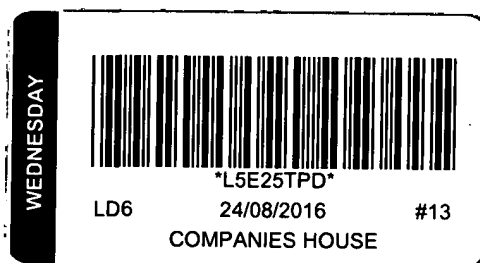


RI Income UK Holdings Limited

**DIRECTORS' REPORT AND AUDITED  
FINANCIAL STATEMENTS**

For the period from 25 November 2014 (date of incorporation)  
to 31 December 2015

COMPANY NUMBER: 09327491



# RI Income UK Holdings Limited

## Directors' Report and Audited Financial Statements

For the period from 25 November 2014 (date of incorporation) to 31 December 2015

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**RI Income UK Holdings Limited**  
**Directors' Report and Audited Financial Statements**  
**For the period from 25 November 2014 (date of incorporation) to 31 December 2015**

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**COMPANY INFORMATION**

**Directors**

Charles Reid (British) (appointed 25 November 2014)  
Peter Raftery (British) (appointed 25 November 2014)

**Registered Office**

12 Throgmorton Avenue  
London  
United Kingdom  
EC2N 2DL

**Independent Auditor**

Deloitte  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2  
Ireland

**Administrator\***

BNY Mellon Investment Servicing (International) Limited  
Riverside II  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Bank**

The Bank of New York Mellon SA/NV  
46 Rue Montoyerstraat  
B-1000 Brussels  
Belgium

\*Effective 1 July 2016, BNY Mellon Investment Servicing (International) Limited merged into BNY Mellon Fund Services (Ireland) DAC.

**RI Income UK Holdings Limited**  
**Directors' Report and Audited Financial Statements**  
**For the period from 25 November 2014 (date of incorporation) to 31 December 2015**

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**DIRECTORS' REPORT**

The Directors present their report and the audited financial statements of RI Income UK Holdings Limited (the "Company") for the period ended 31 December 2015.

This is the first set of financial statements produced by the Company, and accordingly, no comparative information is presented.

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The Company, a UK registered company, was incorporated on 25 November 2014. Renewable Income UK (the "Fund") has purchased a profit participating note issued by BRI UK Finance Limited (the "Limited Company"). The Limited Company has in turn subscribed to the equity of the Company. The Limited Company has also issued loans to the Company and RI UK Solar Holdings Limited (together the "Holding Companies"). The Holding Companies were established as vehicles to provide investment into renewable power assets through equity and debt instruments, focusing on acquiring wind and solar power projects.

**RESULTS AND DIVIDENDS**

The results for the period are shown on page 8. The Directors do not recommend the payment of a dividend.

**CHANGES IN DIRECTORS, SECRETARY AND REGISTERED OFFICE**

On 25 November 2014, Charles Reid and Peter Raftery were appointed to the Board of Directors.

There were no other changes in Directors, Company Secretary or Registered Office during the period.

**DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES**

The Directors or the Company Secretary had no beneficial interest in the share capital of the Company at the date of appointment or at the end of the period.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties facing the Company relating to the investments held by it are set out in note 11 to the financial statements.

**SIGNIFICANT EVENTS DURING THE PERIOD**

The Company commenced operations on 17 February 2015.

The Company changed its name on 10 July 2015 from BlackRock Income UK Holdings Limited to RI Income UK Holdings Limited.

**SUBSEQUENT EVENTS**

The subsequent events which have occurred since the Statement of Financial Position date are set out in note 14 to the financial statements.

**FUTURE DEVELOPMENTS IN THE BUSINESS**

The Directors expect the current level of activities to continue for the foreseeable future, until such time when the Fund is fully deployed.

**TRANSACTIONS WITH DIRECTORS**

There were no fees paid in respect of compensation to the Directors for their services in managing the Company.

**POLITICAL AND CHARITABLE DONATIONS**

The Company did not make any political or charitable donations during the period.

RI Income UK Holdings Limited  
Directors' Report and Audited Financial Statements  
For the period from 25 November 2014 (date of incorporation) to 31 December 2015

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DIRECTORS' REPORT (continued)

EMPLOYEES

The Company has no direct employees. Services are provided by both the manager of the Fund, BlackRock Asset Management Ireland Limited and the Administrator.

ADEQUATE ACCOUNTING RECORDS

The Board of Directors ensure that adequate accounting records are kept in accordance with Section 386 of the Companies Act, 2006 by employing accounting personnel with the appropriate expertise and by providing adequate resources to the finance function.

