

GREENCOAT  
UK WIND



# Greencoat UK Wind PLC

## Half-yearly Report

For the six months ended 30 June 2015



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## Company Information

### Directors (all non-executive)

Tim Ingram (*Chairman*)  
Shonaid Jemmett-Page  
William Rickett C.B.  
Dan Badger  
Martin McAdam (appointed with effect from 1 March 2015)

### Registered Company Number

08318092

### Registered Office

27-28 Eastcastle Street  
London  
W1W 8DH

### Investment Manager

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

### Administrator and Company Secretary

Heritage Administration Services Limited  
The Innovation Centre  
Northern Ireland Science Park  
Queen's Road  
Belfast  
BT3 9DT

### Registrar

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

### Registered Auditor

BDO LLP  
55 Baker Street  
London  
W1U 7EU

### Legal Adviser

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

### Brokers

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

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

### Account Bank

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

All capitalised terms are defined in the list of defined terms on page 23 unless separately defined.

## Summary

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

### Highlights

- The Group's investments generated 408.0GWh of electricity, 10 per cent. above budget owing to high wind resource.
- Net cash generation (Group and wind farm SPVs) was £29.2 million.
- The Company declared total dividends of 3.13 pence per share in relation to the period.
- NAV growth of 0.2 pence per share (adjusting for dividends).

### Key Metrics

KPI	As at 30 June 2015
Market capitalisation	£512.1 million
Share price	111.0 pence
Dividends with respect to the period	£14.4 million
Dividends with respect to the period per share	3.13 pence
GAV	£585.8 million
NAV	£480.8 million
NAV per share	104.2 pence

# Chairman's Statement

I am pleased to present the half-yearly report of Greencoat UK Wind PLC for the six months ended 30 June 2015.

## Performance

During the period, portfolio generation was 10 per cent. above budget at 408.0GWh owing to high wind resource. Net cash generated by the Group and wind farm SPVs was £29.2 million. Dividend cover was 2.0x (adjusted to reflect quarterly dividends).

## Dividends and returns

The Company's aim is to provide investors with an attractive and sustainable dividend that increases in line with RPI inflation while preserving capital on a real basis. In line with our stated target of 6.26 pence per share for 2015, the Company paid its first quarterly dividend of 1.565 pence per share and declared its second, of the same amount, giving a total of 3.13 pence per share for the period. In addition, NAV per share increased from 102.4 pence (ex-dividend) on 31 December 2014 to 102.6 pence on 30 June 2015, an increase in NAV per share of 0.2 pence.

## Group structure and financing

The Group's policy is to have no gearing at the individual asset level and to keep overall Group level borrowings at a prudent level (the maximum is 40 per cent. of GAV) to reduce risk while ensuring that the Group is at least fully invested thus always using capital efficiently. As at 30 June 2015, the Group's borrowings were £105 million, equivalent to 18 per cent. of GAV. Over the medium term, we would expect leverage to be between 20 per cent. and 30 per cent..

The Group's structure was simplified and the investment management arrangements were amended, creating value for the Group as explained in note 2 to the Financial Statements, and the Group's acquisition financing package was refreshed. In July 2015, the Company also entered into a longer term loan. All debt facilities are now at the Company level and rank pari passu with each other. The Board expects term financing to be an increasing feature of the Group's capital structure and is pleased with the highly attractive rates available to the Group, given the senior nature of all facilities.

## Principal risks and uncertainties

As detailed in the Company's annual report to 31 December 2014, the principal risks and uncertainties affecting the Company are as follows:

- dependence on the Investment Manager;
- financing risk; and
- risk of investment returns becoming unattractive.

Also as detailed in the Company's annual report to 31 December 2014, the principal risks and uncertainties affecting the investee companies are as follows:

- changes in government policy on renewable energy;
- a decline in the market price of electricity;

- risk of low wind resource;
- lower than expected life-span of the wind turbines; and
- health and safety and the environment.

Further information in relation to these principal risks and uncertainties, which are unchanged from 31 December 2014 and remain the most likely to affect the Group in the second half of the year, may be found on pages 7 to 9 of the Group's Annual Report for the year ended 31 December 2014.

## Outlook

Wind remains the most mature and widely deployed renewable technology available in the UK and electricity production from wind is becoming an increasingly important part of the UK's generation mix.


The recent policy changes to the Renewables Obligation for onshore wind are not relevant to the Company as they relate to new capacity that is not yet built. This is not anticipated to have a significant impact on the investment opportunities available to the Company as the market size of operating UK wind farms (both onshore and offshore) is expected to reach £60 billion over the next few years providing extensive and very encouraging opportunities for further value creating investment.

The announcement of the immediate loss of the Climate Change Levy exemption for renewable electricity in July's Budget has had a negative impact on NAV, although this was largely offset by the reduction in the Corporation Tax rate announced at the same time.

The Company is currently looking at a number of attractive investment opportunities from both utilities and developers. The Board believes that it is in the interest of our shareholders to grow the portfolio, through further wind farm investments, inter alia, to:

- provide additional economies of scale at Group level;
- increase our market power when purchasing further assets; and
- increase liquidity in our shares.

During the period, a number of potential wind farm acquisitions were carefully evaluated, but none were completed, reflecting the Board's support for the prudent approach by the Investment Manager only to acquire assets when we are confident that they bring value to shareholders.



