

RI EU Holdings (UK) Limited

**DIRECTORS' REPORT AND AUDITED
FINANCIAL STATEMENTS**

For the period from 22 January 2016 (date of incorporation)
to 31 December 2016

COMPANY NUMBER: 9965188



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RI EU Holdings (UK) Limited
Directors' Report and Audited Financial Statements
For the period from 22 January 2016 (date of Incorporation) to 31 December 2016

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COMPANY INFORMATION

Directors

Peter Raftery (British) (appointed 22 January 2016)
Charles Reid (British) (appointed 22 January 2016)

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 Fund Services (Ireland) DAC
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 EU Holdings (UK) Limited
Directors' Report and Audited Financial Statements
For the period from 22 January 2016 (date of incorporation) to 31 December 2016

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of RI EU Holdings (UK) Limited (the "Company") for the period from 22 January 2016 (date of incorporation) to 31 December 2016.

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 22 January 2016. The Company was established to provide investment into renewable power assets through equity and debt instruments, focusing on acquiring wind and solar power projects primarily in UK.

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 AND REGISTERED OFFICE

On 22 January 2016, Peter Raftery and Charles Reid were appointed to the Board of Directors.

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

DIRECTORS' INTERESTS IN SHARES

The Directors 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 22 January 2016.

During the period, the Company has purchased shareholder equity and provided loans to six wind and solar power projects.

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.

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.

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DIRECTORS' REPORT (continued)

EMPLOYEES

The Company has no direct employees. Services are provided by BlackRock Asset Management Ireland Limited, the management company of BlackRock Infrastructure Funds plc (the "Fund"), and BNY Mellon Fund Services (Ireland) DAC (the Administrator). Due to the nature of the services provided it is not possible to separately ascertain specific employee numbers.

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 engaging BNY Mellon Fund Services (Ireland) DAC who employ 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



Charles Reid
Director

Date: 13 June 2017

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DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' 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 period. The Directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "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 the Directors' Report and financial statements, 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 profit of the Company;
- The Directors' report 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RI EU HOLDINGS (UK) LIMITED

We have audited the financial statements of RI EU Holdings (UK) Limited for the period from 22 January 2016 (date of incorporation) to 31 December 2016 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows 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.

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 2016 and of its profit for the period 22 January 2016 (date of incorporation) to 31 December 2016;
- 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 matters prescribed by the Companies Act 2006

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RI EU HOLDINGS (UK) 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 Auditor
Dublin

Date: 13 June 2017

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STATEMENT OF COMPREHENSIVE INCOME

	Notes	Period 22 January 2016 to 31 December 2016* £'000
Interest income	12	735
Dividend income	12	373
Unrealised gain on financial assets at fair value through profit or loss	10	<u>1,324</u>
Total income		<u>2,432</u>
Expenses		
Interest expense	12	(841)
Other expenses	5	<u>(715)</u>
Total expenses		<u>(1,556)</u>
Operating income before tax on ordinary activities		876
Tax on income on ordinary activities	7	-
Net increase in shareholder's equity resulting from operating activities		<u>876</u>

* The Company was incorporated on 22 January 2016 and commenced its operations on 22 January 2016 and as such no comparative information is presented.

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

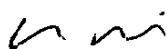
RI EU Holdings (UK) Limited
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STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2016* £'000
Assets		
Financial assets at fair value through profit or loss	10	27,683
Interest receivable	12	36
Cash and cash equivalents		<u>1,358</u>
Total assets		<u>29,077</u>
Liabilities		
Loans payable	12	(15,833)
Interest payable	12	(841)
Other accrued expenses and liabilities	6	<u>(646)</u>
Total liabilities		<u>(17,320)</u>
Net Assets		<u>11,757</u>
Equity		
Share capital	9	10,881
Retained earnings		<u>876</u>
Total equity		<u>11,757</u>

* The Company was incorporated on 22 January 2016 and commenced its operations on 22 January 2016 and as such no comparative information is presented.

On behalf of the Board of Directors



Charles Reid
Director

Date: 13 June 2017

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

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STATEMENT OF CHANGES IN EQUITY

	Notes	Period 22 January 2016 to 31 December 2016* £'000
Share Capital		
Opening balance as at 22 January 2016		-
Share capital issued		<u>10,881</u>
Closing balance as at 31 December 2016	9	<u>10,881</u>
Retained earnings		
Opening balance as at 22 January 2016		-
Net increase in shareholder's equity resulting from operating activities		<u>876</u>
Closing balance as at 31 December 2016		<u>876</u>
Total shareholder's equity at the end of the period		<u><u>11,757</u></u>

* The Company was incorporated on 22 January 2016 and commenced its operations on 22 January 2016 and as such no comparative information is presented.