Those accounting records are maintained at the Administrator's office at Riverside II, Sir John Rogerson's Quay, Dublin 2, Ireland.

INDEPENDENT AUDITORS

Deloitte, Chartered Accountants and Statutory Audit Firm, have signified their willingness to continue in office in accordance with Section 485 of the Companies Act, 2006.

On behalf of the Board of Directors



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Charles Reid  
Director

Date: 19 August 2016

RI Income UK Holdings Limited  
Directors' Report and Audited Financial Statements  
For the period from 25 November 2014 (date of incorporation) to 31 December 2015

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with Section 394 of the Companies Act, 2006 and other applicable regulations.

UK company law requires the Directors to prepare financial statements for each financial period. The Directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU). The financial statements are required, per Section 396 of the Companies Act, 2006, to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements the Directors are required to:


- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State that the financial statements comply with IFRS as adopted by the EU, subject to any material departure disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

Per Section 386 of the Companies Act, 2006, the Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 2006. 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.

Each of the Directors, whose name and functions are listed in the Company Information section of this Annual Report and Accounts, confirms that to the best of each person's knowledge and belief:

- The financial statements, prepared in accordance with IFRS as adopted by the EU and in accordance with the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- The Directors' report contained in the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Company and a description of the principal risks and uncertainties that they face;
- So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- They have each taken all the steps that ought to have been taken by them as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board of Directors



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Charles Reid  
Director

Date: 19 August 2016

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RI INCOME UK HOLDINGS LIMITED

We have audited the financial statements of RI Income UK Holdings Limited ("the Company") for the period ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) ("relevant financial reporting framework").

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

### **Respective responsibilities of Directors and auditor**

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

*Continued on next page/*

*/Continued from previous page*

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RI INCOME UK HOLDINGS LIMITED

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Darren Griffin  
For and on behalf of Deloitte  
Chartered Accountants and Statutory Audit Firm  
Dublin

19 August 2016



RI Income UK Holdings Limited  
 Directors' Report and Audited Financial Statements  
 For the period from 25 November 2014 (date of incorporation) to 31 December 2015

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STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2015

	Notes	Period 25 November 2014 to 31 December 2015* £
Dividend income	12	585,566
Unrealised loss on financial assets at fair value through profit or loss	10	(547,264)
<b>Total income</b>		<b><u>38,302</u></b>
<b>Expenses</b>		
Interest expense	12	(705,980)
Other expenses	5	(30,026)
<b>Total expenses</b>		<b><u>(736,006)</u></b>
<b>Operating loss before tax on ordinary activities</b>		<b>(697,704)</b>
Tax on income on ordinary activities	8	-
<b>Net decrease in shareholder's equity from operating activities</b>		<b><u>(697,704)</u></b>

All recognised gains and losses arose solely from continuing operations.

\* The Company was incorporated on 25 November 2014 and commenced its operations on 17 February 2015 and as such no comparative information is presented.

The accompanying notes form an integral part of the financial statements.

RI Income UK Holdings Limited  
 Directors' Report and Audited Financial Statements  
 For the period from 25 November 2014 (date of incorporation) to 31 December 2015

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Notes	As at 31 December 2015* £
<b>Assets</b>		
Financial assets at fair value through profit or loss	10	77,568,444
Investments purchased, awaiting settlement	14	1,633,993
Loans receivable	12	62,074,576
Due from related party	12	264,786
Cash and cash equivalents		1,237,362
<b>Total assets</b>		<b>142,779,161</b>
<b>Liabilities</b>		
Loans payable	12	(69,526,192)
Share capital proceeds, awaiting settlement	14	(6,494,284)
Interest payable	12	(213,159)
Other accrued expenses and liabilities	6	(30,026)
<b>Total liabilities</b>		<b>(76,263,661)</b>
<b>Net Assets</b>		<b>66,515,500</b>
<b>Equity</b>		
Share capital	9	67,213,204
Retained earnings		(697,704)
<b>Total equity</b>		<b>66,515,500</b>

\* The Company was incorporated on 25 November 2014 and commenced its operations on 17 February 2015 and as such no comparative information is presented.

The accompanying notes form an integral part of the financial statements.

On behalf of the Board of Directors



Charles Reid  
 Director

Date: 19 August 2016

RI Income UK Holdings Limited  
 Directors' Report and Audited Financial Statements  
 For the period from 25 November 2014 (date of incorporation) to 31 December 2015

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STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2015

	Notes	Period 25 November 2014 to 31 December 2015* £
<b>Share Capital</b>		
Opening balance as at 25 November 2014		-
Share capital issued	9	67,213,204
Closing balance as at 31 December 2015		<u>67,213,204</u>
<b>Retained earnings</b>		
Opening balance as at 25 November 2014		-
Net decrease in shareholder's equity from operating activities		(697,704)
Closing balance as at 31 December 2015		<u>(697,704)</u>
<b>Total shareholder's equity at the end of the period</b>		<u><u>66,515,500</u></u>

\* The Company was incorporated on 25 November 2014 and commenced its operations on 17 February 2015 and as such no comparative information is presented.