**Tim Ingram**  
Chairman

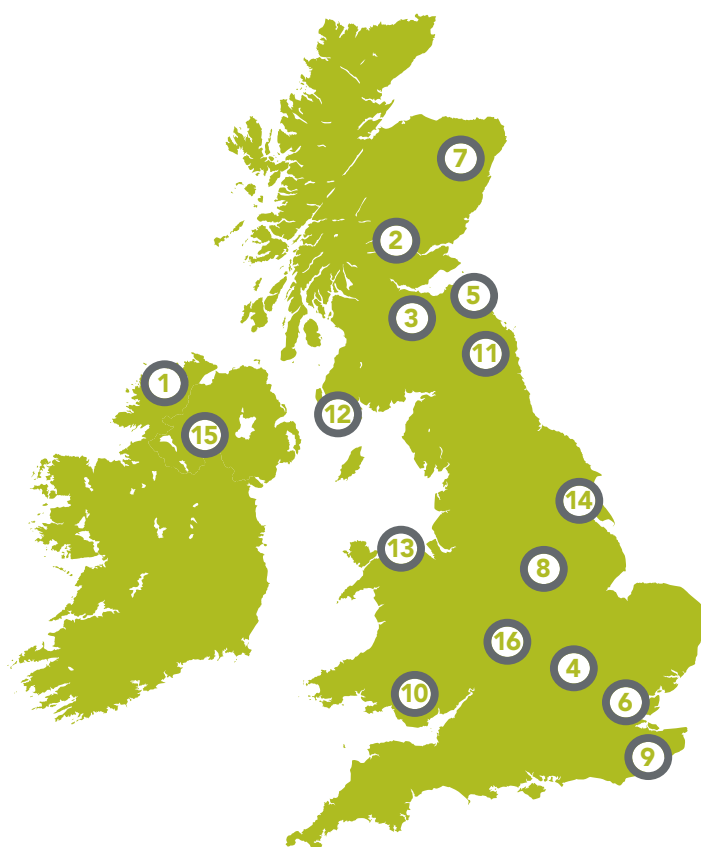
27 July 2015

## Investment Manager's Report

### Investment portfolio

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

Wind farm	Turbines	Operator	PPA	Total MW	Ownership Stake	Net MW
Bin Mountain	GE	SSE	SSE	9.0	100%	9.0
Braes of Doune	Vestas	DNV-GL	Centrica	72.0	50%	36.0
Carcant	Siemens	SSE	SSE	6.0	100%	6.0
Cotton Farm	Senvion	BayWa	Sainsbury's	16.4	100%	16.4
Drone Hill	Nordex	BayWa	Statkraft	28.6	51.6%	14.8
Earl's Hall Farm	Senvion	BayWa	Sainsbury's	10.3	100%	10.3
Kildrummy	Enercon	BayWa	Sainsbury's	18.4	100%	18.4
Lindhurst	Vestas	RWE	RWE	9.0	49%	4.4
Little Cheyne Court	Nordex	RWE	RWE	59.8	41%	24.5
Maerdy	Siemens	Wind Prospect	Statkraft	24.0	100%	24.0
Middlemoor	Vestas	RWE	RWE	54.0	49%	26.5
North Rhins	Vestas	DNV-GL	E.ON	22.0	51.6%	11.4
Rhyl Flats	Siemens	RWE	RWE	90.0	24.95%	22.5
Sixpenny Wood	Senvion	BayWa	Statkraft	20.5	51.6%	10.6
Tappaghan	GE	SSE	SSE	28.5	100%	28.5
Yelvertoft	Senvion	BayWa	Statkraft	16.4	51.6%	8.5
<b>Total</b>						<b>271.5</b>



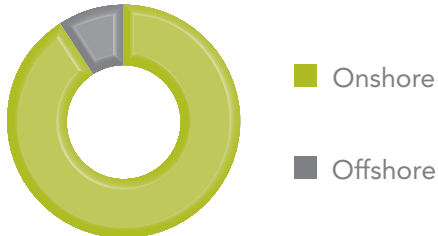
- |                    |                       |
|--------------------|-----------------------|
| 1 Bin Mountain     | 9 Little Cheyne Court |
| 2 Braes of Doune   | 10 Maerdy             |
| 3 Carcant          | 11 Middlemoor         |
| 4 Cotton Farm      | 12 North Rhins        |
| 5 Drone Hill  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

# Investment Manager's Report continued

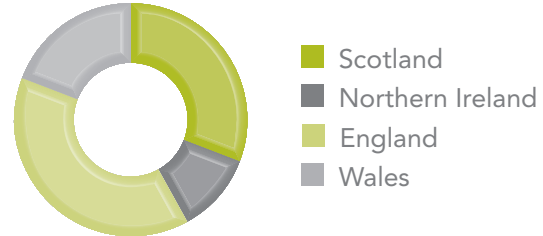
## Investment portfolio continued

The portfolio breakdown by value as at 30 June 2015 is as follows:

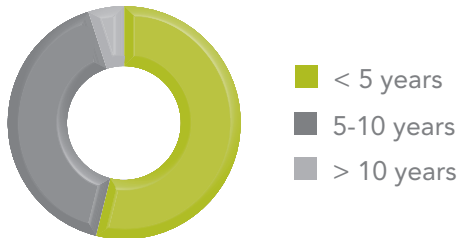
### Onshore/Offshore



### Geography



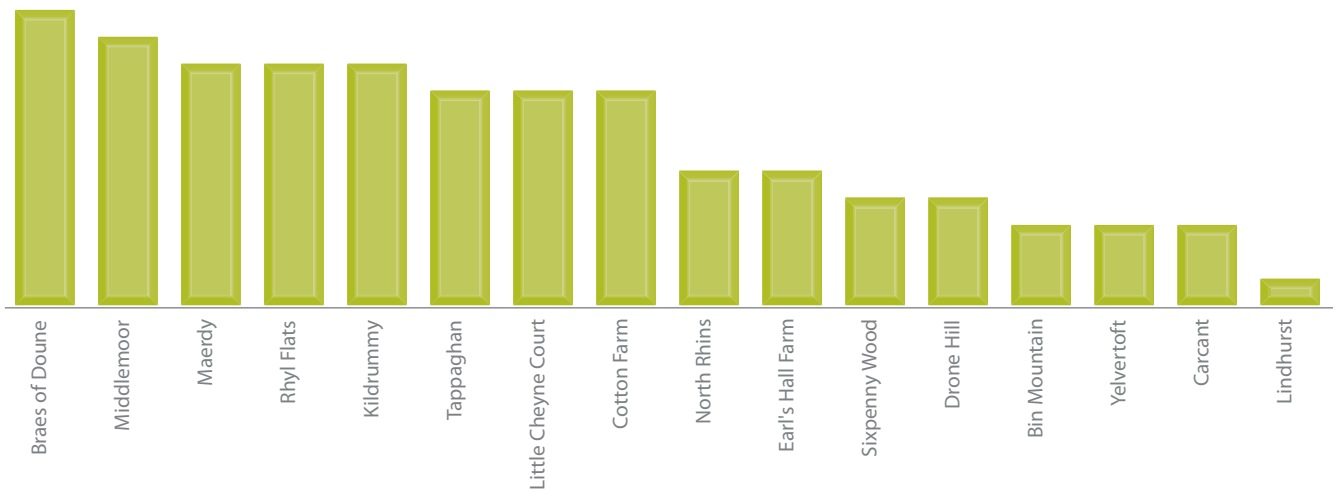
### Asset Age



### Turbine Manufacturer



### Assets



## Investment Manager's Report continued

### Portfolio performance

Generation for the portfolio as a whole in the six months ended 30 June 2015 was 408.0GWh, 10 per cent. above budget owing to high wind resource.

The most significant event affecting the portfolio in the period was a grid transformer failure, which resulted in Earl's Hall Farm being offline from 18 April to 6 June, while the Distribution Network Operator (UKPN) resolved the issue. The insurer has been notified in relation to lost revenue.

Other major unscheduled outages resulted from the blade failure at Little Cheyne Court (as a result of a lightning strike, as highlighted in the 2014 Annual Report), with the turbine brought back into operation on 21 March; the replacement of two gearboxes at Little Cheyne Court, following end of warranty inspections; and various yaw gear failures at Maerdy, which are being investigated by Siemens.

Lower than forecast power prices were seen throughout the period but revenue remained above budget owing to above budget generation. Operating expenditure was below budget. Budgeted revenue and operating expenditure are inputs in the NAV calculation.

A new turbine operation and maintenance agreement has been entered into with RWE at Little Cheyne Court, following the expiry in May of the original five year contract with Nordex. Interim turbine operation and maintenance agreements have been entered into with Vestas and Siemens, respectively, in relation to North Rhins and Carcant, pending the negotiation of longer term agreements.

### Health and safety

There were no major incidents in the six months ended 30 June 2015.

### Financial performance

The table below demonstrates strong dividend cover in the period of 2.0x. Net cash generation was £29.2 million. Cash balances (Group and wind farm SPVs) at 30 June 2015 were £25.7 million.

	For the six months ended 30 June 2015 £m
<b>Group and wind farm SPV cash flows</b>	
<b>Net cash generation</b>	<b>29.2</b>
<b>Dividends paid (February and May 2015)</b>	<b>(21.4)</b>
<b>Acquisitions</b>	<b>—</b>
<b>Acquisition costs</b>	<b>—</b>
<b>Equity issuance</b>	<b>—</b>
<b>Equity issuance costs<sup>(1)</sup></b>	<b>(0.3)</b>
<b>Debt repayment/drawdown</b>	<b>—</b>
<b>Upfront finance costs</b>	<b>(0.8)</b>
<b>Movement in cash (Group and wind farm SPVs)</b>	<b>6.7</b>
<b>Opening cash balance (Group and wind farm SPVs)</b>	<b>19.0</b>
<b>Ending cash balance (Group and wind farm SPVs)</b>	<b>25.7</b>
Net cash generation	29.2
Dividends <sup>(2)</sup>	14.3
<b>Dividend cover</b>	<b>2.0x</b>

<sup>(1)</sup> Carried over issuance costs in relation to October 2014 capital raise.

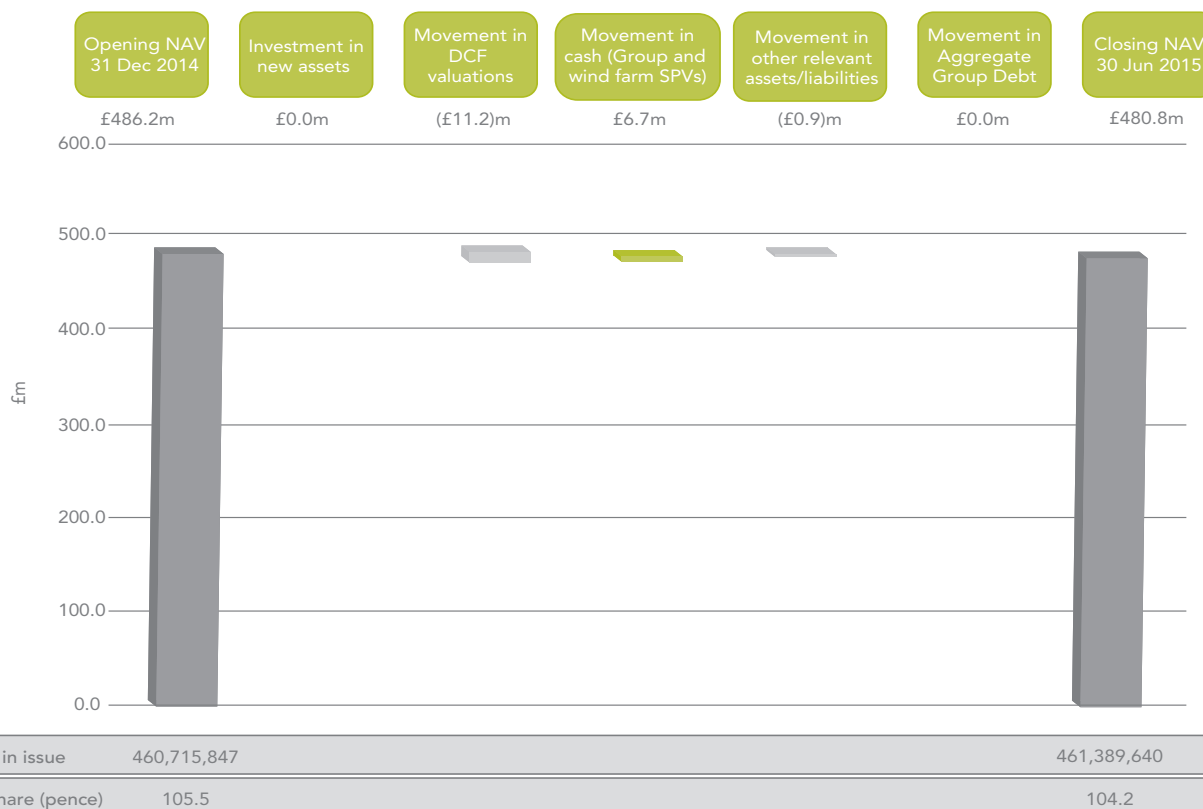
<sup>(2)</sup> February 2015 dividend has been halved for dividend cover calculation purposes as it relates to six months as opposed to three months.



