The Renewables Infrastructure Group

ANNUAL REPORT & FINANCIAL STATEMENTS

for the year ended 31 December 2015

The Renewables Infrastructure Group Limited

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Highlights

for the year to 31 December 2015

Operational performance and distributions from TRIG's diversified portfolio of onshore wind and solar PV projects in line with expectations since IPO

Profit before tax of £17.0 million (2014: £23.3 million), after reflecting the £20.2 million adverse impact of UK Summer Budget (Government withdrawal of revenue from Climate Change Levy Exemption Certificates)

NAV per ordinary share of 99.0p at 31 December 2015 (2014: 102.4p), reflecting the impact of the removal of LECs in the Summer Budget

Directors' valuation of the portfolio at 31 December 2015 of £712.3 million (2014: £472.9 million)

Interim distribution of 3.11p per ordinary share for the six months to 31 December 2015 declared with scrip dividend alternative; total distributions of 6.19p per share for the year to 31 December 2015 (2014: 6.08p)

Portfolio generation capacity increased by 50% to 658MW, with 7 additional projects bringing the total to 36 investments in the UK, Ireland and France

Raised total equity capital of £316 million (before issue costs) including successful completion of Share Issuance Programme (250 million shares) in November 2015

Pipeline of further attractive investment opportunities under consideration across multiple technologies and markets

Post year-end activities

Acquisition of interests in a portfolio of 15 French solar PV projects for €57 million (£44 million), increasing TRIG's portfolio to 51 investments with solar PV now representing 31% of the portfolio by value

Moving to quarterly dividends commencing with Q1 2016 (payable in June 2016), with target aggregate dividends for 2016 of 6.25p per share

Intention to seek shareholder approval at the AGM to increase investment limit in technologies other than onshore wind and solar PV from 10% to 20%, to enable broader investment in areas such as operational offshore wind, back-up power generation, storage and demand-side technologies

Summary of Results

	(For the year to) 31 December 2015	(For the year to) 31 December 2014
Profit before tax (excluding the impact of the UK 2015 Summer Budget[1])	£37.2m	–
Profit before tax	£17.0m	£23.3m
Earnings per share (excluding the impact of the UK 2015 Summer Budget[1])	6.6p	–
Earnings per share	3.0p	6.2p
First interim dividend for period to 30 June	3.08p	3.00p
Second interim dividend for period to 31 December	3.11p	3.08p
Total dividend per share for the year	6.19p[2]	6.08p
Net Asset Value per share[3]	99.0p	102.4p

Lough Hill Wind Farm (Esther Crawford Photography)

1 The Directors' portfolio valuation was reduced from £719.7 million by £20.2 million to £699.4 million (reducing profit before tax by the same amount) and the NAV per share for the six months ended 30 June 2015 was reduced from 102.5p by 3.9p to 98.6p as a result of the UK Summer Budget in July 2015, which included inter alia the removal of the benefit to renewables generators of selling Levy Exemption Certificates, effective 1 August 2015.

2 The second interim dividend for 2015 is scheduled to be paid on 31 March 2016.

3 The NAV per share at 31 December 2015 is calculated on the basis of the 732,838,095 Ordinary Shares in issue at 31 December 2015 plus a further 736,190 Ordinary Shares to be issued to the Managers in relation to part-payment of Managers' fees in the form of Ordinary Shares.

"2015 has been a particularly dynamic year for TRIG. Generation has been strong and the Company has shown resilience in the face of twin challenges posed by further weakening in power prices and UK government changes to renewables incentives.

TRIG has meanwhile significantly increased the scale and diversification of its portfolio. In December, it became the first renewables investment company to be included in the FTSE 250 Index.

As a market leader in both portfolio scale and diversification, TRIG is well-positioned for 2016 and beyond."

Helen Mahy CBE, Chairman
The Renewables Infrastructure Group Limited

INTRODUCTION

On behalf of the Board, I am pleased to present the 2015 report and accounts for The Renewables Infrastructure Group Limited ("TRIG" or the "Company", and with the holding companies and investments, the "Group").

TRIG manages a diversified renewables infrastructure investment portfolio and is a leader by market capitalisation, net asset value and generation capacity among the six London-listed investment companies focused on operational renewable energy projects. TRIG is the only one of its peer-group offering the joint capabilities of a specialised investment manager and a specialised operations manager, in the form of InfraRed Capital Partners Limited ("InfraRed") and Renewable Energy Systems Limited ("RES"), both leading providers in their respective areas.

2015 has been a particularly dynamic year for TRIG. Generation has been strong and the Company has shown resilience in the face of twin challenges posed by continued weakness in power prices and UK Government changes to renewables incentives. TRIG has meanwhile significantly increased the scale and diversification of its portfolio, with generation capacity increasing by 50% to 658MW and portfolio value by 51% to £712.3 million. In December, it became the first renewables investment company to be included in the FTSE 250 Index. As a result of the post-balance sheet date investment in 15 French solar projects, TRIG's portfolio now stands at 51 projects with total generating capacity of 680MW. The operating results, in difficult market conditions for renewables, provide further confirmation of the quality of TRIG's portfolio and the soundness of its strategy of increasing and further diversifying its investment portfolio, focused on proven technologies in the UK and selected jurisdictions in Northern Europe to support the payment of attractive long-term dividends. Operationally, in 2015 (and since IPO as a whole), the portfolio has performed closely in line with the Company's expectations. Total Shareholder Return (based on dividends paid and share price performance) for 2015 was 4.4%[1], compared to 1.0% for the FTSE All-Share Index[2]. Details of the portfolio's operating and financial performance are set out in the Strategic Report, which has been reviewed and approved by the Board of Directors on 22 February 2016.

Changes following the UK general election to support schemes for new renewables projects may, for a period, reduce the volume of new development of UK onshore wind and solar PV projects. Over time this may impact the potential pipeline for operational projects available for acquisition. However, there is a significant volume of both UK onshore wind projects and, albeit to a lesser extent, UK solar PV projects still owned by developers and/or utilities which may seek to recycle their investments. As a result,

1 Source: Total Shareholder Return ("TSR") for TRIG from Thomson Reuters.

2 Source: TSR for FTSE All-Share obtained from the FTSE index data series.

TRIG expects to continue to see attractive opportunities for acquisition in the UK as well as in France and in other targeted countries in Northern Europe in these technologies.

The Board also notes that offshore wind, a large-scale strategic energy resource both in the UK and in other countries in Northern Europe, provides additional opportunities for investment. There is currently approximately 11GW of installed capacity in Europe across 80 projects, the majority of which are in the UK and Germany, which are world leaders in this sector. It is also notable that the development of offshore wind in the UK continues to enjoy Government support and the volume of installed capacity, currently 5GW, is expected to double by 2020. The sector has now built up meaningful operational and financial track records and operating projects are becoming available for investment. TRIG is currently limited to investing no more than 10% of its portfolio by value outside the technologies of onshore wind and solar PV, as set at IPO in 2013. However, the Board believes that, with the growth in the size of the TRIG portfolio, offshore wind projects with operating history are now appropriate for investment, providing further diversification and scale as well as attractive cash flows and returns. Accordingly, the Board proposes to put to shareholders a proposal at the Annual General Meeting in May 2016 to amend the investment policy of the Company such that up to 20% of its portfolio by value may be invested in sectors other than onshore wind and solar PV to enable TRIG better to accommodate investment in offshore wind. Potential investment areas may also include other generating technologies or supporting infrastructure, such as back-up power generation, storage or demand-side response, where the Investment Manager is also seeing increased opportunity. Further information on this proposed amendment to the Investment Policy is set out in the Strategic Report in Section 2.5.

Financial Results and Performance

Financial results

The Company has prepared financial statements for the year to 31 December 2015 in accordance with IFRS, including the amendments to IFRS 10.

Profit before tax for the year was £17.0 million (2014: £23.3 million) and earnings per share were 3.0p (2014: 6.2p). As reported in our interim results, the measures announced in the July UK Summer Budget (predominately the removal of the benefit to renewables generators of selling Levy Exemption Certificates from 1 August 2015) reduced our portfolio valuation and profit for the year by £20.2 million and reduced earnings per share by 3.9p[3]. Cash received from the portfolio by way of distributions, which include dividends, interest and loan repayments, was £42.4 million (2014: £35.3 million). After costs, net cash inflows from the investment portfolio of £34.0 million (2014: £30.6 million), as measured under the Expanded Basis, covered the total cash dividends paid during the year by approximately 1.2 times, with the lower level of dividend cover reflecting the impact, in particular, of significantly lower wholesale power prices. £7.2 million of surplus cash generated by the portfolio during the year was reinvested in new portfolio projects. Alongside surplus cash generated, new equity capital raised (net of costs) of £310.8 million enabled acquisitions in the year of £254.7 million, repayment of revolving acquisition debt of £60.1 million and an increase in cash balances of £2.3 million to £15.2 million.

The net asset value ("NAV") per share was 99.0p at 31 December 2015 which is a reduction of 3.4p from the 102.4p NAV as at 31 December 2014 – the reduction mainly reflecting the impact of the UK Summer Budget, in particular the removal of LECs-related revenue (explained further below under "Risks and Uncertainties"). During the year, the Company raised £315.7 million before expenses, successfully completing the Share Issuance Programme of 250 million new shares launched in December 2014, with issues in March, April, July and November 2015. This last equity issuance also utilised most of the Company's annual tap issuance authority. Ordinary shares in issue, including these offerings as well as shares issued by way of scrip dividend and as part payment of fees to the Managers, increased to approximately 732.8 million from 415.5 million at 31 December 2014.

Total management fees accruing to InfraRed Capital Partners Limited (the Investment Manager) and Renewable Energy Systems Limited (the Operations Manager) amounted to £6.1 million in the period, comprising their management and advisory fees based on 1.0% per annum in aggregate of the applicable Adjusted Portfolio Value, with 20% of the fees being paid through the issue of Ordinary Shares.

For 2015, using the methodology of the Association of Investment Companies ("AIC"), the Company's Ongoing Charges Percentage was 1.20% (2014: 1.25%), reflecting the benefits of the expanded asset base.

More details of the financial performance are set out in the Strategic Report in Section 2.6, as well as in the financial statements that follow.

3 Being the £20.2 million adverse impact on portfolio valuation divided by the number of shares in issue at the time of the UK Summer Budget announcement (524.7 million shares).

Portfolio Update and Acquisitions

The Board is pleased to report that, as in prior periods since IPO, the operational performance of the portfolio continues to meet the Company's expectations. While different months and seasons during the year continue to exhibit variable energy outcomes based on prevailing weather conditions, TRIG's portfolio diversification, both by geography and by generating technology, results in a more predictable overall outcome being achieved for the year as a whole. Total electricity production (pro rata to TRIG's equity interests in each project) in 2015 increased by 65% to 1,344GWh (2014: 814GWh), reflecting mainly the increase in the scale of TRIG's generating portfolio, as well as strong underlying operating performance. Total portfolio production was 2.3% above P50 forecasts for the year, with the British Isles onshore wind projects contributing well-above forecast levels of production partly offset by below-forecast performance for solar PV and French wind, reflecting lower prevailing radiation levels and wind speeds in those sectors across the year as a whole.

During the year, TRIG successfully completed new investments in seven operating projects for an aggregate consideration of approximately £255 million, increasing the portfolio to 36 projects and net generating capacity to 658MW, an increase of 50% on the capacity as at the end of 2014. Most notably, TRIG invested £246 million via a 49% equity interest and a mezzanine debt investment in six large Scottish operational wind farms in a new partnership alongside Fred. Olsen Renewables, a major developer of wind farms in the UK and Scandinavia. TRIG also acquired a solar park in Cornwall from RES, the Company's Operations Manager, for approximately £9 million.

Additionally, just after the year-end, TRIG acquired interests in 15 French solar parks in an investment partnership with Akuo Energy, a major independent French renewable energy developer. This investment of €57 million (£44 million) adds further feed-in tariff revenues to TRIG's portfolio (i.e. long-term fixed-type revenues with inflation-linkage) and brings TRIG's current portfolio to 51 projects and 680MW of net generating capacity across the UK, France and Ireland.

Further details of operational performance, market conditions and acquisitions and strategy are set out in the Strategic Report which follows.

Valuation

The Investment Manager has prepared a fair market valuation for each investment in the portfolio as at 31 December 2015. The valuation is based on a discounted cash flow analysis of the future expected equity and loan note cash flows accruing to the Group from each investment. The valuation uses key assumptions which are set by the Investment Manager using its experience and judgement having taken into account available comparable market transactions and financial market data in order to arrive at a fair market value.

The Directors have satisfied themselves as to the methodology used and the assumptions adopted, and have approved the valuation of £712.3 million for the portfolio of 36 investments as at 31 December 2015. This valuation compares with £472.9 million for the portfolio of 29 investments as at 31 December 2014. The year-end valuation incorporates several changes arising during the year, notably the removal of the exemption for renewable energy generators from the UK Climate Change Levy announced in July 2015 and market forecasts for lower-than-expected power prices, predominately as a result of reduced forecasts for natural gas prices, which have a major effect on wholesale electricity pricing in the UK and Ireland. As in 2014, this has been partially offset by the reduction in applicable valuation discount rates for renewable energy projects, as reported at the half year. Further details of the valuation, including sensitivities, are set out in Section 2.7 of the Strategic Report which follows.

Distributions

The Board has declared a second interim dividend for the six month period ended 31 December 2015 of 3.11p per share in line with the Board's target to provide an annual inflation-linked step-up. When combined with the first half interim dividend of 3.08p per share, this equates to a distribution of 6.19p in respect of the full year (2014: 6.08p). The second half interim dividend is payable to those ordinary shareholders on the register on the record date of 19 February 2016 and will be paid on 31 March 2016. A scrip dividend alternative is also being offered and details will be sent shortly to shareholders in a separate circular.

