was 8.3 per cent., and since listing has been 71.5 per cent..

Acquisitions

2018 has been another active investment year for us. We completed the acquisition of interests in 3 new wind farms and further increased our interest in the Clyde wind farm. As a result, we invested a total of £364.4 million, with our net generating capacity increasing from 694MW to 836MW, and increased the number of sellers from whom we have acquired wind farms to 12, showing the breadth of our relationships.

In addition, in October we announced that we had committed to acquire 75 per cent. of the Tom nan Clach wind farm once it is constructed, which is expected to be in July 2019. This wind farm is being built under the Government's CFD regime, which will remove market electricity price risk in the first 15 years of life. Consequently, it will have a lower expected return, reflecting this lower risk.

As part of the same strategy, we also announced in December that we have agreed to acquire the Douglas West wind farm which is scheduled to come into operation in July 2021. As Douglas West is being constructed without Government support, it will be fully subject to market electricity prices and consequently has an enhanced expected return, reflecting this higher risk.

On 1 February 2019, we announced a £452 million investment in the Stronelairg and Dunmaglass wind farms with SSE, with completion occurring at the end of March 2019. These 2 new investments will increase our investments to 34 operating UK wind farms with a net generating capacity of 950MW.

Equity Issuance

In order to finance our continuing growth and pursue value creating opportunities, we issued 102 million new shares in May 2018 at a price of 117 pence per share, raising gross proceeds of £119 million in an oversubscribed share placing.

On 27 February 2019, we issued an additional 103 million new shares at a price of 127 pence per share, raising gross proceeds of £131 million in an oversubscribed share placing.

Although neither placings were pre-emptive, a strong preference was given to existing shareholders when allocating shares.

Chairman's Statement *continued*

Gearing

In November we reported that we had arranged further long term fixed rate borrowing such that £400 million of our borrowings are now fixed rate with maturities stretching through to November 2026 at an average interest cost of 3.08 per cent. per annum. During the year the minimum and average gearing was 19 per cent. and 23 per cent. of GAV respectively, and we ended the year with £480 million of total external borrowings (26 per cent. of GAV).

After the completion of the investment in the Stronelairg and Dunmaglass wind farms, gearing will be £794 million (34 per cent. of GAV) at an average interest cost of 2.76 per cent. per annum.

Strategy and Outlook

In 2013, when the Company first listed, 7 per cent of the UK's electricity demand was supplied by wind energy. By 2018, this figure has increased to 17 per cent. Wind continues to be the most mature and widely deployed renewable energy technology in the UK.

Our financial strategy has remained unchanged over the last 6 years: to provide shareholders with an annual dividend that increases in line with RPI inflation while preserving the capital value of the investment portfolio in real terms. This is achieved through a focused strategy of investing only in wind farms and only in the UK. Our intention remains to adhere strictly to this core strategy.

Growth by acquisition brings benefits to shareholders as:

- a larger scale brings economies and enables better terms to be obtained from suppliers;
- equity placings following acquisitions provide additional opportunity for shareholders to increase their investment in the Company. Although not pre-emptive, a strong preference is given to existing shareholders when allocating shares in our equity placings;
- these equity placings are priced at a premium to NAV per share thus enhancing overall NAV per share for existing shareholders; and
- equity placings increase the liquidity of shares in the market. During 2018 on average 7.0 million of the Company's shares were traded weekly on the London Stock Exchange.

During 2018 we made investments and commitments totalling over £500 million, of which approximately 70 per cent. are in ROC accredited wind farms. Although we are starting to see attractive CFD and subsidy free assets, we expect that the majority of future investments will continue to be made from the approximately £50 billion pool of onshore and offshore UK wind farms accredited under the ROC regime. The Stronelairg and Dunmaglass investments are good examples of that.

The executive management continues to maintain a disciplined acquisition strategy: if a potential investment is not in line with the Company's investment objectives, or is otherwise not in the interests of shareholders, then we will not invest.

With our strong cashflow and robust dividend cover, coupled with our disciplined approach, we are confident in our ability to continue to meet the objectives of dividend growth in line with RPI and capital preservation in real terms.

The Board and Governance

The search firm Heidrick & Struggles has been engaged to assist the Board in relation to succession planning to secure the right skills and experience while also seeking to increase diversity on the Board. This search is now well advanced and we are hoping to be able to announce such a new appointment by the time of our forthcoming AGM.

The Company's governance is further described on pages 31 to 34.

Annual General Meeting

Our AGM will take place at 2.00 pm on Friday 26 April 2019 at the office of the Investment Manager. Details of the formal business of the meeting are set out in a separate circular which is sent to shareholders with the Annual Report. We look forward to meeting with shareholders on that occasion.



Tim Ingram
Chairman

27 February 2019

Strategic Report

Introduction

The Directors present their Strategic Report for the year ended 31 December 2018. Details of the Directors who held office during the year and as at the date of this report are given on pages 22 to 24.

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 cashflow and the prudent use of portfolio gearing. The target return to investors is an IRR net of fees and expenses of 8 per cent. to 9 per cent.. The 2018 dividend of 6.76 pence per annum is targeted to increase in line with December 2018 RPI to 6.94 pence for 2019. Progress on the objectives is measured by reference to the key metrics on page 1.

Investment Policy

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

As the Group has no borrowings at wind farm level, and only limited borrowing at the Group level, the annual dividend is sufficiently protected against lower power prices. At the same time, it has the ability to benefit

from higher power prices as the Group is not required to be locked into long term fixed price contracts.

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

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

In the renewable infrastructure sector, links to developers are not important in sourcing new acquisitions as the assets are held by a large number of owners. Independence is of key importance for the Company to continue to make acquisitions at the best possible price. The Investment Manager's relationships across the sector are also important.

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

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



Strategic Report *continued*

Structure

The Company is a UK registered investment company with a premium listing on the London Stock Exchange. The Group comprises the Company and Holdco. Holdco invests in SPVs which hold the underlying wind farm assets. The Group employs Greencoat Capital LLP as its Investment Manager.

Discount Control

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

Review of Business and Future Outlook

A detailed discussion of individual asset performance and a review of the business in the year together with future outlook are covered in the Investment Manager's Report on pages 9 to 21.

Key Performance Indicators

The Board believes that the key metrics detailed on page 1, which are typical for investment entities, together with cash generation will provide shareholders with sufficient information to assess how effectively the Group is meeting its objectives.

Ongoing Charges

The ongoing charges ratio of the Company is 1.13 per cent. of the weighted average NAV for the year to 31 December 2018. This is made up as follows and has been calculated using the AIC recommended methodology.

	31 December 2018		31 December 2017	
	£'000	%	£'000	%
Total management fee	13,189	1.04	9,668	1.11
Directors' fees	233	0.02	225	0.03
Ongoing expenses ⁽¹⁾	955	0.07	858	0.10
Total	14,377	1.13	10,751	1.24
Weighted average NAV	1,273,943		869,732	

⁽¹⁾ Ongoing expenses do not include £743k (2017: £550k) of management and administration fees relating to the wind farm SPVs that is recharged to them, and £42k (2017: £89k) of broken deal costs.

Following the equity placing in February 2019 and assuming no further change in NAV, the 2019 ongoing charges ratio is expected to be 1.08 per cent..

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

Corporate and Social Responsibility

Environmental, Social and Governance Matters

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

The Group relies on the Investment Manager to apply appropriate environmental, social and governance policies to the investments the Group makes. The Group's approach to responsible investing, including the environmental standards it aims to meet, are set out in the policies in place at the Investment Manager. Responsible investing principles have been applied to each of the investments made.

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

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

Employees and Officers of the Company

The Company does not have any employees and therefore employee policies are not required. The Directors of the Company are listed on page 76.

Diversity

The Group's policy on diversity is detailed in the Corporate Governance Report on page 31.

Principal Risks and Uncertainties

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

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

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

Strategic Report *continued*

Principal Risks and Uncertainties *continued*

The spread of assets within the portfolio ensures that the portfolio benefits from a diversified wind resource and spreads the exposure to a number of potential technical risks associated with grid connections and with local distribution and national transmission networks. In addition, the portfolio includes 6 different turbine manufacturers, which diversifies technology and maintenance risks. Finally, each site contains a number of individual turbines, the performance of which is largely independent of other turbines.

Risks Affecting the Group

Investment Manager

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

further investments which offer the potential for satisfactory returns.

The Investment Management Agreement includes key man provisions which would require the Investment Manager to employ alternative staff with similar experience relating to investment, ownership, financing and management of wind farms 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. In addition, the key men are shareholders in the Company.

Financing Risk

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

Investment Returns Become Unattractive

A significantly strengthening economy may lead to higher future interest rates which could make the listed infrastructure asset class relatively less attractive to investors. In such circumstances, it is likely that there will be an increase in inflation (to which the revenues and costs of the investee companies are either indexed or significantly correlated) or an increase in power prices (due to greater consumption of power) or both. Both would increase the investment return and thus would provide a degree of mitigation against higher future interest rates.

Risks Affecting Investee Companies

Regulation

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



Cotton Farm

Strategic Report *continued*

Risks Affecting Investee Companies *continued*

Electricity Prices

Other things being equal, a decline in the market price of electricity would reduce the portfolio companies' revenues. Approximately 50 per cent. of the Group's revenues are exposed to the floating power price.

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

Wind Resource

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

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

When acquiring wind farms that have only recently entered into operation, only limited operational data is available. In these instances, the acquisition agreements with the vendors of these wind farms will include a "wind energy true-up" or an appropriate discount.

Asset Life

In the event that the wind turbines do not operate for the period of time assumed by the Group or require higher than expected maintenance expenditure to do so, it could have a material adverse effect on investment returns.

The Group performs regular reviews and ensures that maintenance is performed on all wind turbines across the wind farm portfolio. Regular maintenance ensures the wind turbines are in good working order, consistent with their expected life-spans.

Health and Safety and the Environment

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

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

The investee companies comply with all regulatory and planning conditions relating to the environment, including in relation to noise emissions, habitat management and waste disposal.

Going Concern

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

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

As at 31 December 2018, the Group had net current assets of £1.6 million (2017: £3.3 million) and had cash balances of £3.4 million (2017: £5.9 million) (excluding cash balances within investee companies), which are sufficient to meet current obligations as they fall due. The major cash outflows of the Group are the payment of dividends and costs relating to the acquisition of new assets, both of which are discretionary. The Group had £480 million (2017: £265 million) of outstanding debt as at 31 December 2018. The Group is expected to continue to comply with the covenants of its banking facilities going forward.

Strategic Report *continued*

Going Concern *continued*

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

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

Longer Term Viability

As further disclosed on page 31, the Company is a member of the AIC and complies with the AIC Code. In accordance with the AIC Code, the Directors are required to assess the prospects of the Group over a period longer than the 12 months associated with going concern. The Directors conducted this review for a period of 10 years, which it deemed appropriate, given the long term nature of the Group's investments which are modelled over 30 years, coupled with its long term strategic planning horizon.

In considering the prospects of the Group, the Directors looked at the key risks facing both the Group and the investee companies as detailed on pages 5 to

7, focusing on the likelihood and impact of each risk as well as any key contracts, future events or timescales that may be assigned to each key risk. The Directors also tested the Company's ability to remain viable under several robust downside scenarios.

As a sector-focused infrastructure fund, the Group aims to produce stable and inflating dividends while preserving the capital value of its investment portfolio on a real basis. The Directors believe that the Group is well placed to manage its business risks successfully over both the short and long term and accordingly, the Board has a reasonable expectation that the Group will be able to continue in operation and to meet its liabilities as they fall due for a period of at least 10 years.

While the Directors have no reason to believe that the Group will not be viable over a longer period, they are of the opinion that it would be difficult to foresee the economic viability of any company with any degree of certainty for a period of time greater than 10 years.

On behalf of the Board



Tim Ingram
Chairman

27 February 2019



Corriegarth

Investment Manager's Report

The Investment Manager

The investment management team's experience covers wind farm investment, ownership, finance and operation. All the skills and experience required to manage the Group's investments lie within a single investment manager. The Investment Manager is authorised and regulated by the Financial Conduct Authority and is a full scope UK AIFM.

Since listing in March 2013, the team has been led by Stephen Lilley and Laurence Fumagalli.



Stephen has 22 years of investment management and financing experience in addition to 6 years in the nuclear industry. Prior to joining the Investment Manager in March 2012, Stephen led the renewable energy infrastructure team at Climate Change Capital (CCC) from May 2010. Prior to CCC, he was a senior director of Infracapital Partners LP, M&G's European Infrastructure fund. During this time, Stephen led over £400 million of investments, including the acquisition of stakes in Kelda Group (Yorkshire Water), Zephyr (wind farms) and Meter Fit (gas/electricity metering). He also sat on the boards of these companies after acquisition. Prior to this, he was a director at Financial Security Assurance, where he led over £2 billion of underwritings in the infrastructure and utility sectors. He also worked for the investment companies of the Serco and Kvaerner Groups.

Laurence also has 22 years of investment management and financing experience. Prior to joining the Investment Manager in March 2012, Laurence held a number of senior roles within CCC from 2006 to 2011. Initially he co-headed CCC's advisory team before transferring in 2007 to the carbon finance team. Laurence joined Stephen in the renewable energy infrastructure team in early 2011. From 2003-2006, Laurence headed the Bank of Tokyo-Mitsubishi's London-based renewables team, where he financed and advised on over 1GW of UK wind. Prior to the Bank of Tokyo-Mitsubishi, Laurence worked in the power project finance team at NatWest.

Investment Manager's Report continued

Investment Portfolio

Portfolio as at 31 December 2018:

Wind Farm	Turbines	Operator	PPA	Total MW	Ownership Stake	Net MW
Bicker Fen	Senvion	EDF	EDF	26.7	80%	21.3
Bin Mountain	GE	SSE	SSE	9.0	100%	9.0
Bishopthorpe	Senvion	BayWa	Axpo	16.4	100%	16.4
Braes of Doune	Vestas	DNV-GL	Centrica	72.0	50%	36.0
Brockaghboy	Nordex	SSE	SSE	47.5	100%	47.5
Carcant	Siemens	DNV-GL	SSE	6.0	100%	6.0
Church Hill	Enercon	Energia	Energia	18.4	100%	18.4
Clyde	Siemens	SSE	SSE	522.4	28.2%	147.3
Corriegarth	Enercon	Wind Prospect	Centrica	69.5	100%	69.5
Cotton Farm	Senvion	BayWa	Sainsbury's	16.4	100%	16.4
Crighshane	Enercon	Energia	Energia	32.2	100%	32.2
Deeping St. Nicholas	Senvion	EDF	EDF	16.4	80%	13.1
Drone Hill	Nordex	BayWa	Statkraft	28.6	51.6%	14.8
Earl's Hall Farm	Senvion	BayWa	Sainsbury's	10.3	100%	10.3
Glass Moor	Senvion	EDF	EDF	16.4	80%	13.1
Kildrummy	Enercon	BayWa	Sainsbury's	18.4	100%	18.4
Langhope Rig	GE	Natural Power	Centrica	16.0	100%	16.0
Lindhurst	Vestas	RWE	RWE	9.0	49%	4.4
Little Cheyne Court	Nordex	RWE	RWE	59.8	41%	24.5
Maerdy	Siemens	DNV-GL	Statkraft	24.0	100%	24.0
Middlemoor	Vestas	RWE	RWE	54.0	49%	26.5
North Hoyle	Vestas	RWE	RWE	60.0	100%	60.0
North Rhins	Vestas	DNV-GL	E.ON	22.0	51.6%	11.4
Red House	Senvion	EDF	EDF	12.3	80%	9.8
Red Tile	Senvion	EDF	EDF	24.6	80%	19.7
Rhyl Flats	Siemens	RWE	RWE	90.0	24.95%	22.5
Screggagh	Nordex	SSE	Energia	20.0	100%	20.0
Sixpenny Wood	Senvion	BayWa	Statkraft	20.5	51.6%	10.6
Slieve Divena	Nordex	SSE	SSE	30.0	100%	30.0
Stroupster	Enercon	BayWa	BT	29.9	100%	29.9
Tappaghan	GE	SSE	SSE	28.5	100%	28.5
Yelvertoft	Senvion	BayWa	Statkraft	16.4	51.6%	8.5
Total⁽¹⁾						835.8

⁽¹⁾ Numbers do not cast owing to rounding of (0.2)MW.