# Investment Manager's Report continued

## Investment performance

The NAV at 30 June 2015 was £480.8m.



A dividend of £14.2 million (3.08 pence per share) was paid in February 2015 in respect of the six month period ended 31 December 2014 and a dividend of £7.2 million (1.565 pence per share) was paid in May 2015 in respect of the three month period ended 31 March 2015.

A dividend of £7.2 million (1.565 pence per share) will be paid in August 2015 in respect of the three month period ended 30 June 2015.

NAV growth in the period was 0.2 pence per share (ex dividend):

	pence per share
NAV at 31 December 2014	105.5
Less February 2015 dividend	(3.1)
NAV at 31 December 2014 (ex dividend)	102.4
NAV at 30 June 2015	104.2
Less August 2015 dividend	(1.6)
NAV at 30 June 2015 (ex dividend)	102.6
Movement in NAV (ex dividend)	0.2

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

## Investment Manager's Report continued

### Investment performance (continued)

The share price as at 30 June 2015 was 111.0 pence, representing a 6.5 per cent. premium to NAV.

The below graph charts TSR against market peers.

### TSR vs market peers (Bloomberg)



### Reconciliation of statutory net assets to published NAV

	As at 30 June 2015 £	As at 31 December 2014 £
DCF valuation	561,373,352	572,541,109
Cash (wind farm SPVs)	17,739,434	10,647,429
<b>Fair value of investments</b>	<b>579,112,786</b>	<b>583,188,538</b>
Cash (Group)	7,911,202	8,320,384
Other relevant liabilities	(1,180,770)	(263,359)
<b>GAV</b>	<b>585,843,218</b>	<b>591,245,563</b>
Aggregate Group debt	(105,000,000)	(105,000,000)
<b>NAV</b>	<b>480,843,218</b>	<b>486,245,563</b>
Reconciling items	—	—
<b>Statutory net assets</b>	<b>480,843,218</b>	<b>486,245,563</b>
Shares in issue	461,389,640	460,715,847
<b>NAV per share (pence)</b>	<b>104.2</b>	<b>105.5</b>

# Investment Manager's Report continued

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## Gearing

As at 30 June 2015, the Group had £105 million of debt outstanding, equating to 18 per cent. of GAV.

The Group's acquisition financing package was refreshed during the period. The Group now benefits from a £225 million revolving credit facility, which enhances its ability to make further acquisitions.

On 22 July, the Group entered into a seven year term debt facility of £75 million, together with associated interest rate swap. On 29 July, proceeds from the seven year debt facility will be used to repay the revolving credit facility, together with £5 million from excess cash flow, leaving a drawn balance of £25 million under the revolving credit facility.

On 29 July 2015, total debt outstanding is expected to be £100 million, equating to 17 per cent. of GAV.

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

## Pipeline

The Investment Manager continues its ongoing process of identifying and executing potential new wind farm acquisitions.

A significant number of opportunities are being considered for 2015 and 2016, on and offshore. The Group's independence and execution credibility continue to provide access to very attractive investment returns, often on a bilateral basis.

## Outlook

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

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

In contrast to operational wind farms, regulatory risk is the key risk faced by renewable developers. In particular, the Renewables Obligation is now closed to solar assets larger than 5MW from March 2015 and, given policy changes following the general election, will be closed to onshore wind from March 2016 (subject to certain grace periods in each case). The CFD regime, which replaces the Renewables Obligation for new projects, brings considerable uncertainty for developers, particularly onshore wind and solar.

There is currently over 8GW of operational onshore wind capacity plus over 4GW offshore. Installed capacity is set to grow over the next few years to over 12GW onshore plus over 12GW offshore, despite recent policy changes to the Renewables Obligation for onshore wind. In monetary terms, the secondary market for operational UK wind farms is approximately £30 billion, increasing to £60 billion in the medium term. The Group currently has a market share of approximately 2 per cent..

As an owner of operational wind farms, the key risk faced by the Group is power price. In general, independent forecasters expect UK wholesale electricity prices to continue to rise in real terms (in the short and long term), based on tighter UK capacity margins in the short term and global energy supply and demand in the long term, together with the ongoing phasing out of coal-fired power stations. However, long term power price forecasts have fallen over recent quarters, reflecting downward revisions in commodity price forecasts.