In 2016, the Company intends to pay quarterly interim dividends (from semi-annual dividends hitherto). The Company is targeting an aggregate dividend for the financial year to 31 December 2016 of 6.25p per share, reflecting a 1.0% inflationary increase above the 6.19p per share with respect to the year to 31 December 2015. This target dividend would be paid in four equal quarterly instalments of 1.5625p per share. The first quarterly dividend is expected to be paid in June 2016 with respect to the three months to 31 March 2016 and the other three quarterly dividends for 2016 are expected to be paid in September 2016, December 2016 and March 2017.

Risks and Uncertainties

The Board believes that TRIG is well-positioned with its diverse portfolio strategy and its experienced management, provided by InfraRed and RES, to benefit from the long-term returns available from renewables

infrastructure as well as to mitigate and/or make adjustments for the risks it is most likely to confront in its industry.

While there are a range of factors monitored by the Managers, the Board considers that the key elements of risk impacting on the future performance of the operating assets in which the Company invests are (1) portfolio energy yield variability; (2) wholesale power prices and (3) adverse regulatory change.

(1) Portfolio energy yield: Based on the performance to date, the Board believes the variability encountered from the energy sources of wind and solar have been successfully mitigated – both naturally by the tendency for weather conditions to even out over time and via the Company's diversification policy, both by geography and technology. Recent swings in weather outcomes have not had a negative impact on TRIG's overall performance.

(2) Wholesale electricity prices: Further reductions in forecast wholesale power prices in the UK have continued to impact on financial performance, although this has been partially mitigated by a majority of the Company's project-level revenues being derived from fixed power purchase agreements, feed-in tariffs and renewable obligation certificates. With the current oversupply of fossil fuels, there is a very soft market in these commodities with the possibility of further reductions feeding through to power prices. Conversely, there is also the opportunity for future upside over the longer term once production and demand come into balance. The Company may also continue to invest in projects that provide fixed-type revenues, such as the solar investment in France announced following the year-end.

(3) Regulatory change: As TRIG currently has a fully operating portfolio of renewable electricity generating projects (and with an allocation limit of 15% of portfolio value to pre-operational projects), TRIG carries few risks associated with the planning and commissioning of projects. This is an important risk mitigant as governments seek to reduce costs as deployment targets approach realisation, and manage down the level of incentives available for potential new developments. The main government-related risk to TRIG is the enactment of regulations or tax changes that might affect income from existing electricity generating projects. 2015 has seen some amendments impacting on the renewables sector, including the unexpected removal of the benefit to renewables generators of Levy Exemption Certificate ("LEC") sales in the 2015 UK Summer Budget. In addition, the UK has seen several reductions to the level of future incentives on offer for new project developments in the medium term for the solar PV and onshore wind sectors, while continuing to incentivise further development of technologies such as offshore wind.

There has also been considerable international debate on the role of governments in the promotion of renewable energy while balancing long-term energy security and cost-efficiency with meeting decarbonisation goals. This culminated in the UN COP 21 conference at the end of the year which was positively received, bringing an unprecedented number of governments to the table, and resulting in a number of practical measures being agreed to keep decarbonisation high on both national and international agendas as critical "work-in-progress", while recognising the impracticability of agreeing a one-off, inflexible regime between countries with a broad range of specific circumstances.

2015 also saw the governments of major economies, including the UK, seeking to reform international tax rules regarding the OECD/G20 Base Erosion and Profit Shifting ("BEPS") project. The Company, along with others in the infrastructure sector, has taken part in a consultation process in the UK led by the UK Treasury, and continues to engage with the UK tax authorities as the proposals develop.

There is further discussion on risk factors and risk management in the Strategic Report in Section 2.10.

Environmental, Social and Governance

Since its inception in 2013, TRIG has been designed and managed in order to provide a socially conscious, well-managed, high-yielding investment opportunity.

TRIG's current renewables investments power the equivalent of 330,000 households (equivalent to more than 1% of the UK's total household power supply) and prevent the emission of 520,000 tonnes of CO^2 annually. Under the aegis of its experienced Managers, who continually evaluate the performance of a range of underlying contractors, the Group continues to pursue excellence in details of environmental efficiency and social sensitivity across all aspects of the portfolio, through the landscaping of our wind farms and solar parks, as well as in the engagement with our local communities, whether it be in improving local footpaths, funding play facilities, senior citizen events and cultural groups, or in arranging educational visits to our sites.

As a member of the Association of Investment Companies ("AIC"), TRIG reports governance against the AIC Code of Corporate Governance endorsed by the Financial Reporting Council. The Company continues to evaluate best practices in the industry as a leading participant in the fast-growing renewables segment of the infrastructure investment market.

In 2015, TRIG had more than 100 meetings with major existing and potential investors and hosted a number of

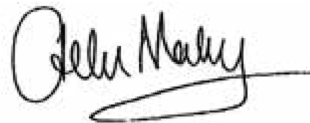
institutional investor representatives at the RES control centre in Glasgow, showcasing the operational capabilities of TRIG's Operations Manager, as well as at one of its wind farms. During the year, TRIG also welcomed several major international investors to its shareholder register. The Board prioritises its engagement with shareholders and aims to continue to spearhead disclosure and transparency in our sector as it evolves in the years ahead.

As part of good corporate governance, all of the Directors will offer themselves for re-election at the Annual General Meeting to be held on 4 May 2016.

Outlook

In conjunction with the Investment Manager, the Board has reviewed the Company's overall performance including its portfolio cash flow generation and forecasts. As discussed above, 2015 has seen a reduction in cash generation as a result of the removal of the Levy Exemption Certificate benefits in the UK and a fall in wholesale power prices (and reduction in the long-term power curve). In spite of this backdrop, TRIG achieved a cash cover of 1.2x (net cash generated from operations over cash dividends paid) in 2015 and targets an increase in its full year dividend for 2016 in line with inflation. In addition, through a careful investment strategy, TRIG aims to capitalise on further opportunities to enhance the diversification of the portfolio and achieve scale efficiencies, while also improving stock liquidity.

In the year ahead, the UK renewables industry is likely to continue to adapt to the ongoing challenges of reduced wholesale power prices and the re-setting of the Government's energy strategy, while elsewhere in Europe and particularly in France, renewables appear to have a clearer immediate path for growth. Against this back-drop, TRIG's ability to look across markets and technologies is coming into its own. With its proven operational portfolio of 51 projects exhibiting market-leading scale and diversification across technologies and markets, the complementary capabilities of its Managers and the valued support of its shareholders, TRIG is well-positioned to deliver attractive returns in 2016 and beyond.



Helen Mahy CBE
Chairman

22 February 2016

Section 2
Strategic Report

2.1 Introduction

Contents

This Strategic Report sets out:

- 2.2 – the Company's Objectives;
- 2.3 – the Strategy adopted to deliver these objectives;
- 2.4 – the Company's Business Model;
- 2.5 – the Investment Policy and Current Acquisition Strategy
- 2.6 – the Operational and Financial Review for the year, including KPIs;
- 2.7 – the Directors' Valuation of the Group's portfolio as at 31 December 2015;
- 2.8 – the current Outlook;
- 2.9 – the Ten Largest Investments;
- 2.10 – the key risks and mitigants relating to the Group and its investments; and
- 2.11 – the policies, approach and achievements adopted in respect of Corporate Social Responsibility

References in this report to the "Company" or "TRIG" mean The Renewables Infrastructure Group Limited (and together with its holding companies and investments, the "Group").

Overview

- **TRIG is a leading renewable energy infrastructure company** investing in multiple renewable energy technologies, jurisdictions and climate systems in Europe. A Guernsey company, TRIG was launched on the London Stock Exchange through an Initial Public Offering in July 2013, raising £300 million which was invested in an initial portfolio of 18 wholly-owned projects in the UK, France and Ireland.
- Since the IPO, the Company has raised approximately a further £430 million through equity issues and increased the portfolio by acquiring a further 33 projects creating a **diversified portfolio of 51 onshore wind and solar photovoltaic ("PV") projects** in the UK, France and Ireland[3]. TRIG continues to review a broad pipeline of projects with a view to further investment and diversification.
- TRIG is targeting an **attractive long-term yield with NAV upside** with an annualised total return target of 8 to 9% (net of expenses and fees) supported by reinvestment of surplus cash flows available from the diversified portfolio after payment of dividends.[4]
- With **highly experienced Managers** TRIG has access to leading resources in specialised investment and operations teams at InfraRed and RES which deploy resources together in the management of TRIG and its portfolio. Shareholders benefit from a competitive and simple fee structure that is the result of the operating scale of both of the Managers, reflecting their committed, long-term approach to the infrastructure and renewables markets.

3 The portfolio at 31 December 2015 comprised 36 projects valued at £712.3 million, which was increased by the investment by TRIG in January 2016 in a further 15 solar PV projects in France valued at approximately £44 million.

4 Achievement of these long-term targets is not guaranteed and may be dependent on a number of factors, not least the reversion of wholesale power prices, after their recent falls, to an expected long-term growth trend at a rate above prevailing inflation.

TRIG's Investment Manager – InfraRed Capital Partners Limited

("InfraRed"), is a leading international manager in the alternative investment segments of infrastructure and property. The total headcount of the InfraRed group is approximately 120 and the infrastructure team now comprises 50 staff in offices in London, Hong Kong, New York, Paris, Seoul and Sydney. InfraRed has a core team of seven dedicated to advising the Group on financial management, sourcing and implementing new investments and providing capital-raising and investor relations services. In addition, four InfraRed managing partners sit on TRIG's Investment Committee and the core team also has access to a range of other InfraRed partners and staff in both the infrastructure team and in central functions in support of the Group and its investments. InfraRed has been investing in infrastructure and/or managing infrastructure dedicated funds for over 18 years, including the established HICL Infrastructure Company Limited, which invests in predominantly social infrastructure both in the UK and internationally and is also listed on the London Stock Exchange. InfraRed is authorised and regulated by the Financial Conduct Authority.

InfraRed is a leading international investment manager specialised in infrastructure and real estate

- Strong, 18+ year track record in raising and managing 15 infrastructure and real estate funds with over US$9 billion of equity under management
- Experience in managing a broad range of renewables investments since 2006
- Also adviser to HICL Infrastructure Company Limited, the largest of the London-listed infrastructure investment companies with market capitalisation of c.£2.0 billion
- Independent manager following successful spin-out from HSBC Group in April 2011
- London based, with offices in Hong Kong, New York, Paris, Seoul and Sydney

TRIG's Operations Manager – Renewable Energy Systems Limited

("RES"), is a leading global developer, constructor and operator of renewable energy infrastructure projects with operations in 14 countries and over 1,300 employees globally. The RES team has more than 30 staff providing portfolio-level operations management, supporting the evaluation of investment opportunities for the Group and providing project-level services in the UK, Ireland and France. RES has been developing, constructing and operating renewables for over 30 years.

RES has spent three decades at the forefront of the development of the renewable energy market

Proud recipient of the Queen's Award for Enterprise for International Trade 2013

- One of the world's leading renewable energy developers
- Privately-owned, RES is a sister company of Sir Robert McAlpine Ltd and a member of the 145 year old Sir Robert McAlpine group of companies
- Global footprint with head office in Hertfordshire, UK, and operations in 14 countries
- Over 1,300 employees engaged in renewables globally
- Extensive, 30+ year experience in developing, constructing and operating renewables including onshore and offshore wind, solar and biomass
- Developed/constructed more than 200 wind, solar and energy storage projects totalling more than 10GW

2.2 OBJECTIVES

TRIG was created in 2013 with the purpose of investing principally in a range of diversified operational assets which generate electricity from renewable sources, with an initial focus on onshore wind farms and solar PV parks in the UK and Northern Europe, and with a view to providing investors with long-term, stable dividends, while preserving the capital value of its investment portfolio through re-investment of surplus cash flows after payment of dividends.

FINANCIAL OBJECTIVES

The key financial objectives of the Group are set out as follows:

- **To provide shareholders with attractive long-term dividends.** TRIG aims to continue to pay attractive dividends, with inflationary increases over the medium term. This assumes in particular the steadying of and resumption of growth in UK and European wholesale power prices and a continuation of TRIG's on-target operating performance. Dividends are paid gross as the Company is registered in Guernsey. The Company also offers shareholders a scrip dividend alternative to cash dividends as this can be advantageous to certain investors;
- **To target long-term annualised total return of 8% to 9%.** At the time of the IPO, the Company targeted a total internal rate of return ("IRR") of 8% to 9% (net of expenses and fees) on the issue price of its Ordinary Shares to be achieved over the longer term via active management of the investment portfolio and reinvestment of excess cash flow. In considering the ability of the Company to achieve its long-term returns, the Investment Manager uses its judgement to assess a number of factors such as the potential for recovery of forecast power prices in the longer term, inflation rates and further movements in discount rates, as well as the potential upside from repowering and/or otherwise enhancing the performance or extending the life of projects in the portfolio and from scale efficiencies across an expanding portfolio given the Company's growth strategy;
- **To maintain focus on cash cover.** Cash cover (over dividends paid) in 2015 was approximately 1.2x. Cash cover is expressed after accounting for cash utilised to pay down project-level debt within the investment portfolio (equivalent in 2015 to 0.6x the dividends paid). This structured reduction in project-level debt benefits the NAV in each period. Recent lower wholesale power prices have reduced the level of cash cover in 2015. TRIG aims to maintain cash cover over the medium and long-term, although short-term levels of cover may vary based on factors such as weather conditions, prevailing power market prices, foreign exchange rates, portfolio asset mix and gearing levels. TRIG seeks to mitigate the effects of variability through investment diversification and some financial hedging;

- **To provide an investment return with positive correlation to inflation** expected to be obtained through exposure to government support regimes which are generally inflation-linked and to power prices, which are assumed in the long term to be positively correlated with inflation (described in more detail in Section 2.7);
- **To maintain prudent financial management** including the valuation policy for the existing portfolio and new investments, the analysis and utilisation of forecasts, controls on project-level and Group expenditure, financing arrangements and foreign exchange hedging policy. As the Group has overseas investments, it maintains a foreign currency hedging policy utilising forward contracts for euro-sterling in relation to the current portfolio (explained in Section 2.6); and
- **To grow its investment portfolio** to enhance diversification, increase share liquidity and obtain further scale efficiencies. The Company finances this portfolio growth through internal cash generated but also by issuing further shares to existing and new investors at or above the current NAV per share plus issue costs, thus avoiding NAV dilution. Further acquisitions may achieve reduced portfolio risk by additional diversification by geography, jurisdiction, power market and generation technology.