Investment Manager's Report continued

Investment Portfolio continued



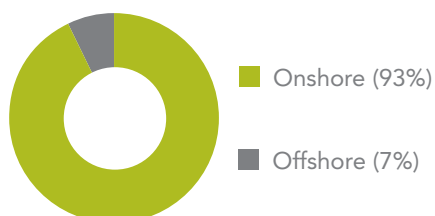
- | | | | |
|------------------|-------------------------|------------------------|------------------|
| 1 Bicker Fen | 9 Corriegarth | 17 Langhope Rig | 25 Red Tile |
| 2 Bin Mountain | 10 Cotton Farm | 18 Lindhurst | 26 Rhyl Flats |
| 3 Bishopthorpe | 11 Crighshane | 19 Little Cheyne Court | 27 Screggagh |
| 4 Braes of Doune | 12 Deeping St. Nicholas | 20 Maerdy | 28 Sixpenny Wood |
| 5 Brockaghboy | 13 Drone Hill | 21 Middlemoor | 29 Slieve Divena |
| 6 Carcant | 14 Earl's Hall Farm | 22 North Hoyle | 30 Stroupster |
| 7 Church Hill | 15 Glass Moor | 23 North Rhins | 31 Tappaghan |
| 8 Clyde | 16 Kildrummy | 24 Red House | 32 Yelvertoft |

Investment Manager's Report continued

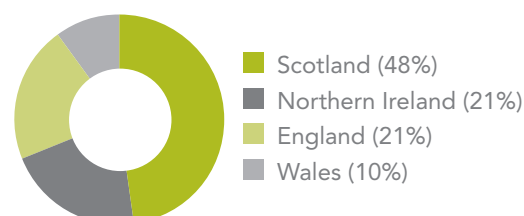
Investment Portfolio continued

Breakdown by value as at 31 December 2018:

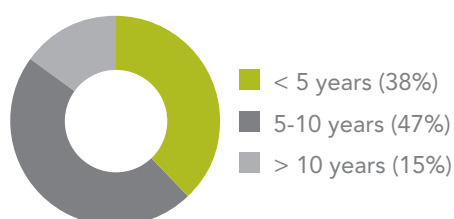
Onshore/Offshore



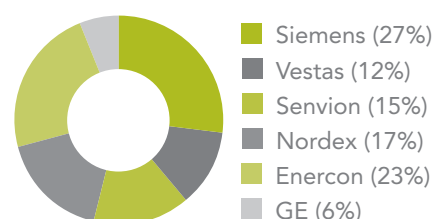
Geography



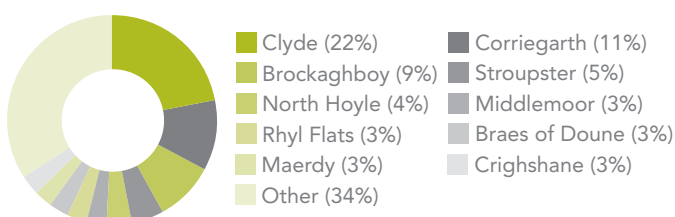
Asset Age



Turbine Manufacturer



Assets



Turbine blade serration

Investment Manager's Report continued

Portfolio Performance

Portfolio generation for the year was 2,003GWh, 6 per cent. below budget owing to low wind resource over the summer.

The following table shows wind speed and portfolio generation relative to budget since listing:

	Wind speed (variation to long term mean)	Generation (variation to budget)
2013 (adjusted)	+3%	+8%
2014	-2%	-3%
2015	+5%	+8%
2016	-6%	-6%
2017	-1%	0%
2018	-4%	-6%

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

The following table provides a breakdown of generation by wind farm:

Wind Farm	Ownership Stake	Period	2018 Budget (GWh)	2018 Actual (GWh)	Variance	2019 Budget (GWh)
Bicker Fen	80%	Jan – Dec	44.0	40.4	-8%	44.0
Bin Mountain	100%	Jan – Dec	25.2	22.9	-9%	26.3
Bishopthorpe	100%	Jan – Dec	51.1	48.3	-5%	51.1
Braes of Doune	50%	Jan – Dec	86.1	83.4	-3%	85.2
Brockaghboy	100%	Mar – Dec	135.0	106.3	-21%	175.8
Carcant	100%	Jan – Dec	17.4	16.8	-3%	17.4
Church Hill	100%	Dec	4.2	3.9	-8%	42.1
Clyde	28.2% ⁽¹⁾	Jan – Dec	391.9	384.2 ⁽²⁾	-2%	454.1
Corriegarth	100%	Jan – Dec	214.6	213.1 ⁽²⁾	-1%	214.6
Cotton Farm	100%	Jan – Dec	51.3	45.8	-11%	51.7
Crighshane	100%	Dec	6.8	6.0	-12%	67.8
Deeping St. Nicholas	80%	Jan – Dec	29.8	28.3	-5%	29.8
Drone Hill	51.6%	Jan – Dec	31.0	29.6	-4%	31.0
Earl's Hall Farm	100%	Jan – Dec	32.4	29.7	-8%	32.4
Glass Moor	80%	Jan – Dec	29.4	26.4	-10%	29.4
Kildrummy	100%	Jan – Dec	56.7	49.7	-12%	56.7
Langhope Rig	100%	Jan – Dec	46.2	46.5	0%	46.2
Lindhurst	49%	Jan – Dec	11.6	10.8	-7%	11.6
Little Cheyne Court	41%	Jan – Dec	59.2	56.2	-5%	59.2
Maerdy	100%	Jan – Dec	64.4	52.8	-18%	64.4
Middlemoor	49%	Jan – Dec	69.7	57.1	-18%	69.7
North Hoyle	100%	Jan – Dec	180.4	175.1	-3%	180.4
North Rhins	51.6%	Jan – Dec	37.8	36.6 ⁽²⁾	-3%	37.8
Red House	80%	Jan – Dec	22.3	21.6	-3%	22.3
Red Tile	80%	Jan – Dec	42.9	37.5	-13%	42.5
Rhyl Flats	24.95%	Jan – Dec	70.3	66.9	-5%	70.3
Screggagh	100%	Jan – Dec	48.2	44.3	-8%	50.2
Sixpenny Wood	51.6%	Jan – Dec	28.8	25.7	-11%	28.8
Slieve Divena	100%	Jan – Dec	59.2	53.0	-11%	61.7
Stroupster	100%	Jan – Dec	97.8	92.3	-6%	96.8
Tappaghan	100%	Jan – Dec	73.3	71.8	-2%	77.1
Yelvertoft	51.6%	Jan – Dec	21.3	20.0	-6%	21.3
Total			2,140.3	2,003.0		2,349.6

⁽¹⁾ Ownership in Clyde was 19.775% until 30 May 2018 when the Group exercised its option to make further investment in Clyde.

⁽²⁾ Includes curtailed generation.

Investment Manager's Report continued

Portfolio Performance continued

Notable issues affecting portfolio availability were:

- blade repairs at Maerdy as a result of a Siemens worldwide serial defect affecting 3 out of 8 turbines;
- background noise monitoring at Cotton Farm (completed); and
- ongoing blade bolt replacements at Little Cheyne Court.

During the year, various turbine operation and maintenance contracts and operational management agreements were renewed or replaced at lower than budgeted cost. In addition, Corriegarth and North Rhins entered into agreements to provide grid services, and Corriegarth and Braes of Doune initiated participation in the Balancing Mechanism, providing sources of additional revenue.

Health and Safety

There were no major incidents in the year to 31 December 2018. A health and safety audit was conducted across 7 sites by an independent consultant. No material areas of concern were identified.

Acquisitions

During the year, the Investment Manager priced 63 wind farms totalling 2,185MW. Of the 63 wind farms priced, 6 investments were made by the Group (including exercise of the Clyde option, Tom nan Clach and Douglas West), 26 were acquired by other buyers, 14 are no longer being pursued by the Group, and 17 are subject to continuing discussions. In total, secondary market transactions comprising 47 UK wind farms were completed in 2018.

The following table lists investments in the year (including acquisition costs, excluding acquired cash):

	£m
Brockaghboy	163.9
Clyde option	113.1
Church Hill + Crighshane	87.4
Total	364.4

In the year, the Group paid £0.4 million to EDF as a post completion working capital adjustment in relation to investments made in 2017. Total investments in the year thus amounted to £364.8 million.

In addition to the completed investments listed above:

- on 4 October 2018, the Group entered into an agreement to acquire Belltown Power's 75 per cent. stake in Tom nan Clach wind farm for a headline consideration of £126 million, with the investment scheduled to complete in July 2019 once the wind farm is operational;
- on 19 December 2018, the Group entered into an agreement to acquire Blue Energy's Douglas West project, with the investment scheduled to complete in March 2019 – the Group will then construct the wind farm, with operations scheduled to commence in July 2021 – total investment in the region of £45 million; and
- on 1 February 2019, the Group entered into an agreement to acquire a 35.5 per cent. interest in the Stronelairg and Dunmaglass operating wind farms from SSE for a headline consideration of £452 million, with the investment scheduled to complete at the end of March 2019.

Investment Manager's Report *continued*

Equity Issuance

The Company issued 102 million new shares in May 2018 at a price of 117 pence per share, raising gross proceeds of £119 million in an oversubscribed share placing.

In February 2019, the Company issued an additional 103 million new shares at a price of 127 pence per share, raising gross proceeds of £131 million in an oversubscribed share placing.

Gearing

As at 31 December 2018, the Group had £480 million of debt outstanding, equating to 26 per cent. of GAV (limit 40 per cent.). Average gearing in the year was 23 per cent. of GAV (guidance 20-30 per cent.).

Debt outstanding comprised term debt of £400 million (together with associated interest rate swaps) and £80 million drawn under the Group's revolving credit facility.

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



Dunmaglass

Investment Manager's Report continued

Financial Performance

Power prices during the year were above budget. The average N2EX Day Ahead auction price was £57.44/MWh.

Below budget portfolio generation and above budget power prices contributed to on budget net cash generation.

Dividend cover for the year was 1.6x (versus target of 1.7x, reflecting below average gearing).

Cash balances (Group and wind farm SPVs) increased by £9.1 million from £41.7 million to £50.8 million over the year.

	For the year ended 31 December 2018 £'000
Group and wind farm SPV cashflows	
Net cash generation	117,267
Dividends paid	(72,325)
Acquisitions ⁽¹⁾	(362,963)
Acquisition costs	(1,647)
Equity issuance	118,845
Equity issuance costs	(1,950)
Net drawdown under debt facilities	215,000
Upfront finance costs	(3,141)
Movement in cash (Group and wind farm SPVs)	9,086
Opening cash balance (Group and wind farm SPVs)	41,696
Closing cash balance (Group and wind farm SPVs)	50,782
Net cash generation	117,267
Dividends	72,325
Dividend cover	1.6x

⁽¹⁾ Excludes acquired cash, includes £0.4 million EDF working capital adjustment.

The following 2 tables provide further detail in relation to net cash generation of £117.3 million:

	For the year ended 31 December 2018 £'000
Net Cash Generation – Breakdown	
Revenue	205,505
Operating expenses	(54,943)
Tax	(5,391)
Other	(5,821)
Wind farm cashflow	139,350
Management fee	(11,878)
Operating expenses	(1,348)
Ongoing finance costs	(10,319)
Other	1,255
Group cashflow	(22,290)
VAT (Group and wind farm SPVs)	207
Net cash generation	117,267

Investment Manager's Report continued

Financial Performance continued

Net Cash Generation – Reconciliation to Net Cash Flows from Operating Activities

For the year ended
31 December 2018
£'000

Net cash flows from operating activities ⁽¹⁾	101,829
Movement in cash balances of wind farm SPVs ⁽²⁾	9,912
Repayment of shareholder loan investment ⁽¹⁾	15,845
Finance costs ⁽¹⁾	(13,460)
Upfront finance costs (cash) ⁽³⁾	3,141
Net cash generation	117,267

⁽¹⁾ Consolidated Statement of Cash Flows.

⁽²⁾ Note 9 to the Financial Statements (excludes acquired cash).

⁽³⁾ £3,050k facility arrangement fees plus £109k professional fees (note 13 to the Financial Statements) less £18k other finance costs payable (note 12 to the Financial Statements).

Investment Performance



The NAV at 31 December 2018 was £1,392.8 million (123.1 pence per share):

- NAV at 31 December 2017 was £1,144.0 million (111.2 pence per share);
- £364.8 million of investments were made in the year as further described under Acquisitions above;
- the portfolio DCF valuation increased by £89.1 million or approximately 8 pence per share (7 pence from increased asset life plus 2 pence from increased RPI plus 1 pence from other assumption changes less 2 pence depreciation);
- cash balances increased by £9.1 million as noted above;
- net liabilities at Group level decreased by £0.8 million; and
- Aggregate Group Debt increased by £215 million.

Investment Manager's Report continued

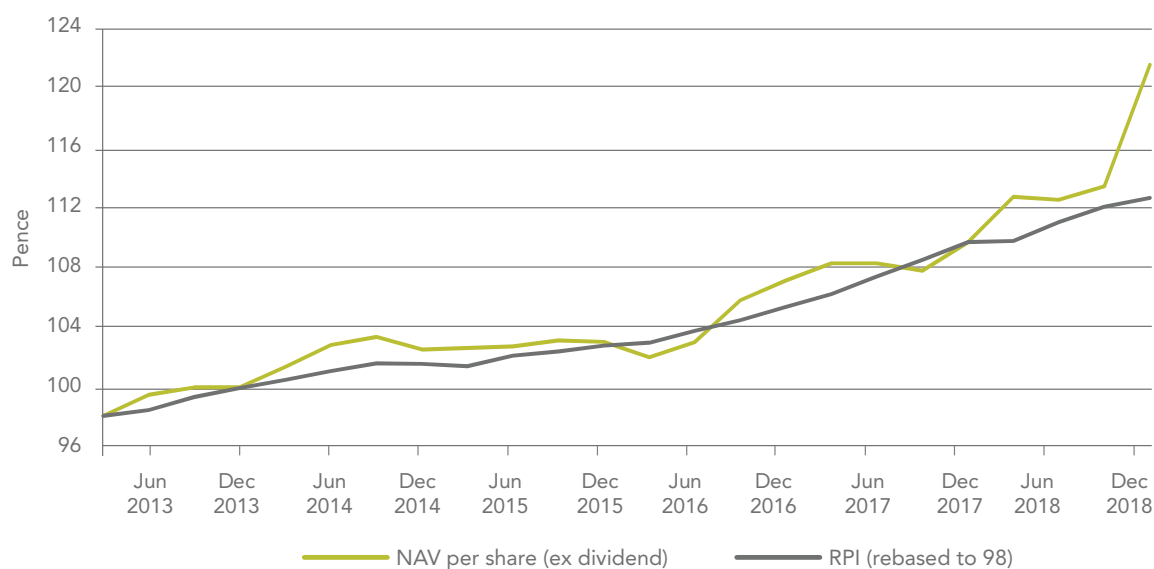
Investment Performance continued

Total dividends of £72.3 million were paid in 2018. Total dividends of £74.8 million have been paid or declared with respect to 2018 (6.76 pence per share). The target dividend with respect to 2019 is 6.94 pence per share (increased in line with December 2018 RPI).

	pence per share	per cent.
NAV at 31 December 2017	111.2	
Less February 2018 dividend	(1.6)	
NAV at 31 December 2017 (ex dividend)	109.6	
NAV at 31 December 2018	123.1	
Less February 2019 dividend	(1.7)	
NAV at 31 December 2018 (ex dividend)	121.4	
Movement in NAV (ex dividend)	11.8	10.8
Dividends with respect to the year	6.8	6.2
Total return on NAV	18.6	17.0

The chart below shows NAV per share versus RPI:

NAV vs RPI



In relation to the Q4 2018 increase in NAV per share, please refer to the asset life analysis on page 20.