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

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STATEMENT OF CASH FLOWS

	Period 22 January 2016 to 31 December 2016* £'000
Cash flows from operating activities	
Net increase in shareholder's equity resulting from operating activities	876
Adjustment for:	
- Net gain on financial assets at fair value through profit or loss	(1,324)
- Interest income	(735)
- Dividend income	(373)
- Interest expense	841
Increase in other accrued expenses and liabilities	646
Net cash used in operating activities	(69)
Cash flows from investing activities	
Interest received	699
Dividend received	373
Acquisition of financial assets at fair value through profit or loss	(26,939)
Sale of financial assets	580
Net cash used in investing activities	(25,287)
Cash flows from financing activities	
Loans drawn down	16,038
Repayments on loans drawn down	(205)
Proceeds from the issue of shares	10,881
Net cash provided by financing activities	26,714
Net increase in cash and cash equivalents	1,358
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at end of the period	1,358

* The Company was incorporated on 22 January 2016 and commenced its operations on 22 January 2016 and as such no comparative information is presented.

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

RI EU Holdings (UK) Limited
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For the period from 22 January 2016 (date of incorporation) to 31 December 2016

NOTES TO THE FINANCIAL STATEMENTS

1. General information

RI EU Holdings (UK) Limited (the "Company"), a UK registered company, was incorporated on 22 January 2016. The Company was established to provide investment into renewable power assets through equity and debt instruments, focusing on acquiring wind and solar power projects primarily in UK.

The applicable principal accounting policies and notes are set out below, all of which applied for the period from 22 January 2016 (date of incorporation) to 31 December 2016. This is the first set of financial statements produced by the Company, and accordingly, no comparative information is presented.

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, judgements and assumptions

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 financial 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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Basis of preparation (continued)

(c) Use of estimates, judgements and assumptions (continued)

(ii) Judgements

Involvement with investment entities

The International Accounting Standards Board ("IASB") has introduced an amendment to IFRS 10 "Consolidated Financial Statements" effective for financial 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 following entities, which are related parties of the Company, satisfy the criteria to be regarded as investment entities and have adopted this amendment:

- Renewable Income Europe, a sub-fund of BlackRock Infrastructure Funds plc (the "Fund");
- BRI EU Finance Designated Activity Company (the "Limited Company"); and
- The Company, a 100% subsidiary of the Limited Company

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:

- 1) Regulatory reasons to invest in certain jurisdictions,
- 2) Risk mitigation reasons and/or
- 3) Investment return enhancement.

The Fund, the Limited Company and the Company 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:

- 1) The Fund and the Limited Company indirectly hold more than one investment because the Company holds a portfolio of investments.
- 2) Although the Limited Company, and as a result, indirectly the Company, 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 Company.
- 3) 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 Company each meet the definition of an investment entity. The following conditions exist:

- 1) The Fund and the Limited Company have obtained funds for the purpose of providing investors with investment management services.
- 2) The investments held by the Company 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.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Significant accounting policies

(a) Investments

Classification of investments

The Company classifies its equity investments and loans and receivables 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They principally comprise loans to solar and wind power projects and also to related parties which finance the solar and wind power projects through equity investments.

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Significant accounting policies (continued)

(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.

Transactions in foreign currencies are translated into the functional currency of each Fund at the foreign currency exchange rate in effect at the date of the transaction.

Foreign currency assets and liabilities, including investments, are translated at the exchange rate prevailing at period end. The foreign exchange gain or loss based on the translation of the investments, as well as the gain or loss arising on the translation of other assets and liabilities, is included in net gains/(losses) on financial assets/liabilities at fair value through profit or loss in the Statement of Comprehensive Income.

(e) Interest income and interest expense

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

(f) Dividend income

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

(g) Loans payable

Loans payable are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They principally comprise loans from the Limited Company which finance the Company's investments. Loans payable are measured at amortised cost using the effective interest rate method.

4. New standards, amendments and interpretations

New standards and amendments effective after 1 January 2017 which have not been early adopted:

The International Accounting Standards Board (IASB) has published amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. To achieve this objective, the IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. They are effective for annual periods beginning on or after 1 January 2017, with earlier application being permitted.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. An updated version of IFRS 9 was issued on 10 November 2013. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The effective mandatory date in place for IFRS 9 is 1 January 2018.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

4. New standards, amendments and interpretations (continued)

New standards and amendments effective after 1 January 2017 which have not been early adopted:
(continued)

IFRS 15, 'Revenue from Contracts with Customers' – IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

IFRS 16, "Leases", issued in January 2016 and effective for annual periods beginning on or after 1 January 2019, replaces existing IAS 17, specifies how to recognise, measure, present and disclose leases. The standard requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. However, the lessors accounting requirements substantially remains the same as in IAS 17.

