



GREENCOAT RENEWABLES PLC

ANNUAL REPORT

FOR THE YEAR ENDED
31 DECEMBER 2018



Contents

	Page
At a Glance	2
Chairman's Statement	4
Investment Manager's Report	6
Board of Directors	17
Directors' Report	18
Directors' Remuneration Report	25
Statement of Directors' Responsibilities	26
Corporate Governance Report	27
Audit Committee Report	31
Independent Auditor's Report	34
Financial Statements	37
Notes to the Consolidated Financial Statements	43
Company Information	67
Supplementary Information (unaudited)	68
Defined Terms	69
Forward Looking Statements and Other Important Information	72

All capitalised terms are defined in the list of defined terms on pages 69 to 71 unless separately defined.

At a Glance

Summary

Greencoat Renewables PLC is a sector-focused listed renewable infrastructure company, investing in renewable electricity generation assets, with an initial focus on wind assets in Ireland. The Company's aim is to provide investors with an annual dividend that increases progressively whilst growing the capital value of its investment portfolio in the long term through reinvestment of excess cash flow and the prudent use of portfolio leverage.

Highlights

440.5 GWh

The Group's investments generated 440.5GWh of electricity, 9 per cent. below budget owing to low wind resource.

€23.1m

Net cash generation (Group and wind farm SPVs) was €23.1 million.

384 MW

Acquisition of 7 new wind farms in addition to interests in 3 wind farms acquired from Coillte increased the portfolio to 12 wind farm investments, net generating capacity to 384MW and GAV to €883.5 million as at 31 December 2018.

110m

Issuance of 110 million ordinary shares in an oversubscribed placing at €1.01 per share.

7.9 cent

NAV growth of 7.9 cent per share (adjusting for dividends).

6 cent

The Company has declared total dividends of 6 cent per share with respect to the year and is targeting a dividend of 6.03 cent per share for 2019.

56% geared

€490.7 million Aggregate Group Debt at 31 December 2018, equivalent to 56 per cent. of GAV.

Key Metrics

	As at 31 December 2018	As at 31 December 2017
Market capitalisation	€391.4 million	€288.9 million
Share price	103.0 cent	107.0 cent
Dividends with respect to the year/period	€19.5 million	€7.1 million
Dividends with respect to the year/period per share	6.00 cent	2.61 cent
GAV	€883.5 million	€332.1 million
NAV	€392.8 million	€260.9 million
NAV per share	103.4 cent	96.6 cent

At a Glance continued

Defining Characteristics

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

1. The Group is initially focused on investing solely in operating Irish wind assets.
2. Wind is the most mature and largest scale renewable technology.
3. Ireland has a long-established regulatory regime, high wind resource and in excess of €8 billion of wind farms expected to be in operation in the short to medium term.
4. The Group is wholly independent and thus avoids conflicts of interests in its investment decisions.
5. The Irish-based, independent Board governs the Group, actively monitors the efficient operation of the assets and works in conjunction with an experienced investment management team.
6. The Group generally invests in wind farms that have an appropriate operational track record (or price adjustment mechanism).
7. Low leverage is important to ensure a high level of cash flow stability and higher tolerance to downside sensitivities.
8. The Group invests only in euro assets and thus does not incur material currency risk.

Chairman's Statement

I am very pleased to deliver the second annual report for Greencoat Renewables PLC, covering the year ended 31 December 2018. This past year has been one of significant growth for the Company, with a substantial increase in the portfolio and deepening of our position in the Irish onshore wind market. The strong performance against our goals, in combination with the ongoing support from shareholders, has positioned the Company very well to continue to deliver expected returns to investors.

PERFORMANCE

The portfolio generated 440.5GWh in the year, which was 9 per cent. below budget, due to lower wind speeds during the summer period, with operational availability in line with budget. There were no material unplanned outages or issues affecting any of the assets in the year. As a result, the portfolio generated operating cashflow of €23.1 million and dividend cover was 1.3x.

DIVIDENDS AND RETURNS

Declared dividends for the year total 6 cent per share, with the final quarterly dividend of 1.5 cent per share paid on 28 February 2019.

With our continued strong cashflow and robust dividend cover, we have decided to increase the dividend for 2019 to a target of 6.03 cent per share. Given that the CPI increase in Ireland for 2018 was 0.7%, the increase of 0.03 cent per share is in line with the previously communicated strategy to grow the dividend on a progressive basis.

NAV per share increased in the year from 96.6 cent per share on 31 December 2017 to 103.4 cent per share on 31 December 2018, an increase of 6.8 cent (7.0 per cent.) during the year.

At the end of 2018, we commissioned a report from a leading technical consultancy firm to advise us on the expected life of our assets. Given their findings and also given that the substantial majority of wind farms in our portfolio have access to land leases beyond 25 years, we have increased our asset life assumption from 25 to 30 years, having made appropriate assumptions in relation to continued good management of the assets, operating costs and other factors.

ACQUISITIONS AND EQUITY RAISING

2018 was an active year in the Irish secondary wind market with a number of value accretive opportunities arising. In aggregate, the Group acquired 10 new wind farms through 7 transactions and from 8 different vendors. As a result, we have invested €518m increasing our net generating capacity from 137MW to 384MW.

We continued to execute on our strategy to acquire both small and larger assets, with the net generating capacity of individual acquisitions varying from 9.2MW up to 54MW. Of particular note was the acquisition of the majority of Coillte's shareholdings in its portfolio of 3 operating wind generation assets. The 87.6MW portfolio was co-developed with SSE, ESB and Bord Na Mona, who will remain as joint venture partners.

We are pleased to have been able to acquire from such a wide range of vendors. This underpins our ability to acquire and consolidate assets in the secondary wind market where we continue to see opportunity for further value accretive investments.

The profile of new investments in 2018 continued the focus on long term contracted revenues with the overall average portfolio age now at 3 years old. The portfolio now benefits from more than 11 years of secured pricing contracted under the REFIT regime.

In August, the Company issued 110 million new shares in line with its continuing growth strategy, raising gross proceeds of €111 million in an oversubscribed and NAV-accretive share placing. This was the first tranche of the Company's shareholder-approved programme to issue 250 million new shares. The Board was pleased with investor appetite for this placing, and with the ongoing support from our shareholders.

GEARING

During the year, average gearing was 30 per cent. of GAV, which was below our target of 40 per cent., albeit the lower gearing allowed the Group to scale the business and take advantage of the acquisition opportunities. Given the anticipated growth of the Company, we would expect average gearing for future years to be much closer to the 40 per cent. target.

The total gearing at year end was €490.7 million, 55.5 per cent. of GAV. In November 2018, the Group increased the size of its revolving credit facility to €380 million to facilitate acquisition dealflow at the end of the year. The €490.7 million gearing includes €128.7 million of long-term project finance debt that was retained within Cloosh Valley, Raheenleagh and Sliabh Bawn when acquired from Coillte and Bord Na Mona.

OUTLOOK

The Irish wind market remains very attractive with a stable and supportive regulatory regime. Irish wind farms benefit from up to 15 years of inflation-linked floor prices under the REFIT regime, while allowing wind farms to capture prices above the floor. Wind remains the dominant renewable technology and the Group is in an excellent position to benefit as wind becomes an increasing proportion of Ireland's generation mix.

Furthermore, the announcement of RESS, a successor scheme to REFIT, has underpinned the further growth opportunity in the Irish renewables market from 2020 onwards. It is expected that over 13,500GWh per annum of additional renewables (which would represent a doubling of the Irish market) will be auctioned between 2020 and 2026. In addition, Ireland is experiencing a substantial growth in the demand for electricity, particularly from the development of a substantial number of data centres. We expect to see a growing number of large corporate entities seeking to enter into long term PPA arrangements to meet their energy needs.

The Group's investment activity in the year has played a key role in positioning itself as a major player in Irish renewables market. The Company continues to benefit from the unique relationships and local expertise of the Investment Manager in terms of acquiring further assets. We continue to see a large number of attractive secondary market opportunities and are maintaining focus on only the most value accretive.

Chairman's Statement continued

OUTLOOK (CONTINUED)

In line with the investment policy, the Group will have the ability to consider investment opportunities in other EU jurisdictions from July 2019. Such prospective investment opportunities would be limited to countries with robust renewable energy policy frameworks such as Belgium, France, Germany, Finland, and the Netherlands.

The Board is supportive of value-accretive growth through further renewable energy infrastructure investments, and such acquisitions will be in the shareholders' interest as they:

- Provide additional economies of scale at Group level;
- Increase market power with service providers and asset sellers; and
- Increase liquidity in our shares.

The Board remains confident in the Company's outlook for the future, and in the disciplined approach of the Investment Manager towards possible future acquisitions and the continued careful management of the existing portfolio.

BOARD AND GOVERNANCE

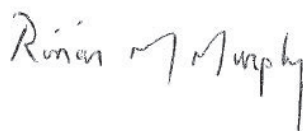
The Board intends to appoint an additional non-executive Director to enhance the skill and experience base of the existing Board. The search is now underway, and we are hoping to announce the appointment of a new non-executive Director in 2019.

ANNUAL GENERAL MEETING

Our AGM will take place on 25 April 2019 at 2:00 pm at the offices of J&E Davy, Davy House, 49 Dawson Street, Dublin 2, Ireland. Details of the formal business of the meeting are set out in the notice of AGM, which is sent to shareholders with the Annual Report. We look forward to meeting shareholders on that occasion.

CONCLUSION

In conclusion, I am very pleased with the progress that the Company has achieved in 2018. I would like to thank my fellow Directors, Emer Gilvarry and Kevin McNamara, for their continued stewardship and advice during the year. Finally, I would like to acknowledge the substantial role of the Investment Manager, which contributed significantly to all of our successes in 2018.



Rónán Murphy

Chairman
3 March 2019



Lisdowney

Investment Manager's Report

THE INVESTMENT MANAGER

The Investment Manager'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.

The team is led by Bertrand Gautier and Paul O'Donnell.

Bertrand has over 26 years of operational, financial and investment experience, of which the last 9 years have been focussed solely on renewables. He has been a Partner of Greencoat Capital since joining in 2010, and specialises in investments across the renewable energy space.

Bertrand joined from Terra Firma Capital Partners where he managed a variety of LBO and re-financing transactions and oversaw the management of portfolio businesses, focusing on asset-backed companies. Before joining Terra Firma in 2007, Bertrand spent 5 years at Merrill Lynch as part of the M&A Advisory Group in the Infrastructure and Industrials team. Prior to that, he gained extensive operational experience over eight years at Procter & Gamble in supply chain and purchasing management, as well as in several French engineering SMEs.

Bertrand holds an MSc in General Engineering from ICAM (France) and an MBA from Harvard Business School (USA).

Paul has over 16 years of renewables and investment experience, of which the last 12 have been focussed solely on renewables. He joined Greencoat Capital in 2009 and has specialised in managing investments in the wind and solar generation sectors, working across development, operations, technology, and financing. In that time, Paul oversaw Airvolution Energy, a UK based wind developer, which has developed and constructed over 60MW of wind assets as well as Lumaticity, a UK solar developer which developed over 60MW of solar assets.

Paul has been a Partner of Greencoat Capital since 2016, and has been based in Dublin since 2013.

Paul holds a BBS (Hons) in Finance from Trinity College Dublin.



Investment Manager's Report continued

OVERVIEW

The Investment Manager is very pleased with the milestones achieved in 2018 which have significantly transformed the business. In the past 12 months, Greencoat Renewables has demonstrated the strength of all aspects of its business model through acquiring value accretive assets in the secondary market, ensuring the portfolio performed to target availability, raising further equity in an oversubscribed issuance, and increasing its available debt financing.

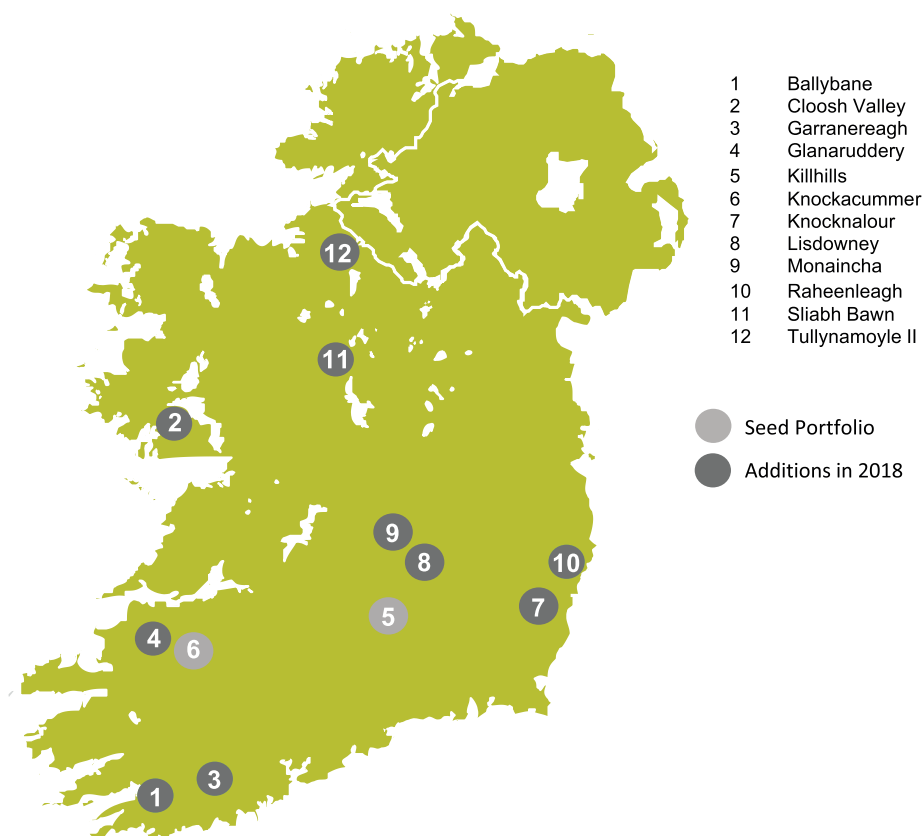
The addition of 247MW of high-quality generating capacity to our 137MW seed portfolio has diversified and brought economies of scale to the business, continued to deliver strong cashflows, and demonstrated the resilience of the dividend cover, even in a low wind year with below average gearing.