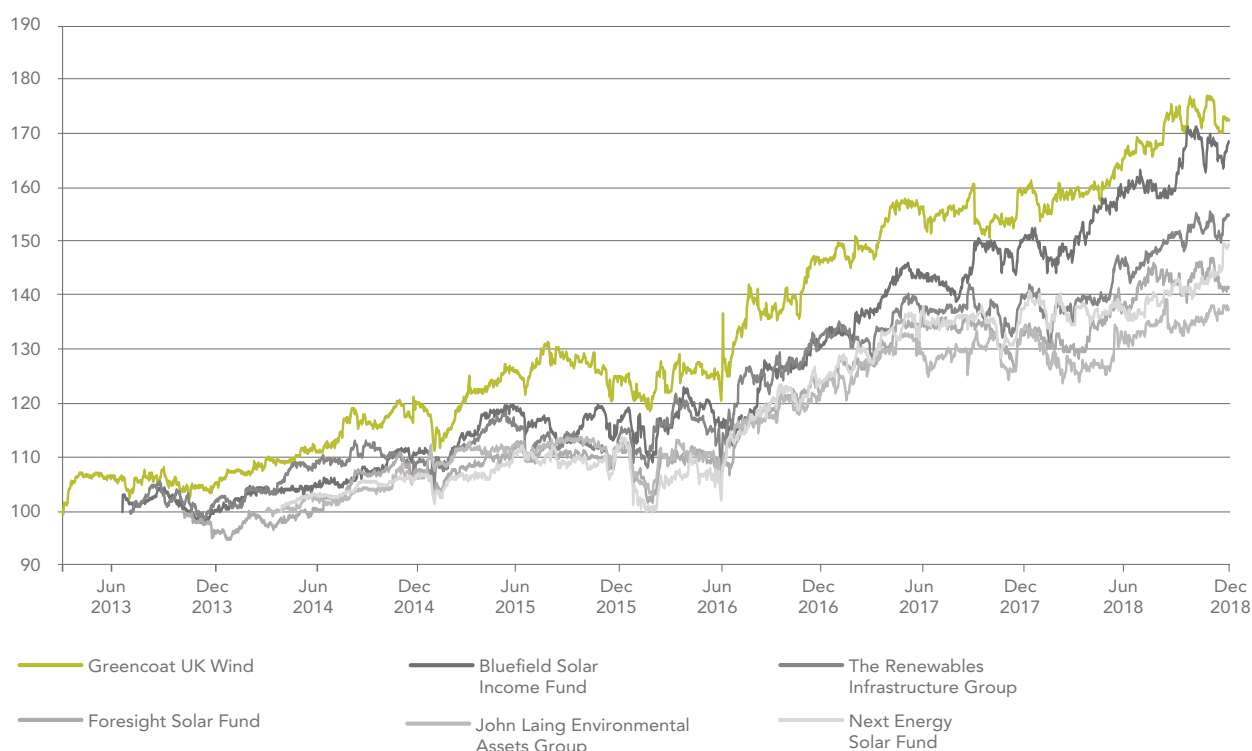
Investment Manager's Report *continued*

Investment Performance *continued*

The share price as at 31 December 2018 was 126.0 pence, representing a 2.4 per cent. premium to NAV. TSR for 2018 was 8.3 per cent. (71.5 per cent. since listing).

The chart below shows TSR versus market peers:

Total Shareholder Return vs Market Peers (*Bloomberg*)



Reconciliation of Statutory Net Assets to Reported NAV

	As at 31 December 2018 £'000	As at 31 December 2017 £'000
DCF valuation	1,823,852	1,369,950
Cash (wind farm SPVs)	47,355	35,774
Fair value of investments	1,871,207	1,405,724
Cash (Group)	3,427	5,922
Other relevant liabilities	(1,824)	(2,606)
GAV	1,872,810	1,409,040
Aggregate Group Debt	(480,000)	(265,000)
NAV	1,392,810	1,144,040
Reconciling items	—	—
Statutory net assets	1,392,810	1,144,040
Shares in issue	1,131,449,780	1,028,514,652
NAV per share (pence)	123.1	111.2

Investment Manager's Report continued

NAV Sensitivities

NAV is equal to GAV less Aggregate Group Debt.

GAV is the sum of:

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

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

As there is no debt at wind farm level, the DCF valuation is produced by discounting the individual wind farm cashflows on an unlevered basis. The equivalent levered discount rate would be approximately 2 per cent. higher than the blended portfolio discount rate.

For the year end DCF valuation, we have applied an upgraded discounting methodology. Previously, each wind farm's cashflows were discounted at a single discount rate, irrespective of their nature. We now apply different discount rates, tailored to the nature of the underlying cashflows; for example, one discount rate for fixed ROC cashflows and a higher discount rate for merchant power cashflows. The blended portfolio discount rate, assuming a 25 year asset life (see below), remains unchanged from 31 December 2017 at 7.7 per cent..

In addition to (but separate from) the upgraded discounting methodology, we have increased the asset life assumption used in the year end DCF valuation from 25 to 30 years, following a third party technical assessment of the portfolio. The technical asset life for many wind farms significantly exceeds 30 years and we have made appropriate assumptions in relation to the continued good management of the assets, lease extensions and other factors. We consider that the 30 year asset life assumption is a more appropriate assumption to be used to determine the fair value of the portfolio.

Amending the asset life and associated assumptions increased NAV per share by 6.7 pence. It also means that the blended portfolio discount rate has increased from 7.7 per cent. to 8.1 per cent. as a result of including a higher proportion of higher discount rate merchant power cashflows in years 26-30.

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

The base case long term RPI assumption is 3.0 per cent. (1.0 per cent. above the long term 2.0 per cent. CPI target). The assumption was increased from 2.75 per cent. during the year.

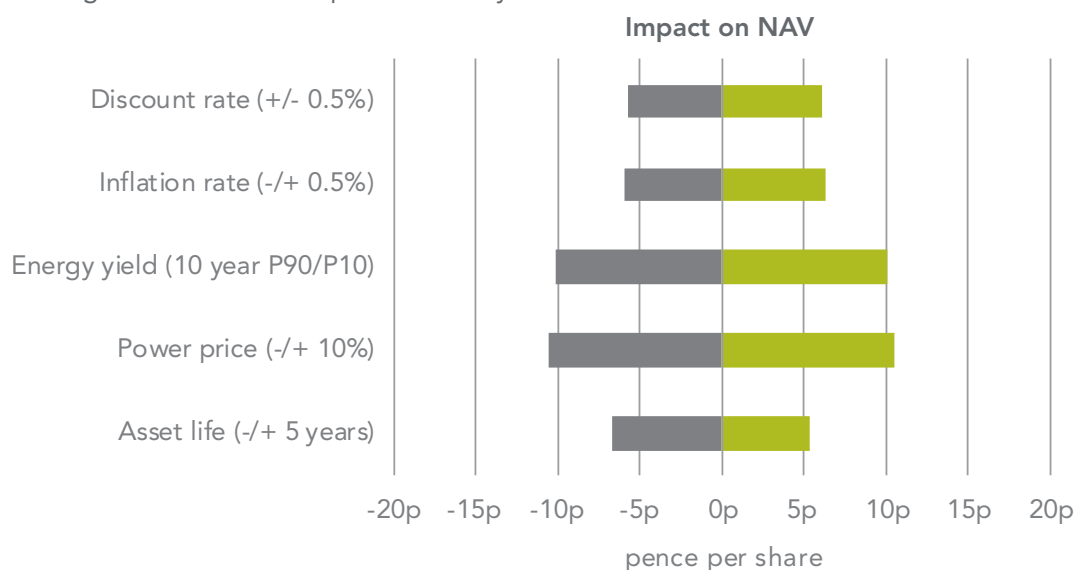
Base case energy yield assumptions are P50 (50 per cent. probability of exceedance) forecasts produced by expert consultants based on long term wind data and operational history. The P90 (90 per cent. probability of exceedance over a 10 year period) and P10 (10 per cent. probability of exceedance over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

Long term power price forecasts are provided by a leading market consultant, updated quarterly and may be adjusted by the Investment Manager where more conservative assumptions are considered appropriate. Base case real power prices increase from approximately £48/MWh (2020) to approximately £58/MWh (2040). The sensitivity below assumes a 10 per cent. increase or decrease in power prices relative to the base case for every year of the asset life, which is relatively extreme (a 10 per cent. variation in short term power prices, as reflected by the forward curve, would have a much lesser effect).

Investment Manager's Report continued

NAV Sensitivities continued

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



Outlook

There are currently 21GW of operating UK wind farms (13GW onshore plus 8GW offshore). Installed capacity is set to grow to 14GW onshore plus 12GW offshore by 2021. In monetary terms, the secondary market for operating UK wind farms is approximately £50 billion, increasing to £75 billion by 2021. The Group currently has a market share of approximately 4 per cent.. The average age of the portfolio is 5.7 years (versus 5 years at listing in March 2013).

In the year, the Group entered into agreements to acquire Tom nan Clach, its first CFD wind farm and Douglas West, its first subsidy free wind farm. While it is anticipated that the majority of the Group's future investments will continue to be ROC wind farms, CFD and subsidy free wind farms provide diversified further pipeline opportunities. At all times, the Group will maintain a balanced portfolio, in line with the Company's investment objective.

The key value driver affecting operating UK wind farms is the wholesale power price. In general, independent forecasters expect the UK wholesale power price to rise in real terms, driven by higher gas and carbon prices. The long term power price forecast is updated each quarter and reflected in the reported NAV.

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

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

Board of Directors

The Board comprises individuals from relevant and complementary backgrounds and the Directors are of the opinion that the Board as a whole comprises an appropriate balance of skills, experience and diversity.

Tim Ingram, Chairman (appointed 4 December 2012)



Tim Ingram (Chairman), aged 71, 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, insurance 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. From October 2012 until July 2017 he was Chairman of the Wealth Management Association and from April 2011 to September 2017 he was Chairman of Fulham Palace Trust. He was Chairman of RSM Tenon plc from May 2012 to August 2013. He was a non-executive Director, and later Senior Independent Director, of Sage plc from 2002 to 2011, a non-executive Director, and later Senior Independent Director, of Savills plc from 2002 to 2012, a non-executive Director of Alliance Trust plc from 2010 to 2012, a non-executive Director of Alok Industries Ltd, an Indian quoted company, from 2005 to 2015 and a non-executive Director of Fastjet plc from September 2015 to March 2016. He has also been a non-executive Director of the board of the European subsidiaries of QBE Insurance Group Ltd since March 2014 and is now its Chairman. He has been a trustee of the London Community Foundation since September 2017.

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



Shonaid Jemmett-Page, FCA, aged 58, is an experienced non-executive director in the energy and financial sectors. Shonaid spent the first 20 years of her career at KPMG in London and Tokyo, rising to the position of Partner, Financial Services. In 2001, she moved to Unilever, where she was Senior Vice President, Finance and Information for Asia, based in Singapore, before returning to the UK as Finance Director for Unilever's global non-food business. In 2009, Shonaid joined CDC Group as Chief Operating Officer, a position she held until 2012.

Since then, Shonaid has focused on non-executive appointments and is currently a non-executive Director of Caledonia Investments plc and a member of the governance, nomination and remuneration committees, non-executive

Chairman of MS Amlin plc and Chairman of the remuneration and nominations committees and a member of the risk and solvency committee, Senior Independent Director and Chairman of the audit and remuneration committees and a member of the nomination and risk committees at ClearBank Ltd. Until October 2017, she was non-executive Chairman of Origo Partners plc and until April 2018 was non-executive Director of GKN plc where she served as Chairman of the audit committee and was a member of the remuneration and nominations committees. She is also the examiner of the UK branch of an Indian children's cancer charity.

Board of Directors continued

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



William Rickett C.B., aged 66, 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 is Chairman of Cambridge Economic Policy Associates Ltd, an economic, financial and public policy consultancy with a strong energy practice and was Chairman of the governing board of the International Energy Agency from 2007 to 2009. He is currently a non-executive Director of Impax Environmental Markets plc, a listed investment trust specialising in the alternative energy, waste and water sectors and Smart DCC Ltd, the company procuring the shared infrastructure needed for the roll out of smart gas and electricity meters across the country. William was previously a non-executive

Director of Eggborough Power Ltd, an electricity generating company, Helius Energy plc, an AIM listed developer of new dedicated biomass power stations, and the National Renewable Energy Centre Limited, which helps to develop renewable energy technologies.

William's Whitehall career included 15 years of board-level experience in 5 government departments focusing on energy and transport. In the late 1980s he led the privatisation of the electricity industry creating the first competitive electricity market in the world. Later as Director General of Energy he drove the transformation of the UK energy policy to re-establish a nuclear power programme as well as developing strategies for the deployment of renewable energy.

Dan Badger (appointed 1 July 2013)



Dan Badger, aged 72, has had a long career in the energy sector and has significant experience in wind farm transactions. He is currently a consultant to Hideal Partners, a renewables advisory firm, and was previously a member of the UK/European renewables M&A team at Babcock & Brown.

Dan worked for 10 years at the U.S. Department of Energy and the International Energy Agency in economic and policy development roles before moving onto project development within the gas-fired generation and then renewables sectors. Whilst at Babcock & Brown, Dan was involved with and led a number of significant renewables acquisitions across Europe of both development pipeline and operational capacity, a number of these through

innovative framework agreements. Dan also led the 200MW development of the Robin Rigg offshore wind farm, in the Solway Firth, now owned by E.ON.

Martin McAdam (appointed 1 March 2015)



Martin McAdam, aged 57, is an accomplished executive with significant experience in the energy and renewables sector. He was formerly Chief Executive Officer of Aquamarine Power. Prior to that, Martin was President and Chief Executive Officer of the US subsidiary of Airtricity, a role in which he constructed over 400MW of wind farm capacity.

Martin spent his early career at ESB, the Irish utility, involved in a number of activities including power station construction and generation planning. After a number of years in information services, he returned to the power industry and joined Airtricity, a significant developer and constructor of wind farms throughout the UK and Ireland, managing construction of new wind farms.

Martin's role expanded into operations and ultimately to take responsibility for the growing US business. He led the integration of the Airtricity generation business unit into the SSE Renewables Division after its sale.

Martin is a Chartered Engineer and a Fellow of Engineers Ireland and a Fellow of the Royal Society for the Encouragement of Arts, Manufactures and Commerce.

Board of Directors *continued*

Other UK Public Company Directorships

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

Shonaid Jemmett-Page	William Rickett C.B.
Caledonia Investments plc	Impax Environmental Markets plc

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

Conflicts of Interest

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



Brockaghboy

Report of the Directors

The Directors present their Annual Report, together with the consolidated financial statements of Greencoat UK Wind PLC for the year to 31 December 2018. The Corporate Governance Report on pages 31 to 34 forms part of this report.

Details of the Directors who held office during the year and as at the date of this report are given on pages 22 to 24.

Capital Structure

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

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

Authority to Purchase Own Shares

The current authority of the Company to make market purchases of up to 14.99 per cent. of its issued share capital expires at the conclusion of the 2019 AGM. Special resolution 14 will be proposed at the forthcoming AGM seeking renewal of such authority until the next AGM (or 30 June 2020, whichever is earlier). The price paid for the shares will not be less than the nominal value or more than the maximum amount permitted to be paid in accordance with the rules of the UK Listing Authority in force at the date of purchase. This power will be exercised only if, in the opinion of the Directors, a repurchase would be in the best interests of shareholders as a whole. Any shares repurchased under this authority will either be cancelled or held in treasury at the discretion of the Board for future resale in appropriate market conditions.

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

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

Major Interests in Shares

Significant shareholdings as at 15 February 2019 are detailed below.

Shareholder	Ordinary shares held % 15 February 2019
Newton Investment Management	8.88
Investec Wealth & Investment	5.96
Legal & General Investment Management	4.91
FIL Investment International	4.70
Insight Investment Management	4.01
Rathbones Investment Management	3.77
Baillie Gifford & Co	3.47
Aviva Investors	3.44

Significant shareholdings as at 31 December 2018 are detailed below.