Non-Financial Objectives

The key non-financial objectives of the Group are:

- **To maintain a business model which benefits from trends in energy and infrastructure** with sustainable opportunities for both portfolio management and portfolio growth, based on the economies and societies of the countries in which the Company invests;
- **To build and maintain strong relationships with key stakeholders** of both the Company and the Group's investments, including investors, national and local governments, local communities, project developers, vendors, key contractors and providers of finance. Consistent, effective engagement with a broad range of key stakeholders and adopting a positive approach of partnership is expected to contribute meaningfully to the Company's ability to deliver targeted long-term investment returns;
- **To manage its affairs in accordance with the Company's Corporate Social Responsibility statements and policies**, as summarised in Section 2.11; and
- **To provide leadership in enhancing the understanding of investment in the renewables sector** through appropriate disclosure and engagement with existing and potential investors, thereby further promoting interest in investment in TRIG as a benchmark investment vehicle in this expanding sector.

2.3 Strategy

Portfolio Construction within the Renewables Market

TRIG's investment approach is based on accessing the growing renewables market resulting from the long-term commitment of the UK and other Northern European countries to increasing the supply of cleaner, more secure and sustainable energy. TRIG pursues this opportunity via managing and expanding a diversified portfolio of power generating assets across established technologies, different weather systems and electricity markets. This strategy of portfolio growth and diversification supports the long-term investment proposition of delivering stable dividends together with NAV resilience.

The Renewables Market Growth Opportunity

Growth of the renewable energy infrastructure market is supported by a long-term global shift – in particular in the OECD and the larger emerging economies – towards achieving economic growth with sustainability. Continuing increases in human population, urbanisation, industrial and agricultural production and consumption offset the benefits of ongoing energy efficiency improvements. Following the widely covered United Nations Framework Convention on Climate Change (or "COP 21") round of discussions in Paris in late 2015, refreshed initiatives have been launched to reduce or reverse the human impact on the climate and living environment from fossil fuel usage and to ensure a secure energy supply. The Company sees further global support for the promotion of decarbonisation in 2016 and beyond, with widespread renewable energy generation being an important initiative alongside improved demand-side response, efficient back-up generation capacity and more flexible grid networks.

The roll-out of renewable energy generation projects and supporting technologies is expected to continue across all major markets, supported by a range of government programmes as well as by increasing technological and supply chain improvements and cost efficiencies. In 2015, for the first time, more than 50% of newly installed electricity generating capacity globally was in the form of renewable energy infrastructure.

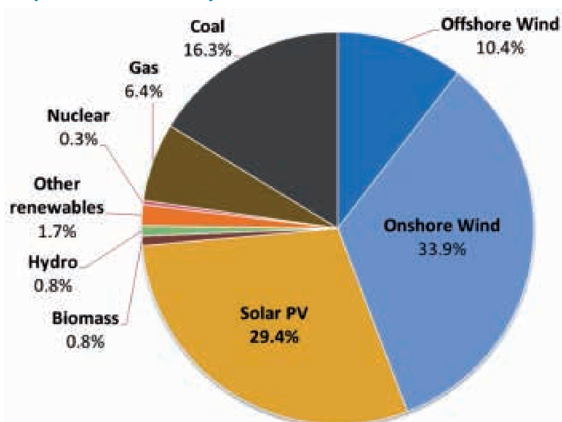
Diversification – Across Established Renewables Technologies

TRIG adopts a strategy focused on investing in operational renewable energy generation projects, with a current focus on the onshore wind and solar PV sectors – we believe these represent established renewables technologies with an effective combination of proven operating cost histories and a healthy diversified pipeline of investment opportunities. In addition, although among other fast-growing technologies, offshore wind is now producing a significant share of renewable energy. In the UK there are

operating offshore wind farms with a combined 5GW, and in Germany a further 3GW of operating projects with a number of sites having now established an operating track record of several years.

In the European Union, the majority of new power generation installations are in wind and solar PV. Data for new capacity installed in 2015 is illustrated in the chart below. Of a total of 28.9GW of new capacity installations across the EU, onshore wind and offshore wind represented approximately one third and one-tenth (or 9.8GW and 3.0GW) respectively while solar PV represented nearly another third (8.5GW). All other renewables accounted for less than 2% of new power capacity. New gas and coal facilities represented the bulk of the remainder with a combined 23%. The bulk of new wind installations in 2015 were in Germany (47%), with significant contributions from Poland (10%), France and the UK (approximately 8% each).

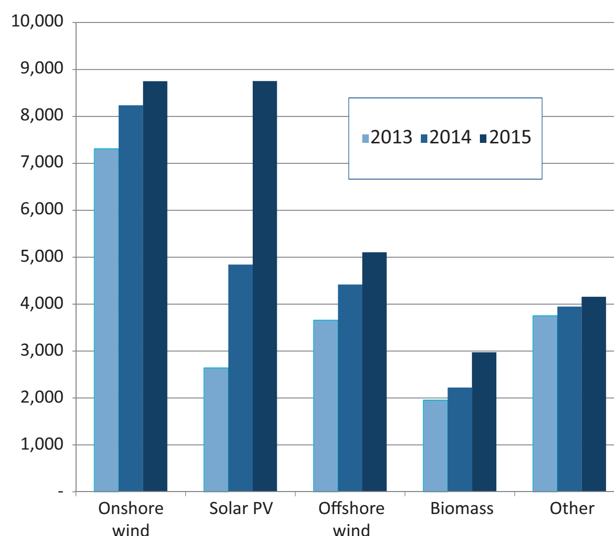
2015 Share of New Power Capacity Installations in the EU (Total = 28.9GW)



Source: EWEA Annual Statistics 2015 (Copyright: The European Wind Energy Association)

The UK's new annual capacity additions have been dominated by wind (both onshore and offshore) and, particularly in the last few years, solar PV, as shown in the chart below. Onshore wind capacity is gradually approaching the 2020 projected target of 11GW to 13GW as indicated under the previous Government in 2014, while solar PV has been on a faster upward trajectory that, if continued, would clearly have surpassed the equivalent target capacity of 11GW to 12GW by 2020. Offshore wind has considerable further capacity to be installed with approximately 5GW of installed capacity towards a 2020 projection of 10GW (Source: DECC/2 July 2015).

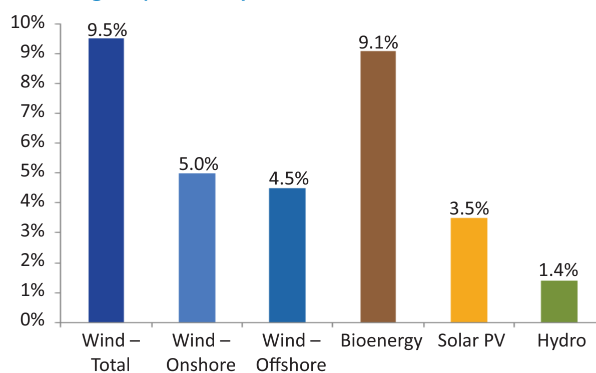
Cumulative installed renewables generation capacity (MW) in the UK (Q3 2013 – Q3 2015)



Source: DECC (December 2015)

The high capacity (or "load") factors of wind compared to solar PV make it the leading contributor among renewable sources to total UK electricity production, reaching nearly 10% in the third quarter of 2015, as illustrated below:

Share of UK electricity generation of key renewables technologies (Q3 2016)



Source: Department of Energy and Climate Change – December 2015

TRIG is currently permitted under its investment policy to invest up to 10% of the portfolio in technologies beyond onshore wind and solar PV. The Investment Manager is reviewing further technologies which would increase diversification and where the risk-adjusted returns may become attractive as market dynamics evolve. This may include offshore wind for which the level of operational risk can now be more clearly defined based on the track record of existing projects and improvements in technology and

the supply chain. The UK Government projects total investment in UK offshore wind projects of between £16 billion and £21 billion between 2014 and 2020. Other technologies may also include other types of generation infrastructure (e.g. hydropower or landfill gas) or supporting technologies such as back-up power generation, storage or demand-side response, depending on the availability of projects for investment which exhibit sufficient scale of opportunity, expected returns and risk profile appropriate for TRIG.

Accordingly, the Board, with recommendation from the Managers, proposes to put to shareholders a proposal at the Company's Annual General Meeting in May 2016 to amend the investment policy of the Company such that up to 20% of its portfolio by value may be invested in sectors other than onshore wind and solar PV (see page 25 'Investment Policy – Material Amendments').

Diversification – Across UK and Northern European Power Markets

TRIG's investment strategy also provides for diversification across electricity markets. TRIG has substantial protection in its revenues from movements in wholesale power prices in the short and medium term as a result of receiving a high proportion of its revenue from power purchase agreements with fixed prices, feed-in tariffs and Renewables Obligation Certificates. In the longer term, TRIG, based on its current portfolio, will have greater exposure to future wholesale electricity prices. TRIG also has the benefit of being diversified across three separate power markets of Great Britain, the Single Electricity Market (of The Republic of Ireland and Northern Ireland) and France. The chart on page 39 illustrates the profile of long-term power prices used by TRIG in its base case assumptions (weighted for TRIG's investment portfolio across the three markets).

Over the longer term, the world demand for power is expected to grow with population, economic growth and factors such as increased electrification of transportation. This, combined with Europe's requirement to upgrade old power plants and grid networks, including the decommissioning of old generation facilities (coal, gas and nuclear), green subsidies (both for generators and consumers in the form of energy efficiency grants) and carbon pricing for fossil fuel based generation are likely to mean UK and European prices will remain at relatively high levels, at least relative to the United States.

Four Burrows Solar Park, Cornwall, England.

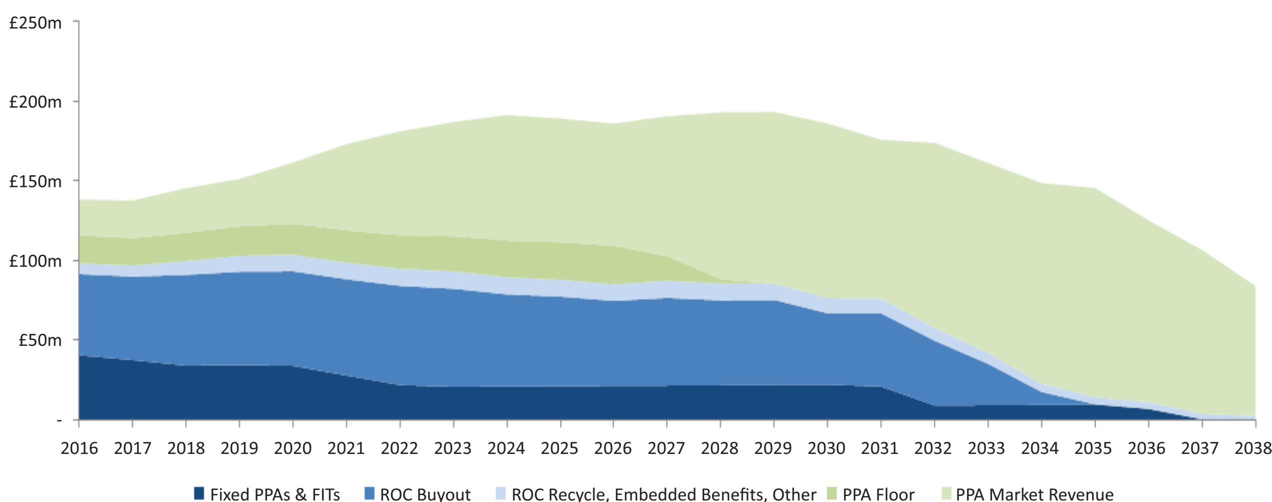
Diversification – Across Regulatory Regimes and Contract Types

TRIG aims to invest across multiple energy markets in projects whose revenues are supported by a strong government commitment to renewable energy generation as a key part of their energy mix. While investments in the UK, France and Ireland form the current portfolio, a number of other markets such as Scandinavia, Benelux and Germany offer a profile which may be attractive to TRIG.

TRIG's portfolio revenues reflect the different regulatory jurisdictions in which TRIG is invested with revenue sources ranging from contracted feed-in tariffs ("FITs"), renewables obligation certificates ("ROCs"), embedded benefits and a variety of wholesale power purchase agreements ("PPAs") with contracting counterparties which are, for the most part, major utilities.

The chart below illustrates the split of revenues across different types of revenue over time.

*Illustration of split of Project Revenues by Contract Type for the Portfolio**



*For 51 projects including the 31 December 2015 portfolio of 36 projects as well as the 15 projects comprising the Akuo investments made in January 2016.

In the current portfolio, the majority of near-term project revenues (2016 projected revenues: 71%) are expected to come from fixed-type, contracted revenues, for example feed-in tariffs, fixed price PPAs, or the sale of ROCs (with, accordingly, greater stability and predictability of revenues) or other revenue sources not linked to wholesale power prices, while expected near-term project revenues linked to wholesale power prices (2016 projected revenues: 29%) are in the minority. Some of these revenues have floor price arrangements.

In the longer term (in the absence of further contracting or re-contracting of the revenues), it is anticipated that the majority of revenues will be based on variable market prices (although some of these may be contracted based on, for example, season-ahead or month-ahead pricing). The UK, as part of its Electricity Market Reform, has been moving towards a new fixed-type "Contracts-for-Difference" programme for new renewables development, which, if extended beyond the initial auction round completed in early 2015, may provide further investment opportunities in the UK market. The wholesale power element of PPAs is normally based on a combination of season and/or month ahead pricing against established market indices and a small discount against the market price is applied.