INVESTMENT PORTFOLIO

The Group's investment portfolio as at 31 December 2018 consisted of interests in SPVs which held the following underlying operating wind farms:

Wind Farms	Turbines	Operator	PPA	Total MW	Ownership Stake	Net MW
Ballybane	Enercon	MOS Group	Energia	48.3	100%	48.3
Cloosh Valley	Siemens	SSE	SSE	108.0	50%	54.0
Garranereagh	Enercon	Statkraft	Bord Gáis	9.2	100%	9.2
Glanaruddery ⁽¹⁾	Vestas	EnergyPro	Supplier Lite	36.3	100%	36.3
Killhills	Enercon	SSE	Brookfield	36.8	100%	36.8
Knockacummer	Nordex	SSE	Brookfield	100.0	100%	100.0
Knocknalour	Enercon	Wind Prospect	Naturgy / Energia	9.2	100%	9.2
Lisdowney	Enercon	EnergyPro	Naturgy	9.2	100%	9.2
Monaincha	Nordex	Statkraft	Bord Gáis	36.0	100%	36.0
Raheenleagh	Siemens	ESB	ESB	35.2	50%	17.6
Sliabh Bawn	Siemens	Wind Prospect	Supplier Lite	64.0	25%	16.0
Tullynamoyle II	Enercon	Cabragh	Bord Gáis	11.5	100%	11.5
Total						384.1

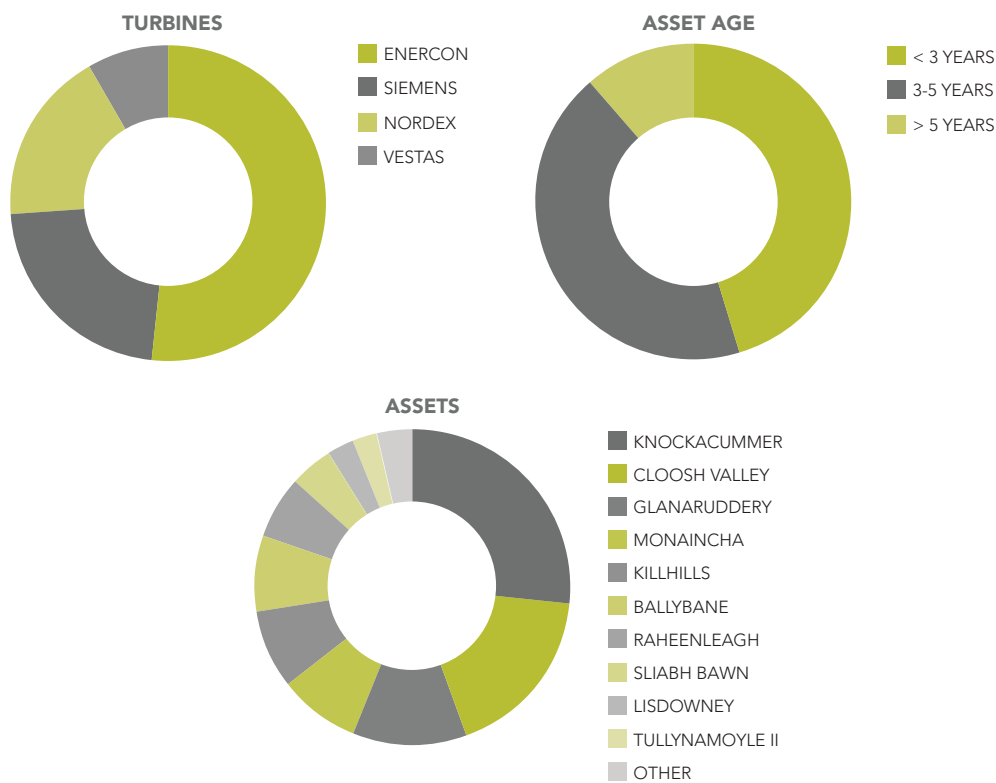
(1) Dromadda More has been renamed Glanaruddery.



Investment Manager's Report continued

INVESTMENT PORTFOLIO (CONTINUED)

Breakdown by value as at 31 December 2018:



Knockacummer

Investment Manager's Report continued

PORTFOLIO PERFORMANCE

The portfolio generated 440.5GWh in the year, 9 per cent. below budget, due to lower wind speeds during the summer period, with portfolio availability in line with budget.

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

Wind Farm ⁽¹⁾	Ownership Stake	Period	2018 Budget (GWh)	2018 Actual (GWh)	Variance
Ballybane	100%	Nov – Dec	24.7	27.0	9%
Glanaruddery	100%	May – Dec	67.9	56.2	-17%
Lisdowney	100%	Mar – Dec	25.0	22.5	-10%
Killhills	100%	Jan – Dec	88.5	85.7	-3%
Knockacummer	100%	Jan – Dec	253.9	231.3	-9%
Knocknalour	100%	Oct – Dec	6.3	5.4	-14%
Tullynamoyle II	100%	Apr – Dec	16.6	12.4	-25%
Total ⁽²⁾			482.9	440.5	-9%

(1) Acquisitions of Garranereagh and Monaincha, as well as interests in Cloosh Valley, Raheenleagh, and Sliabh Bawn did not complete until late December 2018 so their performance is not included for 2018.

(2) Numbers do not cast by 0.1GWh due to rounding.

Knockacummer was successfully transferred to its permanent 110kV transmission connection in October 2018. In total, the grid upgrade works resulted in the wind farm being offline for 28 days in 2018.

Separately, Glanaruddery was offline for 10 days caused by a fault with the substation transformers, that required testing and repair works to be carried out.

The I-SEM market went live on 1 October 2018 as anticipated. The portfolio's wind farms entered into contracts with either the incumbent PPA offtakers or third parties to fix the I-SEM balancing costs in line with expectation. As a result, the portfolio's revenues are insulated from the potential volatility of I-SEM balancing costs.

HEALTH AND SAFETY

There were no major incidents in the year to 31 December 2018. A health and safety audit was conducted across 2 sites by an independent consultant. No material areas of concern were identified.

ACQUISITIONS

2018 was a busy year in the Irish secondary wind sector and the opportunity for aggregation is clearly evidenced. We continued to see many opportunities for value-accretive acquisitions, and priced and assessed 32 different wind farms during the year.

We were delighted to be successful in acquiring 10 new wind farms during the year in 7 separate transactions. In line with our expectations, we were able to find value at both ends of the market, transacting with international and large scale developers as well as smaller scale local vendors.

Of specific note, was the acquisition of a majority of Coillte's shareholdings in 3 operating wind farms with net generation capacity of 79.6MW. The Coillte portfolio was co-developed with Bord Na Mona, ESB, and SSE who remain joint venture partners in the assets, and we look forward to further developing our relationship with them.

Investment Manager's Report continued

ACQUISITIONS (CONTINUED)

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

	€m
Lisdowney	22.9
Tullynamoyle II	18.5
Glanaruddery	83.4
Knocknalour	11.2
Ballybane	61.9
Monaincha	
Garranereagh	85.9
Cloosh Valley (50%)	
Raheenleagh (50%)	
Sliabh Bawn (25%)	234.1 ^[1]
Total	517.9

[1] The acquisition value of interests in these wind farms includes €128.7m of the Group's proportionate share of the project level debt.

EQUITY ISSUANCE

In August, the Company issued 110 million new shares in line with its continuing growth strategy, raising gross proceeds of €111 million in an oversubscribed and NAV-accretive share placing. This was the first tranche of the Company's programme to issue 250 million new shares.



Glanaruddery

Investment Manager's Report continued

GEARING

As at 31 December 2018, the Group and wind farm SPVs had €490.7 million of outstanding debt, equating to 56 per cent. of GAV. This includes the Group's proportionate share of long-term project finance debt (including the fair value of associated interest rate swaps) that was retained within Cloosh Valley, Raheenleagh and Sliabh Bawn when acquired from Coillte and Bord Na Mona.

In November 2018, the Group increased the capacity of its revolving credit facility to €380 million from €250 million to fund the acquisitions executed towards the end of the year and was €362.0 million drawn at year end.

FINANCIAL PERFORMANCE

Dividend cover for the year was 1.3x.

Cash balances (Group and wind farm SPVs) increased by €18.1 million from €23.2 million to €41.3 million over the year.

Group and wind farm SPV cashflows	For the year ended 31 December 2018 €'000
Net cash generation ⁽¹⁾	23,142
Dividends paid	(20,847)
PSO working capital and other movements ⁽²⁾	(31)
Acquisitions ⁽³⁾	(381,556)
Acquisition costs	(1,933)
Equity issuance	111,100
Equity issuance costs	(2,051)
Net drawdown under debt facilities	290,861
Upfront finance costs	(612)
Movement in cash (Group and wind farm SPVs) ⁽¹⁾	18,073
Opening cash balance (Group and wind farm SPVs)	23,202
Closing cash balance (Group and wind farm SPVs)	41,275
Net cash generation ⁽¹⁾	23,142
Dividends ⁽⁴⁾	17,850
Dividend cover	1.3 x

(1) Net cash generation has been adjusted to include €3.2m of REFIT revenue accrued in November that was received later than contracted (i.e. after the year end).

(2) Cashflows reflect residual capital expenditure from acquired SPVs (covered by the vendor of the SPVs) plus REFIT working capital movements with the PSO relating to wind farm SPVs less €3.2m of REFIT revenue outstanding at year end.

(3) Acquisition consideration is net of the acquired cash.

(4) The February 2018 dividend has been adjusted for the dividend cover calculation as it related to a period longer than 3 months.

The following 2 tables provide further detail in relation to net cash generation of €23.1m million:

Net Cash Generation – Breakdown	For the year ended 31 December 2018 €'000
Revenue ⁽¹⁾	38,956
Operating expenses	(8,902)
VAT and Tax	(647)
Wind farm cashflow	29,407
Management fee	(2,766)
Operating expenses	(1,095)
Ongoing finance costs	(2,887)
VAT	484
Other	(1)
Group cashflow	(6,265)
Net cash generation	23,142

(1) Cash revenue has been adjusted to include €3.2m of REFIT revenue that was received after the year end that relates to 2018.

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⁾	3,298
Movement in cash balances of wind farm SPVs ⁽²⁾	111
Repayment of shareholder loan investment ⁽¹⁾	22,624
Finance costs ⁽¹⁾	(3,499)
Upfront finance costs (cash) ⁽³⁾	608
Net cash generation	23,142

(1) Consolidated Statement of Cash Flows.

(2) €(753k) movement in cash balances of wind farm SPVs plus €864k other working capital at wind farm SPV level.

(3) €656k professional fees plus €140k facility arrangement fees (note 13 to the Financial Statements) less €188k other finance costs payable (note 12 to the Financial Statements).

INVESTMENT PERFORMANCE



NAV at 31 December 2018 was €392.8 million (103.4 cent per share):

- NAV at 31 December 2017 was €260.9 million (96.6 cent per share);
- €517.9 million of investments were made in the year (which includes the Group's proportionate share of project level debt of €128.7 million in Cloosh Valley, Raheenleagh and Sliabh Bawn) as further described under Acquisitions above;
- Cash balances (Group and wind farm SPVs) increased by €18.1 million as noted above;
- Net liabilities at Group and wind farm SPV level decreased by €15.6 million from a net asset position €0.4 million at 31 December 2017; and
- Aggregate Group Debt increased by €419.5 million, which includes the Group's proportionate share of acquired project level debt (including associated interest rate swap fair values of €6.9 million) at Cloosh Valley, Raheenleagh and Sliabh Bawn.

Investment Manager's Report continued

INVESTMENT PERFORMANCE (CONTINUED)

Declared dividends with respect to the year total 6 cent per share, with the final quarterly dividend of 1.5 cent per share paid on 28 February 2019. The target dividend with respect to 2019 is 6.03 cent per share. The increase of 0.03c is in line with the stated investment objective to increase the dividend on a progressive basis. Given that the CPI increase in Ireland for 2018 was 0.7 per cent., it was decided to increase the dividend by half of CPI, representing 0.03c.

	cent per share	per cent.
NAV at 31 December 2017	96.6	
Less February 2018 dividend	(2.6)	
NAV at 31 December 2017 (ex dividend)	94.0	
NAV at 31 December 2018	103.4	
Less February 2019 dividend	(1.5)	
NAV at 31 December 2018 (ex dividend)	101.9	
Movement in NAV (ex dividend)	7.9	8.4
Dividends with respect to the year	6.0	6.4
Total return on NAV	13.9	14.8

RECONCILIATION OF STATUTORY NET ASSETS TO REPORTED NAV

	As at 31 December 2018 €'000	As at 31 December 2017 €'000
DCF valuation	852,940	306,095
Shareholder loan interest receivable	3,993	1,855
Other relevant (liabilities) / assets (wind farm SPVs)	(9,109)	437
Cash (wind farm SPVs)	38,239	8,409
Fair value of investments ⁽¹⁾	886,063	316,796
Cash (Group)	3,036	14,794
Other relevant (liabilities) / assets	(5,621)	428
GAV	883,478	332,018
Aggregate Group Debt ⁽²⁾	(490,695)	(71,169)
NAV	392,783	260,849
Reconciling items ⁽³⁾	1,171	1,237
Statutory net assets	393,954	262,086
Shares in issue	380,000,000	270,000,000
NAV per share (cent)	103.4	96.6

(1) The fair value of investments are shown gross of €128.7 million debt and swap fair values held at wind farm SPV level that are not included in the equivalent figure in the Consolidated Statement of Financial Position.

(2) Aggregate Group debt reflects €362.0 million relating to amounts drawn under the Group's revolving credit facility, consistent with the consolidated Statement of Financial Position, and €128.7 million of debt and swap fair values held at wind farm SPV level.

(3) The other reconciling item reflects a deferred tax asset in Holdco (€1,237k) and other liabilities of the Group (€-66k).

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 and wind farm SPVs.

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 long-term assumptions in relation to energy yield, power prices, inflation, and asset life.

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 REFIT cashflows and a higher discount rate for merchant power cashflows.

In addition to (but separate from) the upgraded discounting methodology, we have increased the asset life assumption used in the year end DCF valuation to 30 years, following a third party technical assessment of the portfolio. The technical asset life for many wind farms exceeds 30 years. Furthermore, the vast majority of the wind farm SPVs benefit from lease arrangements that are significantly in excess of 30 years. We have made appropriate assumptions in relation to the continued good management of the assets, operating costs 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 6.0 cent. It also means that the blended portfolio discount rate has increased as a result of including a higher proportion of higher discount rate merchant power cashflows in years 26-30.

A variance of +/- 0.25 per cent. is considered to be a reasonable range of alternative assumptions for discount rate.

The base case long term CPI assumption is 2.00 per cent..