Shareholder	Ordinary shares held % 31 December 2018
Newton Investment Management	9.19
Investec Wealth & Investment	5.90
Legal & General Investment Management	4.90
FIL Investment International	4.48
Insight Investment Management	4.01
Rathbones Investment Management	3.63
Baillie Gifford & Co	3.44
Aviva Investors	3.14

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;

Report of the Directors continued

Companies Act 2006 Disclosures continued

- 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.

Investment Trust Status

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

Diversity and Business Review

A business review is detailed in the Investment Manager's Report on pages 9 to 21 and the Group's policy on diversity is detailed in the Corporate Governance Report on page 31.

Directors' Indemnity

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

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

Global Greenhouse Gas Emissions

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

In relation to the Group's investee companies, the level of greenhouse gas emissions arising from the low volume of electricity imports and from operation and maintenance activity is not considered material for disclosure purposes. Further, as the assets are renewable energy generators, they reduce carbon dioxide emissions on a net basis (at a rate of approximately 0.4t CO₂ per MWh).

Risks and Risk Management

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

Independent Auditor

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

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

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

Annual Accounts

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

The Board recommends that the Annual Report, the Report of the Directors and the Independent Auditor's Report for the year ended 31 December 2018 are received and adopted by the shareholders and a resolution concerning this will be proposed at the AGM.

Report of the Directors *continued*

Dividend

The Board recommended an interim dividend of £19,126,100, equivalent to 1.69 pence per share with respect to the 3 month period ended 31 December 2018, bringing total dividends with respect to the year to £74,757,381, equivalent to 6.76 pence per share as disclosed in note 8 to the financial statements.

Subsequent Events

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

Strategic Report

A review of the business and future outlook, going concern statement and the principal risks and uncertainties of the Group have not been included in this report as they are disclosed in the Strategic Report on pages 4 to 8.

On behalf of the Board



Tim Ingram
Chairman

27 February 2019



Rhyl Flats

Directors' Remuneration Report

This report has been prepared by the Directors in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. A resolution to approve the Directors' Remuneration Report will be proposed at the AGM. At the AGM on 30 April 2018, shareholders voted 99.89 per cent. in favour to approve the Directors' Remuneration Report for the year ended 31 December 2017.

The Company's Auditor is required to give their opinion on the information provided on Directors' remuneration on page 29 of this report and this is explained further in its report to shareholders on pages 39 to 44. 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 22 to 24, 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.

Remuneration Policy

As at the date of this report, the Board comprised 5 Directors, all of whom are non-executive. The Board does not have a separate Remuneration Committee as, being wholly comprised of non-executive Directors, the whole Board considers these matters.

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

The maximum annual limit of aggregate fees payable to the Directors was set at the time of its incorporation on 4 December 2012 at £300,000 per annum. Although the Company has grown very considerably since its listing in March 2013, there has been no increase to this annual limit. Accordingly the Directors are seeking shareholder approval as an Ordinary Resolution at the AGM that the aggregate remuneration cap on fees payable to Directors be increased to £400,000 per annum.

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

The Articles of Association provide that Directors retire and offer themselves for re-election at the first AGM after their appointment and at least every 3 years thereafter. In accordance with corporate governance

best practice the Company expects Directors to be re-elected annually.

All of the Directors have been provided with letters of appointment for a term of 3 years, subject to re-election.

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

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

Annual Report on Remuneration

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

	Paid in the year to 31 December 2018	Paid in the year to 31 December 2017
Tim Ingram (Chairman)	£70,000	£70,000
Shonaid Jemmett-Page (Audit Committee Chairman)	£47,000	£45,000
William Rickett C.B. (Senior Independent Director)	£42,000	£40,000
Dan Badger	£37,000	£35,000
Martin McAdam	£37,000	£35,000
Total	£233,000	£225,000

None of the Directors received any other remuneration or additional discretionary payments during the year from the Company (2017: £nil).

As mentioned in the Chairman's Statement, the search firm Heidrick & Struggles has been engaged to assist the Board in relation to succession planning to secure the right skills and experience while also seeking to increase diversity on the Board. As part of this work, views were sought from this firm on appropriate levels of fees for non-executive Directors of the Company. In light of this, it has been decided, as from 1 January 2019, to increase the basic fee of non-executive Directors by £3,000 per annum from £37,000 to £40,000 per annum. No change is planned to the Chairman's basic fee of £70,000 per annum, nor to the supplements paid to the Senior Independent Director and to the Audit Committee Chair (of £5,000 and £10,000 per annum respectively). In addition, and in line with the practice of some other

Directors' Remuneration Report continued

Annual Report on Remuneration continued

companies in the sector, it has been decided that in future where significant additional work and responsibility is incurred by Directors in the raising of further equity, appropriate additional fees of no more than £10,000 per annum per Director will be paid.

Directors' Interests (audited information)

Directors who held office during the year and had interests in the shares of the Company as at 31 December 2018 are given in the table below. There were no changes to the interests of each Director as at the date of this report.

	Ordinary shares of 1p each held at 31 December 2018	Ordinary shares of 1p each held at 31 December 2017
Tim Ingram ⁽¹⁾	409,636	376,803
Shonaid Jemmett-Page ⁽²⁾	55,842	55,842
William Rickett C.B. ⁽³⁾	37,500	37,500
Dan Badger	12,010	25,425
Martin McAdam	78,670	75,270

⁽¹⁾ includes 82,106 ordinary shares legally and beneficially owned by his spouse and 177,827 ordinary shares which are held in trust arrangements with Lloyd's of London in respect of security for certain underwriting activities.

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

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

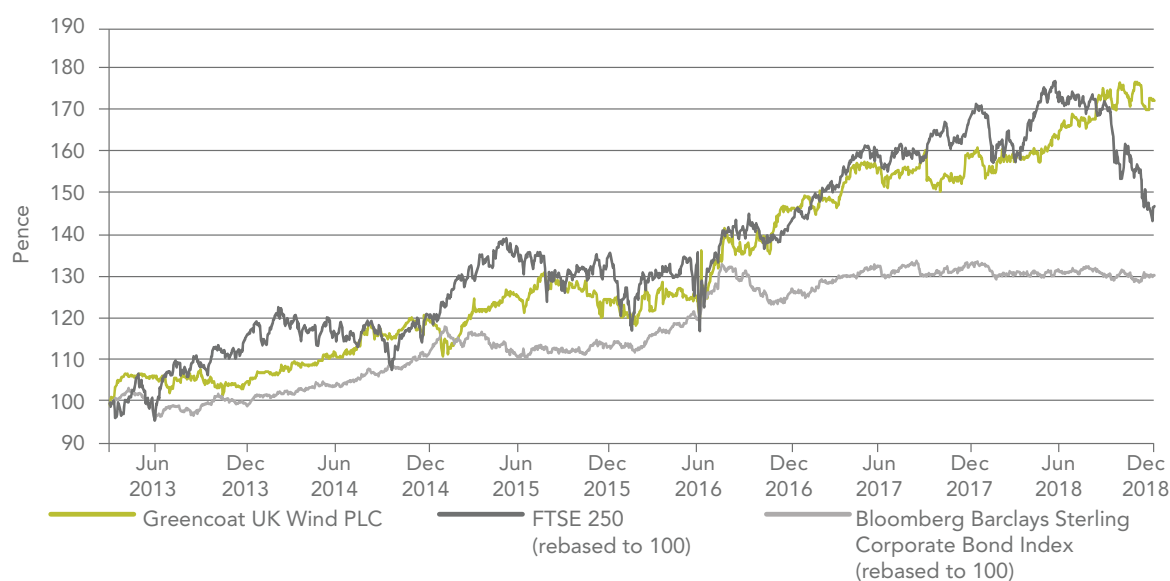
Relative Importance of Spend on Pay

The remuneration of the Directors with respect to the year totalled £233,000 (2017: £225,000) in comparison to dividends paid or declared to shareholders with respect to the year of £74,757,381 (2017: £57,312,248).

Company Performance

Due to the positioning of the Company in the market as a sector-focused infrastructure fund investing in UK wind farms to produce stable and inflating dividends for investors while aiming to preserve capital value, the Directors consider that a listed infrastructure fund has characteristics of both an equity index and a bond index. As the Company listed on 27 March 2013, historical data for the past 10 years is not yet available. The graph below shows the TSR of the Company compared to the FTSE 250 index and the Bloomberg Barclays Sterling Corporate Bond Index:

Total Shareholder Return vs Equity and Bond Indices



On behalf of the Board



Tim Ingram
Chairman

27 February 2019

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements, and have elected to prepare the Company financial statements, in accordance with IFRS as adopted by the EU. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that period.

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

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

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

the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Website Publication

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

Directors' Responsibilities Pursuant to DTR4

The Directors confirm to the best of their knowledge that:

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

On behalf of the Board



Tim Ingram
Chairman

27 February 2019

Corporate Governance Report

This Corporate Governance Report forms part of the Report of the Directors as further disclosed on pages 25 to 27. The Board operates under a framework for corporate governance which is appropriate for an investment company. All companies with a premium listing of equity shares in the UK are required under the UK Listing Rules to report on how they have applied the UK Code in their Annual Report and financial statements.

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

The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies such as the Company.

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

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

The Board

As at the date of this report, the Board consists of 5 non-executive Directors and represents a range of investment, financial and business skills and experience. The Chairman of the Board is Tim Ingram. In considering the independence of the Chairman, the Board took note of the provisions of the AIC Code relating to independence, and has determined that Mr Ingram is an independent Director. The Senior Independent Director is William Rickett C.B.. The Company has no employees and therefore there is no requirement for a chief executive.

The Articles of Association provide that Directors shall retire and offer themselves for re-election at the first AGM after their appointment and at least every 3 years thereafter. However, the AIC Code requires the Directors of FTSE 250 companies to be subject to an annual election by shareholders, and the Directors comply with this requirement. All of the Directors shall offer themselves for re-election at the forthcoming AGM. Having considered their effectiveness, demonstration of commitment to the role, length of service, attendance at meetings and contribution to the Board's deliberations, the Board approves the nomination for re-election of all of the Directors.

Any Director, who has held office with the Company for a continuous period of 9 years or more at the date of the AGM, shall retire from office but may offer themselves for re-appointment. This will allow for phased Board appointments and retirements and enable the Board to consider whether there is any risk that such Director might reasonably be deemed to have lost independence through such long service.

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

Diversity Policy

The Board has a policy to base appointments on merit and against objective criteria, with due regard for the benefits of diversity, including gender diversity. Its objective is to attract and maintain a Board that, as a whole, comprises an appropriate balance of skills and experience.

The Board consists 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. As at the date of this report, the Board comprised 4 men and 1 woman, all non-executive Directors who 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. There were no changes to the Board members during the year.

The search firm Heidrick & Struggles has been engaged to assist the Board in relation to succession planning to secure the right skills and experience while also seeking to increase diversity on the Board. This process is now at an advanced stage.

The Investment Manager operates an equal opportunities policy and its partners and employees comprise 29 men and 10 women.

Performance and Evaluation

Pursuant to Principle 7 of the AIC Code, the Board undertakes a formal and rigorous evaluation of its performance each financial year. As a FTSE 250 company, in keeping with the provisions of the AIC Code, it is the Company's policy that every 3 years an external consultant, who has no connection with the Company, carries out a formal review of the Board's performance. This was conducted in late 2016.

Corporate Governance Report *continued*

Performance and Evaluation *continued*

Since then, internal evaluations of the Board, the Audit Committee and individual Directors have been conducted in the form of annual performance appraisals, questionnaires and discussions to determine effectiveness and performance in various areas, as well as the Directors' continued independence and tenure. This process was facilitated by the Company Secretary. The reviews concluded that the overall performance of the Board and Audit Committee was satisfactory and the Board was confident in its ability to continue to govern the Company.

The next full external review will commence during 2019 and the results of this review will be reported in the next Annual Report. This will enable the necessary rigour of evaluation, and consideration thereafter, as anticipated by the Code.

Each individual Directors' training and development needs are reviewed annually. All new Directors receive an induction from the Investment Manager, which includes the provision of information about the Company and their responsibilities. In addition, each Director visits portfolio wind farms and specific Board training days are arranged involving presentations on relevant topics.

Board Responsibilities

The Board will meet, on average, 4 times in each calendar year for scheduled Board meetings and on an ad hoc basis as and when necessary. At each meeting the Board follows a formal agenda that will cover the business to be discussed. Between meetings there is regular contact with the Investment Manager and the Administrator. The Board requires to be supplied with information by the Investment Manager, the Administrator and other advisers in a form appropriate to enable it to discharge its duties.

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

Committees of the Board

The Company's Audit Committee is chaired by Shonaid Jemmett-Page, and consists of a minimum of 3 members. In accordance with best practice, the Company's Chairman is not a member of the Audit Committee however he does attend Audit Committee meetings as and when deemed appropriate. The Audit Committee Report which is on pages 35 to 38 of this report describes the work of the Audit Committee.

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

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

The Company has established a Management Engagement Committee which comprises all of the Directors and is required to meet at least once per year. The chairman of the Management Engagement Committee is Tim Ingram and its main function is to keep under review the performance of the Investment Manager and make recommendations on any proposed amendment to the Investment Management Agreement. Terms of reference for the Management Engagement Committee have been approved by the Board.

The Company has established a Nominations Committee which comprises all of the Directors and is required to meet at least once per year. The chairman of the Nominations Committee is Tim Ingram and its main function is to plan for board succession and to review annually the structure, size and composition of the Board and make recommendation to the Board with regard to any changes that are deemed necessary. Terms of reference for the Nominations Committee have been approved by the Board.

Corporate Governance Report *continued*

Committees of the Board *continued*

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

The Investment Manager

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

The Investment Manager's appointment is terminable by the Investment Manager or the Company on not less than 12 months' notice. 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 reviewed the Company's compliance with the UK Corporate Governance Code, the Listing Rules, the Disclosure Guidance and Transparency Rules and the AIC Code. In accordance with the Listing Rules, the Directors confirm that the continued appointment of the Investment Manager under the current terms of the Investment Management Agreement is in the interests of shareholders. The Board also reviewed the performance of other service providers and examined the effectiveness of the Company's internal control systems during the year.

Board Meetings, Committee Meetings and Directors' Attendance

The number of meetings of the full Board attended in the year to 31 December 2018 by each Director is set out below:

	Scheduled Board Meetings (Total of 4)	Additional Board Meetings (Total of 8)
Tim Ingram	4	8
Shonaid Jemmett-Page	4	7
William Rickett C.B.	4	7
Dan Badger	4	7
Martin McAdam	4	8

During the year, there were also 13 meetings of sub-committees of the Board.

The number of meetings of the Audit Committee attended in the year to 31 December 2018 by each Audit Committee member is set out below:

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

Internal Control

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

The Company's principal risks and uncertainties are detailed on pages 5 to 7 of this report. As further explained in the Audit Committee Report, the risks of the Company are outlined in a risk matrix which was reviewed and updated during the year. The Board continually reviews its policy setting and updates the risk matrix at least annually to ensure that procedures are in place with the intention of identifying, mitigating and minimising the impact of risks should they crystallise. The Board relies on reports periodically provided by the Investment Manager and the Administrator regarding risks that the Company faces. When required, experts are employed to gather information, including tax and legal advisers. The Board also regularly monitors the investment environment and the management of the Company's portfolio, and applies the principles detailed in the internal control guidance issued by the FRC.

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

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

Corporate Governance Report *continued*

Whistleblowing

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

Amendment of Articles of Association

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

Relations with Shareholders

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

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

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

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

On behalf of the Board



Tim Ingram

Chairman of the Board

27 February 2019



Audit Committee Report

During the year, the Audit Committee comprised Shonaid Jemmett-Page (Chairman), William Rickett C.B., Dan Badger and Martin McAdam. The AIC Code has a requirement that at least one member of the Audit Committee should have recent and relevant financial experience and the Audit Committee as a whole shall have competence relevant to the sector. The Board is satisfied that the Audit Committee is properly constituted in these respects. The qualifications and experience of all Audit Committee members are disclosed on pages 22 to 24 of this report.