The Company is yet to assess the full impact of the new standards and amendments and intends to adopt new standards and amendments no later than the required accounting period beginning on or after the date advised by the IASB and once endorsed by the European Union ("EU").

5. Other expenses

	2016 £'000
Administration fees	10
Auditors' remuneration	6
Professional fees	12
Transaction costs	648
Other expenses	39
Total	715

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

	31 December 2016 £'000
Administration fees payable	(10)
Audit fees payable	(6)
Professional fees payable	(6)
Transaction costs payable	(611)
Other payables	(13)
Total	(646)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Taxation

	2016 £'000
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 2016, can be seen in the table below.

	2016 £'000
Operating income/(loss) before tax on ordinary activities	876
Current tax at 20%	175
<i>Effects of:</i>	
Non-taxable income	(340)
Deferred tax not recognised	165
Tax for the period	-

8. Investment 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. As 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 does not consolidate but in which it holds an interest. These entities are collectively known as the "Investment Entities".

The Company

Names	Principal Activity	Place of Business	Country of Incorporation	Equity Ownership % Held
GLID Wind Farms TopCo Limited	Holding Company	United Kingdom	United Kingdom	5%
Cooper House Solar Holdings Limited	Holding Company	United Kingdom	United Kingdom	100%
Trecastle Solar Holdings Limited	Holding Company	United Kingdom	United Kingdom	100%
Actrees Solar Power Limited	Solar farm	United Kingdom	United Kingdom	100%
Cooper House Solar Limited	Solar farm	United Kingdom	United Kingdom	100%
Luscott Barton Solar Limited	Solar farm	United Kingdom	United Kingdom	100%
Trecastle Solar Limited	Solar farm	United Kingdom	United Kingdom	100%
Inner Dowsing Wind Farm Limited	Wind farm	United Kingdom	United Kingdom	5%
Lynn Wind Farm Limited	Wind farm	United Kingdom	United Kingdom	5%

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NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Share capital

	31 December 2016 £'000
<i>Issued and fully paid up</i>	
108,809,110 ordinary shares of £0.10 each	<u>10,881</u>

10. Valuation of investments

The Company classifies financial instruments measured at fair value using a fair value hierarchy. The fair value hierarchy has the following categories:

Level 1 - Quoted prices for identical instruments in active markets

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Company does not adjust the quoted price for these instruments.

Level 2 - Valuation techniques using observable inputs

This category includes instruments valued using: quoted prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Valuation techniques used for non-standardised financial instruments such as OTC derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity determined inputs.

Level 3 - Valuation techniques using significant unobservable inputs

This category includes all instruments where the valuation techniques used include inputs not based on market data and these inputs could have a significant impact on the instrument's valuation.

This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Valuation of investments (continued)

The Company uses proprietary discounted cash flow 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, 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.

The following table is a summary of the Company's financial assets carried at fair value as at 31 December 2016:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Investments	-	-	27,683	27,683
Total financial assets at fair value through profit or loss	-	-	27,683	27,683

The Company held only level 3 investments during the period ended 31 December 2016. There were no transfers between levels during the period ended 31 December 2016.

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

	31 December 2016 £'000
Financial assets at fair value through profit or loss	
Opening balance as at 22 January 2016	-
Purchase of investments	26,939
Sale of investments	(580)
Unrealised gain on financial assets at fair value through profit or loss	1,324
Closing balance as at 31 December 2016	27,683

Financial assets at fair value through profit or loss of £27,683,150 reflects investments made by way of equity of £8,573,782 and debt of £19,109,368.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Valuation of investments (continued)

Significant unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used at 31 December 2016 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Investment Type	Fair value as at 31 December 2016 (£'000)	Valuation technique	Unobservable inputs	Shock range of unobservable inputs utilised	Sensitivity of fair values to changes in unobservable inputs* (£'000)
Investments	27,683	Discounted Cash Flow	Inflation	+/- (0.47%-0.51%)	29,094 - 26,350
			Resource	+/- (4.10%-6.70%)	30,137 - 25,210
			Power Prices	+/- 16.11%	30,999 - 24,352
			Discount Rate	+/- (0.78%-0.86%)	30,205 - 25,413

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

Further details of the significant unobservable inputs are outlined below:

Inflation:

The inflation rate is based upon the United Kingdom consumer price index.