Diversification – Across Weather Systems

From a meteorological perspective, while short-term volatility is to be expected, wind and solar resources demonstrate a high degree of predictability over the long term. In addition, TRIG's portfolio demonstrates the benefit of diversity as a result of the geographical spread of the projects and the energy yield performance of solar and wind technologies not being positively correlated.

Given the complexity of wind flows, even within a specific geographical area, energy yield outcomes do vary from location to location and from time to time but these tend to even out over the long-term. For solar, the key factor driving irradiation levels is latitude, although the precise meteorological conditions (prevailing local irradiation intensity, duration and temperature) have a bearing on the energy output performance. Weather risk can be reduced within a portfolio by combining a large number of plants spread over a wide geography and by combining wind and solar.

The chief differences in yield outcome across the TRIG portfolio occurs because of (1) the inclusion of both wind and solar technologies which are not correlated and (2) the relative impact of the North Atlantic weather patterns on the British Isles (more exposed to the prevailing oceanic winds and cyclonic systems from the south-west) versus Southern France (where the influence of the Mediterranean prevails). Specifically for wind, the dominant winds in Southern France (such as the "mistral") are associated with gap flows which are formed when north or north-west air flow (associated with cyclogenesis over the Gulf of Genoa) accelerates in topographically confined channels such as the river valleys descending from the Alps, Pyrenees or the Massif Central.

With stronger summer solar irradiation counterbalancing the lower typical summer wind speeds versus the winter, the portfolio also has the benefit of a more balanced revenue mix through the year than would be the case for a fund investing only in either wind or solar. In TRIG's portfolio in a typical year, approximately 70% of the total annual solar production is expected to occur in the six months between April and September (against 40% for wind) and approximately 30% between October and March (against 60% for wind).

TRIG is able to mitigate the risk of miscalculating energy output (and therefore mispricing) by buying projects with some operating history (the portfolio has on average more than 5 years of operating track record) as well as by having acquisition price adjustment mechanisms based on yield performance on newer projects.

A Portfolio of Long-Term Operating Projects

As at 31 December 2015, the TRIG portfolio comprised 36 investments in the UK, Republic of Ireland and France, including 24 onshore wind projects and 12 solar photovoltaic projects. The portfolio was enlarged after the year-end by the investment in a portfolio of a further 15 solar projects in France in January 2016.

Project	Market (Region)	TRIG's Equity Interest	Net Capacity (MW)	Commissioning [5]	Turbine (MW)
ONSHORE WIND FARMS (as at 31 December 2015)					
Roos	GB (England)	100%	17.1	2013	Vestas (1.9)
Grange	GB (England)	100%	14.0	2013	Vestas (2.0)
Tallentire	GB (England)	100%	12.0	2013	Vestas (2.0)
Crystal Rig 2	**GB (Scotland)**	**49%**	**67.6**	**2010**	**Siemens (2.3)**
Hill of Towie	GB (Scotland)	100%	48.3	2012	Siemens (2.3)
Mid Hill	**GB (Scotland)**	**49%**	**37.2**	**2014**	**Siemens (2.3)**
Paul's Hill	**GB (Scotland)**	**49%**	**31.6**	**2006**	**Siemens (2.3)**
Crystal Rig 1	**GB (Scotland)**	**49%**	**30.6**	**2003**	**Nordex (2.5)**
Green Hill	GB (Scotland)	100%	28.0	2012	Vestas (2.0)
Rothes 1	**GB (Scotland)**	**49%**	**24.8**	**2005**	**Siemens (2.3)**
Rothes 2	**GB (Scotland)**	**49%**	**20.3**	**2013**	**Siemens (2.3)**
Earlseat	GB (Scotland)	100%	16.0	2014	Vestas (2.0)
Meikle Carewe	GB (Scotland)	100%	10.2	2013	Gamesa (0.85)
Forss	GB (Scotland)	100%	7.2	2003	Siemens (1.0-1.3)
Altahullion	SEM (N. Ireland)	100%	37.7	2003	Siemens (1.3)
Lendrum's Bridge	SEM (N. Ireland)	100%	13.2	2000	Vestas (0.7)
Lough Hill	SEM (N. Ireland)	100%	7.8	2007	Siemens (1.3)
Taurbeg	SEM (Rep. of Ireland)	100%	25.3	2006	Siemens (2.3)
Milane Hill	SEM (Rep. of Ireland)	100%	5.9	2000	Vestas (0.7)
Beennageeha	SEM (Rep. of Ireland)	100%	4.0	2000	Vestas (0.7)
Haut Languedoc	France (South)	100%	29.9	2006	Siemens (1.3)
Haut Cabardes	France (South)	100%	20.8	2005	Siemens (1.3)
Cuxac Cabardes	France (South)	100%	12.0	2006	Vestas (2.0)
Roussas–Claves	France (South)	100%	10.5	2006	Vestas (1.8)
Total Onshore Wind as at 31 December 2015			**532.0**		

NOTE: New onshore wind project investments made since 1 January 2015 are highlighted in blue.

5 Where a project has been commissioned in stages, this refers to the earliest commissioning date.

Project	Market (Region)	TRIG's Equity Interest	Net Capacity (MW)	Commissioning[6]	Turbine (MW)
SOLAR PHOTOVOLTAIC PARKS (as at 31 December 2015)					
Parley Court Farm	GB (England)	100%	24.2	2014	ReneSola
Egmere Airfield	GB (England)	100%	21.2	2014	ReneSola
Stour Fields	GB (England)	100%	18.7	2014	Hanwha SolarOne
Tamar Heights	GB (England)	100%	11.8	2014	Hanwha SolarOne
Penare Farm	GB (England)	100%	11.1	2014	ReneSola
Four Burrows	GB (England)	100%	7.2	2015	ReneSola
Parsonage	GB (England)	100%	7.0	2013	Canadian Solar
Churchtown	GB (England)	100%	5.0	2011	Canadian Solar
East Langford	GB (England)	100%	5.0	2011	Canadian Solar
Manor Farm	GB (England)	100%	5.0	2011	Canadian Solar
Marvel Farms	GB (England)	100%	5.0	2011	LDK/Q.Cells
Puits Castan	France (South)	100%	5.0	2011	Fonroche
Total Solar PV as at 31 December 2015			**126.2**		
Total Portfolio as at 31 December 2015			**658.2**		
SOLAR PHOTOVOLTAIC PARKS[7] (investments post 31 December 2015 year-end)					
Plateau	France (South)	43%	5.1	2012	Sunpower
Chateau R	France (South)	43%	1.6	2012	Sharp
Broussan R	France (South)	49%	1.0	2012	Sharp
Pascialone	France (Corsica)	47%	2.1	2011	CSUN
Olmo 2	France (Corsica)	49%	2.1	2011	CSUN
Santa Lucia	France (Corsica)	49%	1.7	2011	CSUN
Borgo	France (Corsica)	49%	0.9	2011	Suntech
Agrinergie 1 & 3 R	France (Réunion)	47%	1.3	2011	Suntech/CSUN
Chemin Canal	France (Réunion)	43%	1.1	2011	CSUN
Ligne des 400	France (Réunion)	41%	1.1	2011	Canadian Solar
Agrisol R	France (Réunion)	30%	0.5	2011	Sunpower
Agrinergie 5 R	France (Réunion)	49%	0.7	2011	Sunpower
Logistisud R	France (Réunion)	44%	0.6	2010	Sunpower
Sainte Marguerite	France (Guadeloupe)	42%	1.1	2011	Sunpower
Marie Gallante	France (Guadeloupe)	25%	0.5	2010	GE
Additional Solar PV Investments post 2015 year-end			**21.4**		
Total Portfolio as at 22 February 2016			**679.6**		

NOTE: New solar PV project investments made since 1 January 2015 are highlighted in orange.

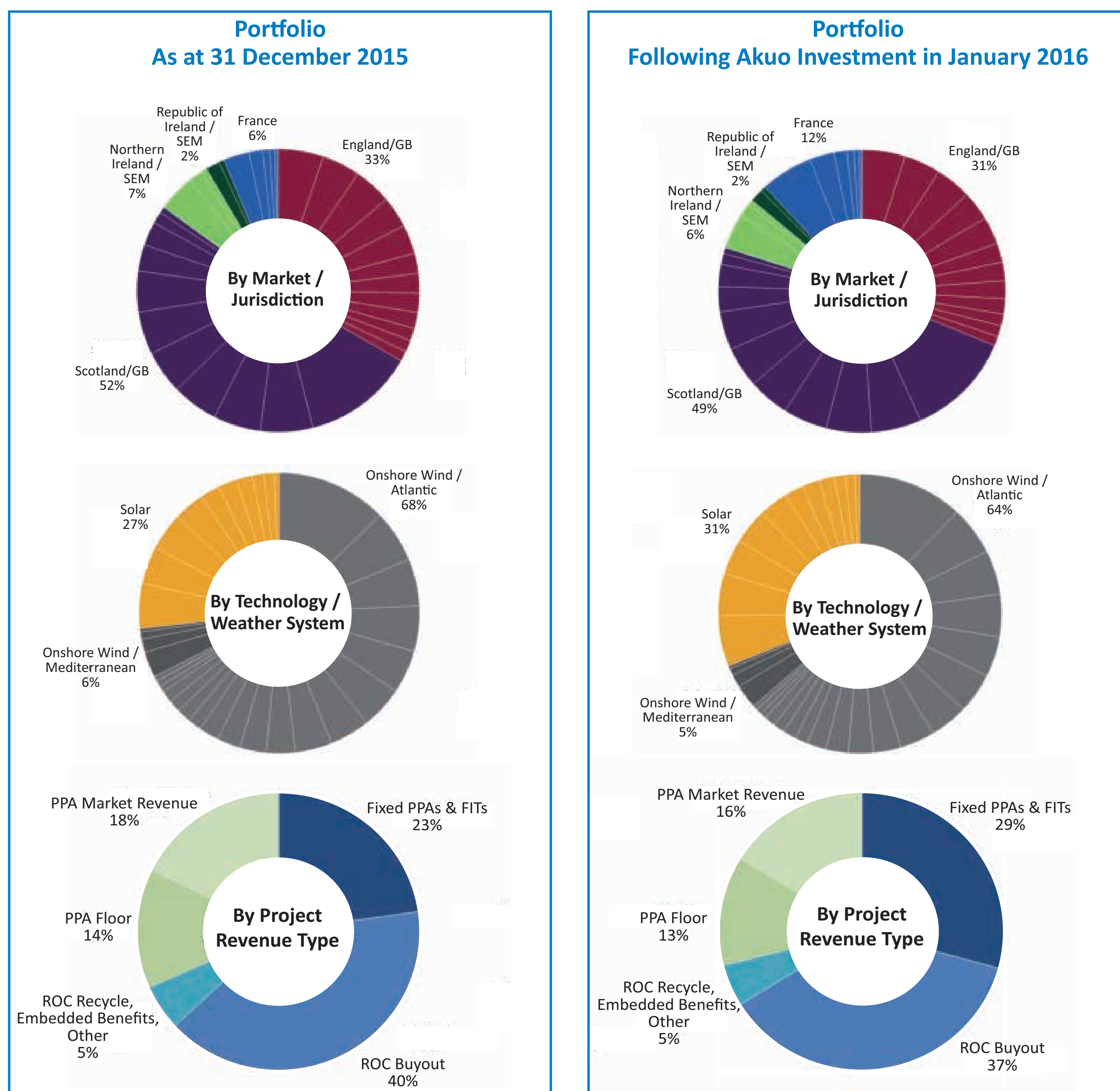
6 Where a project has been commissioned in stages, this refers to the earliest commissioning date.

7 All ground-mounted projects except where noted "R" for roof-mounted projects.

A Diversified Portfolio

by geography, jurisdiction, energy market, technology and revenue source

The TRIG portfolio comprises a diverse range of assets across different energy markets, regulatory jurisdictions, generating technologies, revenue contracts and/or subsidy sources, as well as a variety of geographic areas with differing meteorological conditions (affecting wind speeds and solar irradiation applicable to each of TRIG's projects), as illustrated in the segmentation analysis below, as at 31 December 2015 and also as adjusted for the addition to the portfolio in January 2016 of the investment in the Akuo Energy French solar portfolio (valued at cost):