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

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

Summary of the Role and Responsibilities of the Audit Committee

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

The Audit Committee is the forum through which the external Auditor reports to the Board and is responsible for reviewing the terms of appointment of the Auditor, together with their remuneration. On an ongoing basis, the Audit Committee is responsible for reviewing the objectivity of the Auditor along with the effectiveness of the audit and the terms under which the Auditor is engaged to perform non-audit services (restricted to the limited scope review of the half year report and reporting accountant services in relation to equity raises). The Audit Committee is also responsible for reviewing the Company's corporate governance framework, system of internal controls and risk management, ensuring they are suitable for an investment company.

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

Overview

During the year, the Audit Committee's discussions have been broad ranging. In addition to the 4 formally convened Audit Committee meetings during the year, the Audit Committee has had regular contact and meetings with the Investment Manager, the Administrator and the Auditor. These meetings and discussions focused on, but were not limited to:

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

Financial Reporting

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

- the quality and acceptability of accounting policies and practices;

Audit Committee Report *continued*

Financial Reporting *continued*

- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- amendments to legislation and corporate governance reporting requirements and accounting treatment of new transactions in the year;
- the impact of new and amended accounting standards on the Company's financial statements;
- whether the Audit Committee believes that proper and appropriate processes and procedures have been followed in the preparation of the half year report and Annual Report and financial statements;
- consideration and recommending to the Board for approval of the contents of the annual financial statements and reviewing the Auditors' report thereon including consideration of whether the financial statements are overall fair, balanced and understandable;
- material areas in which significant judgements have been applied or there has been discussion with the Auditor; and
- any correspondence from regulators in relation to the Company's financial reporting.

BDO LLP attended 2 of the 4 formal Audit Committee meetings held during the year. The Audit Committee has also held private meetings with the Auditor to provide additional opportunities for open dialogue and feedback. Matters typically discussed include the Auditor's assessment of the transparency and openness of interactions with the Investment Manager and the Administrator, confirmation that there has been no restriction in scope placed on them, the independence of their audit and how they have exercised professional scepticism.

Significant Issues

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

FRC Letter

During the year, the Company received a letter from the FRC which raised questions on certain aspects of its Annual Report for the year ended 31 December 2017. The Company responded fully to the matters raised in the letter, enabling the FRC to conclude its

enquiry. As a result of the FRC's enquiry, the Company has made improvements to the disclosures in this annual report, principally in respect of its judgement that the Company meets the IFRS 10 'Consolidated Financial Statements' definition of an investment entity. The FRC's enquiry did not result in any change to profit, net assets or net cashflow reported in respect of the 2017 financial year.

Scope and limitations of the FRC's review

The Audit Committee recognises that the FRC's review was based on a review of the Company's Annual Report for the year ended 31 December 2017 and did not benefit from detailed knowledge of the Group's business or an understanding of the underlying transactions entered into but that it was conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. The conclusion of the FRC's review does not provide any assurance that the Company's Annual Report is correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements. The FRC's letters are written on the basis that it (and its officers, employees and agents) accepts no liability for reliance on them by the Company or any third party, including but not limited to investors and shareholders.

Assessment of the Carrying Value of Investments

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

On a quarterly basis, the Investment Manager provides a detailed analysis of the NAV highlighting any movements and assumption changes from the previous quarter's NAV. This analysis and the rationale for any changes made is considered and challenged by the Chairman of the Audit Committee and subsequently approved by the Board. The Audit Committee has satisfied itself that the key estimates and assumptions used in the valuation model are appropriate and that the investments have been fairly valued.

The key estimates and assumptions include the useful life of the assets, the discount factors, the level of wind resource, the rate of inflation, the price at which the power and associated benefits can be sold and the

Audit Committee Report *continued*

Significant Issues *continued*

Assessment of the Carrying Value of Investments *continued*

amount of electricity the assets are expected to produce. In particular, the Audit Committee carefully considered external technical advice in relation to the change in the asset life assumption from 25 years to 30 years and associated assumptions in relation to the continued good management of the assets, lease extensions and other factors, that has been included in the 31 December 2018 valuation.

Internal Control

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

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

The Audit Committee formally reviewed the updated risk matrix in Q1 2019 and will continue to do so at least annually. By their nature, these procedures provide a reasonable, but not absolute, assurance against material misstatement or loss. Regular reports will be provided to the Audit Committee highlighting material changes to risk ratings.

The Audit Committee reviewed the Group's principal risks and uncertainties as at 30 June 2018, to determine that these were unchanged from those disclosed in the Company's 2017 Annual Report and remained the most likely to affect the Group in the second half of the year.

During the year, the Audit Committee discussed and reviewed in depth the internal controls frameworks in place at the Investment Manager and the Administrator. Discussions were centred around 3 lines of defence: assurances at operational level; internal oversight; and independent objective assurance. The Administrator holds the International Standard on Assurance Engagements (ISAE) 3402 Type 2 certification. This entails an independent rigorous examination and testing of their controls and processes.

The Audit Committee concluded that these frameworks were appropriate for the identification, assessment, management and monitoring of financial, regulatory and other risks, with particular regard to the protection of the interests of the Company's shareholders.

Internal Audit

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

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

The Audit Committee is available on request to meet investors in relation to the Company's financial reporting and internal controls.

External Auditor

Effectiveness of the Audit Process

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

Non-Audit Services

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

The Audit Committee has a policy regarding the provision of non-audit services by the external Auditor which precludes the external Auditor from providing any of the prohibited non-audit services as listed in

Audit Committee Report *continued*

External Auditor *continued*

Non-Audit Services *continued*

Article 5 of the EU Directive Regulation (EU) No 537/2014. The Audit Committee monitors the Group's expenditure on non-audit services provided by the Company's Auditor who should only be engaged for non-audit services where they are deemed to be the most commercially viable supplier and prior approval of the Audit Committee has been sought.

Independence

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

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

Re-appointment

BDO LLP has been the Company's Auditor from its incorporation on 4 December 2012. The Auditor is required to rotate the audit partner responsible for the Group audit every 5 years. A new lead partner was appointed in 2015 and therefore the lead partner will be required to rotate after the completion of the 2019 year end audit.

The external audit contract is required to be put to tender at least every 10 years. The Audit Committee shall give advance notice of any retendering plans within the Annual Report. The Audit Committee has considered the re-appointment of the Auditor and decided not to put the provision of the external audit out to tender at this time. As described above, the Audit Committee reviewed the effectiveness and independence of the Auditor and remains satisfied that the Auditor provides effective independent challenge to the Board, the Investment Manager and the Administrator. The Audit Committee will continue to monitor the performance of the Auditor on an annual basis and will consider their independence and objectivity, taking account of appropriate guidelines.

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

Annual General Meeting

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



Shonaid Jemmett-Page
Chairman of the Audit Committee

27 February 2019

Independent Auditor's Report

To the Members of Greencoat UK Wind PLC

Opinion

We have audited the financial statements of Greencoat UK Wind Plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, the consolidated and parent company Statement of Financial Position, the consolidated and parent company Statement of Changes in Equity, the consolidated and parent company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2018 and of the Group's profit for the year 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report set out on pages 5 to 7 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 8 in the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on pages 7 and 8 in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group and the parent company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 8 in the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent Auditor's Report continued

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The valuation of investments in the underlying wind farm portfolio was the risk that had the greatest impact on our audit strategy and scope, including the allocation of resources in the audit.

Risk description	How our audit addressed the risk
<p>The valuation of investments is a highly subjective accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Manager, who is remunerated based on the net asset value of the Company.</p> <p>100 per cent. of the underlying investment portfolio is represented by unquoted equity and loan investments and all investments are individually material to the financial statements.</p>	<p>In respect of the equity investments valued using discounted cash flow models, we performed the following specific procedures:</p> <ul style="list-style-type: none"> • Used spreadsheet analysis tools to assess the integrity of the valuation models and track changes to inputs or structure • Agreed wind generation and power price forecasts to independent reports • For new investments we obtained and reviewed all key agreements and contracts and considered whether these were accurately reflected in the valuation model • For existing investments we analysed changes in significant assumptions compared with assumptions audited in previous periods and vouched these to independent evidence including available industry data • Challenged the appropriateness of the selection and application of key assumptions in the model including the discount factor, inflation, asset life, energy yield and power price applied by benchmarking to available industry data and consulting with our internal valuations specialists • Reviewed the corporation tax workings within the valuation model • Agreed cash and other net assets to bank statements and investee company management accounts • Considered the accuracy of forecasting by comparing previous forecasts to actual results • Reviewed the outcome of purchase price true-ups that have taken place in the year and confirmed that these have been accurately reflected in the models. <p>For loan investments we performed the following:</p> <ul style="list-style-type: none"> • Vouched to loan agreements and verified the terms of the loan • Considered wider economic and commercial factors that, in our opinion could impact on the recoverability and fair value of the loan • Considered the carrying value of the loan with regard to the "unit of account" concept. <p>For each of the key assumptions in the valuation models, we considered the appropriateness of the assumption and whether alternative reasonable assumptions could have been applied. We considered each assumption in isolation as well as in conjunction with other assumptions and the valuation as a whole. Where appropriate, we sensitised the valuations where other reasonable alternative assumptions could have been applied. We also considered the completeness and clarity of disclosures regarding the range of reasonable alternative assumptions in the financial statements.</p> <p>Based on our procedures performed we concluded that the valuation of the investment portfolio was considered to be within an acceptable range.</p>

Independent Auditor's Report continued

Our application of materiality

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

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

Materiality measure	Purpose	Basic and Key considerations	2018 Quantum (£)	2017 Quantum (£)
Financial statement materiality	Assessing whether the financial statements as a whole present a true and fair view	Based on 1.5 per cent. of net asset value <ul style="list-style-type: none"> The nature of the investment portfolio and the level of judgement inherent in the valuation The level of gearing in the portfolio 	20,900,000	17,100,000
Specific materiality – classes of transactions and balances which impact on the realised return	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	<ul style="list-style-type: none"> 10 per cent. of profit before tax for the year excluding unrealised valuation movements 	11,600,000	4,500,000

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

Performance materiality is application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessment together with our assessment of the Group and the Company's overall control environment, our judgment was that overall performance materiality for the Company should be 75 per cent. (2017: 75 per cent.) of materiality, namely £15.7 million (2017: £12.8 million) for financial statement performance materiality and £8.7 million (2017: £3.4 million) for specific performance materiality.

We agreed with the Audit Committee that we would report to the Audit Committee all audit differences in excess of £390,000 (2017: £242,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

We carried out a full scope audit. Our audit approach was developed by obtaining an understanding of the Group's activities and the overall control environment. Based on this understanding we assessed those aspects of the Group's and the Company's transactions and balances which were most likely to give rise to a material misstatement.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of the valuation of investments which have a high level of estimation uncertainty involved in determining the unquoted investment valuations.

Independent Auditor's Report *continued*

An overview of the scope of our audit continued

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, and IFRS.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of Board meetings throughout the period; and
- considering the effectiveness of control environment in monitoring compliance with laws and regulations.

There are inherent limitations in the audit procedures described above and the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Other information

The other information comprises all the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** – the statement given by the Directors on page 26 that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 31** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Independent Auditor's Report continued

Opinions 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.

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors; or

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 30, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

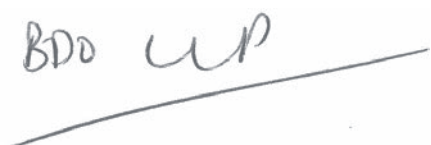
Independent Auditor's Report *continued*

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Directors to audit the financial statements for the year ending 31 December 2013 and subsequent financial periods. In respect of the year ended 31 December 2018 we were reappointed as auditor by the members at the annual general meeting of the Company held on 30 April 2018. The period of total uninterrupted engagement is 6 years, covering the years ending 31 December 2013 to 31 December 2018.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

A handwritten signature in dark ink, appearing to read 'BDO WP', followed by a long horizontal line.

Leigh Treacy (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

27 February 2019

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2018

	Note	For the year ended 31 December 2018 £'000	For the year ended 31 December 2017 £'000
Return on investments	4	231,461	81,137
Other income		775	607
Total income and gains		232,236	81,744
Operating expenses	5	(15,162)	(11,390)
Investment acquisition costs		(1,910)	(2,672)
Operating profit		215,164	67,682
Finance expense	13	(14,486)	(9,196)
Profit for the year before tax		200,678	58,486
Tax credit	6	1,703	1,382
Profit for the year after tax		202,381	59,868
Profit and total comprehensive income attributable to:			
Equity holders of the Company		202,381	59,868
Earnings per share			
Basic and diluted earnings from continuing operations in the year (pence)	7	18.54	7.59

The accompanying notes on pages 51 to 75 form an integral part of the financial statements.

Consolidated Statement of Financial Position

As at 31 December 2018

	Note	31 December 2018 £'000	31 December 2017 £'000
Non current assets			
Investments at fair value through profit or loss	9	1,871,207	1,405,724
		1,871,207	1,405,724
Current assets			
Receivables	11	1,615	1,482
Cash and cash equivalents		3,427	5,922
		5,042	7,404
Current liabilities			
Payables	12	(3,439)	(4,088)
Net current assets		1,603	3,316
Non current liabilities			
Loans and borrowings	13	(480,000)	(265,000)
Net assets		1,392,810	1,144,040
Capital and reserves			
Called up share capital	15	11,314	10,285
Share premium account	15	946,211	828,526
Other distributable reserves		32,386	104,711
Retained earnings		402,899	200,518
Total shareholders' funds		1,392,810	1,144,040
Net assets per share (pence)	16	123.1	111.2

Authorised for issue by the Board on 27 February 2019 and signed on its behalf by:



Tim Ingram
Chairman



Shonaid Jemmett-Page
Director

The accompanying notes on pages 51 to 75 form an integral part of the financial statements.

Statement of Financial Position – Company

As at 31 December 2018

	Note	31 December 2018 £'000	31 December 2017 £'000
Non current assets			
Investments at fair value through profit or loss	9	1,875,709	1,411,378
		1,875,709	1,411,378
Current assets			
Receivables	11	100	85
Cash and cash equivalents		36	79
		136	164
Current liabilities			
Payables	12	(3,035)	(2,502)
Net current liabilities		(2,899)	(2,338)
Non current liabilities			
Loans and borrowings	13	(480,000)	(265,000)
Net assets		1,392,810	1,144,040
Capital and reserves			
Called up share capital	15	11,314	10,285
Share premium account	15	946,211	828,526
Other distributable reserves		32,386	104,711
Retained earnings		402,899	200,518
Total shareholders' funds		1,392,810	1,144,040
Net assets per share (pence)	16	123.1	111.2

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 and accordingly has not presented a Statement of Comprehensive Income for the Company alone. The profit after tax of the Company alone for the year was £202,381,000 (2017: £59,868,000).

Authorised for issue by the Board on 27 February 2019 and signed on its behalf by:



Tim Ingram
Chairman



Shonaid Jemmett-Page
Director

The accompanying notes on pages 51 to 75 form an integral part of the financial statements.

Consolidated and Company Statement of Changes in Equity

For the year ended 31 December 2018

For the year ended 31 December 2018	Note	Share capital £'000	Share premium £'000	Other distributable reserves £'000	Retained earnings £'000	Total £'000
Opening net assets attributable to shareholders (1 January 2018)		10,285	828,526	104,711	200,518	1,144,040
Issue of share capital	15	1,029	119,366	—	—	120,395
Share issue costs	15	—	(1,681)	—	—	(1,681)
Profit and total comprehensive income for the year		—	—	—	202,381	202,381
Interim dividends paid in the year	8	—	—	(72,325)	—	(72,325)
Closing net assets attributable to shareholders		11,314	946,211	32,386	402,899	1,392,810

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

After taking account of cumulative unrealised gains of £163,704,725, the total reserves distributable by way of a dividend as at 31 December 2018 were £271,580,244.

