Greencoat UK Wind PLC

Investment Policy

Approved by Shareholders: 28 April 2022

Reviewed by the Board: 4 November 2024

Investment Objective

The Company will invest mostly in operating UK wind farms. The Company's aim is to provide investors with an annual dividend per Ordinary Share that increases in line with RPI inflation while preserving the capital value of its investment portfolio on a real basis over the long term through reinvestment of excess cashflow and the prudent use of gearing. Through investing in UK wind farms, the Company generates renewable electricity that helps to facilitate the transition to a low carbon economy and contributes to the environmental objective of climate change mitigation.

Investment Policy

The Company will invest in a portfolio of wind farm projects predominantly with a capacity over 10MW.

The substantial majority of the portfolio will be operating UK wind farm projects.

The Company will seek to acquire 100 per cent, majority or minority interests in individual wind farms. These will usually be held through SPVs which hold underlying wind farms. When investing in less than 100 per cent of the equity share capital of a wind farm SPV, the Company will secure its shareholder rights through shareholders' agreements and other transaction documents.

The Company will invest in equity and associated debt instruments when making acquisitions in wind farms.

The Company will maintain or modify existing PPAs or seek to sign new PPAs between the individual wind farm SPVs in its portfolio and creditworthy UK offtakers. The Company will retain exposure to UK power prices by entering into PPAs that avoid fixing price of power sold over the long term. The Company may enter into PPAs or hedging contracts that fix the price of electricity sold over the short to medium term.

The Company intends to make investments in a wide geographical spread of projects that are situated throughout the UK and its offshore renewable energy zone. Although it is generally recognised that, at a high level, owning multiple wind farms throughout the UK and its offshore renewable energy zone offers only limited wind diversification benefits (in comparison to a more international portfolio), it does provide diversification for a number of different technical risks such as grid access, transmission networks and transformer performance. Also, each site contains a significant number of individual turbines whose performance is largely independent of other turbines.

The Company intends to make prudent use of gearing to finance the acquisition of investments and to preserve capital on a real basis. The Company will generally avoid raising non-recourse debt by the SPVs owning individual wind farms in order to avoid the more onerous covenants required by lenders. The Company can, following a decision of the Board, raise debt from banks and/or capital markets at the level of the Company or Holdco. The Company expects that the total of short term acquisition financing and longer term debt will be between zero and 40 per cent of Gross Asset Value at any time, with average total debt being between 20 and 30 per cent of Gross Asset Value in the longer term.

The Company will not seek to employ staff and will engage experienced third parties to operate the wind farms in which it owns interests.

There will not be any cross-financing between portfolio investments and the Company will not operate a common treasury function as between the Company and its investments.

Limits

Investments outside the UK, in construction projects or in non-equity or associated debt instruments will not be the initial focus of the Group and will be limited to 15 per cent of Gross Asset Value calculated immediately after each investment.

The Company will invest in both onshore and offshore wind farms.

It is the Company's intention that when any new acquisition is made, no wind farm project acquired will have an acquisition price (or, if it is an additional interest in an existing investment, the combined value of both the existing interest and the additional interest acquired) greater than 25 per cent of Gross Asset Value immediately post-acquisition (and in no circumstances will a new acquisition exceed a maximum limit of 30 per cent of Gross Asset Value immediately post acquisition).

Aggregate Group Debt will be limited to 40 per cent of Gross Asset Value calculated immediately after such latest amount of Aggregate Group Debt has been drawn down.