The accompanying notes form an integral part of the financial statements.

RI Income UK Holdings Limited  
 Directors' Report and Audited Financial Statements  
 For the period from 25 November 2014 (date of incorporation) to 31 December 2015

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STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2015

	Period 25 November 2014 to 31 December 2015* £
Cash flows from operating activities	
Net decrease in shareholder's equity from operating activities	(697,704)
Adjustments to reconcile net decrease in shareholder's equity from operating activities to net cash used in operating activities:	
Increase in operating assets:	
Financial assets at fair value through profit or loss	
- Purchase of financial assets	(78,115,708)
- Net change in fair value on financial assets at fair value through profit or loss	547,264
Investments purchased, awaiting settlement	(1,633,993)
Loans issued	(62,562,311)
Payments received on loans issued	487,735
Due from related party	(264,786)
Increase in operating liabilities:	
Share capital proceeds, awaiting settlement	6,494,284
Interest payable	213,159
Other accrued expenses and liabilities	30,026
Net cash used in operating activities	<u>(135,502,034)</u>
Cash flows from financing activities	
Loans drawn down	69,706,672
Repayments on loans drawn down	(180,480)
Proceeds from the issue of shares	<u>67,213,204</u>
Net cash provided by financing activities	<u>136,739,396</u>
Net increase in cash and cash equivalents	1,237,362
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at end of the period	<u><u>1,237,362</u></u>
Supplemental disclosures	
Cash paid during the period for interest	(492,821)
Cash received during the period for dividends	585,566

\* The Company was incorporated on 25 November 2014 and commenced its operations on 17 February 2015 and as such no comparative information is presented.

The accompanying notes form an integral part of the financial statements.

RI Income UK Holdings Limited  
Directors' Report and Audited Financial Statements  
For the period from 25 November 2014 (date of incorporation) to 31 December 2015

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NOTES TO THE FINANCIAL STATEMENTS

1. General information

RI Income UK Holdings Limited (the "Company"), a UK registered company, was incorporated on 25 November 2014. The Company was established as a vehicle to provide investment into renewable power assets in the UK through equity and debt instruments, focusing on acquiring wind and solar power projects.

This is the first set of financial statements produced by the Company, and accordingly, no comparative information is presented.

The applicable principal accounting policies and notes are set out below, all of which applied for the period from 25 November 2014 (date of incorporation) to 31 December 2015.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (collectively "IFRS") as adopted by the European Union (EU) and as applied in accordance with the provisions of the Companies Act, 2006.

(b) Basis of measurement

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The Directors are satisfied that they operate in such a way to ensure the Company will continue to be a going concern.

(c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense.

(i) Assumptions and estimation uncertainties

*Measurement of fair values*

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(ii) Judgements

*Involvement with unconsolidated structured entities*

The International Accounting Standards Board ("IASB") has introduced an amendment to IFRS 10 "Consolidated Financial Statements" effective for periods commencing on or after 1 January 2014 (with early adoption permitted). This amendment requires investment entities to fair value relevant subsidiaries including structured entities through profit or loss rather than consolidate their results. The Board of Directors have concluded that the Fund, the Company and the Holding Companies satisfy the criteria to be regarded as investment entities and have adopted this amendment.

RI Income UK Holdings Limited  
Directors' Report and Audited Financial Statements  
For the period from 25 November 2014 (date of incorporation) to 31 December 2015

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NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Basis of preparation (continued)

(c) Use of estimates and judgements (continued)

(ii) Judgements (continued)

*Involvement with unconsolidated structured entities (continued)*

IFRS 10 indicates that companies formed in connection with each other for legal, regulatory, tax or similar requirements can be considered together to determine whether they display the characteristics of an investment entity. The reason and purpose of the multi layered structure is usually to accomplish one or more of the following:

- (i) Regulatory reasons to invest in certain jurisdictions,
- (ii) Risk mitigation reasons and/or
- (iii) Investment return enhancement.