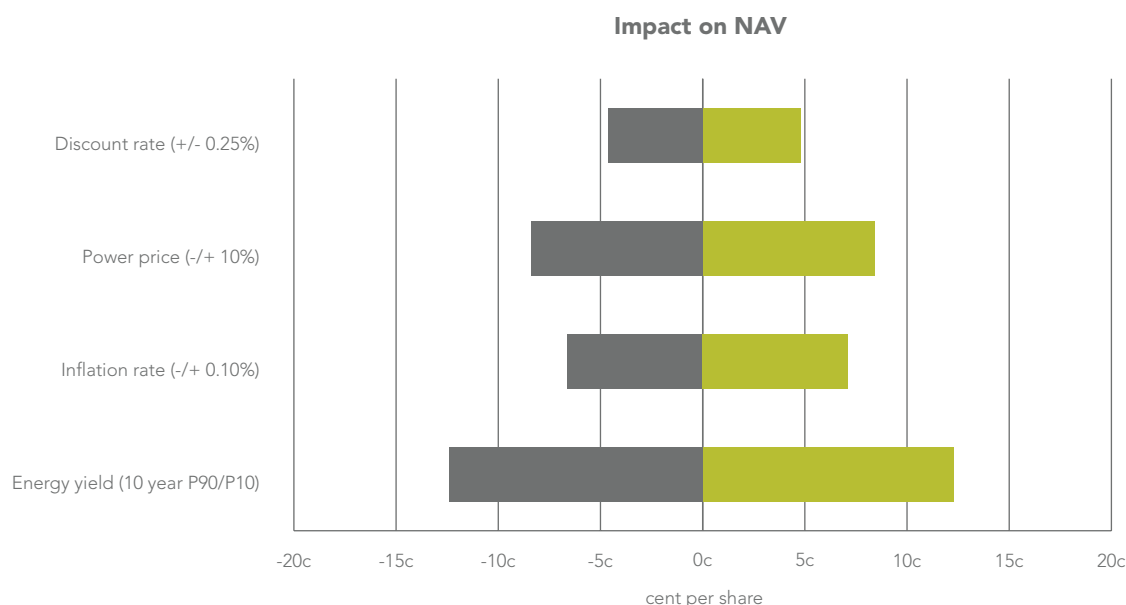
Base case energy yield assumptions are P50 (50 per cent. probability of exceedance over a 10 year period) forecasts produced by expert consultants based on long term wind data and operational history. The P90 (90 per cent. probability of exceedance over a 10 year period) and P10 (10 per cent. probability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

Long term power price forecasts are provided by a leading market consultant, updated quarterly and adjusted by the Investment Manager where more conservative assumptions are considered appropriate. The independent forecasts are never adjusted upwards. Base case real power prices increase from approximately €59/MWh (2030) to approximately €67/MWh (2040). The sensitivity analysis 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:



CORPORATE SOCIAL RESPONSIBILITY AND COMMUNITY BENEFIT

There has been a focus within the Group to strengthen relationships with the local communities that the wind farms are located in. Many of our acquired wind farms have existing community benefits schemes in place, which we will continue to support. New schemes were set up in 2018 at Lisdowney and Tullynamoyle II wind farms. The community benefit programme will be expanded in 2019 and is a very important part of the Group's objective of supporting local communities.

OUTLOOK

The Group has now successfully executed against all facets of its business plan to date and is well positioned for future growth. The outlook for the Group remains positive with a growing secondary wind market in Ireland, a stable policy backdrop for Irish wind assets underpinned by the REFIT contracts, and an opportunity for further growth into attractive jurisdictions in Europe.

IRISH WIND MARKET

The Irish onshore wind market continues to expand rapidly, with installed capacity set to grow to over 4.0GW by the end of 2019, representing a market size in excess of €8 billion.

The announcement of RESS, a successor scheme to REFIT, has reinforced this further growth opportunity in the Irish renewables market from 2020 onwards. It is expected that over 13,500GWh per year of additional generation from renewables will be contracted between 2020 and 2026, which would represent c.4GW of onshore wind capacity if all 13,500GWh per annum was converted to onshore wind. It is expected that RESS will support a broader range of technology solutions, including offshore wind and solar.

Ireland is seeing a substantial growth in the demand for electricity, particularly from the development of a substantial number of data centres. The Group expects to see a growing number of large corporate entities seeking to enter into long term PPA arrangements to meet their energy obligations.

EXECUTING GROWTH PLAN IN IRELAND

The Group's investment activity in the year has played a key role in positioning itself as a major player in Irish renewables market, with a portfolio of 384MW. The Group continues to benefit from our unique relationships and local expertise in the market in terms of acquiring further assets. We continue to see a large number of attractive secondary market opportunities and are maintaining focus on only the most value accretive.

Investment Manager's Report continued

OUTLOOK (CONTINUED)

POTENTIAL MARKET ENTRY INTO CONTINENTAL EUROPE

In line with the Company's investment policy, from July 2019 the Group will have the ability to consider investment opportunities in certain Northern European countries such as Belgium, France, Germany, Finland, and the Netherlands. Any such investments would be limited to countries with robust renewable energy policy frameworks.

CAPITAL STRUCTURE STRATEGY

As part of our medium term funding strategy, our aim would be to either refinance and potentially raise an additional long-term debt instrument in the course of 2019. Given the increased GAV, the Group can sustain its gearing more consistently in line with its medium term target of c.40% of GAV whilst having adequate headroom to fund further acquisitions.



Killhills

Board of Directors

The Directors are of the opinion that the Board, as a whole, comprises an appropriate balance of skills, experience and diversity. The Board is comprised of individuals from relevant and complementary backgrounds offering experience in investment, financial, and business skills, as well as in the energy sector, from both investment and a commercial perspective.

Rónán Murphy,
Chairman



Rónán Murphy, aged 61, was previously Senior Partner of PwC Ireland, a position he was elected to in 2007 and was re-elected to for a further 4 year term in July 2011. Rónán joined PwC in 1980, qualifying in 1982, and was admitted to the partnership in 1992. Rónán was a member of the PwC EMEA Leadership Board from 2010 to 2015. Rónán is also a non-executive director of Icon Plc, Davy and Liberty Insurance.

Rónán holds a Bachelor of Commerce degree and Masters in Business Studies from University College Dublin and is a Fellow of the Institute of Chartered Accountants.

Kevin McNamara,
Chairman of the Audit
Committee



Kevin McNamara, aged 64, has more than 25 years' experience in the energy sector. Kevin enjoyed a long career with ESB International, including leading the investment division of ESB International Investments. More recently Kevin was CFO of Amarenco Solar, a solar business focused on the Irish and French markets and prior to this CEO of Airvolution Energy, a UK wind development business.

Kevin holds a Bachelor of Commerce degree from University College Dublin and is a Fellow of the Institute of Chartered Accountants.

Emer Gilvarry



Emer Gilvarry, aged 61, is a consultant with Mason Hayes & Curran. Prior to taking up this position, Emer was the Managing Partner for two consecutive terms from 2008 to 2014. From 2014 until 2018, Emer took over the role of Chair of the firm. She is also a former Head of the firm's Litigation Group (2001 to 2008). Emer is a former Board member of Aer Lingus. She is currently a board member of The Economic and Social Research Institute and the Ireland Funds.

Emer holds a Bachelor of Law degree from University College Dublin (BCL).

OTHER IRISH PUBLIC COMPANY DIRECTORSHIPS

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

Rónán Murphy

Icon 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.

Directors' Report

The Directors present their Annual Report, together with the consolidated financial statements of Greencoat Renewables PLC for the year ended 31 December 2018.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

A detailed discussion of the individual project performance and a review of the business in the period are covered in the Investment Manager's Report on pages 6 to 16.

RESULTS FOR THE YEAR

The consolidated financial statements for the financial year ended 31 December 2018 are set out in detail on pages 37 to 42 including the results for the year which are set out in the Consolidated Statement of Comprehensive Income on page 37.

FUTURE DEVELOPMENTS

The Group's future outlook is discussed in the Investment Manager's Report on pages 6 to 16.

INVESTMENT OBJECTIVE

The Company's aim is to provide attractive risk-adjusted returns to shareholders through an annual dividend (6 cent per share for 2018) that increases progressively whilst growing the capital value of its investment portfolio. The Company is targeting an IRR of 7 to 8 per cent. (net of expenses and fees) on the issue price of the ordinary shares to be achieved over the longer term via active management of the investment portfolio, reinvestment of excess cash flows and the prudent use of leverage. The Company intends to hold assets in its investment portfolio for the long term.

INVESTMENT POLICY

The Group intends to increase its portfolio of renewable energy generation assets within the Eurozone with a focus on Ireland. Key investment criteria include:

- During the first 24 months from listing, the Group will be invested in operational wind energy assets in Ireland.
- Thereafter, Ireland will remain a key country of focus for the Group as no less than 60 per cent. of GAV will be invested in Ireland.
- The Group can also invest, in aggregate, up to 40 per cent. of GAV in operational wind energy or solar assets in other relevant countries (being Belgium, Finland, France, Germany and the Netherlands).

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.

GROUP STRUCTURE AND SHARE CAPITAL

The Company is incorporated in the Republic of Ireland. The Group is wholly independent and is not tied to any particular utility or developer. All of the ordinary shares in the Company are quoted on the Euronext Growth Market of Euronext Dublin and on AIM of the London Stock Exchange. The Group comprises of the Company, Holdco and Holdco 2. Holdco and Holdco 2 invest in the underlying portfolio companies.

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.

All shareholders have the same voting rights in respect of the share capital of the Company.

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

The rights and obligations to the ordinary shares are set out in the Company's articles of association which are available on the Company's website: www.greencoat-renewables.com.

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 every AGM. A special resolution will be proposed at the forthcoming AGM seeking renewal of such authority until the next AGM (or 30 June 2019, whichever is earlier). The purchases will only be made for cash at prices below the estimated prevailing NAV per share and where the Board believes such purchases will result in an increase of the NAV per share. 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 the special resolution.

Directors' Report continued

DISCOUNT CONTROL

As part of the Company's discount control policies, the Board intends to propose a continuation vote by shareholders if the share price trades at a significant discount to NAV. If in any financial year, the shares have traded on average, at a discount in excess of 10 per cent. or more to the NAV per share in any financial year, the Board will propose a special resolution at the Company's next annual general meeting that the Company cease to continue in its present form. Notwithstanding this, the Board could consider buying back its own shares in the market if the share price is trading at a material discount to NAV, providing it is in the interests of the shareholders to do so.

MAJOR INTERESTS IN SHARES

Significant shareholdings as at 31 December 2018 are detailed below.

Shareholder	Ordinary shares held % 31 December 2018
Irish Strategic Investment Fund	20.00
Newton Investment Management	9.07
Investec Wealth & Investment	5.35
Tilman Brewin Dolphin	4.86
FIL Investment International	4.74
M&G Investment Management	4.66
Irish Life Investment Managers	4.10
Allied Irish Bank	3.95
Close Asset Management	3.87

COMPANIES ACT 2014 DISCLOSURES

The Directors disclose the following information:

- The Company's capital structure is detailed in note 15 of the consolidated financial statements and all shareholders have the same voting rights in respect of the share capital of the Company. There are no restrictions on voting rights that the Company is aware of, nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights;
- There exist no securities carrying special rights with regard to the control of the Company;
- The Company does not have an employees' share scheme;
- The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and the Companies Act 2014;
- 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.

KEY PERFORMANCE INDICATORS

The Board believes that the key metrics detailed within the summary on page 2, which are typical for renewables infrastructure investment funds, will provide shareholders with sufficient information to assess how effectively the Group is meeting its objectives.

ONGOING CHARGES

	31 December 2018		31 December 2017	
	€ 000	%	€ 000	% ⁽²⁾
Management fee	3,035	1.00%	1,147	0.44
Directors' fees	200	0.07%	108	0.04
Ongoing expenses ⁽¹⁾	1,054	0.34%	899	0.34
Total	4,289	1.41%	2,154	0.82
Weighted Average NAV	309,667		260,849	

(1) Ongoing expenses do not include €244k (2017: €nil) of broken deal costs.

(2) The 2017 ongoing charges ratio represents the period from IPO to 31 December 2017. If the costs were annualised, 2017 ongoing charges ratio would have been 1.87%

Based on the 31 December 2018 NAV of €392.8 million, the ongoing total management fee is 1.00 per cent. of NAV. Assuming no change in NAV, the 2019 ongoing charges ratio is expected to be 1.38 per cent..

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

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 Ireland and 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

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

The Group relies on the Investment Manager to apply appropriate policies to the investments the Group makes. The policies in place at the Investment Manager outline the Group's approach to responsible investing, as well as the environmental standards which it aims to meet. Responsible investing principles have been applied to each of the investments made.

Directors' Report continued

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS (CONTINUED)

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-renewables.com.

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

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 0.4tn CO₂ per MWh).

EMPLOYEES AND OFFICERS OF THE COMPANY

The Company does not have any employees but instead engages experienced third parties to operate the assets that it owns, therefore employee policies are not required. The Directors of the Company are listed on page 17. The Group's policy on diversity is detailed in the Corporate Governance Report on pages 27 to 30.



Glanaruddery

PRINCIPAL RISKS AND RISK MANAGEMENT

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 to the performance of the Group, identified by the Board, are detailed below.

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

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

The spread of assets within the portfolio 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 4 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 renewable energy projects should, for any reason, any key man cease to be employed by the Investment Manager. The Investment Management Agreement ensures that no investments are made following the loss of key men until suitable replacements are found and there are provisions for a reduction in the investment management fee during the loss period. It also outlines the process for their replacement with the Board's approval. The key men are also shareholders in the Company.

Directors' Report continued

RISKS AFFECTING THE GROUP (CONTINUED)

BREXIT RISK

The Investment Manager is the UK-authorised AIFM of the Company, an Irish AIF. The Company has put in place contingency planning to cover different Brexit scenarios. Following recent guidance from the CBI and legal advice, the Company believes that even in the event of a no-deal Brexit the AIFM will be able to continue to manage the AIF as a non-EU AIFM, although the AIFM will no longer be able to avail of the marketing passport under AIFMD and will need to rely on national private placement regimes.

REGULATORY RISK

The Board regularly discusses regulatory risks and the Investment Manager reports to it on AIFMD compliance matters. The Investment Manager also consults with its own, and the Company's legal adviser, as well as the Company's NOMAD in relation to its plans to ensure that the Company can continue to be AIFMD compliant after Brexit.

FINANCING RISK

The Group will finance further investments either by borrowing or by issuing further shares. The ability of the Group to deliver enhanced returns and consequently to realise expected 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. A rise in real interest rates could have a material impact on the share price. As most of the revenues and costs of the investee companies are either indexed or significantly correlated to CPI inflation, the Investment Manager believes this provides a degree of mitigation against a rise in interest rates due to inflation.