For the year ended 31 December 2017	Note	Share capital £'000	Share premium £'000	Other distributable reserves £'000	Retained earnings £'000	Total £'000
Opening net assets attributable to shareholders (1 January 2017)		7,367	495,110	157,011	140,650	800,138
Issue of share capital	15	2,918	338,422	—	—	341,340
Share issue costs	15	—	(5,006)	—	—	(5,006)
Profit and total comprehensive income for the year		—	—	—	59,868	59,868
Interim dividends paid in the year	8	—	—	(52,300)	—	(52,300)
Closing net assets attributable to shareholders		10,285	828,526	104,711	200,518	1,144,040

After taking account of cumulative unrealised gains of £47,010,325, the total reserves distributable by way of a dividend as at 31 December 2017 were £258,218,229.

The accompanying notes on pages 51 to 75 form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	Note	For the year ended 31 December 2018 £'000	For the year ended 31 December 2017 £'000
Net cash flows from operating activities	17	101,829	60,083
Cash flows from investing activities			
Acquisition of investments	9	(364,633)	(511,995)
Investment acquisition costs		(1,647)	(2,672)
Cash received for adjustment to purchase price of investments	9	—	2,600
Repayment of shareholder loan investments	9	15,845	12,877
Net cash flows from investing activities		(350,435)	(499,190)
Cash flows from financing activities			
Issue of share capital	15	118,845	340,000
Payment of issue costs		(1,949)	(4,912)
Amounts drawn down on loan facilities	13	480,000	500,000
Amounts repaid on loan facilities	13	(265,000)	(335,000)
Finance costs		(13,460)	(8,619)
Dividends paid	8	(72,325)	(52,300)
Net cash flows from financing activities		246,111	439,169
Net (decrease)/increase in cash and cash equivalents during the year		(2,495)	62
Cash and cash equivalents at the beginning of the year		5,922	5,860
Cash and cash equivalents at the end of the year		3,427	5,922

The accompanying notes on pages 51 to 75 form an integral part of the financial statements.

Statement of Cash Flows – Company

For the year ended 31 December 2018

	Note	For the year ended 31 December 2018 £'000	For the year ended 31 December 2017 £'000
Net cash flows from operating activities	17	(12,138)	(13,680)
Cash flows from investing activities			
Loans advanced to Group companies	9	(331,735)	(493,738)
Repayment of loans to Group companies	9	97,719	67,755
Net cash flows from investing activities		(234,016)	(425,983)
Cash flows from financing activities			
Issue of share capital	15	118,845	340,000
Payment of issue costs		(1,949)	(4,912)
Amounts drawn down on loan facilities	13	480,000	500,000
Amounts repaid on loan facilities	13	(265,000)	(335,000)
Finance costs		(13,460)	(8,619)
Dividends paid	8	(72,325)	(52,300)
Net cash flows from financing activities		246,111	439,169
Net decrease in cash and cash equivalents during the year		(43)	(494)
Cash and cash equivalents at the beginning of the year		79	573
Cash and cash equivalents at the end of the year		36	79

The accompanying notes on pages 51 to 75 form an integral part of the financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018

1. Significant accounting policies

Basis of accounting

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

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

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

Accounting for subsidiaries

The Directors have concluded that the Group has all the elements of control as prescribed by IFRS 10 "Consolidated Financial Statements" in relation to all its subsidiaries and that the Company continues to satisfy the three essential criteria to be regarded as an investment entity as defined in IFRS 10, IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Consolidated and Separate Financial Statements". 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 have an expected life of 30 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 30 year life, the Directors consider that this demonstrates a clear exit strategy from these investments.

Subsidiaries are therefore measured at fair value through profit or loss, in accordance with IFRS 13 "Fair Value Measurement" and IFRS 9 "Financial Instruments". The financial support provided by the Company to its unconsolidated subsidiaries is disclosed in note 10.

Notwithstanding this, IFRS 10 requires subsidiaries that provide services that relate to the investment entity's investment activities to be consolidated. Accordingly, the annual financial statements include the consolidated financial statements of Greencoat UK Wind PLC and Greencoat UK Wind Holdco Limited (a 100 per cent. owned UK subsidiary). In respect of these entities, intra-Group balances and any unrealised gains arising from intra-Group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless the costs cannot be recovered. The financial statements of subsidiaries that are included in the consolidated financial statements are included from the date that control commences until the dates that control ceases.

In the parent company financial statements, investments in subsidiaries are measured at fair value through profit or loss in accordance with IFRS 9, as permitted by IAS 27.

Accounting for associates and joint ventures

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

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2018

1. Significant accounting policies *continued*

New and amended standards and interpretations applied

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2018 that had a significant effect on the Group or Company's financial statements. Furthermore, none of the amendments to standards that are effective from that date had a significant effect on the financial statements.

IFRS 9 was issued to replace IAS 39 "Financial Instruments: Recognition and Measurement" and became effective for accounting periods beginning on or after 1 January 2018 and has been first adopted in these financial statements. The Group has chosen not to restate comparatives. The Group's financial instruments predominantly comprise equity investments held at fair value. The accounting treatment for these financial instruments is consistent under both IAS 39 and IFRS 9, therefore the introduction of IFRS 9 has had no impact on the reported results and financial position of the Group.

IFRS 15 "Revenue from contracts with customers" was issued and became effective for accounting periods beginning on or after 1 January 2018. As the Group's investments are held at fair value through profit or loss and the revenue contracts are held at SPV level, the introduction of IFRS 15 has had no impact on the reported results and financial position of the Group.

New and amended standards and interpretations not applied

At the date of authorisation of these financial statements, IFRS 16 "Leases" was issued but will not become effective until accounting periods beginning on or after 1 January 2019. As the Group's investments are held at fair value through profit or loss and the leases are held at SPV level, the introduction of IFRS 16 is not expected to have a material impact on the reported results and financial position of the Group.

Other accounting standards and interpretations have been published and will be mandatory for the Company's accounting periods beginning on or after 1 January 2019 or later periods. The impact of these standards is not expected to be material to the reported results and financial position of the Group.

Financial instruments

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

At 31 December 2018 and 2017 the carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses and short term borrowings reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the original instruments and their expected realisation. The fair value of advances and other balances with related parties which are short-term or repayable on demand is equivalent to their carrying amount.

Financial assets

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

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

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

Loans and receivables (2017)

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

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

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2018

1. Significant accounting policies *continued*

Financial assets *continued*

Loans and receivables at amortised cost (2018)

Impairment provisions for loans and receivables are recognised based on a forward looking expected credit loss model. All financial assets assessed under this model are immaterial to the financial statements.

Investments held at fair value through profit or loss

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

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

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

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Fair value is calculated on an unlevered, discounted cashflow basis in accordance with IFRS 13 and IFRS 9.

Derecognition of financial assets

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

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

Financial liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into and are recorded on the date on which the Group becomes party to the contractual requirements of the financial liability.

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

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

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

Embedded derivatives

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

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2018

1. Significant accounting policies *continued*

Finance expenses

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

Share capital

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

Incremental costs directly attributable to the issue of new shares are shown in share premium 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 3 months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Foreign currencies

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

Dividends

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

Income recognition

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

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

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

Expenses

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

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

Taxation

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

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

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

1. Significant accounting policies continued

Taxation continued

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

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

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

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

Segmental reporting

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

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

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

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

2. Critical accounting judgements, estimates and assumptions

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

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

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

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

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2018

2. Critical accounting judgements, estimates and assumptions *continued*

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 assumption used for the useful life of the wind farms is 30 years. The actual useful life may be a shorter or longer period depending on the actual operating conditions experienced by the asset.

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

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

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

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

3. Investment management fees

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

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

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

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

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

The ordinary shares issued to the Investment Manager under the equity element are subject to a 3 year lock up starting from the quarter in which they are due to be paid.

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

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

3. Investment management fees continued

Investment management fees paid or accrued in the year were as follows:

	For the year ended 31 December 2018 £'000	For the year ended 31 December 2017 £'000
Cash Fee	11,689	8,312
Equity Element	1,500	1,356
	13,189	9,668

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

4. Return on investments

	For the year ended 31 December 2018 £'000	For the year ended 31 December 2017 £'000
Dividends received (note 19)	108,613	63,254
Interest on shareholder loan investment received (note 19)	6,153	3,468
Gain on adjustment to purchase price of investments (note 9)	—	2,600
Unrealised movement in fair value of investments (note 9)	116,695	11,815
	231,461	81,137

5. Operating expenses

	For the year ended 31 December 2018 £'000	For the year ended 31 December 2017 £'000
Management fees (note 3)	13,189	9,668
Group and SPV administration fees	621	522
Non-executive Directors' fees	233	225
Other expenses	1,038	895
Fees to the Company's Auditor:		
for audit of the statutory financial statements	77	76
for other audit related services	4	4
	15,162	11,390

The fees to the Company's Auditor include £3,700 (2017: £3,700) payable in relation to a limited review of the half year report. During the year, BDO was paid £nil (2017: £22,000) in relation to capital raises of the Company. Total fees payable to BDO for non-audit services during the year were £3,700 (2017: £25,700).

6. Taxation

	For the year ended 31 December 2018 £'000	For the year ended 31 December 2017 £'000
UK Corporation Tax credit	(1,703)	(1,382)
	(1,703)	(1,382)

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

6. Taxation continued

The tax credit for the year shown in the Statement of Comprehensive Income is lower than the standard rate of corporation tax of 19 per cent. (2017: 19.25 per cent.). The differences are explained below.

	For the year ended 31 December 2018 £'000	For the year ended 31 December 2017 £'000
Profit for the year before taxation	200,678	58,486
Profit for the year multiplied by the standard rate of corporation tax of 19 per cent. (2017: 19.25 per cent.)	38,129	11,256
Fair value movements (not subject to taxation)	(22,172)	(2,774)
Dividends received (not subject to taxation)	(20,637)	(12,174)
Expenditure not deductible for tax purposes	1,997	518
Surrendering of tax losses to unconsolidated subsidiaries	2,683	3,174
Payments for current year losses surrendered	(219)	(195)
Payments for prior year losses surrendered	(1,484)	(1,187)
Total tax credit	(1,703)	(1,382)

7. Earnings per share

	For the year ended 31 December 2018	For the year ended 31 December 2017
Profit attributable to equity holders of the Company – £'000	202,381	59,868
Weighted average number of ordinary shares in issue	1,091,314,663	789,115,278
Basic and diluted earnings from continuing operations in the year (pence)	18.54	7.59

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

8. Dividends declared with respect to the year

	Dividend per share pence	Total dividend £'000
Interim dividends paid during the year ended 31 December 2018		
With respect to the quarter ended 31 December 2017	1.6225	16,694
With respect to the quarter ended 31 March 2018	1.6900	17,394
With respect to the quarter ended 30 June 2018	1.6900	19,116
With respect to the quarter ended 30 September 2018	1.6900	19,121
	6.6925	72,325
Interim dividends declared after 31 December 2018 and not accrued in the year		
With respect to the quarter ended 31 December 2018	1.6900	19,126
	1.6900	19,126

On 18 January 2019, the Company announced a dividend of 1.69 pence per share with respect to the quarter ended 31 December 2018, bringing the total dividend declared with respect to the year to 31 December 2018 to 6.76 pence per share. The record date for the dividend was 1 February 2019 and the payment date is 28 February 2019.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

8. Dividends declared with respect to the year continued

The following table shows dividends paid in the prior year.

	Dividend per share pence	Total dividend £'000
Interim dividends paid during the year ended 31 December 2017		
With respect to the quarter ended 31 December 2016	1.5850	11,682
With respect to the quarter ended 31 March 2017	1.6225	11,963
With respect to the quarter ended 30 June 2017	1.6225	11,968
With respect to the quarter ended 30 September 2017	1.6225	16,687
	6.4525	52,300

9. Investments at fair value through profit or loss

Group – for the year ended 31 December 2018	Loans £'000	Equity interest £'000	Total £'000
Opening balance	114,559	1,291,165	1,405,724
Additions	45,945	318,688	364,633
Repayment of shareholder loan investments (note 19)	(15,845)	—	(15,845)
Unrealised movement in fair value of investments (note 4)	446	116,249	116,695
	145,105	1,726,102	1,871,207

Group – for the year ended 31 December 2017	Loans £'000	Equity interest £'000	Total £'000
Opening balance	107,673	787,118	894,791
Additions	16,181	495,814	511,995
Repayment of shareholder loan investments (note 19)	(12,877)	—	(12,877)
Adjustment to purchase price of investments	—	(2,600)	(2,600)
Gain on adjustment to purchase price of investments (note 4)	—	2,600	2,600
Dilution	1,945	(1,945)	—
Unrealised movement in fair value of investments (note 4)	1,637	10,178	11,815
	114,559	1,291,165	1,405,724

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

	For the year ended 31 December 2018 £'000	For the year ended 31 December 2017 £'000
Increase/(decrease) in DCF valuation of investments	89,119	(17,413)
Repayment of shareholder loan investments (note 19)	15,845	12,877
Movement in cash balances of SPVs	9,912	13,679
Acquisition costs ⁽¹⁾	1,819	2,672
	116,695	11,815

⁽¹⁾ Excludes £91,000 in relation to Tom nan Clach wind farm.

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

Company – for the year ended 31 December 2018	Loans £'000	Equity interest £'000	Total £'000
Opening balance	672,517	738,861	1,411,378
Loan advanced to Holdco (note 19)	331,735	—	331,735
Repayment of loan to Holdco (note 19)	(97,719)	—	(97,719)
Unrealised movement in fair value of investments	—	230,315	230,315
	906,533	969,176	1,875,709

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

9. Investments at fair value through profit or loss continued

Company – for the year ended 31 December 2017	Loans £'000	Equity interest £'000	Total £'000
Opening balance	246,534	659,998	906,532
Loan advanced to Holdco (note 19)	493,738	—	493,738
Repayment of loan to Holdco (note 19)	(67,755)	—	(67,755)
Unrealised movement in fair value of investments	—	78,863	78,863
	672,517	738,861	1,411,378

Fair value measurements

IFRS 13 requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the following 3 levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

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

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

Due to the nature of the investments, they are always expected to be classified as level 3. There have been no transfers between levels during the year ended 31 December 2018.

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

Valuations are derived using a discounted cashflow methodology in line with IPEV Valuation Guidelines and take into account, inter alia, the following:

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

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

As there is no debt at wind farm level, the DCF valuation is produced by discounting the individual wind farm cashflows on an unlevered basis. The equivalent levered discount rate would be approximately 2 per cent. higher than the blended portfolio discount rate.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

9. Investments at fair value through profit or loss continued

For the year end DCF valuation, an upgraded discounting methodology has been applied. Previously, each wind farm's cashflows were discounted at a single discount rate, irrespective of their nature. Different discount rates are now applied, tailored to the nature of the underlying cashflows; for example, one discount rate for fixed ROC cashflows and a higher discount rate for merchant power cashflows. The blended portfolio discount rate, assuming a 25 year asset life (see below), remains unchanged from 31 December 2017 at 7.7 per cent..

In addition to (but separate from) the upgraded discounting methodology, the asset life assumption used in the year end DCF valuation has been increased from 25 to 30 years, following a third party technical assessment of the portfolio. The technical asset life for many wind farms significantly exceeds 30 years and appropriate assumptions have been made in relation to the continued good management of the assets, lease extensions and other factors. A 30 year asset life assumption is a more appropriate assumption to be used to determine the fair value of the portfolio.

Amending the asset life and associated assumptions increased NAV per share by 6.7 pence. It also means that the blended portfolio discount rate has increased from 7.7 per cent. to 8.1 per cent. as a result of including a higher proportion of higher discount rate merchant power cashflows in years 26-30.

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

The base case long term RPI assumption is 3.0 per cent. (1.0 per cent. above the long term 2.0 per cent. CPI target). The assumption was increased from 2.75 per cent. during the year.

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

Long term power price forecasts are provided by a leading market consultant, updated quarterly and may be adjusted by the Investment Manager where more conservative assumptions are considered appropriate. Base case real power prices increase from approximately £48/MWh (2020) to approximately £58/MWh (2040). The sensitivity below assumes a 10 per cent. increase or decrease in power prices relative to the base case for every year of the asset life, which is relatively extreme (a 10 per cent. variation in short term power prices, as reflected by the forward curve, would have a much lesser effect).