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

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

## Statement of Directors' Responsibilities

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The Directors acknowledge responsibility for the interim results and approve this half-yearly report. The Directors confirm that to the best of their knowledge:

- a) the condensed financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and give a true and fair view of the assets, liabilities and financial position and the profit of the Group as required by DTR 4.2.4R;
- b) the interim management report, included within the Chairman's Statement and Investment Manager's Report, includes a fair review of the information required by DTR 4.2.7R, being the significant events of the first half of the year and the principal risks and uncertainties for the remaining six months of the year; and
- c) the condensed financial statements include a fair review of the related party transactions, as required by DTR 4.2.8R.

The Responsibility Statement has been approved by the Board.



**Tim Ingram**  
Chairman

27 July 2015

# Condensed Consolidated Statement of Comprehensive Income (unaudited)

For the six months ended 30 June 2015

	Note	For the six months ended 30 June 2015 £	For the six months ended 30 June 2014 £
Return on investments	3	20,272,782	23,586,796
Other income	4	1,172,939	95,635
<b>Total income and gains</b>		<b>21,445,721</b>	<b>23,682,431</b>
Operating expenses	5	(3,694,024)	(2,617,160)
Investment acquisition costs		—	(375,216)
<b>Operating profit</b>		<b>17,751,697</b>	<b>20,690,055</b>
Finance expense	13	(2,440,767)	(1,930,819)
<b>Profit for the period before tax</b>		<b>15,310,930</b>	<b>18,759,236</b>
Tax expense	6	—	—
<b>Profit for the period after tax</b>		<b>15,310,930</b>	<b>18,759,236</b>
<b>Profit and total comprehensive income attributable to:</b>			
Equity holders of the Company		15,310,930	18,759,236
<b>Earnings per share</b>			
Basic and diluted profit from continuing operations in the period (pence)	7	<b>3.32</b>	<b>5.47</b>

All results are derived from continuing operations.

The accompanying notes on pages 15 to 22 form an integral part of the financial statements.

# Condensed Consolidated Statement of Financial Position (unaudited)

As at 30 June 2015

	Note	30 June 2015 £	31 December 2014 £
<b>Non current assets</b>			
Investments at fair value through profit or loss	9	579,112,786	583,188,538
		<b>579,112,786</b>	<b>583,188,538</b>
<b>Current assets</b>			
Receivables	11	281,354	1,409,033
Cash and cash equivalents		7,911,202	8,320,384
		<b>8,192,556</b>	<b>9,729,417</b>
<b>Current liabilities</b>			
Payables	12	(1,462,124)	(1,672,392)
<b>Net current assets</b>		<b>6,730,432</b>	<b>8,057,025</b>
<b>Non current liabilities</b>			
Loans and borrowings	13	(105,000,000)	(105,000,000)
<b>Net assets</b>		<b>480,843,218</b>	<b>486,245,563</b>
<b>Capital and reserves</b>			
Called up share capital	15	4,613,896	4,607,158
Share premium account	15	205,727,009	205,022,575
Other distributable reserves		206,548,203	227,972,650
Retained earnings		63,954,110	48,643,180
<b>Total shareholders' funds</b>		<b>480,843,218</b>	<b>486,245,563</b>
<b>Net assets per share (pence)</b>	16	<b>104.2</b>	<b>105.5</b>

Authorised for issue by the Board on 27 July 2015 and signed on its behalf by:



**Tim Ingram**  
Chairman



**Shonaid Jemmett-Page**  
Director

The accompanying notes on pages 15 to 22 form an integral part of the financial statements.

# Condensed Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 30 June 2015

For the six months ended 30 June 2015	Note	Share capital £	Share premium £	Other distributable reserves £	Retained earnings £	Total £
Opening net assets attributable to shareholders (1 January 2015)		4,607,158	205,022,575	227,972,650	48,643,180	486,245,563
Issue of share capital	15	6,738	704,434	—	—	711,172
Profit and total comprehensive income for the period		—	—	—	15,310,930	15,310,930
Interim dividends paid in the period	8	—	—	(21,424,447)	—	(21,424,447)
<b>Closing net assets attributable to shareholders</b>		<b>4,613,896</b>	<b>205,727,009</b>	<b>206,548,203</b>	<b>63,954,110</b>	<b>480,843,218</b>

After taking account of cumulative unrealised gains of £21,865,645, the total reserves distributable by way of a dividend as at 30 June 2015 were £248,636,668.

For the six months ended 30 June 2014		Share capital £	Share premium £	Other distributable reserves £	Retained earnings £	Total £
Opening net assets attributable to shareholders (1 January 2014)		3,412,430	80,654,271	248,811,063	18,196,789	351,074,553
Issue of share capital		23,069	2,348,004	—	—	2,371,073
Share issue costs		—	(9,871)	—	—	(9,871)
Profit and total comprehensive income for the period		—	—	—	18,759,236	18,759,236
Interim dividends paid in the period		—	—	(10,246,496)	—	(10,246,496)
<b>Closing net assets attributable to shareholders</b>		<b>3,435,499</b>	<b>82,992,404</b>	<b>238,564,567</b>	<b>36,956,025</b>	<b>361,948,495</b>

After taking account of cumulative unrealised gains of £27,733,636 the total reserves distributable by way of a dividend as at 30 June 2014 were £247,786,956.

The accompanying notes on pages 15 to 22 form an integral part of the financial statements.