RISKS AFFECTING INVESTEE COMPANIES REGULATION

As the renewable energy market has matured and costs of new capacity have reduced, member states have generally revised their supports for the sector to reduce the benefits available to new renewable power generation projects. However, in order to maintain investor confidence, Ireland (and other relevant countries) have to date largely ensured that benefits already granted to operating renewable energy generation projects (which the Group is invested in) are exempt from future regulatory change adversely affecting those benefits.

If these policies were to change, such that subsidy supports presently available to the renewable energy sector were to be reduced or discontinued, it could have a material adverse effect on the business, financial position, results of operations and future growth prospects of the Group, as well as returns to investors.

ELECTRICITY PRICES

A number of factors could cause a decline in the market price of electricity which could adversely affect the portfolio companies' revenue and financial condition. Similarly, a decline in the costs of other sources of electricity generation, such as fossil fuels or nuclear power, could reduce the wholesale price of electricity and thus the price achieved for electricity generated by wind farms. At present, the Group does not hedge its sales of electricity generated.

Since 1995, Ireland has provided operating wind farms with a supportive regulatory framework (REFIT 1 and REFIT 2) offering an inflation-linked floor price up to 15 years, while allowing wind farms to capture prices above the floor. Under REFIT, wind farms are provided with pricing certainty and no downside exposure to electricity price as the REFIT price is c.€80/MWh whereas the 2018 Irish wholesale electricity price was c.€62/MWh.

When operating outside of REFIT (at the latest December 2027 for REFIT 1 or December 2030 for REFIT 2 contracted wind farms), the Group may trade in the relevant electricity market on a merchant basis and its financial performance would be therefore subject to the wholesale power price prevalent at the time. In general, independent forecasters expect Irish wholesale power prices to rise in real terms from current levels, driven by higher gas and carbon prices. A difference in the achieved wholesale price of electricity to that which is expected could have a material adverse effect on the business, financial position, results of operation and future growth prospects of the Group, as well as returns to investors.

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 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 may include a "wind energy true-up" which would apply once at least one year's operational data has become available or the acquisition price would be adjusted to reflect wind uncertainty. Under this true-up, the net load factor will be reforecast based on all available data and the purchase price will be adjusted, subject to de minimis thresholds and caps.

Directors' Report continued

RISKS AFFECTING THE GROUP (CONTINUED)

ASSET LIFE

Wind turbines may have shorter lives than their expected lifespan of 30 years. In the event that the wind turbines do not operate for the period of time assumed by the Group in its business model or require higher than expected maintenance expenditure to do so, it could have a material adverse effect on investment returns.

The Group invests in companies that own operating wind farms with an appropriate track record. The Group performs regular reviews and ensures that maintenance is performed on all turbines across the wind farm portfolio. Regular maintenance ensures the wind turbines are in good working order, consistent with their expected lifespans.

MARKET STRUCTURE CHANGE (I-SEM)

The island of Ireland previously had a wholesale electricity market, the SEM, which was a gross mandatory pool market, centrally dispatched, where the licensed transmission system operators were responsible for forecasting wind and demand. As a consequence, wind generators were not "balance responsible". The regulatory authorities in Ireland and Northern Ireland have developed a new integrated single electricity market, I-SEM, which aligns SEM with electricity markets across Europe. This market went live in October 2018 with one of the material changes that it introduces "balance responsibility" for wind generators. The implication of being balanced responsible is that it introduces a potential cost to the wind operators. The Group has contracted a third party service provider with relevant experience to manage this risk.

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 physical injury or industrial accidents, particularly if an individual were to fall from height 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 Kevin McNamara 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.

Wind farms have the potential to cause environmental hazards or nuisances to their local human populations, flora and fauna and the surrounding natural environment. Wind farms can receive complaints relating to specific environmental issues, or compliance with planning consents and other relevant permits. Separately, the planning regulations in Ireland historically included a planning exemption for underground grid connections. There have been challenges to the basis on which this exemption has been determined and there is currently uncertainty around how the industry will resolve this challenge. The Group continues to monitor any development, taking legal advice where necessary, and addresses these as and when required.

GOING CONCERN AND FINANCIAL RISK

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. Details of the financial instruments used, along with 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 consolidated 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 liabilities of €1.4 million (2017: net assets of €16.5 million) and had cash balances of €3.0 million (2017: €14.8 million). This excludes cash balances within investee companies of €38.2 million (2017: €8.4 million), which are sufficient to meet current obligations as they fall due. The major cash outflows of the Group are payment of dividends and costs relating to the acquisition of new assets, both of which are discretionary.

The Group had €362.0 million (2017: €71.2 million) of outstanding debt as at 31 December 2018. The Group has and is expected to continue to comply with the covenants of its banking facilities going forward.

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

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

Directors' Report continued

DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITOR

The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group's statutory auditors are aware of that information. In so far as they are aware at the time that this report was approved, there is no relevant audit information of which the Group's statutory auditors are unaware.

AUDITOR

BDO, Statutory Audit Firm, have expressed their willingness to continue in office in accordance with Section 383 (2) of the Companies Act, 2014.

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

AUDIT COMMITTEE

Pursuant to the Company's Articles of Association the Board had established an Audit Committee that in all material respects meets the requirements of Section 167 of the Companies Act 2014. The Audit Committee was fully constituted and active during the year ended 31 December 2018. For more information, see the Audit Committee Report on pages 31 to 33.

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 Directors recommend that the Annual Report, the Directors' Report 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.

ACCOUNTING RECORDS

The Directors believe they have complied with the requirements of Section 281 to Section 285 of the Companies Act, 2014 with regard to accounting records by employing accounting personnel with the appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained by Northern Trust International Fund Administration Services (Ireland) Limited at Georges Court, 54-62 Townsend Street, Dublin 2, Ireland.

SUBSEQUENT EVENTS

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

CORPORATE GOVERNANCE

The Corporate Governance Report on pages 27 to 30 form part of this report.

DIRECTORS AND COMPANY SECRETARY

The following Directors held office as at 31 December 2018:

DIRECTORS

Rónán Murphy (non-executive Chairman)
Emer Gilvarry (non-executive Director)
Kevin McNamara (non-executive Director)

COMPANY SECRETARY

Andrea Finegan

The biographical details of the Directors are set out on page 17 of this Annual Report.

CHANGES IN DIRECTORS DURING THE YEAR

There were no changes to directors during the year.

DIRECTORS' AND COMPANY SECRETARY INTERESTS IN SHARES IN THE COMPANY

Directors' and Company Secretary's interests in Company shares as at 31 December 2018 are detailed below.

Shareholder	Ordinary shares of €0.01 each held as at 31 December 2018	Ordinary shares of €0.01 each held as at 31 December 2017
Rónán Murphy	124,752	100,000
Kevin McNamara	50,000	50,000
Emer Gilvarry	49,505	Nil
Andrea Finegan	Nil	Nil

The Company does not have any share option schemes in place.

DIVIDEND

The Board has recommended a total aggregate dividend of €5,700,000, equivalent to 1.50 cent per share with respect to the 3 month period ended 31 December 2018.

POLITICAL DONATIONS

No political donations were made during the year ended 31 December 2018.

LONGER TERM VIABILITY

As further disclosed on page 27 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, 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.

Directors' Report *continued*

LONGER TERM VIABILITY (CONTINUED)

As a sector-focused infrastructure fund, the Group aims to produce stable and progressive 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 conscious that it would be difficult to foresee the economic viability of any company with any degree of certainty for a period of time greater than 10 years.

DIRECTORS' COMPLIANCE STATEMENT

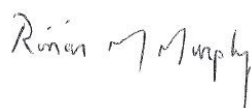
The Directors, in accordance with Section 225(2)(a) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with its "relevant obligations". "Relevant obligations" in the context for the Company, are the Company's obligations under:

- The Companies Act 2014, where a breach of the obligations would be a category 1 or category 2 offence.
- The Companies Act 2014, where a breach of the obligations would be a serious Market Abuse or Prospectus offence.
- Tax law.

Pursuant to Section 225(2)(b) of the Companies Act 2014, the Directors confirm that:

- A compliance policy statement has been drawn up by the Company in accordance with Section 225(3)(a) of the Companies Act 2014 setting out the Company's policies (that, in the directors' opinion, are appropriate to the Company) regarding compliance by the Company with its relevant obligations.
- Appropriate arrangements and structures that in their opinion, are designed to secure material compliance with the Company's relevant obligations, have been put in place; and
- A review has been conducted, during the financial year, of the arrangements and structures referred to above.

By order of the Board



Rónán Murphy
Director

3 March 2019



Kevin McNamara
Director

3 March 2019



Cloosh Valley

Directors' Remuneration Report

This report has been prepared by the Directors in accordance with the requirements of the Companies Act 2014. A resolution to consider the Directors' Remuneration Report will be proposed at the AGM.

The Company's Auditor is required to give their opinion on the information provided on Directors' remuneration and this is explained further in its report to shareholders on pages 34 to 36. 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 page 17, 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 3 Directors, all of whom are non-executive. The Company has established a Remuneration Committee which comprises all of the Directors and the Chair is Emer Gilvarry.

Each of the Directors was appointed to the Remuneration Committee with effect from 25 June 2017, the date of listing on ESM of the Irish Stock Exchange (now Euronext Growth Market of Euronext Dublin) and AIM of the London Stock Exchange. The Committee shall meet at such times as the Committee Chairman shall require.

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

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

The Articles of Association provide that Directors retire and offer themselves for re-election at the first AGM after their appointment and at least every 3 years thereafter. In accordance with corporate governance best practice, all of the Directors have opted to offer themselves for re-election on an annual basis.

All of the Directors have been provided with letters of appointment which stipulate that their initial term shall be for 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.

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

The Directors do not envisage any changes to the remuneration policy in the next accounting period.

ANNUAL REPORT ON REMUNERATION

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

	Date of Appointment	Directors' fees per annum	Paid in year ended 31 December 2018	Paid from appointment to 31 December 2017
Rónán Murphy (chairman)	16 June 2017	€100,000	€100,000	€54,231
Kevin McNamara	16 June 2017	€50,000	€50,000	€27,115
Emer Gilvarry	16 June 2017	€50,000	€50,000	€27,115
Total			€200,000	€108,461

None of the Directors received any other remuneration or additional discretionary payments during the year from the Company.

On behalf of the Board,



Emer Gilvarry
Chair of the Remuneration Committee

3 March 2019

Statement of Directors' Responsibilities

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

Irish 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 consolidated 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 of the Group for that period.

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

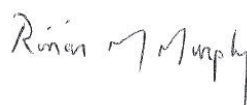
- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the consolidated financial statements;
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business;

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 consolidated financial statements comply with the Companies Act 2014 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 consolidated financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in Ireland and 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 consolidated financial statements contained therein.

On behalf of the Board,



Rónán Murphy
Director

3 March 2019



Kevin McNamara
Director

3 March 2019

Corporate Governance Report

This Corporate Governance Report forms part of the Report of the Directors as further disclosed on pages 18 to 24.

CORPORATE GOVERNANCE FRAMEWORK

The Company is committed to high standards of corporate governance and the Board is responsible for ensuring those high standards are achieved. From 28 September 2018, companies trading on AIM are required to report on their application of a recognised corporate governance code. For year ended 31 December 2018, the Company was a member of the AIC and the Board continued to apply the AIC Code. The AIC Code provides boards with a framework of best practice in respect of the governance of investment companies in the UK. While the Company is not an "investment company" under the Companies Act, the Company shares key important characteristics with such companies e.g. it has no employees and the tasks of portfolio management and risk management are delegated to the Investment Manager. The FRC has confirmed that investment companies who report against the AIC Code and follow its requirements will also be meeting their obligations under the UK Code and the Irish Corporate Governance Annex. The Board considers that reporting against the principles and recommendations of the AIC Code, by reference to the AIC Guide, provides better information to Shareholders. The Board reviews the Company's compliance with the AIC code annually and a summary is provided on the Company's website.

The text of 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.

STATEMENT OF COMPLIANCE

The Board confirms that the Company has complied with the AIC Code during the year ended 31 December 2018.

THE BOARD

As at the date of this report, the Board comprises of 3 non-executive Directors, all of whom are considered to be independent of the Investment Manager and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. Directors' details are contained on page 17, which sets out the range of investment, financial and business skills and experience represented.

The current Directors, detailed on page 17, were appointed on 16 June 2017.

DIRECTOR RE-ELECTION AND APPOINTMENT

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, all of the Directors, in accordance with best practice, have opted to offer themselves for re-election on an annual basis. Having considered their effectiveness, demonstration of commitment to the role, attendance at meetings and contribution to the Board's deliberations, the Board approves the nomination for re-election of all Directors.

Any Director, who has held office with the Company for three consecutive 3 year terms shall retire from office. 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.

THE CHAIRMAN

The Chairman's primary responsibility is to lead the Board and to ensure its effectiveness both collectively and individually. The Chairman of the Board is Rónán Murphy. 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. Murphy is an Independent Director. The Company has no employees and therefore there is no requirement for a chief executive.

DIVERSITY POLICY AND INDEPENDENCE

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 on the Board of listed companies, in financial and legal services as well as in the energy sector. As at the date of this report, the Board comprised 2 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.

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

Corporate Governance Report *continued*

BOARD RESPONSIBILITIES

The Board will meet, on average, 4 times in each calendar year for scheduled quarterly Board meetings and on an ad hoc basis where necessary. At each meeting, the Board follows a formal agenda that will cover the business to be discussed including, but not limited to, strategy, performance and the framework of internal controls, as well as review its own performance and composition. Between meetings there is regular contact with the Investment Manager. The Board requires to be supplied, in a timely manner, with information by the Investment Manager, the Administrator, the Depositary and other advisers in a form and of a quality appropriate to enable it to discharge its duties.

The Board is responsible for the determination of the Company's investment objective and policy and has overall responsibility for the Company's activities. The Company has entered into the Investment Management Agreement with the Investment Manager pursuant to which the Investment Manager is responsible for the day-to-day management of the Company.

The Board has established procedures which provide a reasonable basis for the Directors to make proper judgement on an ongoing basis as to the financial position and prospects of the Company.

The Investment Manager will at all times act within the parameters set out in the investment policy. The Investment Manager reports to the Board and keeps the Board apprised of material developments on an ongoing basis.

The Investment Manager is responsible for, among other things:

- management of the portfolio and further investments;
- identifying, evaluating and executing possible further investments;
- risk management;
- reporting to the Board;
- calculating and publishing NAV, with the assistance of the Administrator;
- assisting the Company in complying with its ongoing obligations as a company whose shares are admitted to trading on AIM and Euronext Growth Market; and
- directing, managing, supervising and co-ordinating the Company's third-party service providers, including the Depositary and the Administrator, in accordance with prudent industry practice.