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Valuation of investments (continued)

Significant unobservable inputs used in measuring fair value (continued)

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.

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 2016:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Interest receivable	-	36	-	36
Cash and cash equivalents	1,358	-	-	1,358
Loans payable	-	(15,833)	-	(15,833)
Interest payable	-	(841)	-	(841)
Other accrued expenses and liabilities	-	(646)	-	(646)
	<u>1,358</u>	<u>(17,284)</u>	<u>-</u>	<u>(15,926)</u>

The assets and liabilities included in the table above 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.

(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 insignificant exposure to foreign currency risk as at 31 December 2016.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Financial risk management (continued)

(a) Market risk (continued)

(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 2016:

	Fixed £'000	Floating £'000	Non Interest bearing £'000	Total £'000
Assets				
Financial assets at fair value through profit or loss	13,565	-	14,118	27,683
Interest receivable	-	-	36	36
Cash and cash equivalents	-	1,358	-	1,358
Total assets	13,565	1,358	14,154	29,077

The sensitivity analysis presented on page 20 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.

(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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Financial risk management (continued)

(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 2016, 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 £'000	1 - 3 months £'000	3 months to 1 year £'000	Over 1 year £'000	Total £'000
<i>Financial liabilities</i>					
Loans payable	-	-	-	(15,833)	(15,833)
Interest payable	-	-	(841)	-	(841)
Other accrued expenses and liabilities	-	-	(646)	-	(646)
Total financial liabilities	-	-	(1,487)	(15,833)	(17,320)

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) Counterparty credit risk

Counterparty credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to counterparty credit risk on parties with whom it trades and bears the risk of settlement default.

The extent of the Company's exposure to 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 financial period end, the Company's financial assets exposed to credit risk amounted to the following:

	31 December 2016 £'000
<i>Assets</i>	
Financial assets at fair value through profit or loss	27,683
Interest receivable	36
Cash and cash equivalents	1,358
Total assets	29,077

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NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Financial risk management (continued)

(c) Counterparty credit risk (continued)

None of these financial assets are impaired nor past due but not impaired.

The Company currently has exposure to related parties through the loans issued to the Investment Entities. This exposes the Company to the risk that Investment Entities may default on interest or principal payments. To manage this risk, the Investment Manager of the Fund performs extensive initial and ongoing due diligence on the companies purchased by the Company. The underlying companies that will own, construct and/or operate the wind and solar projects are required to provide the Investment Manager of the Fund with reports on a daily, monthly or quarterly basis and monitor the internal controls and operational infrastructure of the managers of these companies.

To mitigate the Company's counterparty credit risk with respect to The Bank of New York Mellon SA/NV (the "Bank"), the Board of Directors employ specific procedures to ensure that the Bank employed is a reputable institution and that the associated counterparty credit risk is acceptable to the Company.

The Company only transact with counterparties that are regulated entities subject to prudential supervision, or with high credit ratings assigned by international credit rating agencies. The Bank does not have a credit rating, however their parent company, The Bank of New York Mellon Corporation, has a Moody's long term credit rating of A1. All cash balances are held with the Bank.

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. All related party transactions were carried out at arm's length in the ordinary course of business. The related parties have been outlined in Note 2 (c) (ii).

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

No amounts have been written off in the period in respect of amounts due to or from related parties. No provisions have been recognised by the Company against amounts due from related parties at the period end date.

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

Included in financial assets at fair value through profit or loss at 31 December 2016 are loans in the amount of £19,109,368 to the Investment Entities. During the period the Company earned interest on loans receivable from GLID Wind Farms TopCo Limited, an investment entity, of £735,023 of which £36,412 remained receivable at period end.

During the period the Company earned dividends of £372,840 from GLID Wind Farms TopCo Limited.

As at 31 December 2016, the Limited Company held 100% of the shareholder's equity of the Company of £11,757,065. At the same date the Company also held loans payable to the Limited Company of £15,832,517. During the period, interest incurred on these loans amounted to £840,563 of which £840,563 remained payable as at 31 December 2016. All loans from the Limited Company have a fixed interest rate of 6.30% to 6.50% and a maturity date of 31 December 2044.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Related party transactions (continued)

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 2016.

13. Exchange rates

The following exchange rates were used to translate assets and liabilities into £ as at 31 December 2016:

Currency	2016
USD	0.8093
EUR	0.8536

14. Subsequent events

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

15. Approval of financial statements

The Board of Directors approved the financial statements on 13 June 2017.