# Condensed Consolidated Statement of Cash Flows (unaudited)

For the six months ended 30 June 2015

	Note	For the six months ended 30 June 2015 £	For the six months ended 30 June 2014 £
<b>Net cash flow from operating activities</b>	17	<b>24,144,255</b>	<b>17,743,106</b>
<b>Cash flow from investing activities</b>			
Acquisition of investments		—	(96,363,700)
<b>Net cash flow from investing activities</b>		<b>—</b>	<b>(96,363,700)</b>
<b>Cash flows from financing activities</b>			
Issue of share capital		—	2,050,000
Payment of issue costs		(305,562)	(9,871)
Revolving credit facility			
Drawdowns	13	105,000,000	—
Acquisition loan facility			
Drawdowns		—	93,000,000
Repayments	13	(105,000,000)	(8,000,000)
Finance expense		(2,823,428)	(1,852,186)
Dividends paid	8	(21,424,447)	(10,246,496)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(24,553,437)</b>	<b>74,941,447</b>
Net decrease in cash and cash equivalents during the period		<b>(409,182)</b>	<b>(3,679,147)</b>
Cash and cash equivalents at the beginning of the period		<b>8,320,384</b>	<b>7,257,576</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>7,911,202</b>	<b>3,578,429</b>

The accompanying notes on pages 15 to 22 form an integral part of the financial statements.



# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 1. Significant accounting policies

### Basis of preparation

The condensed consolidated financial statements included in this half-yearly report have been prepared in accordance with IAS 34 "Interim Financial Reporting". The same accounting policies, presentation and methods of computation are followed in these condensed consolidated financial statements as were applied in the preparation of the Group's consolidated annual financial statements for the year ended 31 December 2014, except as noted below.

The Group's consolidated annual financial statements were prepared on the historical cost basis, as modified for the measurement of certain financial instruments at fair value through profit or loss, and 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.

These condensed financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated annual financial statements as of 31 December 2014. The audited annual accounts for the year ended 31 December 2014 have been delivered to the Registrar of Companies. The audit report thereon was unmodified.

### Review

This half-yearly report has not been audited or reviewed by the Company's Auditor pursuant to the Auditing Practices Board's guidance on the review of interim financial statements.

### Going concern

After making 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 of accounting in preparing the interim financial statements.

### 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.

### Seasonal and cyclical variations

The Group's results do not vary significantly during reporting periods as a result of seasonal activity.

# Notes to the Unaudited Condensed Consolidated Financial Statements continued

For the six months ended 30 June 2015

## 2. Investment management fees

As disclosed in note 18, the structure of the Group was simplified during the period. As part of this restructuring the Company has entered into a new Investment Management Agreement with the Investment Manager, replacing the previous agreement between the Company, LLP, Holdco and the Investment Manager, and the minimum term under the Investment Management Agreement has been extended by 15 months. Effective from 1 April 2015, the Base Fee and the PPS have been replaced by a single Cash Fee. The amount of the Cash Fee (previously Base Fee plus PPS) remains unchanged and is now fully tax deductible.

Under the terms of the revised Investment Management Agreement, 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 remains unchanged from that disclosed on page 50 of the Company's Annual Report for the year ended 31 December 2014.

Investment management fees and PPS paid or accrued were as follows:

	Base fee £	PPS £	Cash Fee £	Value of Equity Element £	Total amounts paid to the Investment Manager £
Quarter to March 2015	275,000	940,614	—	243,123	<b>1,458,737</b>
Quarter to June 2015	—	—	1,200,045	240,009	<b>1,440,054</b>
<b>Total</b>	<b>275,000</b>	<b>940,614</b>	<b>1,200,045</b>	<b>483,132</b>	<b>2,898,791</b>

As at 30 June 2015, total amounts payable to the Investment Manager were £925,045 (31 December 2014: £467,171). Total amounts paid to the Investment Manager for the six months ended 30 June 2014 were £2,112,373.

## 3. Return on investments

	For the six months ended 30 June 2015 £	For the six months ended 30 June 2014 £
Dividends received (note 18)	24,348,534	20,624,458
Movement in fair value of investments (note 9)	(4,075,752)	2,962,338
	<b>20,272,782</b>	<b>23,586,796</b>

## 4. Other income

	For the six months ended 30 June 2015 £	For the six months ended 30 June 2014 £
Consideration for investee company tax losses	955,202	—
Management services fees	183,600	92,500
Other income	34,137	3,135
	<b>1,172,939</b>	<b>95,635</b>

# Notes to the Unaudited Condensed Consolidated Financial Statements continued

For the six months ended 30 June 2015

## 5. Operating expenses

	For the six months ended 30 June 2015 £	For the six months ended 30 June 2014 £
Management fees (note 2)	1,958,177	902,062
PPS (note 2)	940,614	1,210,311
Group and SPV administration fees	212,500	154,053
Non-executive Directors' fees	94,250	87,500
Other expenses	452,383	198,722
Fees to the Company's Auditor:		
for audit of the statutory financial statements	32,500	36,524
for other audit related services	3,600	3,500
for tax compliance services	—	24,488
	<b>3,694,024</b>	<b>2,617,160</b>

The fees to the Company's auditor includes £3,600 (2014: £3,500) payable in relation to a limited review of the half-yearly report and estimated accruals proportioned across the year for the audit of the statutory financial statements.

## 6. Taxation

Taxable income during the period was offset by management expenses and the tax charge for the period ended 30 June 2015 is £nil (30 June 2014: £nil). The Group has tax losses carried forward available to offset against current and future profits as at 30 June 2015 of £4,971,439 (30 June 2014: £2,247,539).

## 7. Earnings per share

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Profit attributable to equity holders of the Company – £	15,310,930	18,759,236
Weighted average number of ordinary shares in issue	461,144,695	343,104,606
<b>Basic and diluted profit from continuing operations in the period – pence</b>	<b>3.32</b>	<b>5.47</b>

Dilution of the earnings per share as a result of the Equity Element of the investment management fee as disclosed in note 2 does not have a significant impact on the basic earnings per share.