The Board has the ability to specify from time to time specific matters that require prior Board approval ("Reserved Matters") or specific matters that it believes ought to be brought to the Board's attention as part of the general reporting process between the Investment

Manager and the Board. The initial list of Reserved Matters specified by the Board includes entry into markets other than those located in the Republic of Ireland, entry into transactions other than those involving operational onshore wind assets, entry into any acquisitions increasing GAV by more than 50 per cent. and entry into material new financing facilities.

The Investment Manager shall, once every calendar quarter, submit to the Board a report of activities, investments and performance of the Company, including progress of all investments, details of the pipeline of acquisitions and any disposals and, in addition, shall promptly report to the Board any other information which could reasonably be considered to be material.

COMMITTEES OF THE BOARD

The Company's Audit Committee is chaired by Kevin McNamara, and consists of a minimum of 2 members. Emer Gilvary is the second member of the Audit Committee. 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 31 to 33 of this report, describes the work of the Audit Committee.

The Company has established a Management Engagement Committee, which comprises all the Directors and the Chair is Rónán Murphy. The Management Engagement Committee's main function is to keep under review the performance of the Investment Manager and review and make recommendations on any proposed amendment to the Investment Management Agreement. The Management Engagement Committee will also perform a review of the performance of other key service providers to the Group. The Management Engagement Committee will meet at least once a year.

In accordance with the AIC Code, the Company has also set up Remuneration and Nomination Committees. The Remuneration Committee comprises of all the Directors and the Chair is Emer Gilvary. The Remuneration Committee's main functions are to determine and agree the Board policy for the remuneration of the Directors and review and consider any additional ad hoc payments in relation to duties undertaken over and above normal business. The Remuneration Committee will meet at least once a year.

The Nomination Committee comprises all of the Directors and the Chair is Rónán Murphy. The Nomination Committee's main function is to review the structure, size and composition of the Board regularly and to consider succession planning for Directors. The Nomination Committee will meet at least once a year.

Corporate Governance Report *continued*

BOARD MEETINGS, COMMITTEE MEETINGS AND DIRECTORS' ATTENDANCE

A schedule of Board and Audit Committee meetings is circulated to the Board one year ahead including the key agenda items for each meeting. For other Committees, meetings are arranged as and when required. The number of meetings of the full Board of the Company attended in the year to 31 December 2018 by each Director is set out below:

2018	Scheduled Board Meetings (Total of 6)	Additional Board Meetings (Total of 10)
Rónán Murphy	6	9
Emer Gilvarry	6	9
Kevin McNamara	6	10

During the year, there were also 7 meetings of sub-committees of the Board. The number of meetings of the Committees attended in the year by each Committee member is set out below.

2018	Audit Committee Meetings (Total of 3)	Management Engagement Committee Meetings (Total of 2)	Nomination Committee Meetings (Total of 1)	Remuneration Committee Meetings (Total of 1)
Rónán Murphy	3	2	1	1
Emer Gilvarry	3	2	1	1
Kevin McNamara	3	2	1	1

BOARD PERFORMANCE AND EVALUATION

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.

Each individual Directors' training and development needs are reviewed annually. All new Directors receive an induction, including being provided with information about the Company and their responsibilities and meetings with the Investment Manager. In addition, each Director will visit operational sites and specific Board training days are arranged involving presentations on relevant topics.

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 Ireland and 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.

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 for an initial term of 5 years from the admission date (25 July 2017). The Investment Management Agreement may be terminated by either party on the conclusion of the initial term provided the party purporting to terminate provides not less than 12 months prior written notice of its intention to terminate the agreement. 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.

RISK MANAGEMENT AND 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.

The Company's principal risks and uncertainties are detailed on pages 20 to 22 of this report. As further explained in the Audit Committee Report, the risks of the Company are outlined in a risk matrix which was reviewed and updated during the year. The Board continually reviews its policy setting and updates the risk matrix annually to ensure that procedures are in place with the intention of identifying, mitigating and minimising the impact of risks should they crystallise. The Board relies on reports periodically provided by the Investment Manager, the Depositary 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 investment portfolio, and applies the principles detailed in the internal control guidance issued by the FRC.

Corporate Governance Report *continued*

RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

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

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

INFORMATION AND SUPPORT

The Board can seek independent professional advice on a matter, at the Company's expense, where they judge it necessary to discharge their responsibilities as Directors. The Committees of the Board are provided with sufficient resources to undertake their duties. The Directors have access to the services of the Company Secretary and Assistant Company Secretary, who are responsible for ensuring that Board procedures are followed.

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).

GENERAL MEETINGS

The Company shall hold in each year a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it. All general meetings other than annual general meetings shall be called extraordinary general meetings. The Directors may convene general meetings. Extraordinary general meetings may also be convened on such requisition, or in default, may be convened by such requisitionists as provided by the Companies Act 2014.

All business shall be deemed special that is transacted at an extraordinary general meeting. All business that is transacted at an annual general meeting shall also be deemed special, with the exception of the consideration of the Company's statutory financial statements and reports of the Directors and auditors, the review by the members of the Company's affairs, the appointment of Directors in the place of those retiring (whether by rotation or

otherwise), the fixing of the remuneration of the Directors subject to sections 380 and 382 to 385 of the Companies Act, the appointment and re-appointment of the auditors and the fixing of the remuneration of the auditors.

Every member entitled to attend and vote at a general meeting may appoint a proxy to attend, speak and vote on his or her behalf provided, however, that a member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to shares held in different securities accounts. The holders of ordinary shares have the right to receive notice of and attend and vote at all general meetings of the Company and they are entitled, on a poll or a show of hands, to one vote for every ordinary share they hold.

Votes may be given either personally or by proxy. Subject to any rights or restrictions for the time being attached to any class or classes of shares and subject to any suspension or abrogation of rights pursuant to the Articles, on a show of hands every member present in person and every proxy shall have one vote, so, however, that no individual shall have more than one vote, and on a poll every member shall have one vote for every share carrying rights of which he is the holder. On a poll a member entitled to more than one vote need not cast all his votes or cast all the votes he uses in the same way.

RELATIONS WITH SHAREHOLDERS

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

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

The Board receives shareholder reports at all quarterly Board meetings and regularly monitors the views of shareholders and the shareholder profile of the Company. The Board is also kept fully informed of all relevant market commentary on the Company by the Investment Manager.

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

Audit Committee Report

During the year ended 31 December 2018, the Audit Committee comprised of Kevin McNamara (Chairman), and Emer Gilvarry. 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 page 17 of this report.

The Audit Committee operates within clearly defined terms of reference which were reviewed during the financial year. The revised terms have been approved by the Board, and include all matters indicated by the AIC Code and are available for inspection on the Company's website: www.greencoat-renewables.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.

MEETINGS

The Audit Committee met 3 times up to 31 December 2018. A breakdown of Director attendance is set out in the Corporate Governance Report on page 29. BDO attended 2 of the 3 formal Audit Committee meetings held during the year ended 31 December 2018.

SUMMARY OF THE ROLE AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The duties of the Audit Committee include reviewing the Interim 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. 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 3 formally convened Audit Committee meetings from incorporation to the

date of this report, the Audit Committee has had regular contact and meetings with the Investment Manager, and the Administrator. These meetings and discussions focused on, but were not limited to:

- 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, and considering the need for a separate internal audit function;
- considering potential incidents of fraud and the Company's response thereto;
- 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 Interim Report and Annual Report and financial statements, concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- amendments to legislation and corporate governance reporting requirements and accounting treatment of new transactions in the period;
- 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 Interim and Annual Report and financial statements;

Audit Committee Report *continued*

FINANCIAL REPORTING (CONTINUED)

- 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 consolidated 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.

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 fair value of investments as a key area of risk of misstatement in the Company's financial statements.

ASSESSMENT OF THE FAIR VALUE OF INVESTMENTS

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

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. The Audit Committee considers and challenges this analysis and the rationale of any changes made. The Committee has satisfied itself that the key estimates and assumptions used in the valuation model, which are disclosed in note 2 to the consolidated financial statements, 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 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 during the year and will continue to do so on, an annual basis. By their nature, these procedures provide a reasonable, but not absolute, assurance against material misstatement or loss. Regular reports will be provided to the Audit Committee highlighting material changes to risk ratings.

During the year, the Audit Committee also discussed and reviewed the internal controls framework in place at the Investment Manager and the Administrator in depth. Discussions focused on 3 lines of defence: assurances at operational level; internal oversight; and independent objective assurance. The Audit Committee concluded that these frameworks were appropriate for the identification, assessment, management and monitoring of financial and regulatory 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 shall meet investors in relation to the Company's financial reporting and internal controls, should it be deemed appropriate.

Audit Committee Report continued

EXTERNAL AUDITOR

EFFECTIVENESS OF THE AUDIT PROCESS

The Audit Committee assessed the effectiveness of the audit process by considering BDO's fulfilment of the agreed audit plan through the reporting presented to the Audit Committee by BDO 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 during the year are disclosed in note 5 to the consolidated 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 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 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 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 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 has been the Company's Auditor from its incorporation on 15 February 2017. The Auditor is required to rotate the audit partner responsible for the Group audit every 5 years. Therefore, the lead partner will be required to rotate after the completion of the 2022 year end audit.

The external audit contract is intended 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 remain 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 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.

On behalf of the board,



Kevin McNamara

Chairman of the Audit Committee

3 March 2019

Independent Auditor's Report

TO THE MEMBERS OF GREENCOAT RENEWABLES PLC OPINION

We have audited the financial statements of Greencoat Renewables PLC ("Company") and its subsidiaries ("Group") for the financial year ended 31 December 2018, which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated and Company Statement of Cash Flows, and the related notes including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards ("IFRS") as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2018 and of its profit for the financial year then ended;
- the Company Statement of Financial Position gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2018;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 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 (Ireland) ("ISAs (Ireland)") 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 and Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard as applied to public interest entities issued by the Irish Auditing and Accounting Supervisory Authority ("IAASA"), 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.

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 financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including 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.

KEY AUDIT MATTER

The valuation of investments is a 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 ("NAV") of the Company.

The entire investment portfolio is represented by unquoted equity and loan investments and all investments are individually material to the financial statements.

RELATED DISCLOSURES

Refer to:

- Note 1 – Significant accounting policies;
- Note 2 – critical accounting judgments, estimates and assumptions;
- Note 4 – return on investments; and
- Note 9 – investments at fair value through profit or loss; of the accompanying financial statements.

AUDIT RESPONSE

For investments valued using a discounted cash flow model we performed the following procedures:

- challenged the appropriateness of the selection and application of key assumptions in the discounted cash flow model including discount rate, energy yield, power price, inflation rate and asset life by benchmarking to available industry data and consulting with our internal valuation specialists;
- agreed energy yield, power price, inflation rate and asset life used in the model to independent reports;
- for new investments we obtained and reviewed all key agreements and contracts and considered if they 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;

Independent Auditor's Report continued

- used spreadsheet analysis tools to assess the integrity of the valuation models and track changes to inputs or structure;
- 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;
- we critically evaluated and challenged management's assessment as to the recoverability of the loan investments;
- we vouched to loan agreements and verified the terms of the loan; and
- we have reviewed the performance of the loan investments during the financial year under review.
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group and the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

- for the purpose of our audit we used overall materiality of €7.9m, which represents approximately 2% of the Group and Company's NAV.
- we applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the Financial Statements as a whole.
- we chose NAV as the benchmark because of the Group and Company's asset based structure. We selected 2% based on our professional judgment, noting that it is also within the range of commonly accepted asset-related benchmarks.
- in addition, we used a specific materiality for the purpose of testing transactions and balances which impact on the Group's realised return. Specific materiality of €1.2m, which represents approximately 10% of the return on investment, excluding the unrealised valuation movements.

We agreed with the Audit Committee that we would report to the Audit Committee all audit differences in excess of €0.4m, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where;

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the Directors' report is consistent with the financial statements; and
- in our opinion, the Directors' report has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company Statement of Financial Position is in agreement with the accounting records.

Independent Auditor's Report continued

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Based on the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We are also required to review:

- the Directors' statement in relation to going concern and longer-term viability;
- the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the AIC Code specified for our review; and
- certain elements of disclosures in the report to shareholders by the Board of Directors' remuneration committee.

In addition, the Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

We have nothing to report in this regard.

RESPECTIVE RESPONSIBILITIES RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the directors' responsibilities statement, 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 they 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 and Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditor's report.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.



Brian Hughes

For and on behalf of BDO,
Dublin,
Ireland
Statutory Audit Firm
AI223876

3 March 2019

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2018

	Note	For the year ended 31 December 2018 €'000	For the period ended 31 December 2017 €'000
Return on investments	4	56,429	13,157
Other income		2,004	1,413
Total income and gains		58,433	14,570
Operating expenses	5	(4,533)	(2,154)
Investment acquisition costs		(6,170)	(2,524)
Operating profit		47,730	9,892
Finance expense	13	(4,166)	(12,464)
Profit/(loss) for the year/period before tax		43,564	(2,572)
Taxation	6	–	–
Profit/(loss) for the year/period after tax		43,564	(2,572)
Profit/(loss) and total comprehensive income attributable to:			
Equity holders of the Company		43,564	(2,572)
Earnings per share			
Basic and diluted earnings from continuing operations in the year/period (cent)	7	13.81	(1.91)

The accompanying notes on pages 43 to 66 form an integral part of the consolidated 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	757,399	316,796
		757,399	316,796
Current assets			
Receivables	11	3,486	2,977
Cash and cash equivalents		3,036	14,794
		6,522	17,771
Current liabilities			
Payables	12	(7,936)	(1,312)
Net current (liabilities)/assets		(1,414)	16,459
Non current liabilities			
Loans and borrowings	13	(362,031)	(71,169)
Net assets		393,954	262,086
Capital and reserves			
Called up share capital	15	3,800	2,700
Share premium account	15	120,009	11,958
Other distributable reserves		229,153	250,000
Retained earnings		40,992	(2,572)
Total shareholders' funds		393,954	262,086
Net assets per share (cent)	16	103.7	97.1

Authorised for issue by the Board on 3 March 2019 and signed on its behalf by:

Rónán Murphy
Chairman

Kevin McNamara
Director

The accompanying notes on pages 43 to 66 form an integral part of the consolidated financial statements.

Company 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	392,534	243,324
		392,534	243,324
Current assets			
Receivables	11	2,025	5,220
Cash and cash equivalents		759	14,514
		2,784	19,734
Current liabilities			
Payables	12	(1,364)	(972)
Net current assets		1,420	18,762
Net assets		393,954	262,086
Capital and reserves			
Called up share capital	15	3,800	2,700
Share premium account	15	120,009	11,958
Other distributable reserves		229,153	250,000
Retained earnings		40,992	(2,572)
Total shareholders' funds		393,954	262,086
Net assets per share (cent)	16	103.7	97.1

The Company has taken advantage of the exemption under section 304 of the Companies Act 2014 and accordingly has not presented a Statement of Comprehensive Income for the Company alone. The profit after tax of the Company for the year was €43,563,872 (2017 loss: €2,571,891).