The Fund, the Limited Company and the Holding Companies were formed in connection with each other for legal, regulatory, tax or similar requirements. When considered together they display the following typical characteristics of an investment entity:

- (i) The Fund, the Limited Company and the Holding Companies indirectly hold more than one investment because the Holding Companies hold a portfolio of investments.
- (ii) Although the Limited Company, and as a result, indirectly the Holding Companies, are wholly capitalised by the Fund through the purchase of the profit participating note, the Fund itself is funded by many investors who are unrelated to the Fund. The Fund does not own the equity of the Limited Company nor the Holding Companies.
- (iii) Ownership in the Fund is represented by units of equity interest.

The Directors are of the opinion that the Fund, the Limited Company and the Holding Companies each meet the definition of an investment entity. The following conditions exist:

- (i) The Fund and the Limited Company have obtained funds for the purpose of providing investors with investment management services.
- (ii) The investments held by the Holding Companies are measured and evaluated on a fair value basis and information about those investments are provided to investors on a fair value basis through the Limited Company and/or the Fund.

3. Significant accounting policies

(a) Investments

*Classification of investments*

The Company classifies its equity investments as financial assets at fair value through profit or loss. The category of financial assets through profit or loss comprises investments designated by the Board of Directors at inception, as being at fair value through profit or loss and/or held for trading.

Financial assets designated at fair value through profit or loss, at inception, are those that are managed and their performance evaluated on a fair value basis in accordance with the documented investment strategy.

*Recognition/derecognition of investments*

Purchases and sales of investments are accounted for on the day the trade transaction takes place. Investments are derecognised when the rights to receive cash flows from the investments have expired or the risks and rewards of ownership have all been substantially transferred. Realised gains and losses on disposals are calculated using the average cost method and are reflected as net gains/(losses) on financial assets/(liabilities) at fair value through profit or loss in the Statement of Comprehensive Income.

RI Income UK Holdings Limited  
Directors' Report and Audited Financial Statements  
For the period from 25 November 2014 (date of incorporation) to 31 December 2015

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Significant accounting policies (continued)

(a) Investments (continued)

*Initial measurement of investments*

Financial assets at fair value through profit or loss are initially recognised at fair value. Gains and losses arising from changes in the fair value of the financial assets are presented in the Statement of Comprehensive Income, in the period in which they arise.

(b) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits, time deposits and other short-term highly liquid investments with original maturities of three months or less.

(c) Taxation

*Corporation tax*

Current tax, including UK corporation tax and foreign tax, is provided on the Company's taxable profits, at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the period end date.

*Deferred tax*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the end of the period. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(d) Transactions in foreign currencies

The presentation currency of the Company's financial statements is Sterling Pounds ("£"). Foreign currency items included in the Company's financial statements are measured in the Company's functional currency which is £. The presentation currency of the Company's financial statements is the same as the functional currency.

(e) Interest income and interest expense

Interest income and interest expense are recognised in the Statement of Comprehensive Income on an effective interest basis.

(f) Dividend income

Dividend income is recorded in the Statement of Comprehensive Income on an ex-dividend basis respectively, gross of withholding tax.

(g) Loans payable

Loans payable are measured at amortised cost using the effective interest rate method.

(h) Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest rate method.

RI Income UK Holdings Limited  
 Directors' Report and Audited Financial Statements  
 For the period from 25 November 2014 (date of incorporation) to 31 December 2015

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Significant accounting policies (continued)

(i) Investments purchased, awaiting settlement

Equity investments where cash is paid in advance of the issuance of shares to the Company are recognised in the Statement of Financial Position as investments purchased, awaiting settlement.

(j) Share capital proceeds, awaiting settlement

Cash that has been received in advance of the issuance of shares by the Company is recognised in the Statement of Financial Position as share capital proceeds, awaiting settlement.

4. New standards and interpretations

A new standard came into effect during the period ended 31 December 2015. See below for details of the standard and applicable dates.

**New standard effective after 25 November 2014 which has not been early adopted:**

IFRS 9, 'Investments' – The IASB has published a final version of IFRS 9 in July 2014. The new standard replaces IAS 39 Investments: Recognition and Measurement and the earlier versions of IFRS 9. IFRS 9 includes a logical model for classification and measurement of investments, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

5. Other expenses

	£
Administration fees	9,658
Auditors' remuneration	9,874
Professional fees	4,797
Other expenses	5,697
<b>Total</b>	<b>30,026</b>

There were no fees in relation to non-audit assurance, tax or other services paid to the auditors during the period.