## 8. Dividends declared in relation to the period

Interim dividends paid during the period ended 30 June 2015	Dividend per share pence	Total dividend £
In relation to the 6 months ended 31 December 2014	3.080	14,203,699
In relation to the 3 months ended 31 March 2015	1.565	7,220,748
	<b>4.645</b>	<b>21,424,447</b>
Interim dividends declared after 30 June 2015 and not accrued in the period	Dividend per share pence	Total dividend £
In relation to the 3 months ended 30 June 2015	1.565	7,224,358
	<b>1.565</b>	<b>7,224,358</b>

As disclosed in note 19, on 22 July 2015, the Board approved a dividend of 1.565 pence per share bringing the total dividends declared in respect of the period to 3.13 pence per share. The record date for the dividend is 7 August 2015 and the payment date is 28 August 2015.

# Notes to the Unaudited Condensed Consolidated Financial Statements continued

For the six months ended 30 June 2015

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

	For the six months ended 30 June 2015 £	For the six months ended 30 June 2014 £
Opening balance	583,188,538	394,765,170
Additions	—	96,363,700
Movement in fair value of investments (note 3)	(4,075,752)	2,962,338
	<b>579,112,786</b>	<b>494,091,208</b>

During the period, the movement in fair value of investments comprised movement in cash balances of SPVs of £7.1 million, which was offset by a decrease in the DCF valuation of the investments of £11.2 million.

### Fair value measurements

As disclosed on pages 54 and 55 of the Group's Annual Report for the year ended 31 December 2014, IFRS 13 "Fair Value Measurement" requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities ranges from level 1 to level 3 and is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of the Company's investments is ultimately determined by the underlying fair values of the SPV investments. Due to their nature, they are always expected to be classified as level 3 as the investments are not traded and contain unobservable inputs. There have been no transfers between levels during the six months ended 30 June 2015.

### Sensitivity analysis

The fair value of the Group's investments is £579,112,786 (31 December 2014: £583,188,538). The analysis below is provided in order 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 £	Change in NAV per share pence
Discount rate	8 – 9 per cent.	+ 0.5 per cent. – 0.5 per cent.	(19,157,076) 20,301,959	(4.2) 4.4
Energy yield	P50	10 year P90 10 year P10	(36,442,769) 36,421,682	(7.9) 7.9
Power price	Forecast by leading consultant	– 10 per cent. + 10 per cent.	(32,864,707) 32,841,460	(7.1) 7.1
Inflation rate	2.5 per cent.	– 0.5 per cent. + 0.5 per cent.	(19,548,255) 20,615,671	(4.2) 4.5

# Notes to the Unaudited Condensed Consolidated Financial Statements continued

For the six months ended 30 June 2015

## 10. Unconsolidated subsidiaries, associates and joint ventures

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

Investment	Place of Business	Ownership Interest as at 30 June 2015
Bin Mountain	Northern Ireland	100%
Carcant	Scotland	100%
Cotton Farm	England	100%
Earl's Hall Farm	England	100%
Kildrummy	Scotland	100%
Maerdy	Wales	100%
Tappaghan	Northern Ireland	100%
Drone Hill	Scotland	51.6%
North Rhins	Scotland	51.6%
Sixpenny Wood	England	51.6%
Yelvertoft	England	51.6%
SYND Holdco*	UK	51.6%

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

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

Wind Farm	Place of Business	Ownership Interest as at 30 June 2015
Braes of Doune	Scotland	50%
ML Wind*	England	49%
Little Cheyne Court	England	41%
Rhyl Flats	Wales	24.95%

\* The Group's investments in Middlemoor and Lindhurst are held through ML Wind.

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

Provider of security	Investment	Beneficiary	Nature	Purpose	Amount £
Holdco	Middlemoor	Northumberland County Council	Cash	Development works	77,048

There were no other changes to security deposits and guarantees as disclosed on page 57 of the Group's Annual Report for the year ended 31 December 2014.

## 11. Receivables

	30 June 2015 £	31 December 2014 £
Prepayments	104,303	52,556
Other receivables	177,051	56,477
Dividends receivable	—	1,300,000
	<b>281,354</b>	<b>1,409,033</b>

# Notes to the Unaudited Condensed Consolidated Financial Statements continued

For the six months ended 30 June 2015

## 12. Payables

	30 June 2015 £	31 December 2014 £
Investment management fee payable (note 2)	925,045	467,171
Loan interest payable	14,456	517,836
Commitment fee payable	149,589	—
Other payables	373,034	366,939
Share issue costs payable	—	320,446
	<b>1,462,124</b>	<b>1,672,392</b>

## 13. Loans and borrowings

	30 June 2015 £	31 December 2014 £
Opening balance	105,000,000	50,000,000
Amounts drawn down in the period/year	105,000,000	183,000,000
Amounts repaid in the period/year	(105,000,000)	(128,000,000)
<b>Closing balance</b>	<b>105,000,000</b>	<b>105,000,000</b>

	For the six months ended 30 June 2015 £	For the six months ended 30 June 2014 £
Facility arrangement fees	675,000	930,000
Loan interest	1,423,798	703,187
Commitment fees	149,589	—
Other facility fees	59,880	217,500
Professional fees	132,500	80,132
<b>Finance expense</b>	<b>2,440,767</b>	<b>1,930,819</b>

The loan as at 30 June 2015 has not been revalued to reflect amortised cost, as this amount is not materially different from the outstanding balance.

On 23 April 2015, the Company entered into a revolving credit facility with RBS, RBC and Santander of up to £225,000,000. £105,000,000 was drawn down and used to repay the £105,000,000 outstanding under the previous loan facility between Holdco, RBS, RBC and Santander.

The final maturity date of the revolving credit facility is 23 April 2018 which is the third anniversary of the facility agreement. The margin is 2 per cent. per annum. The Company is also obliged to pay a quarterly commitment fee of 0.7 per cent. per annum on the undrawn commitment available under the revolving credit facility.