Authorised for issue by the Board on 3 March 2019 and signed on its behalf by:

Rónán Murphy
Chairman

Kevin McNamara
Director

The accompanying notes on pages 43 to 66 form an integral part of the consolidated financial statements.

Consolidated and Company Statement of Changes in Equity

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)		2,700	11,958	250,000	(2,572)	262,086
Issue of share capital	15	1,100	–	–	–	1,100
Issue of share premium	15	–	110,000	–	–	110,000
Share issue costs	15	–	(1,949)	–	–	(1,949)
Dividends	8	–	–	(20,847)	–	(20,847)
Profit and total comprehensive income for the year		–	–	–	43,564	43,564
Closing net assets attributable to shareholders		3,800	120,009	229,153	40,992	393,954

After taking account of cumulative unrealised gains of €54,465,313, the total reserves distributable by way of a dividend as at 31 December 2018 were €215,679,690.

FOR THE PERIOD 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 (15 February 2017)		–	–	–	–	–
Issue of share capital	15	2,700	–	–	–	2,700
Issue of share premium	15	–	267,300	–	–	267,300
Share issue costs	15	–	(5,342)	–	–	(5,342)
Capital reduction		–	(250,000)	250,000	–	–
Loss and total comprehensive income for the period		–	–	–	(2,572)	(2,572)
Closing net assets attributable to shareholders		2,700	11,958	250,000	(2,572)	262,086

Other distributable reserves were created through the capital reduction process undertaken during the prior year. This amount was capable of being applied in any manner in which the Company's profits available for distribution, as determined in accordance with the Companies Act 2014, were able to be applied.

After taking account of cumulative unrealised gains of €7,701,703, the total reserves distributable by way of a dividend as at 31 December 2017 were €239,726,406.

The accompanying notes on pages 43 to 66 form an integral part of the consolidated 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 period ended 31 December 2017 €'000
Net cash flows from operating activities	17	3,298	3,817
Cash flows from investing activities			
Acquisition of investments		(411,312)	(147,401)
Investment acquisition costs		(1,933)	(2,524)
Repayment of shareholder loan investments	9	22,624	4,076
Net cash flows from investing activities		(390,621)	(145,849)
Cash flows from financing activities			
Issue of share capital	15	111,100	270,000
Payment of issue costs		(2,051)	(5,230)
Dividends paid	8	(20,847)	–
Amounts drawn down on loan facilities	13	400,292	223,169
Amounts repaid on loan facilities	13	(109,430)	(152,000)
Finance costs		(3,499)	(13,174)
Repayment of project finance loan		–	(165,939)
Net cash flows from financing activities		375,565	156,826
Net (decrease) / increase in cash and cash equivalents during the year/period		(11,758)	14,794
Cash and cash equivalents at the beginning of the year/period		14,794	–
Cash and cash equivalents at the end of the year/period		3,036	14,794

The accompanying notes on pages 43 to 66 form an integral part of the consolidated financial statements.

Company Statement of Cash Flows

For the year ended 31 December 2018

	Note	For the year ended 31 December 2018 €'000	For the period ended 31 December 2017 €'000
Net cash flows from operating activities	17	1,460	(3,058)
Cash flows from investing activities			
Acquisition of investments		–	(147,401)
Loans advanced to Group companies	9	(109,384)	(92,223)
Repayment of loans advanced to Group companies	9	6,700	–
Investment acquisition costs		(324)	(2,524)
Net cash flows from investing activities		(103,008)	(242,148)
Cash flows from financing activities			
Issue of share capital	15	111,100	270,000
Payment of issue costs		(2,051)	(5,230)
Dividends paid	8	(20,847)	–
Amounts drawn down on loan facilities		–	152,000
Amounts repaid on loan facilities		–	(152,000)
Finance costs		(409)	(5,050)
Net cash flows from financing activities		87,793	259,720
Net (decrease)/increase in cash and cash equivalents during the year/period		(13,755)	14,514
Cash and cash equivalents at the beginning of the year/period		14,514	–
Cash and cash equivalents at the end of the year/period		759	14,514

The accompanying notes on pages 43 to 66 form an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018

1. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The consolidated 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 2014 applicable to companies reporting under IFRS.

These consolidated financial statements are presented in Euro ("€") which is the currency of the primary economic environment in which the Group operates and are rounded to the nearest thousand, unless otherwise stated.

The consolidated 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 financial statements have been prepared on the going concern basis. The principal accounting policies are set out below.

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 "Financial Instruments" 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's financial instruments predominantly comprise equity investments held at fair value and financial liabilities held at amortised cost. 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 period 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 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 standard and interpretations have been published and will be mandatory for the Group'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.

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 satisfies the 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTING FOR SUBSIDIARIES (CONTINUED)

Notwithstanding this, IFRS 10 requires subsidiaries that provide services that relate to the investment entity's investment activities but are not themselves investment entities to be consolidated. Accordingly, the annual financial statements include the consolidated financial statements of the Company and the Holdcos. 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 consolidated 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.

Subsidiaries are therefore measured at fair value through profit or loss, in accordance with IFRS 13 "Fair Value Measurement" and IFRS 9 as permitted by IAS 27. The financial support provided by the Group to its unconsolidated subsidiaries is disclosed in note 9.

CONSOLIDATION

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company has power over the entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are derecognised from the date that control ceases.

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary (for accounting purposes) is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Company recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The following table outlines the consolidated entities.

Investment	Date of Control	Registered Office	Ownership %	Country of Incorporation	Place of Business
GR Wind Farms 1 Limited	9 March 2017	Riverside One, Sir John Rogerson's Quay, Dublin 2	100%	Ireland	Ireland
GR Wind Farms 2 Limited	30 November 2017	Riverside One, Sir John Rogerson's Quay, Dublin 2	100%	Ireland	Ireland

Based on control, the results of the Holdcos are consolidated into the Consolidated Financial Statements.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Company's accounting policies. During the year, no such adjustments have been made, given all subsidiaries have uniform accounting policies.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACQUISITION METHOD

The acquisition method is used for all business combinations.

Steps in applying the acquisition method are:

- Identification of the acquirer.
- Determination of the acquisition date.
- Recognition and measurement of the identifiable assets acquired, the liabilities assumed and any non-controlling interest (NCI, formerly called minority interest) in the acquiree.
- Recognition and measurement of goodwill or a gain from a bargain purchase.

The guidance in IFRS 10 "Consolidated Financial Statements" is used to identify an acquirer in a business combination, i.e. the entity that obtains control of the acquiree. An acquirer considers all pertinent facts and circumstances when determining the acquisition date, i.e. the date on which it obtains control of the acquiree. The acquisition date may be a date that is earlier or later than the closing date.

FINANCIAL INSTRUMENTS

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

At 31 December 2018 and 2017, the carrying amounts of cash and cash equivalents, receivables, payables and 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 and the Company became party to the contractual requirements of the financial asset.

The Group's and Company's financial assets comprise of investments held at fair value through profit or loss and loans and receivables. The Group and Company holds its investments at fair value which had previously been designated at fair value through profit or loss in accordance with IAS 39 as they were managed on a fair value basis and their performance was monitored on this basis. On adoption of IFRS 9 on 1 January 2018, these investments are mandatorily classified as fair value through profit or loss, as the contractual cash flows are not solely principal and interest and therefore, are measured at fair value through profit or loss.

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 provision for impairment. Transaction costs are recognised in the Consolidated Statement of Comprehensive Income as incurred.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

1. SIGNIFICANT ACCOUNTING POLICIES (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 AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments are designated upon initial recognition as held at fair value through profit or loss. Movements in fair value are recognised in the Consolidated Statement of Comprehensive Income during the reporting period. 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 Holdcos 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.

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.

Financial assets are recognised/derecognised at the date of the purchase/disposal.

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Fair value is calculated on an unlevered, discounted cash flow basis in accordance with IFRS 13 and IFRS 9. Gains or losses resulting from the revaluation of investments are recognised in the Consolidated Statement of Comprehensive Income.

DE-RECOGNITION 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 cash flow has expired.

FINANCIAL LIABILITIES

Financial liabilities are classified according to the substance of the contractual agreements entered into.

All financial liabilities are initially recognised at fair value net of transaction costs incurred. All financial liabilities are recorded on the date on which the Group becomes party to the contractual requirements of the financial liability.

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 de-recognition is taken to the Consolidated Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

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 using the effective interest rate method.

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.

Share issue costs of the Company directly attributable to the issue and listing of shares are charged to the share premium account. Share issue 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 consolidated financial statements when the Company's obligation to make payment has been established.

INCOME RECOGNITION

Interest income on shareholder loan investments is recognised when the Group's entitlement to receive payment is established.

Other income is accounted for on an accruals basis.

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 Statement of Comprehensive Income at each valuation point.

EXPENSES

Expenses are accounted for on an accruals basis.

TAXATION

Under the current system of taxation in Ireland, the Company is liable to taxation on its operations in Ireland.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TAXATION (CONTINUED)

Deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments, except where the Company 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 Company 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 consolidated 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 Ireland. All of the Group's non-current assets are located in Ireland.

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.

CLASSIFICATION OF AN INVESTMENT ENTITY

One area of judgement relates to the Company's classification as an investment entity as defined in IFRS 10, IFRS 12 and IAS 27. IFRS 10 requires that a Company has to fulfil 3 criteria to be an investment entity:

- Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

IFRS 10 also determines that an investment entity would have the following typical characteristics:

- It has more than one investment;
- It has more than one investor;
- It has investors that are not related parties; and
- It has ownership interest in the form of equity or similar interests.

An entity that does not display all of the above characteristics could, nevertheless, meet the definition of an investment entity.

The Directors have concluded that the Company meets the definition of an investment entity.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

FAIR VALUE OF INVESTMENTS

The key assumptions that have a significant impact on the carrying value of investments that are valued by reference to the discounted value of future cash flows are the useful life of the assets, the discount factors, the level of wind resource, the rate of inflation, the price at which the power and associated benefits can be sold and the amount of electricity the assets are expected to produce. A sensitivity analysis of these assumptions is included in note 9.

Useful lives are based on the Investment Manager's estimates of the period over which the assets will generate revenue which are periodically reviewed for continued appropriateness. The standard assumption used for the useful life of a wind farm is 30 years (2017: 25 years). The actual useful life may be a shorter or longer period depending on the actual operating conditions experienced by the asset.

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

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

The price at which the output from the revenue 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.

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 Consolidated Financial Statements.

3. INVESTMENT MANAGEMENT FEES

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a management fee from the Company, which is calculated quarterly in arrears in accordance with the Investment Management Agreement.

The Fee shall be calculated in respect of each quarter and in each case based upon the NAV:

- On that part of the NAV up to and including €1 billion, an amount equal to 0.25 per cent. of such part of the NAV; and
- On that part of the NAV in excess of €1 billion, an amount equal to 0.2 per cent. of such part of the NAV.

Investment management fees paid or accrued in the year ended 31 December 2018 and the period to 31 December 2017 were as follows:

	For the year ended 31 December 2018 €'000	For the period ended 31 December 2017 €'000
Investment management fees	3,035	1,147
	3,035	1,147

As at 31 December 2018, €928,073 is payable in relation to investment management fees (2017: €659,478).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

4. RETURN ON INVESTMENTS

	For the year ended 31 December 2018 €'000	For the period ended 31 December 2017 €'000
Interest on shareholder loan investment ⁽¹⁾	9,665	5,455
Unrealised movement in fair value of investments (note 9)	46,764	7,702
	56,429	13,157

(1) Includes €3,992k (2017: €1,855k) of unrealised Shareholder loan interest.

5. OPERATING EXPENSES

	For the year ended 31 December 2018 €'000	For the period ended 31 December 2017 €'000
Investment management fees (note 3)	3,035	1,147
Other expenses	1,035	792
Non-executive Directors' remuneration	200	108
Group and SPV administration fees	194	66
Fees to the Company's Auditor:		
for audit of the statutory financial statements	66	35
for other services	3	6
	4,533	2,154

The fees to the Company's auditor include €3,000 payable in relation to a limited review of the Interim Report during the year.

6. TAXATION

	For the year ended 31 December 2018 €'000	For the period ended 31 December 2017 €'000
Taxation	—	—
	—	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

6. TAXATION (CONTINUED)

The tax reconciliation is explained below.

	For the year ended 31 December 2018 €'000	For the period ended 31 December 2017 €'000
Profit/(loss) for the year/period before taxation	43,564	(2,572)
Profit/(loss) for the year/period multiplied by the standard rate of corporation tax of 12.5 per cent.	5,446	(322)
Fair value movements (not subject to taxation)	(5,846)	(963)
Expenditure not deductible for tax purposes	812	921
(Payment)/receipt of tax losses from unconsolidated subsidiaries	(412)	364
	–	–

7. EARNINGS PER SHARE

	For the year ended 31 December 2018	For the period ended 31 December 2017
Profit/(loss) attributable to equity holders of the Company – €'000	43,564	(2,572)
Weighted average number of ordinary shares in issue	315,506,849	134,581,270
Basic and diluted earnings from continuing operations in the year/period (cent)	13.81	(1.91)

8. DIVIDENDS DECLARED WITH RESPECT TO THE YEAR

Interim dividends paid during the year ended 31 December 2018	Dividend per share cent	Total dividend €'000
With respect to the period from IPO to 31 December 2017	2.61	7,047
With respect to the quarter ended 31 March 2018	1.50	4,050
With respect to the quarter ended 30 June 2018	1.50	4,050
With respect to the quarter ended 30 September 2018	1.50	5,700
	7.11	20,847
Interim dividends declared after 31 December 2018 and not accrued in the year	Dividend per share cent	Total dividend
With respect to the quarter ended 31 December 2018	1.50	5,700
	1.50	5,700

On 31 January 2019, the Company announced a dividend of 1.50 cent 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 6.00 cent per share. The record date for the dividend was 8 February 2019 and the payment date was 28 February 2019.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group as at 31 December 2018	Loans €'000	Equity interest €'000	Total €'000
Opening balance	171,651	145,145	316,796
Additions	265,997	146,474	412,471
Repayment of shareholder loan investments	(22,624)	–	(22,624)
Unrealised movement in fair value of investments (note 4)	3,992	46,764	50,756
	419,016	338,383	757,399

Group as at 31 December 2017	Loans €'000	Equity interest €'000	Total €'000
Opening balance	–	–	–
Additions	173,872	144,270	318,142
Adjustment on consolidation	–	(6,827)	(6,827)
Repayment of shareholder loan investments	(4,076)	–	(4,076)
Unrealised movement in fair value of investments (note 4)	1,855	7,702	9,557
	171,651	145,145	316,796

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

	For the year ended 31 December 2018 €'000	For the period ended 31 December 2017 €'000
Increase/(decrease) in DCF valuation of investments and other movements	22,715	(5,452)
Repayment of shareholder loan investments	22,624	4,076
Movement in cash balances of SPVs	(753)	8,409
Investment acquisition costs	6,170	2,524
	50,756	9,557

Company as at 31 December 2018	Loans €'000	Equity interest €'000	Total €'000
Opening balance	213,581	29,743	243,324
Loans advanced to Holdco (note 19)	109,384	–	109,384
Loans repaid by Holdco (note 19)	(6,700)	–	(6,700)
Unrealised movement in fair value of investments	–	46,526	46,526
	316,265	76,269	392,534

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Company as at 31 December 2017	Loans €'000	Equity interest €'000	Total €'000
Opening balance	–	–	–
Additions	121,358	26,043	147,401
Loans advanced to Holdco (note 19)	92,223	–	92,223
Unrealised movement in fair value of investments	–	3,700	3,700
	213,581	29,743	243,324

FAIR VALUE MEASUREMENTS

IFRS 13 requires disclosure of fair value measurement by level. The level of fair value hierarchy which the financial assets or financial liabilities are recognised is 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 investments 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 the Holdcos 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.