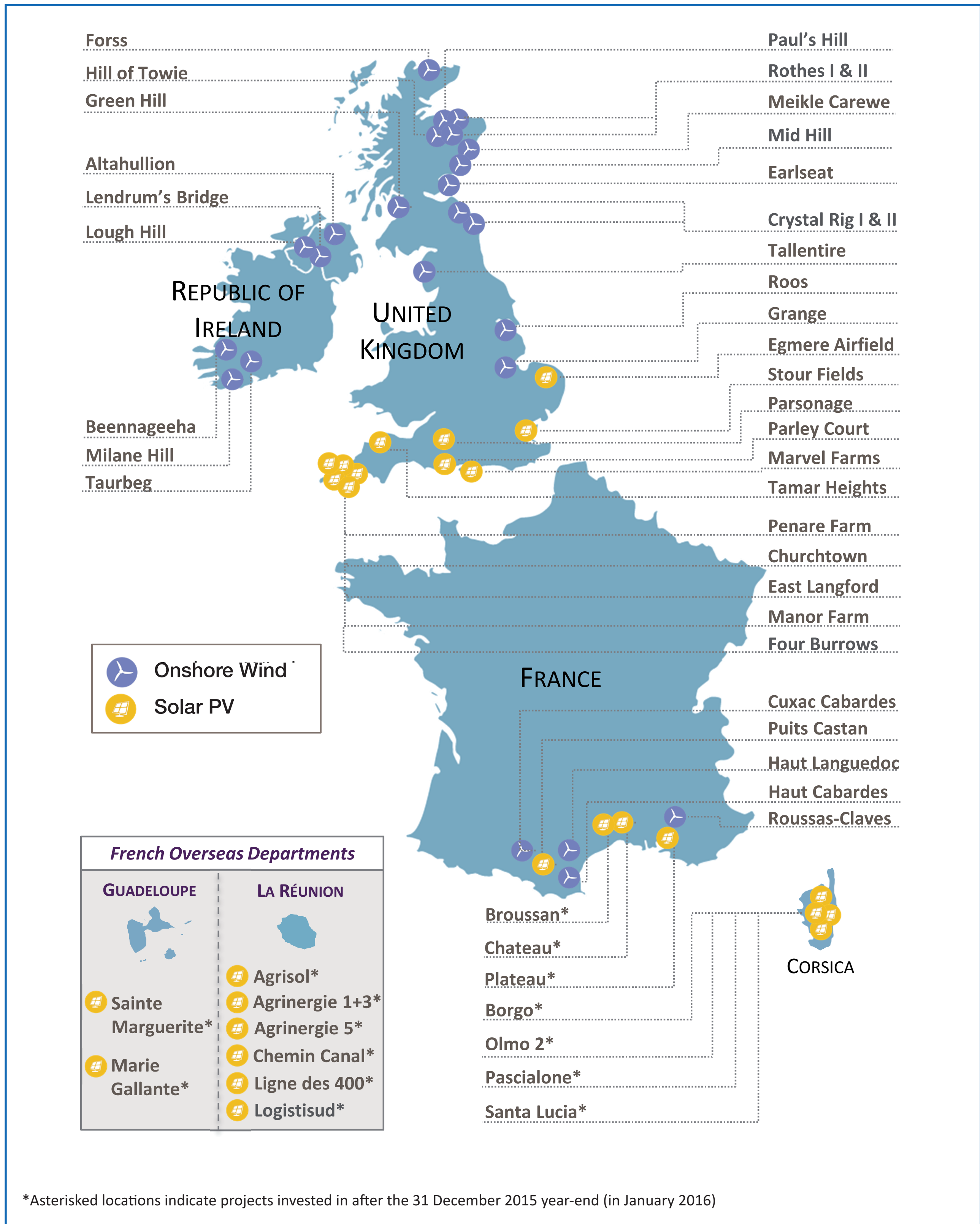
Notes:

1 Northern Ireland and the Republic of Ireland form a Single Electricity Market, distinct from that operating in Great Britain.

2 Segmentation by Jurisdiction/Power Market and by Technology/Weather System is calculated by portfolio valuation; segmentation by Project Revenue Type is by 2016 expected revenue received by the project companies.

3 Dominant winds in the British Isles are from the south-west and are generally driven by the passages of Atlantic cyclones across the country. Dominant winds in Southern France are associated with gap flows which are formed when north or north-west air flow (associated with cyclogenesis over the Gulf of Genoa) accelerates in topographically confined channels.

Location of TRIG's projects



*Asterisked locations indicate projects invested in after the 31 December 2015 year-end (in January 2016)

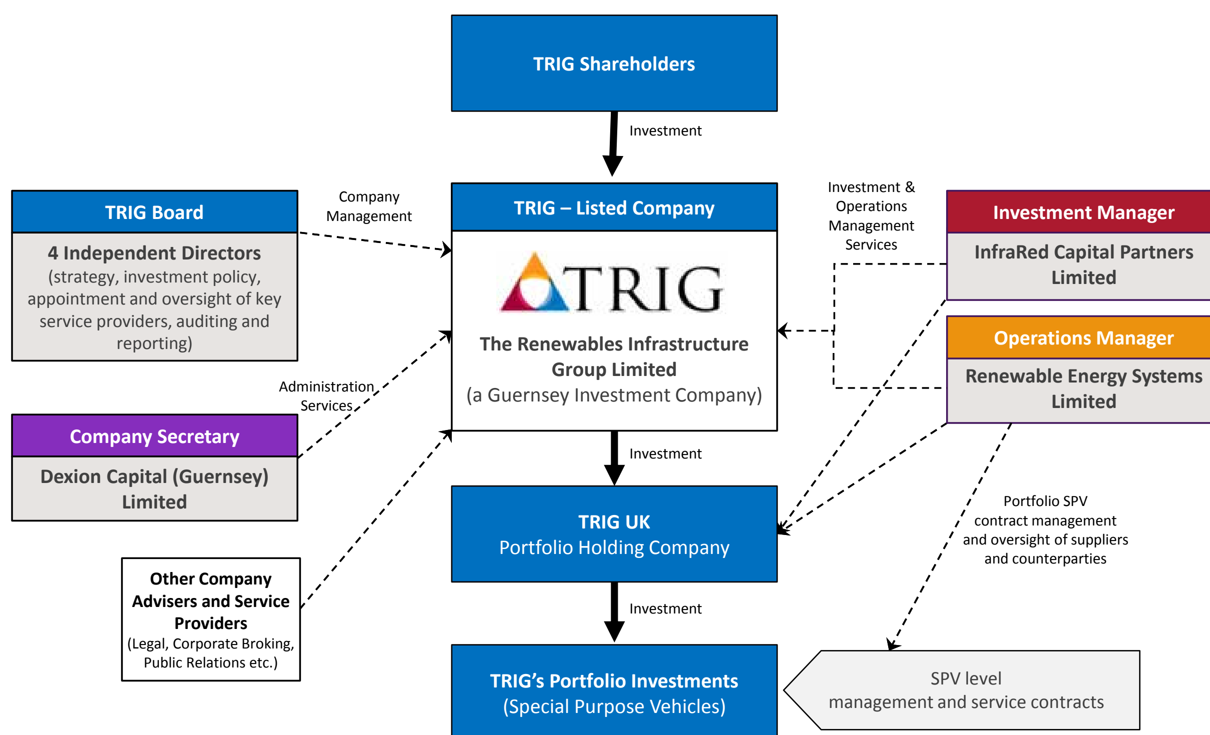
2.4 Business Model

Introduction

The Company is a Guernsey-registered investment company with an independent board of directors had with its shares listed on the London Stock Exchange. Through the group structure, the Company owns a portfolio of renewable energy infrastructure investments in the UK, Ireland and France and is seeking to protect and enhance the income from and value of the existing portfolio through active management and sourcing of new investments which enhance the diversity and scale of the portfolio, utilising the expertise of market-leading Investment and Operations Managers appointed by the Company. The Company has a 31 December year-end, announces interim results in August and full year results in February. Having paid dividends semi-annually since IPO in 2013, the Company proposes to pay dividends quarterly commencing from the dividend with respect to the first quarter to 31 March 2016, payable in June 2016.

Group Structure

TRIG's Group structure, including management structure and key service providers, is illustrated below.



The Company is a self-managed Alternative Investment Fund under the European Union's Alternative Investment Fund Managers Directive. The Company has a board of four independent non-executive directors (details of whom can be found in Section 3) whose role is to manage the governance of the Company in the interests of shareholders and other stakeholders. In particular, the Board approves and monitors adherence to the Investment Policy, determines risk appetite of the Group, sets Group policies and monitors the performance of the Investment Manager, the Operations Manager and other key service providers. The Board meets a minimum of four times per year for regular Board meetings and there are a number of ad hoc meetings dependent upon business need. In addition the Board has four committees covering Audit, Nomination, Remuneration and Management Engagement.

The Board takes advice from the Investment Manager, InfraRed, as well as from the Operations Manager, RES, on matters concerning the market, the portfolio and new investment opportunities. Day-to-day management of the Group's portfolio is delegated to the Investment Manager and the Operations Manager, with investment decisions within agreed parameters delegated to an Investment Committee constituted by senior members of the Investment Manager. The Company has management agreements in place with the Investment Manager and the Operations Manager which can be terminated at 12 months' notice from 29 July 2018.

The key roles of the Investment Manager and the Operations Manager are set out below:

Investment Manager *(InfraRed)*

- Monitoring financial performance against Group targets and forecasts
- Advising the Board on investment strategy and portfolio composition to achieve the desired target returns within the agreed risk appetite
- Sourcing, evaluating and implementing the pipeline of new investments for the portfolio
- Managing the investment cash flows from the Group's investments
- Minimising cash drag (having un-invested cash on the balance sheet) and improving cash efficiency generally
- Managing the process and analysis for semi-annual valuations of the Group's portfolio submitted to the Board for approval
- Ensuring good financial management of the Group, having regard to accounting, tax and debt covenants
- Hedging non-sterling investments
- Managing the Company's investor reporting and investor relations activities

Operations Manager *(RES)*

- Day-to-day monitoring and oversight of the operations of the Group's portfolio of investments
- Appointment of directors to each project company board
- Monitoring of service providers to project investment companies
- Facilitation of early resolution of operational issues as they arise, including performance and disputes
- Management of project-level financing including implementation and project-level debt covenants
- Management of power sales strategy including power purchase agreements
- Assisting on technical and commercial due diligence of projects being evaluated for acquisition by the Group
- Seeking of cost savings through contract variations and extensions
- Project level ESG co-ordination including community relations and compliance with regulations affecting project companies

Further details on the Investment Manager and the Operations Manager are set out in Section 2.1 and in Section 2.6 with respect to fees. Dexion Capital (Guernsey) Limited provides Company Secretary and Administrator services.

Other key service providers to the TRIG Group include Canaccord Genuity Limited and Liberum Capital Limited as joint brokers, Tulchan Communications LLP as financial public relations advisers, Carey Olsen as legal advisers as to Guernsey law, Norton Rose Fulbright LLP as legal advisers as to English law, Capita Registrars (Guernsey) Limited as registrars, Deloitte LLP as auditors, and National Australia Bank and Royal Bank of Scotland as lenders to the Group via the £150 million revolving acquisition facility.

The Board reviews the performance of all key service providers on an annual basis.

Making New Portfolio Investments

When seeking to acquire an investment, the proposition is subject to a two-stage process. It is considered and recommended by the Advisory Committee which includes representatives of both the Investment Manager and the Operations Manager. It is then fully assessed by the Investment Committee of the Investment Manager which, for investments within the Manager's delegated authority (with agreed limits set by the Board), gives the final approval before an investment may proceed. These committees may meet on a number of occasions before an investment is acquired by the Group. Commercial and technical due diligence is undertaken by the Investment Manager with support from the Operations Manager on aspects such as energy yield assessment, off-take contract arrangements, maintenance and other operational costs. Third party legal and technical due diligence is commissioned as appropriate to support the acquisition.

An important characteristic of the Group is that it is well-positioned to acquire assets from its Managers, in particular RES in relation to which TRIG enjoys a right of first offer for onshore wind and solar assets developed in the UK and Northern Europe. With no representatives from RES on the Investment Committee, decisions on acquisitions from RES under the Company's Right of First Offer Agreement are taken at arms' length from the Operations Manager, while any acquisitions from other funds managed by InfraRed would require prior unanimous recommendation by the Advisory Committee and also approval by TRIG's independent board, together with an independent valuation, as well as utilising prudent internal conflict management procedures established at InfraRed.

The Company is focused on owning operational, yielding projects although the Managers expect that there will be opportunities where it will be advantageous for the Company to invest in projects prior to their completion and grid connection. While the Company is currently invested in onshore wind and solar PV projects, there are investment opportunities in other maturing generating technologies in the UK and Northern Europe, notably offshore wind, as well as back-up power, storage or demand-side response infrastructure.

The Company's investment policy does not permit the cost of works on projects under development or construction (and not yet operational) to which portfolio companies are exposed to exceed in aggregate 15% of overall portfolio value. At 31 December 2015 all construction was complete and all projects were operational. In respect of investments in portfolio companies which have assets under development or construction (including the repowering of existing assets), the cost of works on such assets under development or construction (and not yet operational) to which portfolio companies are exposed may not in aggregate account for more than 15% of overall portfolio value, calculated at the time of investment or commitment.

Given the strong pipeline of available assets, the characteristics of new investments are not expected to deviate materially from the underlying risk and reward characteristics of the existing portfolio, and therefore the Managers do not expect that new investment cash flows would be subject to risk or revenue dynamics which are substantially different from the profile already established.

A generator exchange in progress

2.5 Investment Approach and Policy

Investment Approach

TRIG's investment approach is based on the following two factors:

The renewables market opportunity

- long-term public and political commitment in the UK and other countries in Northern Europe towards creating a cleaner, more secure and sustainable energy mix
- shortfall in power generation capacity due principally to the reduction in coal-fired and old nuclear generation facilities
- EU-wide renewables target requiring 20% of energy to be generated from renewable sources by 2020 as a milestone of a longer-term de-carbonisation agenda, reinforced by further initiatives in connection with the United Nations COP 21 meetings in 2015
- extensive opportunities for investment in the secondary market for generation assets as utilities and other developers find it necessary to recycle their capital

The ability to construct a diversified portfolio across established, low-risk technologies, electricity markets, weather systems and revenue types

- diversification across predominantly operational assets providing a sustainable long-term investment proposition, delivering stable income together with NAV resilience
- investing in established technologies, including wind and solar PV which dominate new power capacity installations in the EU
  - proven operational track record including predictable operating costs
  - future potential for incremental improvements in design, scale and efficiency
- UK and Northern European focus – markets with a robust long-term energy demand outlook and a well-established political/regulatory commitment to renewables
- variability of weather patterns across Europe adds to diversification provided by exposure to wind and solar energy sources
- contracted revenues with utility counterparties and/or state subsidies provide stability of revenues in early years before giving way to market power price exposure in later years

Investment Policy

In order to achieve its investment objective, the Company invests principally in operational assets which generate electricity from renewable energy sources, with a particular focus on onshore wind farms and solar PV parks.

Investments will be made principally by way of equity and shareholder loans which will generally provide for 100% or majority ownership of the assets by the holding entities. In circumstances where a minority equity interest is held in the relevant portfolio company, the holding entities will secure their respective shareholder rights (including voting rights) through shareholder agreements and other transaction documentation.

The Group aims to achieve diversification principally through investing in a range of portfolio assets across a number of distinct geographies and a mix of renewable energy technologies.