Sensitivity analysis

The fair value of the Group's investments is £1,871,207,321 (2017: £1,405,724,491). The analysis below is provided to illustrate the sensitivity of the fair value of investments to an individual input, while all other variables remain constant. The Board considers these changes in inputs to be within reasonable expected ranges. This is not intended to imply the likelihood of change or that possible changes in value would be restricted to this range.

Input	Base case	Change in input	Change in fair value of investments £'000	Change in NAV per share pence
Discount rate	8.1 per cent.	+ 0.5 per cent. - 0.5 per cent.	(64,598) 68,595	(5.7) 6.1
Energy yield	P50	10 year P90 10 year P10	(114,646) 114,566	(10.1) 10.1
Power price	Forecast by leading consultant	- 10 per cent. + 10 per cent.	(119,528) 118,901	(10.6) 10.5
Long term inflation rate	3.0 per cent.	- 0.5 per cent. + 0.5 per cent.	(67,438) 71,294	(6.0) 6.3
Asset life	30 years	- 5 years + 5 years	(76,216) 61,166	(6.7) 5.4

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

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

10. Unconsolidated subsidiaries, associates and joint ventures

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

Investment	Place of Business	Ownership Interest as at 31 December 2018	Ownership Interest as at 31 December 2017
Bin Mountain	Northern Ireland	100%	100%
Bishopthorpe	England	100%	100%
Brockaghboy	Northern Ireland	100%	—
Carcant	Scotland	100%	100%
Church Hill	Northern Ireland	100%	—
Corriegarth	Scotland	100%	100%
Corriegarth Holdings ⁽¹⁾	Scotland	100%	100%
Cotton Farm	England	100%	100%
Crighshane	Northern Ireland	100%	—
Crighshane & Church Hill Holdco ⁽²⁾	Northern Ireland	100%	—
Crighshane & Church Hill Funding ⁽²⁾	Northern Ireland	100%	—
Earl's Hall Farm	England	100%	100%
Kildrummy	Scotland	100%	100%
Langhope Rig	Scotland	100%	100%
Maerdy	Wales	100%	100%
North Hoyle	Wales	100%	100%
Screggagh	Northern Ireland	100%	100%
Slieve Divena	Northern Ireland	100%	100%
Stroupster	Scotland	100%	100%
Tappaghan	Northern Ireland	100%	100%
Bicker Fen	England	80%	80%
Deeping St. Nicholas	England	80%	80%
Glass Moor	England	80%	80%
Red House	England	80%	80%
Red Tile	England	80%	80%
Fenlands ⁽³⁾	England	80%	80%
Drone Hill	Scotland	51.6%	51.6%
North Rhins	Scotland	51.6%	51.6%
Sixpenny Wood	England	51.6%	51.6%
Yelvertoft	England	51.6%	51.6%
SYND Holdco ⁽⁴⁾	UK	51.6%	51.6%

⁽¹⁾ The Group's investment in Corriegarth is held through Corriegarth Holdings.

⁽²⁾ The Group's investments in Crighshane and Church Hill are held through Crighshane & Church Hill Funding, which is held through Crighshane & Church Hill Holdco.

⁽³⁾ The Group's investments in Deeping St. Nicholas, Glass Moor, Red House and Red Tile are held through Fenlands.

⁽⁴⁾ The Group's investments in Drone Hill, North Rhins, Sixpenny Wood and Yelvertoft are held through SYND Holdco.

There are no restrictions on the ability of the Group's unconsolidated subsidiaries to transfer funds in the form of cash dividends.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

10. Unconsolidated subsidiaries, associates and joint ventures continued

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

Investment	Place of Business	Ownership Interest as at 31 December 2018	Ownership Interest as at 31 December 2017
Braes of Doune	Scotland	50%	50%
ML Wind ⁽¹⁾	England	49%	49%
Little Cheyne Court	England	41%	41%
Clyde	Scotland	28.2%	19.775%
Rhyl Flats	Wales	24.95%	24.95%

⁽¹⁾ The Group's investments in Middlemoor and Lindhurst are 49 per cent. (2017: 49 per cent.). These are held through ML Wind.

As disclosed in note 19, during the year, Holdco advanced a loan to Clyde of £45,945,307 (2017: £16,181,374). The loan accrues interest at a rate of 5.8 per cent. per annum.

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

Provider of security	Investment	Beneficiary	Nature	Purpose	Amount £'000
Holdco	Clyde	SSE	Counter-indemnity	Grid, radar, decommissioning	21,771
The Company	Rhyl Flats	The Crown Estate	Guarantee	Decommissioning	4,291
The Company	Braes of Doune	Land owner	Guarantee	Decommissioning	2,000
The Company	Bishophthorpe	MOD	Guarantee	Radar	1,206
The Company	Stroupster	RBS	Counter-indemnity	Decommissioning	366
The Company	Cotton Farm	Land owner	Guarantee	Decommissioning	165
The Company	Sixpenny Wood	Land owner	Payment undertaking	Community fund	150
The Company	Yelvertoft	Daventry District Council	Guarantee	Decommissioning	82
The Company	Langhope Rig	Barclays	Counter-indemnity	Decommissioning	81
The Company	Maerdy	Natural Resource Wales	Guarantee	Access rights to neighbouring land	n/a
The Company	North Hoyle	The Crown Estate	Guarantee	Decommissioning	n/a
					30,112

The fair value of these guarantees, payment undertakings and counter-indemnities provided by the Group are considered to be £nil.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

11. Receivables

Group	31 December 2018 £'000	31 December 2017 £'000
Amounts due as consideration for investee company tax losses (note 19)	1,326	1,011
VAT receivable	125	369
Other receivables	83	29
Prepayments	81	73
	1,615	1,482

Company	31 December 2018 £'000	31 December 2017 £'000
Prepayments	81	73
VAT receivable	19	12
	100	85

12. Payables

Group	31 December 2018 £'000	31 December 2017 £'000
Loan interest payable	2,070	1,193
Commitment fee payable	279	147
Other finance costs payable	18	—
Investment management fee payable	366	606
Acquisition costs payable	263	—
Other payables	443	679
Amounts due to SPVs (note 19)	—	994
Share issue costs payable	—	268
VAT payable	—	201
	3,439	4,088

Company	31 December 2018 £'000	31 December 2017 £'000
Loan interest payable	2,070	1,193
Commitment fee payable	279	147
Other finance costs payable	18	—
Investment management fee payable	366	606
Other payables	302	288
Share issue costs payable	—	268
	3,035	2,502

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

13. Loans and borrowings

Group and Company	31 December 2018 £'000	31 December 2017 £'000
Opening balance	265,000	100,000
Revolving credit facility		
Drawdowns	180,000	500,000
Repayments	(265,000)	(335,000)
Term debt facilities		
Drawdowns	300,000	—
Closing balance	480,000	265,000

Group and Company	For the year ended 31 December 2018 £'000	For the year ended 31 December 2017 £'000
Loan interest	10,554	5,990
Facility arrangement fees	3,050	2,000
Commitment fees	633	1,018
Other facility fees	140	140
Professional fees	109	48
Finance expense	14,486	9,196

The loan balance as at 31 December 2018 has not been adjusted to reflect amortised cost, as the amounts are not materially different from the outstanding balances.

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

As at 31 December 2018, the Company had a revolving credit facility with RBS, RBC and Santander of up to £300,000,000 with a margin of 1.75 per cent. per annum. The final maturity date of the revolving credit facility was 18 August 2020 which was the third anniversary of the amended and restated facility agreement. The Company was obliged to pay a quarterly commitment fee of 0.65 per cent. per annum on the undrawn commitment available under the revolving credit facility.

As at 31 December 2018, the balance of this facility was £80,000,000 (2017: £165,000,000), accrued interest was £103,277 (2017: £613,688) and the outstanding commitment fee was £278,521 (2017: £146,651).

During the year, the Company entered into new term debt arrangements with NAB and CIBC. The Company's term debt facilities and associated interest rate swaps now have various maturity dates, as set out in the below table:

Provider	Maturity date	Loan margin %	Swap fixed rate %	Loan principal £'000	Accrued interest at 31 December 2018 £'000
CBA	29/07/2022	1.65	1.9410	75,000	465
CBA	29/07/2022	1.65	1.2260	25,000	124
NAB	01/11/2023	1.25	1.4280	75,000	303
CBA	06/03/2025	1.55	1.5265	50,000	265
CIBC	03/11/2025	1.50	1.5103	100,000	454
NAB	01/11/2026	1.55	1.5980	75,000	356
				400,000	1,967

The swaps are embedded derivatives closely related to their host contracts. Accordingly they have been treated as single fixed rate loan agreements which effectively set interest payable at fixed rates.

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

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

14. Contingencies and commitments

At the time of acquisition, wind farms which had less than 12 months' operational data may have had a wind energy true-up applied, whereby the purchase price for these wind farms may be adjusted so that it is based on a 2 year operational record, once the operational data has become available.

The following 2 wind energy true-ups remain outstanding and the maximum adjustment under each are as follows: Clyde Extension £4,747,094; and Corriegarth £9,069,293.

The Board and the Investment Manager are of the opinion that the estimate of the energy yield utilised at acquisition for the remaining assets is the most appropriate unbiased estimate of the yield following 2 years' operational data. Any variances of actual energy production from the date of acquisition to the date of signing this report are attributable to weather fluctuations and other short term operational factors rather than more fundamental factors that might influence the long term assessment. Therefore it is not appropriate to recognise an asset or liability in respect of these acquisitions.

On 4 October 2018, the Group entered into an agreement to acquire Belltown Power's 75 per cent. stake in Tom nan Clach wind farm for a headline consideration of £126 million, with the investment scheduled to complete in July 2019 once the wind farm is operational.

On 19 December 2018, the Group entered into an agreement to acquire Blue Energy's Douglas West project, with the investment scheduled to complete in March 2019. The Group will then construct the wind farm, with operations scheduled to commence in July 2021 and a total investment in the region of £45 million.

15. Share capital – ordinary shares of £0.01

Date	Issued and fully paid	Number of shares issued	Share capital £'000	Share premium £'000	Total £'000
1 January 2018		1,028,514,652	10,285	828,526	838,811
Shares issued to the Investment Manager					
1 February 2018	True-up of 2017 Equity Element	38,526	1	49	50
1 February 2018	Q1 2018 Equity Element	337,133	3	372	375
8 May 2018	Q2 2018 Equity Element	327,980	3	372	375
1 August 2018	Q3 2018 Equity Element	328,741	3	372	375
7 November 2018	Q4 2018 Equity Element	326,053	3	372	375
		1,358,433	13	1,537	1,550
Other					
22 May 2018	Capital raise	101,576,695	1,016	117,829	118,845
22 May 2018	Less share issue costs	—	—	(1,681)	(1,681)
31 December 2018		1,131,449,780	11,314	946,211	957,525

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

15. Share capital – ordinary shares of £0.01 continued

Date	Issued and fully paid	Number of shares issued	Share capital £'000	Share premium £'000	Total £'000
1 January 2017		736,700,850	7,367	495,110	502,477
Shares issued to the Investment Manager					
2 February 2017	True-up of 2016 Equity Element	21,163	—	34	34
2 February 2017	Q1 2017 Equity Element	299,268	3	322	325
5 May 2017	Q2 2017 Equity Element	298,127	3	324	327
3 August 2017	Q3 2017 Equity Element	298,151	3	324	327
26 October 2017	Q4 2017 Equity Element	298,798	3	324	327
		1,215,507	12	1,328	1,340
Other					
1 January 2017	Less share issue costs ⁽¹⁾	—	—	(24)	(24)
27 October 2017	Capital raise	290,598,295	2,906	337,094	340,000
27 October 2017	Less share issue costs	—	—	(4,982)	(4,982)
31 December 2017		1,028,514,652	10,285	828,526	838,811

⁽¹⁾ Share issue costs recognised in the year in relation to the capital raise on 22 November 2016.

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

Pursuant to the terms of the Investment Management Agreement, the Investment Manager receives an Equity Element as part payment of its investment management fee as disclosed in note 3 to the financial statements. The figures given in the table in note 3 include the true-up amount of the investment management fee for the periods calculated in accordance with the Investment Management Agreement and issued subsequent to 31 December 2018.

16. Net assets per share

Group and Company	31 December 2018	31 December 2017
Net assets – £'000	1,392,810	1,144,040
Number of ordinary shares issued	1,131,449,780	1,028,514,652
Total net assets – pence	123.1	111.2

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

17. Notes supporting the Statement of Cash Flows

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

Group	For the year ended 31 December 2018 £'000	For the year ended 31 December 2017 £'000
Operating profit for the year	215,164	67,682
Adjustments for:		
Movement in fair value of investments (notes 4 & 9)	(116,695)	(11,815)
Adjustment to purchase price of investments (note 9)	—	(2,600)
Investment acquisition costs	1,910	2,672
Decrease in receivables	182	2,464
Decrease in payables	(1,620)	(944)
Equity Element of Investment Manager's fee (note 3)	1,500	1,356
Consideration for investee company tax losses	1,388	1,268
Net cash flows from operating activities	101,829	60,083

Company	For the year ended 31 December 2018 £'000	For the year ended 31 December 2017 £'000
Operating profit for the year	216,867	69,064
Adjustments for:		
Movement in fair value of investments (note 9)	(230,315)	(78,863)
(Increase)/decrease in receivables	(15)	2,702
Decrease in payables	(175)	(7,939)
Equity Element of Investment Manager's fee (note 3)	1,500	1,356
Net cash flows from operating activities	(12,138)	(13,680)

Reconciliation of cash flows and non-cash flow changes in liabilities arising from financing activities

Group and Company	Loans and borrowings £'000	Other liabilities £'000
As at 1 January 2018	265,000	1,295
Cash flows (net)	215,000	(13,460)
Movements in Statement of Comprehensive Income (note 13)	—	14,486
As at 31 December 2018	480,000	2,321

Group and Company	Loans and borrowings £'000	Other liabilities £'000
As at 1 January 2017	100,000	718
Cash flows (net)	165,000	(8,619)
Movements in Statement of Comprehensive Income (note 13)	—	9,196
As at 31 December 2017	265,000	1,295

18. Financial risk management

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

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

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

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 cashflow basis. Therefore, the value of these investments will be (amongst other risk factors) a function of the discounted value of their expected cashflows and, as such, will vary with movements in interest rates and competition for such assets. As disclosed in note 9, the discount factors are subjective and therefore it is feasible that a reasonable alternative assumption may be used resulting in a different valuation for these investments.

Interest rate risk

The Group's interest rate risk on interest bearing financial assets is limited to interest earned on cash. The Group's only other exposure to interest rate risk is due to floating interest rates required to service external borrowings through the revolving credit facility. An increase of 1 per cent. represents the Investment Manager's assessment of a reasonably possible change in interest rates. Should the LIBOR rate increase from 0.7 per cent. to 1.7 per cent. (2017: increase from 0.5 per cent. to 1.5 per cent.), the annual interest due on the facility would increase by £800,000 (2017: £1,650,000). The Investment Manager regularly monitors interest rates to ensure the Group has adequate provisions in place in the event of significant fluctuations.

The associated interest rate swaps on amounts drawn under the CBA, CIBC and NAB term debt facilities effectively sets interest payable at a fixed rate for the full term of the loans, thereby mitigating the risks associated with the variability of cashflows arising from interest rate fluctuations.