The Investment Manager carries out the asset valuations, which form part of the NAV calculation. These asset valuations are based on discounted cash flow methodology in line with IPEV Valuation Guidelines and adjusted where appropriate, given the special nature of wind farm investments.

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 long-term assumptions in relation to inflation, energy yield, power prices, and asset life.

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

For the year ended 31 December 2018 *continued*

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

FAIR VALUE MEASUREMENTS (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 REFIT cashflows and a higher discount rate for merchant power cashflows.

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 exceeds 30 years. Furthermore, the vast majority of wind farm SPVs benefit from lease arrangements which are significantly in excess of 30 years. Appropriate assumptions have been made in relation to the continued good management of the assets, operating costs 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 6.0 cent. It also means that the blended portfolio discount rate has increased as a result of including a higher proportion of higher discount rate merchant power cashflows in years 26-30.

A variance of +/- 0.25 per cent. is considered to be a reasonable range of alternative assumptions for discount rate.

The base case long-term CPI assumption is 2.00 per cent..

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

Long-term power price forecasts are provided by a leading market consultant, updated quarterly and adjusted by the Investment Manager where more conservative assumptions are considered appropriate. Base case real power prices increase from approximately €59/MWh (2030) to approximately €67/MWh (2040). The sensitivity analysis 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. The sensitivity analysis reflects the period beyond the initial REFIT period whereby the portfolio benefits from an inflation-linked floor price under the REFIT regime.

SENSITIVITY ANALYSIS

The fair value of the Group's investments is €757,398,839 (2017: €316,796,436). The following analysis is provided to illustrate the sensitivity of the fair value of investments to a change in 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 cent
Discount rate	6-7 per cent.	+ 0.25 per cent.	(17,647)	(4.6)
		-0.25 per cent.	18,269	4.8
Energy yield	P50	10 year P90	(47,092)	(12.4)
		10 year P10	46,835	12.3
Power price	Forecast by leading consultant	-10 per cent.	(32,050)	(8.4)
		+ 10 per cent.	31,987	8.4
Inflation rate	2.00 per cent.	-0.5 per cent.	(25,247)	(6.6)
		+ 0.5 per cent.	26,960	7.1

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

The base case asset life assumption is 30 years. An asset life sensitivity is not presented owing to the difficulty in accurately quantifying various associated valuation drivers, including: ability to extend the lease term; ability to extend planning permission; commercial terms attaching to any lease extension; operating and maintenance costs associated with longer life; decommissioning costs; and scrap value.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

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 consolidated financial statements:

Investment	Place of business	Registered office	Ownership interest as at 31 December 2018
Ballybane Windfarms Limited	Ireland	Riverside One, Sir John Rogerson's Quay, Dublin 2	100%
Cloosh Valley Wind Farm Holdings DAC	Ireland	6th Floor, South Bank House, Barrow Street, Dublin 4	50%
Lisdowney Wind Farm Limited	Ireland	Riverside One, Sir John Rogerson's Quay, Dublin 2	100%
Killhills Windfarm Limited	Ireland	Riverside One, Sir John Rogerson's Quay, Dublin 2	100%
Knockacummer Wind Farm Limited	Ireland	Riverside One, Sir John Rogerson's Quay, Dublin 2	100%
Knockalour Wind Farm Holdings Limited	Ireland	Riverside One, Sir John Rogerson's Quay, Dublin 2	100%
Kostroma Holdings Limited ⁽¹⁾	Ireland	Riverside One, Sir John Rogerson's Quay, Dublin 2	100%
Monaincha Sigatoka Wind Holdings DAC ⁽²⁾	Ireland	Riverside One, Sir John Rogerson's Quay, Dublin 2	100%
Raheenleagh Power DAC	Ireland	Two Gateway, East Wall Road, Dublin 3	50%
Sliabh Bawn Wind Holdings DAC	Ireland	Dublin Road, Newtownmountkennedy, Co. Wicklow	25%
Tullynamoyle Wind Farm II Limited	Ireland	Riverside One, Sir John Rogerson's Quay, Dublin 2	100%

(1) The Group's investment in Glanaruddery is held through Kostroma Holdings Limited

(2) The Group's investments in Monaincha and Garrenereagh are held through Monaincha Sigatoka Wind Holdings DAC

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

Provider of security	Investment	Beneficiary	Nature	Purpose	Amount €'000
The Company	Killhills	AIB	Cash	Planning	100
					100

The fair value of cash security deposits are as disclosed in the table above.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

11. RECEIVABLES

Group	31 December 2018 €'000	31 December 2017 €'000
Accrued income	1,980	1,133
Deferred tax asset	1,237	1,237
VAT receivable	190	547
Sundry receivables	47	–
Prepayments	32	60
	3,486	2,977

Company	31 December 2018 €'000	31 December 2017 €'000
Due from other group companies	1,955	1,678
Prepayments	32	60
Accrued income	25	3,077
VAT receivable	13	405
	2,025	5,220

12. PAYABLES

Group	31 December 2018 €'000	31 December 2017 €'000
Acquisition costs	5,421	–
Investment management fees payable	928	659
Other payables	849	455
Loan interest payable	536	80
Other finance costs payable	188	5
Share issue costs payable	14	113
	7,936	1,312

Company	31 December 2018 €'000	31 December 2017 €'000
Investment management fees payable	928	659
Other payables	422	195
Share issue costs payable	14	113
Other finance costs payable	–	5
	1,364	972

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

13. LOANS AND BORROWINGS

Group at 31 December 2018	Loan €'000	Total €'000
Opening balance	71,169	71,169
Revolving Credit Facility		
Drawdowns	400,292	400,292
Repayments	(109,430)	(109,430)
Closing balance	362,031	362,031

The Company did not hold any loans or borrowings at 31 December 2018 (2017: €nil).

Group at 31 December 2017	Loan €'000	Swaps €'000	Total €'000
Opening balance	–	–	–
Loans acquired on acquisition	165,939	4,802	170,741
Project Finance Facility			
Repayments	(165,939)	–	(165,939)
Break of swap	–	(4,802)	(4,802)
Fixed rate and profit participating loan notes			
Drawdowns	152,000	–	152,000
Repayments	(152,000)	–	(152,000)
Revolving Credit Facility			
Drawdowns	71,169	–	71,169
Closing balance	71,169	–	71,169

	For the year ended 31 December 2018 €'000	For the period ended 31 December 2017 €'000
Loan interest	2,551	1,927
Commitment fees	819	34
Professional fees	656	20
Facility arrangement fees	140	1,224
Swap break costs	–	3,585
Fixed rate loan note interest	–	3,353
Other finance costs	–	2,321
Finance expense	4,166	12,464

The loan balance as at 31 December 2018 and 31 December 2017 has not been adjusted to reflect amortised cost, as the amount is not materially different from the outstanding balances.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

13. LOANS AND BORROWINGS (CONTINUED)

As at 31 December 2018, the Group had a revolving credit facility with AIB, BNP Paribas, Commerzbank, RBC and Santander. In November 2018, the Group increased the capacity of the facility from €250,000,000 to €380,000,000. The facility has a margin of 1.8 per cent. plus EURIBOR (at zero per cent. floor) per annum with a final maturity date of 19 December 2020. The Group is obliged to pay a quarterly commitment fee of 0.63 per cent. per annum of the undrawn commitment available under the facility. Lenders' security consists of comprehensive debentures incorporating a fixed and floating charge over the Group including a charge over the Group's bank accounts and shares in the underlying investments.

As at 31 December 2018, the principal balance of the facility was €362,030,526 (2017: €71,169,498), accrued interest was €536,179 (2017: €38,607) and the outstanding commitment fee was €28,135 (2017: €33,953).

14. CONTINGENCIES & COMMITMENTS

At the time of acquisition, wind farms which had less than 12 months' operational data may have 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 operational data has become available.

The following 3 wind energy true-ups remain outstanding and the maximum adjustment under each are as follows: Glanaruddery €2,600,000; Lisdowney €1,583,000; and Knocknalour €489,000.

15. SHARE CAPITAL – ORDINARY SHARES

At 31 December 2018, the Company had authorised share capital of 1,000,000,000 ordinary shares of €0.01 each.

Date	Issued and fully paid	Number of shares issued	Share capital €'000	Share premium €'000	Total €'000
1 January 2018	Opening balance	270,000,000	2,700	11,958	14,658
Period to 30 June 2018	2017 IPO share issue costs	–	–	(7)	(7)
2 August 2018	Issued and paid	110,000,000	1,100	110,000	111,100
2 August 2018	Less share issue costs	–	–	(1,942)	(1,942)
31 December 2018		380,000,000	3,800	120,009	123,809

Date	Issued and fully paid	Number of shares issued	Share capital €'000	Share premium €'000	Total €'000
15 February 2017	Initial share capital ⁽¹⁾	2	–	–	–
29 May 2017	Further issue of shares ⁽¹⁾	24,998	25	–	25
25 July 2017	Redeemed at IPO ⁽²⁾	(25,000)	(25)	–	(25)
25 July 2017	Issued and paid ⁽³⁾	270,000,000	2,700	267,300	270,000
25 July 2017	Less share issue costs	–	–	(5,342)	(5,342)
10 November 2017	Capital reduction	–	–	(250,000)	(250,000)
31 December 2017		270,000,000	2,700	11,958	14,658

(1) Ordinary shares of €1 each

(2) Ordinary shares of €1 each were converted into redeemable shares and then redeemed at par out of the proceeds of the issue of the ordinary shares of €0.01 each and cancelled

(3) Ordinary shares of €0.01 each

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

16. NET ASSETS PER SHARE

Group and Company	31 December 2018	31 December 2017
Net assets – €'000	393,954	262,086
Number of ordinary shares issued	380,000,000	270,000,000
Total net assets – cent	103.7	97.1

17. RECONCILIATION OF OPERATING PROFIT FOR THE YEAR/PERIOD TO NET CASH FROM OPERATING ACTIVITIES

Group	For the year ended 31 December 2018 €'000	For the period ended 31 December 2017 €'000
Operating profit for the year/period	47,730	9,892
Adjustments for:		
Movement in fair value of investments (note 9)	(46,764)	(7,702)
Investment acquisition costs	6,170	2,524
Increase in receivables	(4,501)	(1,739)
Increase in payables	663	842
Net cash flows from operating activities	3,298	3,817

Company	For the year ended 31 December 2018 €'000	For the period ended 31 December 2017 €'000
Operating profit for the year/period	43,971	2,478
Adjustments for:		
Movement in fair value of investments (note 9)	(46,526)	(3,700)
Investment acquisition costs	324	2,524
Decrease/(increase) in receivables	3,195	(5,220)
Increase in payables	496	860
Net cash flows from operating activities	1,460	(3,058)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

18. FINANCIAL RISK MANAGEMENT

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

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

PRICE RISK

Price risk is defined as the risk that the fair value of a financial instrument held by the Group will fluctuate. Investments are measured at fair value through profit or loss and are valued on an unlevered, discounted cash flow basis. Therefore, the value of these investments will be (amongst other risk factors) a function of the discounted value of their expected cash flows and, as such, will vary with movements in interest rates and competition for such assets. Note 9 details sensitivity analysis on the impact of changes to the inputs used on the fair value of the investments.

INTEREST RATE RISK

The Group's most significant exposure to interest rate risk is due to floating interest rates required to service external borrowings through the revolving credit facility. An increase of 0.5 per cent. represents the Investment Manager's assessment of a reasonably possible change in interest rates. Should the EURIBOR rate increase from 0 per cent. to 0.5 per cent., the annual interest due on the facility would increase by €1,810,153. The Investment Manager regularly monitors interest rates to ensure the Group has adequate provisions in place in the event of significant fluctuations.

In accordance with the Company's investment policy, it may enter into hedging transactions in relation to interest rates for the purposes of efficient financial risk management. The Company will not enter into derivative transactions for speculative purposes.

The Directors consider shareholder loan investments to be similar in nature to equity investments and, as these loans bear interest at a fixed rate, they do not carry an interest rate risk.

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

Group	Fixed rate €'000	Interest bearing floating rate €'000	Non-interest bearing €'000	Total €'000
Assets				
Cash at bank	–	3,036	–	3,036
Other receivables (note 11)	–	–	2,217	2,217
Investments (note 9)	328,758	–	428,641	757,399
	328,758	3,036	430,858	762,652
Liabilities				
Other payables (note 12)	–	–	(7,936)	(7,936)
Loans and borrowings (note 13)	–	(362,031)	–	(362,031)
	–	(362,031)	(7,936)	(369,967)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

INTEREST RATE RISK (CONTINUED)

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

Group	Fixed rate €'000	Interest bearing floating rate €'000	Non-interest bearing €'000	Total €'000
Assets				
Cash at bank	–	14,794	–	14,794
Other receivables (note 11)	–	–	1,680	1,680
Investments (note 9)	79,752	–	237,044	316,796
	79,752	14,794	238,724	333,270
Liabilities				
Other payables (note 12)	–	–	(1,312)	(1,312)
Loans and borrowings (note 13)	–	(71,169)	–	(71,169)
	–	(71,169)	(1,312)	(72,481)

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

Company	Fixed rate €'000	Interest bearing floating rate €'000	Non-interest bearing €'000	Total €'000
Assets				
Cash at bank	–	759	–	759
Other receivables (note 11)	–	–	1,993	1,993
Investments (note 9)	–	–	392,534	392,534
	–	759	394,527	395,286
Liabilities				
Other payables (note 12)	–	–	(1,364)	(1,364)
	–	–	(1,364)	(1,364)

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

Company	Fixed rate €'000	Interest bearing floating rate €'000	Non-interest bearing €'000	Total €'000
Assets				
Cash at bank	–	14,514	–	14,514
Other receivables (note 11)	–	–	5,160	5,160
Investments (note 9)	–	–	243,324	243,324
	–	14,514	248,484	262,998
Liabilities				
Other payables (note 12)	–	–	(972)	(972)
	–	–	(972)	(972)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

FOREIGN CURRENCY RISK

Foreign currency risk is defined as the risk that the fair values of future cash flows will fluctuate because of changes in foreign exchange rates. The Group's financial assets and liabilities are denominated in EUR and substantially all of its revenues and expenses are in EUR. The Group is not considered to be materially exposed to foreign currency risk.