Limits

Investments will be focused in the UK and Northern European countries (including France, Ireland, Germany and Scandinavia) where the Directors, the Investment Manager and the Operations Manager believe there is a stable renewable energy framework. Not more than 50% of the portfolio value (calculated at the time of investment) may be invested in projects that are located in countries outside the UK.

Investments will be made in onshore wind farms and solar PV parks with the amount invested in other forms of energy technologies (such as biomass or offshore wind) limited to 10% of the portfolio value, calculated at the time of investment. (See "Material Amendments" below for a proposed change to this investment limit from 10% to 20%.)

In respect of investments in portfolio companies which have assets under development or construction (including the repowering of existing assets), the cost of works on such assets under development or construction (and not yet operational) to which portfolio companies are exposed may not in aggregate account for more than 15% of overall portfolio value, calculated at the time of investment or commitment.[8]

The Company will not invest more than 15%, in aggregate, of the value of its total assets in other investment companies or investment trusts that are listed on the Official List maintained by the Financial Conduct Authority.

In order to ensure that the Group has a spread of investment risk, it is the Company's intention that no single asset will account for more than 20% of the portfolio value, calculated at the time of investment.

The Group may enter into borrowing facilities in the short term principally to finance acquisitions. Such short-term financing is limited to 30% of the portfolio value. It is intended that any facility used to finance acquisitions is likely to be repaid, in normal market conditions, within a year through further equity fund raisings.

Wind farms and solar parks, typically with 25 year operating lives, held within portfolio companies generate long-term cash flows that can support longer term project finance debt. Such debt is non-recourse and typically is fully amortising over a 10 to 15 year period. There is an additional gearing limit in respect of such non-recourse debt of 50% of the gross portfolio value (being the total enterprise value of such portfolio companies), measured at the time the debt is drawn down or acquired as part of an investment. The Company may, in order to secure advantageous borrowing terms, secure a project finance facility over a group of portfolio companies.

Revenue

Generally, the Group will manage its revenue streams to moderate its revenue exposure to merchant power prices with appropriate use of power purchase agreements, feed-in-tariffs and green certificates.

Hedging

The Group may enter into hedging transactions in relation to currency, interest rates and power prices for the purposes of efficient portfolio management. The Group will not enter into derivative transactions for speculative purposes.

Cash Balances

Until the Company is fully invested and pending re-investment or distribution of cash receipts, cash received by the Group will be invested in cash, cash equivalents, near cash instruments and money market instruments.

Origination of Further Investments

Each of the investments comprising the portfolio complies with the Company's investment policy and further

8 Previously the Investment Policy limited the total investments in such portfolio companies to 15% which, when calculating the limit, would have included the total value of the portfolio company, including its operational components and not just the value attributable to the relevant development or construction. The Board has made this change, taking into account advice from the Investment Manager and the Operations Manager, as it considers this better reflects the intent of the restriction to manage development and construction risks. The Board considers this change to be in the best interests of the Company and does not consider it to be a material change to the existing Investment Policy which would require the prior approval of shareholders in accordance with the Listing Rules. This change is effective from the date of this report.

investments will only be acquired if they comply with the Company's investment policy. It is expected that further investments will include operational onshore wind and solar PV investments that have been originated and developed by Renewable Energy Systems Limited, the Company's Operations Manager. The Company will also review investment opportunities originated by third parties, including from investment funds managed or advised by the Investment Manager or its affiliates.

As a key part of the Company's investment policy is to acquire assets that have been originated by the Company's Operations Manager by exercising the Company's rights under the First Offer Agreement, the Company will not seek the approval of Shareholders for acquisitions of assets from the Operations Manager or members of its group in the ordinary course of its Investment Policy. Pursuant to the First Offer Agreement, the Company has a contractual right of first offer, for so long as the Operations Manager remains the operations manager of the Company in respect of the acquisition of investments in onshore wind and solar PV projects which the Operations Manager wishes to dispose of and which are consistent with the Company's investment policy. It is envisaged that the Operations Manager will periodically make available for sale further interests in projects (although there is no guarantee that this will be the case). Investment approvals in relation to any acquisitions of investments from the Operations Manager will be made by the Investment Manager through the Investment Committee.

Furthermore, any proposed acquisition of assets by the Group from other funds managed by InfraRed (the Investment Manager) that fall within the Company's investment policy will be subject to detailed procedures and arrangements established to manage any potential conflicts of interest that may arise. In particular, any such acquisitions will be subject to approval by the Directors (who are independent of the Investment Manager and the Operations Manager) and will also be subject to an independent private valuation in accordance with valuation parameters agreed between the other InfraRed funds and the Company.

Further investments will be subject to satisfactory due diligence and agreement on price which will be negotiated on an arm's length basis and on normal commercial terms. It is anticipated that any further investments will be acquired out of existing cash resources, borrowings, funds raised from the issue of new capital in the Company or a combination of all three.

Repowering

The Company will have sole discretion to repower projects in its investment portfolio. For these purposes, repowering will include the removal of substantially all of the old electricity generating equipment in relation to a project, and the construction of new electricity generating equipment excluding, for the avoidance of doubt, repair, maintenance and refurbishment of existing equipment. Where the Company determines to repower a project originally acquired from the Operations Manager, the Operations Manager will have the first option to repower such assets in partnership with the Company, whilst the Company will have the right to acquire the newly constructed assets on completion subject to satisfactory due diligence and for a price determined in accordance with a pre-agreed valuation mechanism and on normal commercial terms. Repowering expenditure will be treated as development or construction activity for the purpose of the 15% development and construction limit described above, calculated at the time of investment.

Material Amendments

Material changes to the Company's Investment Policy may only be made with the approval of the Shareholders by way of an ordinary resolution and (for so long as the Ordinary Shares are listed on the Official List) in accordance with the Listing Rules. The investment limits detailed above apply at the time of the acquisition of the relevant investment. The Company is not required to dispose of any investment or to rebalance its investment portfolio as a result of a change in the respective valuations of its assets. Non-material changes to the Investment Policy must be approved by the Board, taking into account advice from the Investment Manager and the Operations Manager where appropriate.

As noted in the Chairman's Statement, the Board is intending to put to shareholders a proposal at the Annual General Meeting in May 2016 to expand the investment policy of the Company such that up to 20% of its portfolio by value may be invested in investments other than onshore wind and solar PV. This is in order to position the Company to be able to take advantage of opportunities in related sectors which are increasingly being seen by the Investment Manager, including in offshore wind, should the Board, as advised by the Investment Manager with input from the Operations Manager, consider the prospective risk and reward appropriate. Such investments may also include other generating infrastructure or supporting technology, such as back-up power generation, storage or demand-side response.

The proposed amendment will only be put to shareholders after the Company has obtained the Financial Conduct Authority's prior approval of the change in accordance with the Listing Rules. Further details of the background to and reasons for the proposed change will be set out in the notice of the Annual General Meeting to be held on 4 May 2016 which is expected to be dispatched to shareholders in late March 2016.

2.6 Operational and Financial Review

Key Performance Indicators

The Company sets out below its Key Performance Indicators ("KPIs") which it utilises to track its performance over time against its objectives.

Category	KPI	(12 months to) 31 December 2015	(12 months to) 31 December 2014	(Part year[1] to) 31 December 2013
Financial	Dividend per share (declared)	6.19p	6.08p	6p (annualised)
	Share price	102.3p	104.00p	102.25p
	Net Asset Value per share	99.0p[2]	102.4p	101.5p
	Total Shareholder Return[3] for the year (share price basis)	+ 4.4% (FTSE All Share: + 1.0%)	+ 7.5% (FTSE All Share: + 1.2%)	–
	Portfolio Value[4] *Year-on-year growth* *Number of projects*	£712.3m +51% 36	£472.9m +57% 29	£300.6m – 20
	Market capitalisation *Year-on-year growth* *Number of shares in issue*	£749.7m *+73%* *732.8m*	£432.1m *+36%* *415.5m*	£317.0m – *310.0m*
	Ongoing Charges Percentage	1.20%	1.25%	1.20% (annualised)
Risk & Operations	Largest single investment as % of portfolio by value	12%	10%	16%
	Largest ten investments as % of portfolio by value	56%	65%	79%
	Operating history (portfolio average, weighted by net capacity)	5.9 years	5.0 years	5.5 years
	Electricity Production *% increase*	1,344.3GWh +65%	814.2GWh +136%	344.6GWh (since 1 August 2013)
	Average Revenue per MWh[5]	£78.6/MWh	£84.0/MWh	£84.9/MWh

1 For 2013, data is derived from the period from IPO on 29 July 2013 to 31 December 2013 unless otherwise stated.

2 NAV per share in 2015 was in particular affected by the removal in the UK's 2015 Summer Budget of the benefit to renewables generators of selling Levy Exemption Certificates, effective 1 August 2015.

3 Total Shareholder Return ("TSR") measures the internal rate of return based on the share price at the beginning and end of the financial year together with dividends per share reinvested in the Company. In both 2014 and 2015, TRIG outperformed the FTSE-All Share index which achieved TSRs of 1.2% and 1.0% respectively.

4 There have been acquisitions in the year (with aggregate consideration of £255m) as set out in more detail later in this section of the Strategic Report.

5 Average Revenue per MWh in 2015 was particularly affected by a range of factors, in particular the reduction in wholesale power prices in the UK, the removal of revenue from the sale of Levy Exemption Certificates from 1 August 2015 in the UK, reduced revenues from the ROC recycle element in 2015 and the inclusion mid-year of revenue contracts from the Fred. Olsen portfolio (which are expected to step-up after a few years), partially offset by an increased contribution from solar projects in the portfolio compared to 2014. The average for 2013 relates to portfolio revenues for the IPO portfolio back-dated to May 2013 (when TRIG was incorporated) in order to provide as long as possible a period for the purposes of comparison.

TRIG Portfolio Update

Portfolio Operating Performance

The Group's portfolio continues to perform closely in line with expectations.

In a year of exceptional meteorological conditions (2015 was recognised as the warmest globally on record, surpassing the record set in 2014), the UK and Northern Europe saw further variability in weather patterns, including unseasonable weather in certain months. In spite of this, TRIG's portfolio performed well, exhibiting the benefits of a diversified portfolio. During the year, the portfolio produced a total of 1,344 gigawatt hours (GWh) of electricity, an increase of 65% over the production of 814GWh in 2014, reflecting the growth in the portfolio's generating capacity in 2015 as well as an increase in the proportion of generation from onshore wind, which has a significantly higher capacity factor than solar PV.

Overall production was 2.3% ahead of the P50 estimates for energy production assessed by TRIG prior to investment in each project and reflected strong British Isles wind speeds overall during the year offset by weaker-than-expected UK sunshine and French wind. The following table sets out the energy production performance of TRIG's portfolio by category for the year as a whole against the respective P50 central estimates:

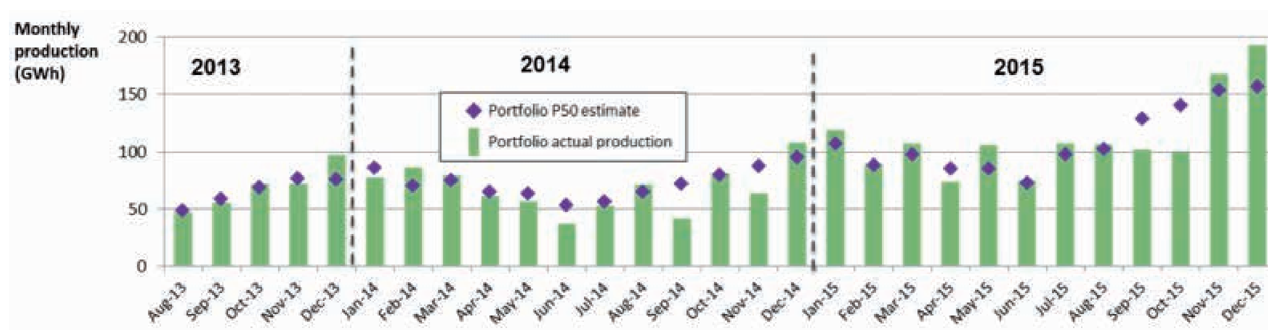
TRIG's Portfolio – Analysis of Production

Technology	Region	Electricity Production (GWh) 2015	Performance vs. acquisition P50 estimates 2015	2014	IPO to Dec 2015	Generating Capacity (MW) Dec 2015
Onshore Wind	UK & Ireland	998.4	+ 4%	– 8%	+ 1%	458.8
	France	217.0	– 4%	– 5%	– 3%	73.2
Solar PV	UK & France	128.9	– 1%	+ 6%	+5%	126.2
	TOTAL PORTFOLIO	1,344.3	+ 2%	– 6%	0%	658.2

It should be noted that while solar PV is less productive in terms of its average capacity factor versus onshore wind, it attracts a higher average subsidy and provides a higher average revenue per MWh as well as having lower operating costs. Solar projects also tend to trade at lower valuation discount rates than wind. In addition, the majority of the solar PV projects in TRIG's portfolio are unlevered. This resulted in solar representing 27% of the total portfolio value at 31 December 2015 (or 31% following the investment in 15 French solar projects in January 2016).

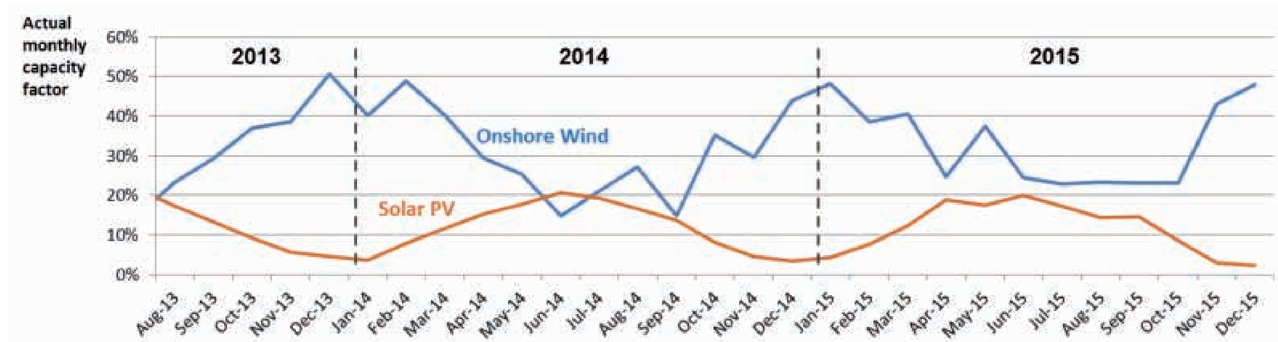
The chart below shows the monthly electricity production performance of the portfolio from August 2013 (immediately following the acquisition of the initial portfolio at IPO) to the end of December 2015. The aggregate P50 central projection for the portfolio as a whole (aggregating each project's pre-investment P50 estimate) is shown for illustration.