6. Other accrued expenses and liabilities

As at 31 December 2015

	£
Administration fees payable	(9,658)
Audit fees payable	(9,874)
Professional fees payable	(4,797)
Other payables	(5,697)
<b>Total</b>	<b>(30,026)</b>



**RI Income UK Holdings Limited**  
**Directors' Report and Audited Financial Statements**  
**For the period from 25 November 2014 (date of incorporation) to 31 December 2015**

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**7. Unconsolidated structured entities**

The Fund has an interest in the Limited Company through its investment in the profit participating notes issued by the Limited Company. The Limited Company has in turn subscribed to the equity of the Company, which has in turn subscribed to the equity of RI UK Solar Holdings Limited. As RI UK Solar Holdings Limited, the Company, the Limited Company and the Fund are investment entities as defined under IFRS 10, "Consolidated Financial Statements", the financial statements of the Company are not presented on a consolidated basis. Refer to the basis of preparation in note 2 for further details.

The following tables show details of the entities that the Company and RI UK Solar Holdings Limited do not consolidate but in which they hold an interest. With the exception of RI UK Solar Holdings Limited, these entities are collectively known as the "Unconsolidated Structured Entities".

The Company

Names	Principal Activity	Place of Business	Country of Incorporation	Equity Ownership % Held
Gelliwern Holdings Limited	Holding company	United Kingdom	United Kingdom	100%
REG Mynydd Brombil Holdings Ltd	Holding company	United Kingdom	United Kingdom	100%
REG Mynydd Portref Holdings Ltd	Holding company	United Kingdom	United Kingdom	100%
REG Orchard End Holdings Ltd	Holding company	United Kingdom	United Kingdom	100%
REG Tranche 1 Holdings Ltd	Holding company	United Kingdom	United Kingdom	100%
REG Tranche 2 Holdings Ltd	Holding company	United Kingdom	United Kingdom	100%
RI UK Solar Holdings Limited	Holding company	United Kingdom	United Kingdom	100%
Chalgrove Solar Limited	Solar farm	United Kingdom	United Kingdom	100%
Mendennick Solar Ltd	Solar farm	United Kingdom	United Kingdom	100%
Old Rides Solar Limited	Solar farm	United Kingdom	United Kingdom	100%
Solar Park Developments 2 Ltd ("Hall Farm")	Solar farm	United Kingdom	United Kingdom	100%
Solar Park Developments 3 Ltd ("Grange")	Solar farm	United Kingdom	United Kingdom	100%
Solar Park Developments 4 Ltd ("Gelliwern")	Solar farm	United Kingdom	United Kingdom	100%
Sunsave (19) Wambrook Ltd	Solar farm	United Kingdom	United Kingdom	100%
Sunsave (29) Court Coleman Ltd	Solar farm	United Kingdom	United Kingdom	100%
Sunsave (32) Marshborough Ltd	Solar farm	United Kingdom	United Kingdom	100%
Batsworthy Cross Wind Farm Limited	Wind farm	United Kingdom	United Kingdom	100%
Brackagh Quarry Windfarm Ltd	Wind farm	United Kingdom	United Kingdom	100%
Denzell Downs Limited	Wind farm	United Kingdom	United Kingdom	100%
Mynydd Bromil Wind Farm CIC	Wind farm	United Kingdom	United Kingdom	100%
REG Barlborough Ltd	Wind farm	United Kingdom	United Kingdom	100%
REG Braich Ddu Ltd	Wind farm	United Kingdom	United Kingdom	100%
REG BurntHouse Farm Ltd	Wind farm	United Kingdom	United Kingdom	100%
REG French Farm Ltd	Wind farm	United Kingdom	United Kingdom	100%
REG High Down plc	Wind farm	United Kingdom	United Kingdom	100%
REG High Haswell Ltd	Wind farm	United Kingdom	United Kingdom	100%

**RI Income UK Holdings Limited**  
**Directors' Report and Audited Financial Statements**  
**For the period from 25 November 2014 (date of incorporation) to 31 December 2015**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**7. Unconsolidated structured entities (continued)**

The Company (continued)

Names	Principal Activity	Place of Business	Country of Incorporation	Equity Ownership % Held
REG High Pow Ltd	Wind farm	United Kingdom	United Kingdom	100%
REG High Sharpley Ltd	Wind farm	United Kingdom	United Kingdom	100%
REG Loscar Ltd	Wind farm	United Kingdom	United Kingdom	100%
REG Mynydd Bromil Ltd	Wind farm	United Kingdom	United Kingdom	100%
REG Mynydd Portref Ltd	Wind farm	United Kingdom	United Kingdom	100%
REG Orchard End Ltd	Wind farm	United Kingdom	United Kingdom	100%
REG Ramsey Ltd	Wind farm	United Kingdom	United Kingdom	100%
REG Rodbaston Ltd	Wind farm	United Kingdom	United Kingdom	100%
REG Roskrow Barton Ltd	Wind farm	United Kingdom	United Kingdom	100%
Whittlesey Ltd	Wind farm	United Kingdom	United Kingdom	100%

RI UK Solar Holdings Limited

Names	Principal Activity	Place of Business	Country of Incorporation	Equity Ownership % Held
NSD2 Limited	Holding company	United Kingdom	United Kingdom	100%
UK Solar (Hartwell) LLP	Solar farm	United Kingdom	United Kingdom	100%
UK Solar (Lower Newton) LLP	Solar farm	United Kingdom	United Kingdom	100%

**8. Taxation**

	£
Current tax	
Current period tax charges	-
Total	-

The reconciliation of tax on the profit before taxation, at the UK standard corporation rate, to the Company's actual tax charge for the period ended 31 December 2015, can be seen in the table below.