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

The Group's interest and non-interest bearing assets and liabilities as at 31 December 2018 are summarised below:

Group	Interest bearing		Non-interest bearing £'000	Total £'000
	Fixed rate £'000	Floating rate £'000		
Assets				
Cash at bank	—	—	3,427	3,427
Other receivables (note 11)	—	—	1,534	1,534
Investments (note 9)	145,105	—	1,726,102	1,871,207
	145,105	—	1,731,063	1,876,168
Liabilities				
Other payables (note 12)	—	—	(3,439)	(3,439)
Loans and borrowings (note 13)	(400,000)	(80,000)	—	(480,000)
	(400,000)	(80,000)	(3,439)	(483,439)

The Group's interest and non-interest bearing assets and liabilities as at 31 December 2017 are summarised below:

Group	Interest bearing		Non-interest bearing £'000	Total £'000
	Fixed rate £'000	Floating rate £'000		
Assets				
Cash at bank	—	5,802	120	5,922
Other receivables (note 11)	—	—	1,409	1,409
Investments (note 9)	114,559	—	1,291,165	1,405,724
	114,559	5,802	1,292,694	1,413,055
Liabilities				
Other payables (note 12)	—	—	(4,088)	(4,088)
Loans and borrowings (note 13)	(100,000)	(165,000)	—	(265,000)
	(100,000)	(165,000)	(4,088)	(269,088)

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

18. Financial risk management continued

Interest rate risk continued

The Company's interest and non-interest bearing assets and liabilities as at 31 December 2018 are summarised below:

Company	Interest bearing		Non-interest bearing £'000	Total £'000
	Fixed rate £'000	Floating rate £'000		
Assets				
Cash at bank	—	—	36	36
Other receivables (note 11)	—	—	19	19
Investments (note 9)	—	—	1,875,709	1,875,709
	—	—	1,875,764	1,875,764
Liabilities				
Other payables (note 12)	—	—	(3,035)	(3,035)
Loans and borrowings (note 13)	(400,000)	(80,000)	—	(480,000)
	(400,000)	(80,000)	(3,035)	(483,035)

The Company's interest and non-interest bearing assets and liabilities as at 31 December 2017 are summarised below:

Company	Interest bearing		Non-interest bearing £'000	Total £'000
	Fixed rate £'000	Floating rate £'000		
Assets				
Cash at bank	—	78	1	79
Other receivables (note 11)	—	—	12	12
Investments (note 9)	—	—	1,411,378	1,411,378
	—	78	1,411,391	1,411,469
Liabilities				
Other payables (note 12)	—	—	(2,502)	(2,502)
Loans and borrowings (note 13)	(100,000)	(165,000)	—	(265,000)
	(100,000)	(165,000)	(2,502)	(267,502)

Foreign currency risk

Foreign currency risk is defined as the risk that the fair values of future cashflows 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.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

18. Financial risk management continued

Credit risk

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

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

Group	31 December 2018 £'000	31 December 2017 £'000
Other receivables (note 11)	1,534	1,409
Cash at bank	3,427	5,922
Loan investments (note 9)	145,105	114,559
	150,066	121,890

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

Company	31 December 2018 £'000	31 December 2017 £'000
Other receivables (note 11)	19	12
Cash at bank	36	79
Loan investments (note 9)	906,533	672,517
	906,588	672,608

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

Group	Rating	31 December 2018 £'000	31 December 2017 £'000
RBS International	BBB-	3,427	5,922
		3,427	5,922

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

Company	Rating	31 December 2018 £'000	31 December 2017 £'000
RBS International	BBB-	36	79
		36	79

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

18. Financial risk management continued

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 cashflows from operating, financing and investing activities to consider payment of dividends, repayment of the Company's outstanding debt or further investing activities.

As disclosed in note 14, the purchase price of wind farms acquired which have less than 12 months' operational data, may be adjusted once 2 years of operational data becomes available.

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

Group – 31 December 2018	Less than 1 year £'000	1 – 5 years £'000	5+ years £'000	Total £'000
Assets				
Other receivables (note 11)	1,534	—	—	1,534
Cash at bank	3,427	—	—	3,427
Loan investments (note 9)	—	—	145,105	145,105
Liabilities				
Other payables (note 12)	(3,439)	—	—	(3,439)
Loans and borrowings	(15,720)	(301,296)	(239,068)	(556,084)
	(14,198)	(301,296)	(93,963)	(409,457)

Group – 31 December 2017	Less than 1 year £'000	1 – 5 years £'000	5+ years £'000	Total £'000
Assets				
Other receivables (note 11)	1,409	—	—	1,409
Cash at bank	5,922	—	—	5,922
Loan investments (note 9)	—	—	114,559	114,559
Liabilities				
Other payables (note 12)	(4,088)	—	—	(4,088)
Loans and borrowings	(8,416)	(285,346)	—	(293,762)
	(5,173)	(285,346)	114,559	(175,960)

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

Company – 31 December 2018	Less than 1 year £'000	1 – 5 years £'000	5+ years £'000	Total £'000
Assets				
Other receivables (note 11)	19	—	—	19
Cash at bank	36	—	—	36
Loan investments (note 9)	—	—	906,533	906,533
Liabilities				
Other payables (note 12)	(3,035)	—	—	(3,035)
Loans and borrowings	(15,720)	(301,296)	(239,068)	(556,084)
	(18,700)	(301,296)	667,465	347,469

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

18. Financial risk management continued

Liquidity risk continued

Company – 31 December 2017	Less than 1 year £'000	1 – 5 years £'000	5+ years £'000	Total £'000
Assets				
Other receivables (note 11)	12	—	—	12
Cash at bank	79	—	—	79
Loan investments (note 9)	—	—	672,517	672,517
Liabilities				
Other payables (note 12)	(2,502)	—	—	(2,502)
Loans and borrowings	(8,416)	(285,346)	—	(293,762)
	(10,827)	(285,346)	672,517	376,344

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

Capital risk management

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

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

19. Related party transactions

During the year, the Company increased its loan to Holdco by £331,735,406 (2017: £493,738,402) and Holdco made repayments of £97,719,585 (2017: £67,755,512). The amount outstanding at the year end was £906,533,086 (31 December 2017: £672,517,265).

During the year, Holdco increased its shareholder loan to Clyde by £45,945,307 (2017: £16,181,374). The loan accrues interest at a rate of 5.8 per cent. per annum. The Group received loan capital repayments of £15,845,320 (2017: £12,876,474) and loan interest repayments of £6,153,489 (2017: £3,468,221) during the year from Clyde and the balance at 31 December 2018 was £143,006,034 (2017: £112,906,047).

During the year, £417,000 (2017: £371,000) was received from Little Cheyne Court, £873,835 (2017: £897,321) was received from Braes of Doune and £97,374 (2017: £nil) was received from SYND Holdco, as compensation for corporation tax losses surrendered via consortium relief through the Group.

As at 31 December 2018, £742,228 (2017: £873,835) was due from Braes of Doune, £232,480 (2017: £97,374) was due from SYND Holdco, £351,026 (2017: £nil) was due from North Rhins and £nil (2017: £39,484) was due from Little Cheyne Court as disclosed in note 11, in relation to corporation tax losses surrendered through the Group.

During the year, Holdco received £2,655,957 (2017: £994,430) in relation to renewables obligation proceeds on behalf of Bin Mountain, Carcant and Tappaghan. Amounts due to these investee companies as at 31 December 2018 were £nil (2017: £994,430).

Under the terms of a Management Services Agreement with Holdco, the Company receives £800,000 per annum in relation to management and administration services. During the year, £800,000 (2017: £800,000) was paid from Holdco to the Company under this agreement and amounts due to the Company at the year end were £nil (2017: £nil).

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

19. Related party transactions continued

Holdco has Management Service Agreements with Braes of Doune, Tappaghan, Bin Mountain, Carcant, Cotton Farm, Earl's Hall Farm, Kildrummy, Maerdy, North Rhins, Drone Hill, Sixpenny Wood and Yelvertoft for which Holdco receives £33,937 (2017: £32,595) per wind farm per annum, of which £11,312 (2017: £10,865) is payable to the Investment Manager in relation to administration and management services. Holdco also has Management Service Agreements with Stroupster, Screggagh, Bishopthorpe, Corriegarth Holdings, Slieve Divena, North Hoyle, Langhope Rig and Brockaghboy for which Holdco receives £45,250 (2017: £43,460) per wind farm per annum, of which £22,625 (2017: £21,730) is payable to the Investment Manager. Amounts due to Holdco in respect of these fees as at 31 December 2018 were £nil (2017: £nil).

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

	For the year ended 31 December 2018 £'000	For the year ended 31 December 2017 £'000
Fenlands ⁽¹⁾	9,600	—
Corriegarth Holdings ⁽²⁾	9,495	3,166
ML Wind ⁽³⁾	7,105	5,067
SYND Holdco ⁽⁴⁾	6,966	6,564
Rhyl Flats	6,686	5,065
Stroupster	6,181	6,787
Maerdy	4,879	3,244
Brockaghboy	4,825	—
Braes of Doune	4,774	5,187
Tappaghan	4,633	3,414
Kildrummy	4,585	4,476
Little Cheyne Court	4,428	3,169
North Hoyle	4,300	—
Cotton Farm	4,147	3,411
Bicker Fen	3,936	—
Bishopthorpe	3,635	1,238
Clyde	3,502	2,855
Langhope Rig	3,431	1,694
Slieve Divena	3,043	1,130
Earl's Hall Farm	2,837	1,935
Screggagh	2,488	2,375
Bin Mountain	1,711	1,539
Carcant	1,426	938
	108,613	63,254

⁽¹⁾ The Group's investments in Deeping St. Nicholas, Glass Moor, Red House and Red Tile are held through Fenlands.

⁽²⁾ The Group's investment in Corriegarth is held through Corriegarth Holdings.

⁽³⁾ The Group's investments in Middlemoor and Lindhurst are held through ML Wind.

⁽⁴⁾ The Group's investments in Drone Hill, North Rhins, Sixpenny Wood and Yelvertoft are held through SYND Holdco.

20. Ultimate controlling party

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

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

21. Subsequent events

On 18 January 2019, the Company announced a dividend of £19.1 million, equivalent to 1.69 pence per share with respect to the quarter ended 31 December 2018, bringing the total dividend declared with respect to the year to 31 December 2018 to 6.76 pence per share. The record date for the dividend was 1 February 2019 and the payment date was 28 February 2019.

On 1 February 2019, the Company amended and restated its revolving credit facility with RBS, RBC and Santander comprising a £300 million tranche A facility with a refreshed 3 year tenor and a £225 million tranche B facility with a 1 year tenor.

On 1 February 2019, the Company entered into an agreement to acquire 35.5 per cent. of Stronelairg and Dunmaglass wind farms from SSE for a total consideration of £452 million, with completion occurring at the end of March 2019.

On 27 February 2019, the Company issued 102,946,483 further shares at a price of 127 pence per share, raising gross proceeds of £131 million.

Company Information

Directors (all non-executive)

Tim Ingram (*Chairman*)
Shonaid Jemmett-Page
William Rickett C.B.
Dan Badger
Martin McAdam

Investment Manager

Greencoat Capital LLP
3rd Floor, Burdett House
15-16 Buckingham Street
London WC2N 6DU

Administrator and Company Secretary

Estera Administration (UK) Limited
The Innovation Centre
Northern Ireland Science Park
Queen's Road
Belfast BT3 9DT

Depository

Estera Depository (UK) Limited
The Innovation Centre
Northern Ireland Science Park
Queen's Road
Belfast BT3 9DT

Registrar

Link Market Services Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Registered Company Number

08318092

Registered Office

27-28 Eastcastle Street
London W1W 8DH

Registered Auditor

BDO LLP
55 Baker Street
London W1U 7EU

Legal Adviser

Norton Rose Fulbright LLP
3 More London Riverside
London SE1 2AQ

Broker

RBC Capital Markets
Riverbank House
2 Swan Lane
London EC4R 3BF

Account Bank

RBS International
280 Bishopsgate
London EC2M 4RB

Supplementary Information (unaudited)

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

Estera Depositary (UK) Limited provides depositary services under the AIFMD.

The AIFMD outlines the required information which has to be made available to investors prior to investing in an AIF and directs that material changes to this information be disclosed in the Annual Report of the AIF. There were no material changes in the year.

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

The Investment Manager covers the potential professional liability risks resulting from its activities by holding professional indemnity insurance in accordance with Article 9(7)(b) of AIFMD.

The information in this paragraph relates to the Investment Manager, the AIFM, and its subsidiary company providing services to the AIFM and it does not relate to the Company. The total amount of remuneration paid by the Investment Manager, in its capacity as AIFM, to its 39 staff for the financial year ending 31 December 2018 was £6.3 million, consisting of £5.2 million fixed and £1.1 million variable remuneration. The aggregate amount of remuneration for the 5 staff members of the Investment Manager constituting senior management and those staff whose actions have a material impact on the risk profile of the Company was £1.0 million.

Defined Terms

Adjusted Portfolio Value means Gross Asset Value

Aggregate Group Debt means the Group's proportionate share of outstanding third party borrowings

AGM means Annual General Meeting of the Company

AIC means the Association of Investment Companies

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

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

AIF means an Alternative Investment Fund as defined under the AIFMD

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

AIFMD means the Alternative Investment Fund Managers Directive

Balancing Mechanism means the system by which electricity demand and supply is balanced by National Grid in close to real time

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

Bicker Fen means Bicker Fen Windfarm Limited

Bin Mountain means Bin Mountain Wind Farm (NI) Limited

Bishopthorpe means Bishopthorpe Wind Farm Limited

Board means the Directors of the Company

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

Brockaghboy means Brockaghboy Windfarm Limited

Carcant means Carcant Wind Farm (Scotland) Limited

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

CBA means Commonwealth Bank of Australia

CFD means Contract For Difference

Church Hill means Church Hill Wind Farm Limited

CIBC means Canadian Imperial Bank of Commerce

Clyde means Clyde Wind Farm (Scotland) Limited

Clyde Extension means the Clyde extension wind farm developed by SSE adjacent to the original Clyde wind farm

Company means Greencoat UK Wind PLC

Corriegarth means Corriegarth Wind Energy Limited

Corriegarth Holdings means Corriegarth Wind Energy Holdings Limited

Cotton Farm means Cotton Farm Wind Farm Limited

CPI means the Consumer Price Index

Crighshane means Crighshane Wind Farm Limited

Crighshane & Church Hill Funding means Crighshane and Church Hill Funding Limited

Crighshane & Church Hill Holdco means Crighshane and Church Hill Holdco Limited

DCF means Discounted Cash Flow

Deeping St. Nicholas means Deeping St. Nicholas wind farm

Drone Hill means Drone Hill Wind Farm Limited

DTR means the Disclosure Guidance and Transparency Rules sourcebook issued by the Financial Conduct Authority

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

Fenlands means Fenland Windfarms Limited

FRC means the Financial Reporting Council

GAV means Gross Asset Value

Glass Moor means Glass Moor wind farm

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

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

Holdco means Greencoat UK Wind Holdco Limited

IAS means International Accounting Standard

Defined Terms *continued*

IFRS means International Financial Reporting Standards

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

Investment Manager means Greencoat Capital LLP

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

IRR means Internal Rate of Return

Kildrummy means Kildrummy Wind Farm Limited

KPI means Key Performance Indicator

Langhope Rig means Langhope Rig Wind Farm Limited

Lindhurst means Lindhurst Wind Farm

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

Little Cheyne Court means Little Cheyne Court Wind Farm Limited

Maerdy means Maerdy Wind Farm Limited

Middlemoor means Middlemoor Wind Farm

ML Wind means ML Wind LLP

NAB means National Australia Bank

NAV means Net Asset Value

NAV per Share means the Net Asset Value per Ordinary Share

North Hoyle means North Hoyle Wind Farm Limited

North Rhins means North Rhins Wind Farm Limited

PFI means Private Finance Initiative

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

RBC means the Royal Bank of Canada

RBS means the Royal Bank of Scotland PLC

RBS International means the Royal Bank of Scotland International Limited

Red House means Red House wind farm

Red Tile means Red Tile wind farm

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

Rhyl Flats means Rhyl Flats Wind Farm Limited

RPI means the Retail Price Index

Santander means Santander Global Banking and Markets

Screggagh means Screggagh Wind Farm Limited

Sixpenny Wood means Sixpenny Wood Wind Farm Limited

Slieve Divena means Slieve Divena Wind Farm Limited

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

Stroupster means Stroupster Caithness Wind Farm (Scotland) Limited

SYND Holdco means SYND Holdco Limited

Tappaghan means Tappaghan Wind Farm (NI) Limited

TSR means Total Shareholder Return

UK means the United Kingdom of Great Britain and Northern Ireland

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

Yelvertoft means Yelvertoft Wind Farm Limited

Cautionary Statement

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

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

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

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

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

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

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