TRIG's portfolio: monthly electricity production performance (GWh) against aggregate P50 projections



The seasonal variability as well as the natural offsetting feature of having both wind and solar projects in the TRIG portfolio is further illustrated below in the monthly capacity factors actually achieved for onshore wind and solar PV projects in the portfolio.

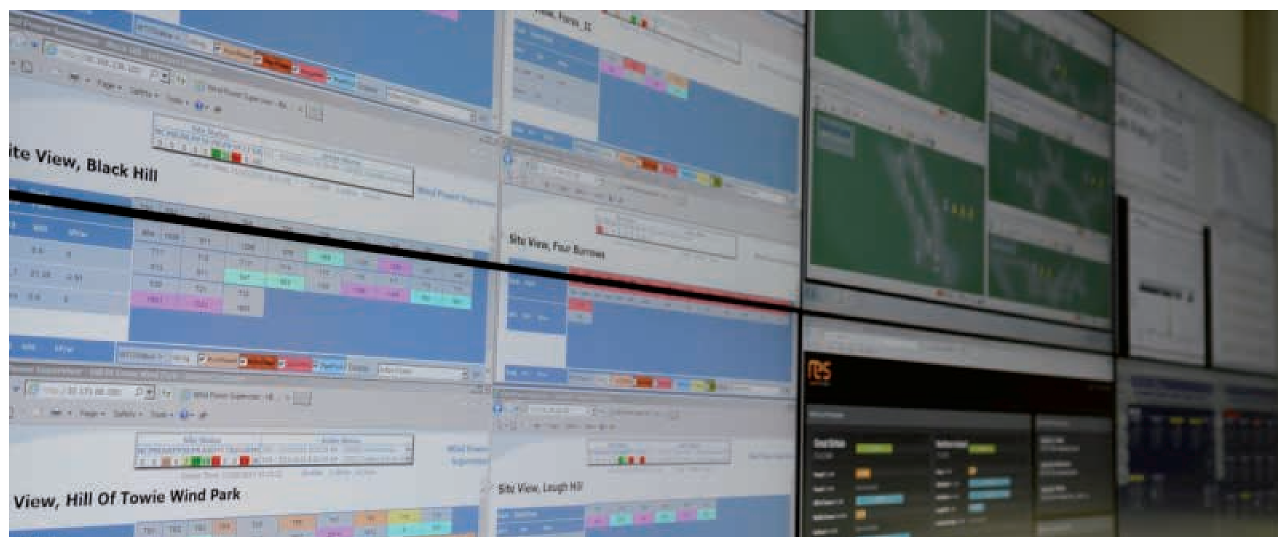
TRIG's portfolio: monthly capacity factors achieved by onshore wind and solar PV sectors



Winter peaks in production correspond to when the wind is typically strongest. Typically, summer troughs in total expected and actual portfolio production are created because, while solar is at its peak of production, the solar sector's lower capacity factors, compared to wind, together with its lower portfolio weighting, result in it not fully offsetting the typically lower wind speeds experienced in the summer compared to the winter. In 2015, several months saw unusually low wind speeds, including in particular September and October (which had better than expected sunshine), while May and December saw exceptionally strong winds compared to seasonal averages. Solar irradiation as a whole for the year in the UK (where the bulk of TRIG's solar projects are located) was slightly below the long-term average with a strong first half offset by a weaker second half.

The effects on TRIG's results of this variability are substantially reduced by the diversification across TRIG's portfolio, with weak performance in one sector offset by better performance in another sector in any given period of time as a result of geographical differences in weather systems and the different generating technologies (i.e. onshore wind and solar PV) in the portfolio.

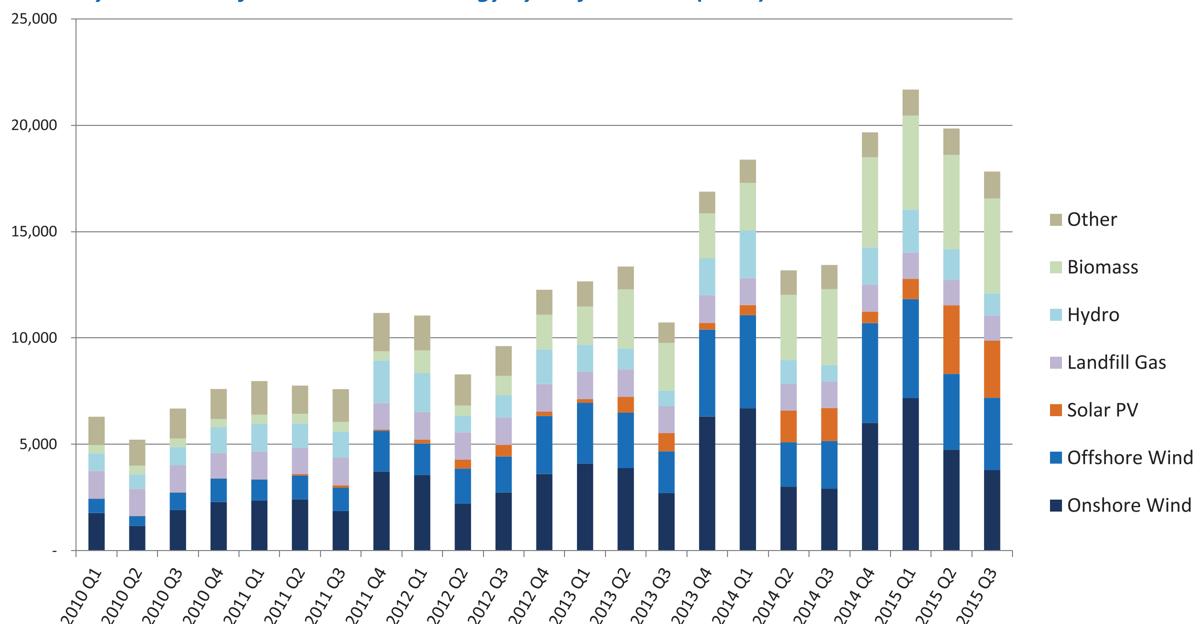
Availability for the portfolio as a whole was in line with expectations. A number of turbines required gearbox and generator replacements or other equipment maintenance consistent with expected levels of maintenance and repair requirements for a portfolio of this size. Some older sites had blade replacements performed as part of a remediation programme stemming from a manufacturer defect, which was known about and provided for at the time of investment in the project. Much of the portfolio benefits from manufacturer availability warranties which help protect the owner from any extended downtime. Condition monitoring – vibration data capture and analysis of key components – continued to be utilised across the majority of the portfolio to help minimise downtime as well as the severity and cost of component failures.



Monitoring TRIG's portfolio at the RES control room in Glasgow

The broader market conditions in which the UK sector (i.e. the majority) of TRIG's portfolio operated are reflected in the UK's overall renewable electricity generation statistics up to September 2015, as illustrated below. The chart provides an indication of both the expansion in capacity of UK renewables over time and the variation in production between sectors in each quarter, depending on the seasonality of the production and specific weather conditions.

UK Electricity Production from Renewable Energy by Major Source (GWh)



Source: DECC (December 2015)

Acquisitions

During the year, the Group invested in a further 7 projects (6 onshore wind and 1 solar PV) in the UK, for a total consideration of approximately £255 million, bringing the total portfolio at the year-end to 36 projects and increasing TRIG's total portfolio generating capacity by 219MW to 658MW.

(i) On 20 March 2015, TRIG acquired a 100% interest in an operational solar asset, Four Burrows, for consideration of approximately £8.6 million. The park has 7.2MW of rated generating capacity and is located near Truro, Cornwall in South-West England. The asset was acquired from RES, who developed and built the site, under TRIG's Right of First Offer Agreement with RES. The project uses Renesola PV panels and has been operational since January 2015. It has a 25-year operational life. Operations and maintenance services are provided by RES who took over from Oskomera Solar Power Solutions during the year, with a long-term power purchase agreement in place with an investment grade UK utility. The asset is accredited under the renewables obligation regime at 1.4 ROCs per MWh. The project has no project-level debt.

(ii) On 25 June 2015, TRIG acquired a 49% equity interest in a portfolio holding company, Fred. Olsen Wind Limited, which wholly owns six operating onshore wind farm project companies spread over four different locations in Scotland, together with the provision by the Group of 100% of a mezzanine-level loan (fully amortising by January 2021) which provides TRIG with additional cash flows ranking in priority to cash flows available to shareholders in Fred. Olsen Wind Limited.

The acquisition was from the projects' developer, Fred. Olsen Renewables Limited, which continues to own the remaining 51%. The total consideration was approximately £246 million, subject to certain performance-based value adjustments.

The following is a summary of the key data for the six projects (the "Projects") comprising the acquisition from Fred. Olsen Renewables Limited, which have an aggregate generating capacity of 433MW (of which TRIG's 49% equity investment gives it a 212MW "net capacity" share):

Project	Crystal Rig 1	Rothes 1	Paul's Hill	Crystal Rig 2	Rothes 2	Mid Hill
Location	East Lothian, Scotland	Moray, Scotland	Moray, Scotland	East Lothian, Scotland	Moray, Scotland	Aberdeenshire, Scotland
Commercial Operation Date (COD)	Oct 2003	May 2005	May 2006	June 2010	June 2013	Jun/Nov 2014
Turbines	25 x Nordex 2.5MW N80	22x Siemens 2.3MW	28 x Siemens 2.3MW	60 x Siemens 2.3MW	18 x Siemens 2.3MW	33 x Siemens 2.3MW
Generating Capacity (MWs)	62.5	50.6	64.4	138.0	41.4	75.9
ROCs per MWh	1.0	1.0	1.0	1.0	1.0	0.9
PPA counterparty and expiry	e.on May 2020	e.on January 2020	e.on January 2021	EDF July 2017	Statkraft March 2027	Statkraft March 2027

The Projects were purchased with long-term project financing in place totaling approximately £330 million (or approximately 44% of the Projects' enterprise value). Work is underway to replace the power purchase agreement on Crystal Rig 2 prior to its expiry in July 2017.

Operational, maintenance and management services to the Projects are provided by Fred. Olsen Renewables AS and its related company Natural Power Services Limited ("NPSL") on arms-length market terms. RES, TRIG's Operations Manager, represents TRIG on the board of the project companies and provides portfolio-level advice to TRIG in relation to the Projects. As a significant minority equity partner in the Projects, TRIG has shareholder rights appropriate for investments of this nature in addition to board representation.

(ii) Post balance sheet acquisition: Shortly after the 2015 financial year end, TRIG also announced (on 5 January 2016) that it had exchanged contracts to invest €57 million (approx. £44 million at completion) in a portfolio of 15 French solar ground-mounted and rooftop PV projects, alongside Akuo Energy Group, one of France's leading independent renewable energy producers. The transaction was completed on 28 January 2016. The projects have aggregate gross generating capacity of approximately 49MW and net generating capacity (pro rata to TRIG's equity interest) of 21.4MW. Nine of the projects are ground-mounted and six are roof-mounted. The projects are located in mainland France, Corsica and two overseas departments (all operating under French jurisdiction), with revenues wholly derived from French feed-in tariffs without exposure to power price market fluctuations for an average of 16 years from acquisition. The transaction increases TRIG's solar PV projects to approximately 31% of overall portfolio value.

The transaction comprises the purchase of a 49% equity interest in a portfolio holding company together with a mezzanine-level loan. The consideration for the transaction was funded from the Group's acquisition facility with Royal Bank of Scotland and National Australia Bank. RES, TRIG's portfolio Operations Manager, represents TRIG on the supervisory board managing the portfolio. Akuo will continue to provide detailed day-to-day administration as well as operations and maintenance through its directly employed teams across the projects. The projects, commissioned from December 2010 to May 2012, all benefit from power purchase agreements of up to 20 years with EDF, providing fixed, index-linked revenues per MWh, and from broad geographical diversification between mainland France (3 projects, 17.9MW gross capacity), Corsica (4 projects, 14.0MW), La Réunion (6 projects, 12.4MW) and Guadeloupe (2 projects, 4.5MW) hosting 36%, 32%, 25% and 7% of net capacity respectively (pro rata to TRIG's equity interests). The portfolio holding company has controlling equity interests in the underlying projects of between 51% and 100%, investing alongside local parties in 10 of the projects. The projects have been purchased each with long-term amortising project financing in place representing on average approximately 65% of the projects' enterprise value reflecting the predictability of the revenue streams available under French feed-in tariffs.

As a result of this transaction, the TRIG portfolio's net generating capacity increased to approximately 680MW. The portfolio is now comprised of 51 projects with approximately 69% of the projects

by value being onshore wind and 31% being solar PV, with the portion of non-UK projects in the portfolio increasing to approximately 14% by value.

Since IPO, TRIG has acquired projects from eight different vendors (or vendor groups), including from RES under the Right of First Offer Agreement, demonstrating the breadth of opportunities available to the Company.

As TRIG continues to expand its portfolio, the emphasis of the Investment Manager will be on investing in a variety of projects in the UK, France and Ireland, while also considering additional appropriate geographies for investment in Northern Europe (maintaining a minimum investment of 50% of the portfolio by value in the UK, as set out in the Company's Investment Policy). With the slowdown in potential UK opportunities expected in solar PV in particular in the medium-term and with the increased predictability of income flows from other maturing technologies such as offshore wind, TRIG will review other technologies which may offer further geographical as well as technological diversification.