As at 30 June 2015, accrued interest on the loan was £14,456 (31 December 2014: £517,836).

As disclosed in note 19, on 22 July, the Company entered into a seven year term debt facility with Commonwealth Bank of Australia of £75,000,000, together with associated interest rate swap. The margin is 1.65 per cent. per annum and the swap rate is 1.94 per cent. per annum.

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 Unaudited Condensed Consolidated Financial Statements continued

For the six months ended 30 June 2015

## 14. Contingencies

There are no changes to the Group's existing contingencies as disclosed on page 59 of the Group's Annual Report for the year ended 31 December 2014.

## 15. Share capital – ordinary shares of £0.01

Date	Issued and fully paid	Number of shares issued £	Share capital £	Share premium £	Total £
<b>1 January 2015</b>		<b>460,715,847</b>	<b>4,607,158</b>	<b>205,022,575</b>	<b>209,629,733</b>
4 February 2015	Q4 2014 Equity Element – Issued at £1.05	171,947	1,719	178,447	<b>180,166</b>
4 February 2015	True up of 2014 Equity Element – Issued at £1.17	40,908	409	47,465	<b>47,874</b>
4 February 2015	Q1 2015 Equity Element – Issued at £1.06	230,358	2,304	240,819	<b>243,123</b>
5 May 2015	Q2 2015 Equity Element – Issued at £1.04	230,580	2,306	237,703	<b>240,009</b>
<b>30 June 2015</b>		<b>461,389,640</b>	<b>4,613,896</b>	<b>205,727,009</b>	<b>210,340,905</b>

## 16. Net assets per share

	30 June 2015	31 December 2014
Net assets – £	480,843,218	486,245,563
Number of ordinary shares issued	461,389,640	460,715,847
<b>Total net assets – pence</b>	<b>104.2</b>	<b>105.5</b>

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

Group	For the six months ended 30 June 2015 £	For the six months ended 30 June 2014 £
Operating profit for the period	17,751,697	20,690,055
<b>Adjustments for non cash movements:</b>		
Movement in fair value of investments (note 3)	4,075,752	(2,962,338)
Decrease/(increase) in receivables	1,156,549	(115,949)
Increase/(decrease) in payables	449,085	(189,735)
Equity Element of Investment Manager's fee (note 15)	711,172	321,073
<b>Net cash flow from operating activities</b>	<b>24,144,255</b>	<b>17,743,106</b>

# Notes to the Unaudited Condensed Consolidated Financial Statements continued

For the six months ended 30 June 2015

## 18. Related party transactions

As disclosed in note 4, on 5 February 2015 £955,202 was received from Braes of Doune in relation to tax losses surrendered for the year ended 31 December 2013.

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

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

The below table shows dividends received in the period from the Group's investments.

	For the six months ended 30 June 2015 £
SYND Holdco	4,053,180
Rhyl Flats	3,143,700
ML Wind	3,124,654
Braes of Doune	2,385,000
Kildrummy	2,310,000
Little Cheyne Court	1,968,000
Maerdy	1,935,000
Cotton Farm	1,628,000
Tappaghan	1,554,000
Earl's Hall Farm	1,040,000
Bin Mountain	680,000
Carcant	527,000
	<b>24,348,534</b>

## 19. Subsequent events

As referred to in note 13, on 22 July, the Group entered into a seven year term debt facility of £75,000,000, together with associated interest rate swap.

On 22 July 2015 the Board approved a dividend of £7,224,358, equivalent to 1.565 pence per share. The record date for the dividend was 7 August 2015 and the payment date is 28 August 2015.



## Defined Terms

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**Base Fee** means the cash fee that the Investment Manager was entitled to under the previous Investment Management Agreement

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

**Bin Mountain** means Bin Mountain Wind Farm (NI) Limited

**Board** means the Directors of the Company

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

**Carcant** means Carcant Wind Farm (Scotland) Limited

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

**CFD** means Contract For Differences

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

**Company** means Greencoat UK Wind PLC

**Cotton Farm** means Cotton Farm Wind Farm Limited

**DCF** means Discounted Cash Flow

**Drone Hill** means Drone Hill Wind Farm Limited

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

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

**EU** means the European Union

**GAV** means Gross Asset Value as defined in the prospectus

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

**Holdco** means Greencoat UK Wind Holdco Limited

**IAS** means International Accounting Standard

**IFRS** means International Financial Reporting Standards

**Investment Manager** means Greencoat Capital LLP

**Kildrummy** means Kildrummy Wind Farm Limited

**KPI** means Key Performance Indicator

**Lindhurst** means Lindhurst Wind Farm

**Little Cheyne Court** means Little Cheyne Court Wind Farm Limited

**LLP** means Greencoat UK Wind 1 LLP, a limited liability partnership of which the Company and the Investment Manager are the members

**LLP Agreement** means the Limited Liability Partnership Agreement for LLP

**Maerdy** means Maerdy Wind Farm Limited

**Middlemoor** means Middlemoor Wind Farm

**ML Wind** means ML Wind LLP

**NAV** means Net Asset Value as defined in the prospectus

**NAV per Share** means the Net Asset Value per Ordinary Share

**North Rhins** means North Rhins Wind Farm Limited

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

**PPS** means priority profit share payable by way of a member's distribution under the LLP Agreement dated 1 February 2013 prior to 31 March 2015

**RBC** means the Royal Bank of Canada

**RBS** means the Royal Bank of Scotland PLC

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

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

**Rhyl Flats** means Rhyl Flats Wind Farm Limited

**RPI** means the Retail Price Index

**Santander** means Santander Global Banking and Markets

**Sixpenny Wood** means Sixpenny Wood Limited

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

**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

**Yelvertoft** means Yelvertoft Wind Farm Limited

## Cautionary Statement

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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 half-yearly 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.