CREDIT RISK

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfil its contractual obligations. The Group is exposed to credit risk in respect of other receivables and cash at bank. The Group minimises its credit risk exposure by dealing with financial institutions with investment grade credit ratings. The Company has advanced loans to Holdco, however does not consider these loans a risk as they are intra-group.

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)	2,217	1,680
Cash at bank	3,036	14,794
Loan investments (note 9)	419,016	171,651
	424,269	188,125

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)	1,993	5,160
Cash at bank	759	14,514
Loan investments (note 9)	316,265	213,581
	319,017	233,255

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

CREDIT RISK (CONTINUED)

The tables below shows the cash balances of the Group and the Standard & Poor's credit rating for each counterparty as at 31 December 2018 and 31 December 2017:

Group	Rating	31 December 2018 €'000
Northern Trust	A+	63
AIB	BBB+	2,973
		3,036

Group	Rating	31 December 2017 €'000
Northern Trust	A+	8,775
AIB	BBB-	5,739
HSBC	AA-	280
		14,794

The table below shows the cash balances of the Company and the Standard & Poor's credit rating for each counterparty as at 31 December 2018 and 31 December 2017:

Company	Rating	31 December 2018 €'000
Northern Trust	A+	63
AIB	BBB+	696
		759

Company	Rating	31 December 2017 €'000
Northern Trust	A+	8,775
AIB	BBB-	5,739
		14,514

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

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

As disclosed in note 14, the purchase price of wind farms acquired with less than 12 months' operational data may be adjusted subject to a wind energy true-up based on a 2 years' operational record once the operational data has become available.

The following tables detail the Group's expected maturity for its financial assets (excluding equity) and liabilities together with the contractual undiscounted cash flow amounts as at 31 December 2018 and 31 December 2017:

Group – 31 December 2018	Less than 1 year €'000	1-5 years €'000	5+ years €'000	Total €'000
Assets				
Other receivables (note 11)	2,217	–	–	2,217
Cash at bank	3,036	–	–	3,036
Loan investments	16,201	48,418	419,016	483,635
Liabilities				
Other payables (note 12)	(7,936)	–	–	(7,936)
Loan and borrowings	(6,517)	(375,064)	–	(381,581)
	7,001	(326,646)	419,016	99,371

Group – 31 December 2017	Less than 1 year €'000	1-5 years €'000	5+ years €'000	Total €'000
Assets				
Other receivables (note 11)	1,680	–	–	1,680
Cash at bank	14,794	–	–	14,794
Loan investments	12,874	51,495	171,651	236,020
Liabilities				
Other payables (note 12)	(1,312)	–	–	(1,312)
Loan and borrowings	(1,281)	(73,731)	–	(75,012)
	26,755	(22,236)	171,651	176,170

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

LIQUIDITY RISK (CONTINUED)

The following tables detail the Company's expected maturity for its financial assets (excluding equity) and liabilities together with the contractual undiscounted cash flow amounts as at 31 December 2018 and 31 December 2017:

Company – 31 December 2018	Less than 1 year €'000	1-5 years €'000	5+ years €'000	Total €'000
Assets				
Other receivables	1,993	–	–	1,993
Cash at bank	759	–	–	759
Loan investments	–	–	316,265	316,265
Liabilities				
Other payables	(1,364)	–	–	(1,364)
	1,388	–	316,265	317,653

Company – 31 December 2017	Less than 1 year €'000	1-5 years €'000	5+ years €'000	Total €'000
Assets				
Other receivables	5,160	–	–	5,160
Cash at bank	14,514	–	–	14,514
Loan investments	–	–	213,581	213,581
Liabilities				
Other payables	(972)	–	–	(972)
	18,702	–	213,581	232,283

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

CAPITAL RISK MANAGEMENT

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018 *continued*

19. RELATED PARTY TRANSACTIONS

On 3 August 2018, the Company advanced an interest-free loan to Holdco of €109,383,821 (2017: €123,320,730) and Holdco made repayments of €6,700,000 (2017: €nil).

Holdco has a Management and Operating Agreement with Knockacummer, Killhills and Ballybane in relation to the management, operation and maintenance of the SPV. Holdco receives a fee of €20,000 per annum from each SPV. Amounts due to Holdco in respect to these fees at 31 December 2018 is €32,843 (2017: €nil).

During the year, the Company received management fees of €829,096 from Knockacummer and €304,278 from Killhills. These fees were in relation to the additional portfolio management costs incurred in the period 9 March 2017 to 31 December 2017 by the Company as well as additional third party fees for in relation to consultancy of the budgeting and performance reviews of both SPVs.

The table below shows the Group's shareholder loans with the wind farm investments.

	Loans at 1 January 2018	Loans advanced in the year	Loan repayments	Loans at 31 December 2018	Accrued interest at 31 December 2018	Total
Knockacummer	137,325,706	–	(10,155,393)	127,170,313	1,693,770	128,864,083
Monaincha	–	73,376,121	–	73,376,121	79,490	73,455,611
Glanaruddery	–	54,978,938	(2,850,000)	52,128,938	570,824	52,699,762
Ballybane	–	48,250,131	–	48,250,131	287,490	48,537,621
Killhills	34,325,452	–	(6,168,626)	28,156,826	574,345	28,731,171
Tullynamoyle II	–	17,613,693	(650,000)	16,963,693	219,850	17,183,543
Kostroma	–	16,472,547	–	16,472,547	277,551	16,750,098
Garranereagh	–	14,797,669	–	14,797,669	16,031	14,813,700
Lisdowney	–	14,276,291	(1,550,000)	12,726,291	174,774	12,901,065
Sliabh Bawn	–	9,824,432	–	9,824,432	–	9,824,432
Knocknalour	–	8,597,710	(1,250,000)	7,347,710	98,295	7,446,005
Cloosh Valley	–	5,790,667	–	5,790,667	–	5,790,667
Raheenleagh	–	2,018,536	–	2,018,536	–	2,018,536
	171,651,158	265,996,735	(22,624,019)	415,023,874	3,992,420	419,016,294

During the year, there were no dividends receivable from the Group's investments.

20. ULTIMATE CONTROLLING PARTY

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

21. SUBSEQUENT EVENTS

On 31 January 2019, the Company announced a dividend of €5.7 million, equivalent to 1.5 cent per share with respect to the quarter ended 31 December 2018, bringing total dividend declared with respect to the year to 31 December 2018 to 6.00 cent per share.

Company Information

DIRECTORS (ALL NON EXECUTIVE)

Rónán Murphy
Emer Gilvarry
Kevin McNamara

INVESTMENT MANAGER

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

COMPANY SECRETARY

Andrea Finegan
3rd Floor, Burdett House
15-16 Buckingham Street
London WC2N 6DU

ADMINISTRATOR

Northern Trust International Fund
Administration Services (Ireland) Limited
Georges Court
54-62 Townsend Street
Dublin 2

DEPOSITARY

Northern Trust International Fiduciary
Services (Ireland) Limited
Georges Court
54-62 Townsend Street
Dublin 2

REGISTRAR

Computershare Investor Services
(Ireland) Limited
Heron House, Corrig Road
Sandyford Industrial Estate
Dublin 18

REGISTERED COMPANY NUMBER

598470

REGISTERED OFFICE

Riverside One
Sir John Rogerson's Quay
Dublin 2

REGISTERED AUDITOR

BDO
Beaux Lane House
Mercer Street Lower
Dublin 2

LEGAL ADVISERS

McCann Fitzgerald
Riverside One
Sir John Rogerson's Quay
Dublin 2

EURONEXT GROWTH ADVISOR, NOMAD AND BROKER

J&E Davy
Davy House
49 Dawson Street
Dublin 2

ACCOUNT BANKS

Allied Irish Banks plc.
40/41 Westmoreland Street
Dublin 2

Northern Trust International Fiduciary
Services (Ireland) Limited
Georges Court
56-62 Townsend Street
Dublin 2

Supplementary Information (unaudited)

DISCLOSURE REQUIRED UNDER THE ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIFMD") FOR ANNUAL REPORTS OF ALTERNATIVE INVESTMENT FUNDS ("AIFS")

ALTERNATIVE INVESTMENT FUND MANAGER'S DIRECTIVE

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

Northern Trust International Fiduciary Services (Ireland) Limited provide depositary services under the AIFMD. Northern Trust International Fund Administration Services (Ireland) Limited provide accounting and administration services to the Company.

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 within a schedule of disclosures on the Company's website at www.greencoat-renewables.com.

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 £6.3m, consisting of £5.2m fixed and £1.1m variable remuneration. The aggregate amount of remuneration for the 6 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 £0.9m.

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.

Defined Terms

Admission Document means the Admission Document of the Company published on 25 July 2017

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

AIB means Allied Irish Bank plc

AIC means the Association of Investment Companies

AIC Code of Corporate Governance sets out a framework of best practice in respect of the governance of investment companies. It has been endorsed by the Financial Reporting Council as an alternative means for our members to meet their obligations in relation to the UK Corporate Governance Code

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

AIF means Alternative Investment Funds (as defined in AIFMD)

AIFM means Alternative Investment Fund Manager (as defined in AIFMD)

AIFMD means Alternative Investment Fund Managers Directive

AGM means Annual General Meeting of the Company

Ballybane means Ballybane Windfarms Limited

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

Brexit mean the withdrawal of the United Kingdom from the European Union

BNP Paribas means BNP Paribas Fortis N.V / S.A

Board means the Directors of the Company

Cloosh Valley means Cloosh Valley Wind Farm Holdings DAC and Cloosh Valley Wind Farm DAC

Company means Greencoat Renewables PLC

CBI means the Central Bank of Ireland

CPI means Consumer Price Index

DCF means Discounted Cash Flow

DNB means DNB Bank ASA

ESM means Enterprise Securities Market of the Irish Stock Exchange

EU means the European Union

Euronext means the Euronext Dublin, formerly the Irish Stock Exchange

EURIBOR means the Euro Interbank Offered Rate

Eurozone means the area comprising 19 of the 28 Member States which have adopted the euro as their common currency and sole legal tender

FRC means Financial Reporting Council

GAV means Gross Asset Value as defined in the Admission Document

Defined Terms *continued*

Garranereagh means Sigatoka Limited

Glanaruddery means Glanaruddery Windfarms Limited and Glanaruddery Energy Supply Limited

Group means Greencoat Renewables PLC, GR Wind Farms 1 Limited and GR Wind Farms 2 Limited

Holdco means GR Wind Farms 1 Limited

Holdco2 means GR Wind Farms 2 Limited

Holdcos means Holdco and Holdco2

IAS means International Accounting Standards

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 means the International Private Equity and Venture Capital Valuation Guidelines

IPO means Initial Public Offering

Irish Corporate Governance Annex is a corporate governance annex addressed to companies with a primary equity listing on the Main Securities Market of Euronext

IRR means internal rate of return

I-SEM means the Integrated Single Electricity Market, which is a new wholesale electricity market arrangement for Ireland and Northern Ireland

Killhills means Killhills WindFarm Limited

Knockacummer means Knockacummer Wind Farm Limited

Knockalour means Knockalour Wind Farm Holdings Limited and Knockalour Wind Farm Limited

Kostroma Holdings means Kostroma Holdings Limited

Lisdowney means Lisdowney Wind Farm Limited

Monaincha means Monaincha Wind Farm Limited

NAV means Net Asset Value as defined in the Admission Document

NAV per Share means the Net Asset Value per Ordinary Share

NOMAD means a company that has been approved as a nominated advisor for the Alternative Investment Market (AIM), by Euronext Dublin and London Stock Exchange

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

PSO means Public Support Obligation

Raheenleagh means Raheenleagh Power DAC

RBC means Royal Bank of Canada

Defined Terms continued

REFIT means Renewable Energy Feed-In Tariff

RESS means Renewable Energy Support Scheme

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)

Santander means Abbey National Treasury Services Plc (trading as Santander Global Corporate Banking)

SEM means the Single Electricity Market, which is the wholesale electricity market operating in the Republic of Ireland and Northern Ireland

Sliabh Bawn means Sliabh Bawn Holding DAC, Sliabh Bawn Supply DAC and Sliabh Bawn Power DAC

Société Générale means Société Générale, London Branch

Solar PV means a solar photovoltaic system, which is a power system designed to supply usable solar power by means of photovoltaics.

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

TSR means Total Shareholder Return

Tullynamoyle II means Tullynamoyle Wind Farm II Limited

UK means United Kingdom of Great Britain and Northern Ireland

UK Code means UK Corporate Governance Code issued by the FRC

Forward Looking Statements and other Important Information

This document 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", "plans", "projects", "will", "explore" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategy, plans, objectives, goals, future events or intentions.

These forward-looking statements include all matters that are not historical facts. They may appear in a number of places throughout this document and may include, but are not limited to, statements regarding the intentions, beliefs or current expectations of the Company, the Directors and/or 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 future 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, or described in or suggested by, the forward-looking statements contained in this document.

In addition, even if actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies, are consistent with any forward looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments of the Company to differ materially from those expressed or implied by the forward looking statements including, without limitation, general economic and business conditions, global renewable energy market conditions, industry trends, competition, changes in law or regulation, changes in taxation regimes, the availability and cost of capital, currency fluctuations, changes in its business strategy, political and economic uncertainty. Any forward-looking statements herein speak only at the date of this document.

As a result, you are cautioned not to place any reliance on any such forward-looking statements and neither the Company nor any other person accepts responsibility for the accuracy of such statements.

Subject to their legal and regulatory obligations, the Company, 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, this document may include target figures for future financial periods. Any such figures are targets only and are not forecasts. Nothing in this document should be construed as a profit forecast or a profit estimate.