	£
Operating loss before tax on ordinary activities for the period	(697,704)
Current tax at 20%	(139,541)
<i>Effects of:</i>	
Expenses not deductible for tax purposes	109,453
Non-taxable income	(117,113)
Deferred tax not recognised	147,201
Tax for the period	-

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NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Share capital

	As at 31 December 2015 £
<i>Issued and fully paid up</i>	
672,132,040 ordinary shares of £0.10 each	<u>67,213,204</u>

10. Valuation of investments

The fair value hierarchy has the following levels:

Level 1 comprises financial assets and liabilities valued using quoted market prices in active markets. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Level 2 comprises financial assets and liabilities valued using techniques based significantly on observable market data.

Level 3 comprises financial assets and liabilities valued using techniques where the impact of the non-observable market data is significant in determining the fair value of the instrument. Non-observable market data is not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on observable inputs of a similar nature, historic observations on the level of the input or analytical techniques.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Company uses proprietary discounted cash valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used and determination of expected future cash flows on the financial instrument being valued.

Model inputs and values are calibrated against historical data and published forecasts and, when possible, against current or recent observed transactions. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management judgement is required to select the most appropriate point in the range.

There are a number of key assumptions that have a significant impact on the carrying value of the investments held by the Company with regard to discounting future cash flows. These are the discount factor, the price at which the power and associated benefits can be sold and the amount of electricity the assets are expected to produce and project operating costs. Changes in these estimates or assumptions can result in significant variations in the carrying value and amounts charged or credited to the Statement of Comprehensive Income in specific periods.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Valuation of investments (continued)

The following table is a summary of the Company's financial assets carried at fair value as at 31 December 2015:

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at fair value through profit or loss				
Equity investments	-	-	77,568,444	77,568,444
Total financial assets at fair value through profit or loss	-	-	77,568,444	77,568,444

The Company held only level 3 investments during the period ended 31 December 2015. There were no transfers between levels during the period ended 31 December 2015.

The following table shows a reconciliation of all movements in the fair value of investments categorised within Level 3 between the beginning and the end of the reporting period:

	£
Financial assets at fair value through profit or loss	
Opening balance as at 25 November 2015	-
Purchase of investments	78,115,708
Net change in fair value of investments	(547,264)
Closing balance as at 31 December 2015	77,568,444

*Significant unobservable inputs used in measuring fair value*

The table below sets out information about significant unobservable inputs used at 31 December 2015 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Investment Type	Fair value as at 31 December 2015	Valuation technique	Unobservable inputs	Shock range of unobservable inputs utilised	Sensitivity of fair values to changes in unobservable inputs* (£'000)
Equity investments	£ 77,568,444	Discounted Cash Flow	Inflation	+/- 0.54%	89,005 - 66,667
			Resource	+/- (5.24% - 8.13%)	95,870 - 58,863
			Power Prices	+/- 13.15%	93,427 - 61,505
			Discount Rate	+/- 0.87%	93,743 - 62,942

Further details of the significant unobservable inputs are outlined below:

Inflation:

The inflation rate is based upon the United Kingdom consumer and retail price indices.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Valuation of investments (continued)

*Significant unobservable inputs used in measuring fair value (continued)*

Resource:

The electricity produced and revenues generated by a wind or solar energy project depends heavily on natural resource conditions, which are variable and forecasted based on assumptions, models and historical data. If the wind or solar conditions are unfavourable or below estimates, then the electricity production may be substantially below the Company's expectations. External reports are used to estimate the expected electrical output from the assets taking into account various factors at each location and generation data from historical operations. The actual electrical output may differ from that estimated in such a report mainly due to the variability of actual production that is modelled in any one period. Assumptions around electrical output will only be changed if there is evidence to suggest there has been a material change in this expectation.

Power prices:

The price at which the output from the generating assets is sold is based on two elements, the first typically being a fixed price under a power purchase agreement or a fixed income tariff for a specific term and the second being future pricing. The revenues generated by wind farms and solar plants that are not fixed under fixed priced tariffs depend on market prices of energy in competitive wholesale energy markets. There can be no assurance that market prices will be at levels that enable the projects to which the Company is exposed to operate profitably or as anticipated. Future prices are estimated using external third party forecasts which take the form of specialist consultancy reports. The future power price assumptions will be reviewed as and when these forecasts are updated. There is an inherent uncertainty in future wholesale electricity price projection.

Discount rate:

The discount rate reflects current market assessments of interest rates and the risks specific to the asset. The discount rate used reflects the Company's required rate of return for these investments and it is reasonable an alternative assumption may be used resulting in a different value. This rate is reviewed semi-annually by the Company to ensure it is set at the appropriate level, taking into account any recent market transactions that were similar in nature when considering any changes to the rate used.

\* Sensitivity of the fair value to changes in the unobservable inputs:

Any correlation amongst the unobservable inputs outlined above has not been considered in the calculation of the range of sensitivities.

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value at the period end but for which a fair value is disclosed as at 31 December 2015:

	Level 1 £	Level 2 £	Level 3 £	Total £
Investments purchased, awaiting settlement	-	1,633,993	-	1,633,993
Loans receivable	-	62,074,576	-	62,074,576
Due from related party	-	264,786	-	264,786
Cash and cash equivalents	1,237,362	-	-	1,237,362
Loans payable	-	(69,526,192)	-	(69,526,192)
Share capital proceeds, awaiting settlement	-	(6,494,284)	-	(6,494,284)
Interest payable	-	(213,159)	-	(213,159)
Other accrued expenses and liabilities	-	(30,026)	-	(30,026)
	<u>1,237,362</u>	<u>(12,290,306)</u>	<u>-</u>	<u>(11,052,944)</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Valuation of investments (continued)

The assets and liabilities included in the table on page 20 are carried at cost; their carrying values are a reasonable approximation of fair value.

11. Financial risk management

The Company's investment activities expose it to the various types of risk which are associated with the investments and markets in which it invests. The following information is not intended to be a comprehensive summary of all risks.

The Company used different methods to measure and manage the various types of risk to which it was exposed; these methods are explained below.

(a) Market risk

Market risk arises mainly from uncertainty about future values of investments influenced by other price, currency and interest rate movements. It represents the potential loss the Company may suffer through holding market positions in the face of market movements.

(i) *Market risk arising from foreign currency risk*

Foreign currency risk exists where assets and liabilities are denominated in currencies other than the functional currency.

The Company's investments are denominated in the same currency as the functional currency and therefore there is an insignificant exposure to foreign currency risk as at 31 December 2015.

(ii) *Market risk arising from interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following table details the Company's exposure to interest rate risks as at 31 December 2015:

	Fixed £	Floating £	Non interest bearing £	Total £
<b>Assets</b>				
Financial assets at fair value through profit or loss	-	-	77,568,444	77,568,444
Investments purchased, awaiting settlement	-	-	1,633,993	1,633,993
Loans receivable	-	-	62,074,576	62,074,576
Due from related party	-	-	264,786	264,786
Cash and cash equivalents	-	1,237,362	-	1,237,362
<b>Total assets</b>	<b>-</b>	<b>1,237,362</b>	<b>141,541,799</b>	<b>142,779,161</b>

The Company's interest rate risk was managed in accordance with policies and procedures in place. The analysis and management of interest rate risks were monitored and assessed at all stages in the investment selection process. The Company's overall interest rate risks were monitored on a regular basis by the Board of Directors.

The sensitivity analysis presented on page 19 reflects how the fair value of the financial assets at fair value through profit or loss would be affected by changes in the relevant inputs including interest rates.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Financial risk management (continued)

(a) Market risk (continued)

(iii) *Market risk arising from other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar investments traded in the market.

There are a number of key assumptions that have a significant impact on the carrying value of the investments with regard to discounting future cash flows. These are the discount factor, inflation rate, the price at which the power and associated benefits can be sold, and the amount of electricity the assets are expected to produce and project operating costs. Changes in these estimates or assumptions can result in significant variations in the carrying value and amounts charged or credited to the Statement of Comprehensive Income in specific periods.

To manage other price risk, the Company performs extensive initial and ongoing due diligence on the companies purchased. The underlying companies that own, construct and/or operate the wind and solar projects are required to provide the Company with reports on a daily, monthly or quarterly basis and monitor the internal controls and operational infrastructure of the managers of these companies.

By diversifying the portfolio, where this is appropriate and consistent with the Company's objectives, the risk that a price change of a particular investment will have a material impact on the Company is minimised.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk to the Company arises from the loans payable to the Limited Company and the liquidity of the underlying investments it has made.

Given the uncertainty inherent in the valuation of assets of the Company that lack a readily ascertainable market value, the value of such assets as reflected in the Company's Statement of Financial Position may differ materially from the prices at which the Company would be able to liquidate such assets. The value of assets that lack a readily ascertainable market value may be subject to adjustment based on valuation information available to the Company at that time. Volatile market conditions could also cause reduced liquidity in the market for certain assets, which could result in liquidation values that are materially less than the values of such assets as reflected in the Statement of Financial Position of the Company.

As at 31 December 2015, the Company's financial assets classified into relevant maturity groupings based on the remaining period at the period end date to the contractual maturity date were as follows:

	Less than 1 month £	1 - 3 months £	3 months to 1 year £	Over 1 year £
<i>Financial liabilities</i>				
Loans payable	-	-	-	(69,526,192)
Share capital proceeds, awaiting settlement	(6,494,284)	-	-	-
Interest payable	-	-	(213,159)	-
Other accrued expenses and liabilities	-	-	(30,026)	-
<b>Total financial liabilities</b>	<b>(6,494,284)</b>	<b>-</b>	<b>(243,185)</b>	<b>(69,526,192)</b>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Financial risk management (continued)

(b) Liquidity risk (continued)

The Company's liquidity risk is managed in accordance with policies and procedures in place. The analysis and management of liquidity risks are monitored and assessed at all stages in the investment selection process. The Company's overall liquidity risks are monitored on a regular basis by the Board of Directors.

(c) Credit/counterparty risk

The Company is exposed to credit/counterparty risk on parties with whom it trades and bears the risk of settlement default. The Company currently only has exposure to related parties and as such the credit risk exposure is minimal.

The extent of the Company's exposure to counterparty credit risk in respect of these financial assets approximates their carrying value as recorded in the Statement of Financial Position.

The carrying amount of financial assets best represents the maximum credit risk exposure at the balance sheet date. At period end, the Company's financial assets exposed to credit risk amounted to the following:

	As at 31 December 2015 £
<b>Assets</b>	
Financial assets at fair value through profit or loss	77,568,444
Investments purchased, awaiting settlement	1,633,993
Loans receivable	62,074,576
Due from related party	264,786
Cash and cash equivalents	1,237,362
<b>Total assets</b>	<u><u>142,779,161</u></u>

12. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or is able to exercise significant influence over the other party in making financial or operational decisions.

The Directors are not entitled to receive Directors' fees from the Company.

All related party transactions were carried out at arm's length in the ordinary course of business.

No amounts have been written off in the period in respect of amounts due to or from related parties.

No commitments secured or unsecured or guarantees have been entered into with related parties during the period.

No provisions have been recognised by the Company against amounts due from related parties at the period end date.



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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**12. Related party transactions (continued)**

As at 31 December 2015, the Company held 100% of the shareholder's equity of RI UK Solar Holdings Limited of £5,550,652. During the period the Company received a dividend of £365,566 from RI UK Solar Holdings Limited as a result of its investment. The Company also earned dividends of £220,000 from the Unconsolidated Structured Entities. As at 31 December 2015, the Company held loans receivable of £62,074,576 from the Unconsolidated Structured Entities. These loans are repayable on demand and no interest was earned nor received from these loans during the period ended 31 December 2015.

The Company has amounts receivable from the Fund of £264,786 as at 31 December 2015. These amounts relate to stamp duty charges incurred by the Company as part of its investments in the underlying companies. These charges are recoverable by the Fund, through the dealing charges, and will be reimbursed by the Fund to the Company.

As at 31 December 2015, the Limited Company held 100% of the shareholder's equity of the Company of £66,515,500. At the same date the Company also held loans payable to the Limited Company of £69,526,192. During the period, interest incurred on these loans amounted to £705,980 of which £213,159 remained payable as at 31 December 2015.

There were no loans, quasi loans, credit transactions or remuneration between the Company and its key management personnel or Directors for the period ended 31 December 2015.

**13. Exchange rates**

The following exchange rates were used to translate assets and liabilities into £ as at 31 December 2015:

Currency	Rate
USD	0.6785
EUR	0.7370

**14. Subsequent events**

On 18 January 2016, the Company issued the shares connected to the share capital proceeds, awaiting settlement of £6,494,284 to the Limited Company.

On 22 January 2016, the Company received the shares connected to the investments purchased, awaiting settlement of £1,633,993 from RI UK Solar Holdings Limited.

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There were no other significant events affecting the Company since the period end.

**15. Approval of financial statements**

The Board of Directors approved the financial statements on 19 August 2016.