Financing

In February 2014, the Group entered into a three year £80 million revolving acquisition facility with Royal Bank of Scotland and National Australia Bank to fund new acquisitions and to provide letters of credit for future investment obligations should they be required. In February 2015 the facility was increased to £120 million and in June 2015 to £150 million, reflecting the growth of the portfolio and the pipeline of acquisitions available.

To enable the £246 million investment alongside Fred. Olsen Renewables made in June 2015, the facility was temporarily increased to £204 million with the additional amount over £150 million being cancelled following repayment shortly after being drawn.

This type of short-term financing is limited to 30% of the portfolio value. It is intended that any facility used to finance acquisition will be repaid, in normal market conditions, within a year through equity fundraisings.

The acquisition facility was drawn down to fund acquisitions twice in the year. The facility, which was £60.1 million drawn at the start of the year and then further utilised to fund the £8.6 million acquisition of the Four Burrows Solar Park in March 2015 was fully repaid with the proceeds of the £102.3 million equity fund raise in March 2015. The facility was then drawn to £204 million to fund the Fred. Olsen investment in June 2015 that was also financed by £42 million of cash balances provided by the March and April 2015 equity fund raises (£110 million combined total). The revolving acquisition facility balance was fully repaid by the July 2015 equity fund-raising (which enabled a £125 million repayment) and the November 2015 equity fund raise (which enabled the balance of £79 million to be repaid). The facility was undrawn at 31 December 2015.

In January 2016 the revolving acquisition facility was £44 million drawn to fund the investment alongside Akuo Energy in France.

During 2015 a total of £310.8 million of new equity capital was raised (net of costs) that alongside the reinvestment of surplus investment income funded the repayments of the revolving acquisition facility of £272.7 million.

In addition to the revolving acquisition facility, the projects may have underlying project level debt. There is an additional gearing limit in respect of such debt, which is non-recourse to TRIG, of 50% of the Gross Portfolio Value (being the total enterprise value of such portfolio companies), measured at the time the debt is drawn down or acquired as part of an investment. The Company may, in order to secure advantageous borrowing terms, secure a project finance facility over a group of portfolio companies. The project-level gearing at 31 December 2015 across the portfolio was 38% (2014: 35%). The increase in gearing within the Group during the year has arisen as a result of the investment in Fred. Olsen Wind in June 2015 where the projects came with existing long term amortising project finance debt in place with project level gearing slightly above the average level of the portfolio before the acquisition. Overall gearing may also change as a result of the purchase of further investments with or without project-level debt within them. Long-term non-recourse project-level debt in the portfolio has minimal refinancing risk and has generally been secured during the construction phase of the underlying investments.

The composition of the portfolio is relevant in considering the appropriate level of gearing to deploy within a renewables portfolio. In considering the Company's portfolio alongside others it may be noted that, in the opinion of the Managers:

- Certain of the Company's projects have no or very low power price risk during the subsidy period, when project debt is often in place, because of the design of the subsidy arrangements. These include French feed-in tariff projects, projects with long-term fixed price PPAs and, in due course, UK CfD projects. Of the TRIG portfolio, 19% by value falls into this category (of which 12% are onshore wind projects and 7% are solar PV projects).
- In respect of other operational risks, the Company is invested in renewables technologies which are established and do not, for example, rely on feedstock supplies or process engineering. The portfolio includes solar PV projects which typically enjoy lower variation to their periodic cash flows than wind projects as well

as onshore wind which has less operational risk than offshore wind.

As at 31 December 2015, the Group had cash balances of £15.2 million, excluding cash held in investment project companies as working capital or otherwise.

Foreign Exchange Hedging

At the year-end, 8% of the portfolio was located within France and the Republic of Ireland and hence is invested in euro-denominated assets (this proportion reduced during 2015 as a result of significant UK acquisitions made during the year). In January 2016, as a result of the investment in French solar parks alongside Akuo, the non-UK proportion increased from 8% to 14%.

The Group enters into forward hedging contracts against its expected income from the euro-denominated investments' distributions over the short term, currently approximately the next 18 months. In addition the Group enters into further forward hedging contracts such that, when combined with the "income hedges", the overall level of hedge achieved in relation to the euro-denominated assets is approximately 50%.

The Investment Manager keeps under review the level of euros hedged, with the objective of minimising variability in shorter term cash flows with a balance between managing the sterling value of cash flow receipts and mark-to-market cash outflows.

As well as addressing foreign exchange uncertainty on the conversion of the expected euro distributions from investments, the hedge also provides a partial offset to foreign exchange movements in the portion of the portfolio value relating to the euro-denominated assets.

The impact on NAV per share of a 10% movement in the euro exchange rate after the impact of hedges held by the Group outside of the investment portfolio is 0.4p – this is explained in more detail in Section 2.7 (Valuation Sensitivities – euro/sterling exchange rate). This impact increases to around 0.6p following the additional investment in euro-denominated assets in January.

Analysis of Financial Results

Accounting

At 31 December 2015, the Group had investments in 36 projects. As an investment entity for IFRS reporting purposes, the Company carries these investments at fair value.

Basis of preparation

As first adopted in the annual financial statements of the Company for the year ended 31 December 2014, IFRS 10 states that investment entities should measure all of their subsidiaries that are themselves investment entities at fair value following the issuance of 'Investment entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28'. Being an investment entity, The Renewables Infrastructure Group (UK) Limited ("TRIG UK"), the Company's single direct subsidiary through which investments are purchased, is measured at fair value as opposed to being consolidated on a line-by-line basis, meaning its cash, debt and working capital balances are included as an aggregate number in the fair value of investments rather than the Group's current assets. In order to provide shareholders with more transparency into the Group's capacity for investment, ability to make distributions, its operating costs and gearing levels, the results have been restated in the below pro forma tables. The pro forma tables show the Group's results for the year ended 31 December 2015 and the comparative period on a non-statutory "Expanded Basis", where TRIG UK is consolidated on a line-by-line basis, compared to the Statutory IFRS financial statements (the "Statutory IFRS Basis").

The Directors consider the non-statutory Expanded Basis to be a more helpful basis for users of the accounts to understand the performance and position of the Company because key balances of the Group including cash and debt balances carried in TRIG UK and expenses incurred in TRIG UK are shown in full rather than being netted off. The necessary adjustments to get from the Statutory IFRS Basis to the non-statutory Expanded Basis are shown below. Commentary is provided below on the primary statements of TRIG on this basis.

INCOME STATEMENT

Summary income statement	Year to 31 December 2015 £'million			Year to 31 December 2014 £'million		
	Statutory IFRS Basis	Adjustments[1]	Expanded Basis	Statutory IFRS Basis	Adjustments[1]	Expanded Basis
Operating income	15.9	11.4	27.3	23.1	7.0	30.1
Acquisition costs	–	(1.1)	(1.1)	–	(1.5)	(1.5)
Net operating income	**15.9**	**10.3**	**26.2**	**23.1**	**5.5**	**28.6**
Fund expenses	(1.0)	(6.2)	(7.2)	(0.8)	(4.0)	(4.8)
Foreign exchange gains	2.0	(0.1)	1.9	1.0	0.2	1.2
Finance costs	0.1	(4.0)	(3.9)	–	(1.7)	(1.7)
Profit before tax	**17.0**	**–**	**17.0**	**23.3**	**–**	**23.3**
EPS	3.0p		3.0p[2]	6.2p		6.2p

1 The following were incurred within TRIG UK; acquisition costs, the majority of expenses and acquisition facility fees and interest. The income adjustment offsets these cost adjustments.

2 Calculated based on the weighted average number of shares during the year being approximately 565.2 million shares.

Expanded Basis versus Statutory IFRS Basis

The Statutory IFRS Basis nets off TRIG UK's costs, including overheads, management fees and acquisition costs against income. Above we show the Expanded Basis, which included the expenses incurred within TRIG UK to enable users of the accounts to fully understand the Group's costs. There is no difference in profit before tax or earnings per share between the two bases.

Analysis of Expanded Basis financial results

Profit before tax for the year to 31 December 2015 was £17.0 million, generating earnings per share of 3.0p. These results reflect the adverse impact of the 8 July 2015 UK Summer Budget ("UK Summer Budget"), in which the Chancellor announced the removal of the Climate Change Levy exemption for renewably sourced electricity from August 2015 and a reduction in future corporation tax rates to 19% from April 2017 and to 18% from April 2020, causing a net reduction of £20.2 million to TRIG's portfolio value, translating to a 3.9p loss per share. Before the impact of the UK Summer Budget, profit before tax for the year to 31 December 2015 was £37.2 million, generating earnings per share of 6.6p, which compares to £23.3 million and earnings per share of 6.2p for the prior year to 31 December 2014.

The increases in net operating income (before applying the impact of the Summer Budget) and expenses in the year ended 31 December 2015 as compared to the previous year ended 31 December 2014 reflect the increase in the size of the portfolio.

Acquisition costs, the costs to purchase new investments, represent 0.37% (2014: 0.83%) of the cost of the assets acquired and are set out below.

	Year to 31 December 2015 (£'million)	Year to 31 December 2014 (£'million)
Acquisition costs	1.1	1.5
Purchase of new investments	299.3[1]	179.8
Acquisition costs as % of investments	0.37%	0.83%

1 Purchase of new investments balance adjusted to include €57.2 million which relates to the investment in the Akuo French solar projects completed post balance sheet in January 2016 but with the acquisition costs for this investment having been incurred in 2015.

Fund expenses of £7.2 million (2014: £4.8 million), includes all operating expenses and £6.1 million (2014: £3.8 million) fees for the Investment and Operations Managers. Management fees are charged at 1% of Adjusted Portfolio Value as set out in more detail in Note 18 to the Financial Statements.

Foreign exchange gains on hedges held outside the portfolio of £1.9 million (2014: £1.2 million) partially offset foreign exchange losses incurred on the value of Euro-denominated investments in the portfolio of £3.0 million (2014: £3.2 million) resulting from the weakening of the Euro. Portfolio value movements (included in operating income) are more fully described in Section 2.7 of this Strategic Report. The net foreign exchange loss in the period is hence £1.1 million (2014: £2.0 million).

Finance costs relate to the interest and fees incurred relating to the Group's revolving acquisition facility and the increase in the year compared to the previous year reflects the increase in the facility size to accommodate the investment in Fred. Olsen Wind limited and the higher level of average drawings in the year.

ONGOING CHARGES

Ongoing Charges (Expanded Basis)	Year to 31 December 2015 £'000s	Year to 31 December 2014 £'000s
Investment and Operations Management fees	6,090	3,827
Audit fees	99	73
Directors' fees and expenses	172	156
Other ongoing expenses	565	554
Total expenses	6,926[1]	4,610[2]
Average net asset value	576,136	370,273
Ongoing Charges Percentage (OCP)	1.20%	1.25%

1 Total expenses excludes £0.3 million of one-off professional fees incurred during the year.

2 Total expenses excludes £0.2 million of lost bid costs incurred during the year.

The Ongoing Charges Percentage is 1.20% (2014: 1.25%). The ongoing charges have been calculated in accordance with AIC guidance and are defined as annualised ongoing charges (i.e. excluding acquisition costs and other non-recurring items) divided by the average published undiluted net asset value in the period. The Ongoing Charges Percentage has been calculated on the Expanded Basis and therefore takes into consideration the expenses of TRIG UK as well as the Company's. The reduction in OCP reflects portfolio growth during the year as the Group's expenses are spread over a larger capital base. There is no performance fee paid to any service provider.

BALANCE SHEET

	As at 31 December 2015 £'million			As at 31 December 2014 £'million		
Summary balance sheet	**Statutory IFRS Basis**	**Adjustments**	**Expanded Basis**	**Statutory IFRS Basis**	**Adjustments**	**Expanded Basis**
Portfolio value	711.6	0.7	712.3	412.4	60.5	472.9
Working capital	0.1	(1.0)	(0.9)	0.9	(0.9)	–
Debt	–	–	–	–	(60.1)	(60.1)
Cash	14.9	0.3	15.2	12.4	0.5	12.9
Net assets	**726.6**	**–**	**726.6**	**425.7**	**–**	**425.7**
Net asset value per share	99.0p		99.0p	102.4p		102.4p

Expanded Basis versus Statutory IFRS Basis

The Statutory IFRS Basis includes TRIG UK's cash, debt and working capital balances as part of portfolio value. There is no change to net assets as a result of the amended standard.

The majority of cash generated from investments had been passed up from TRIG UK to the Company at both 31 December 2015 and 31 December 2014.

At 31 December 2015, TRIG UK had no drawings under its revolving acquisition facility (2014: £60.1 million drawn) meaning the adjustment between the Statutory IFRS Basis and the Expanded Basis is de minimis.

Analysis of Expanded Basis financial results

Portfolio value grew by £239.4 million in the year to £712.3 million, substantially as a result of the two acquisitions in the year as described more fully in Section 2.7 of this Strategic Report.

Group cash at 31 December 2015 was £15.2 million (2014: £12.9 million) and acquisition facility debt drawn was £Nil (2014: £60.1 million).

Net assets grew by £300.9 million in the year to £726.6 million. The Company raised £311.5 million (after issue expenses) of new equity during the year and produced a £37.2 million profit in the period (before the impact of the Summer Budget), with net assets being stated after accounting for dividends paid in the period (net of scrip take up) of £28.3 million and the £20.2 million impact of the UK Summer Budget. Other movements in net assets totalled £0.7 million, being Managers' shares accruing in H2 2015 and to be issued on or around 31 March 2016.

Net asset value ("NAV") per share as at 31 December 2015 was 99.0p compared to 102.4p at 31 December 2014.

Net asset value ("NAV") and Earnings per share ("EPS") reconciliation

	NAV per share	Shares in issue (million)	Net assets (£'million)
Net assets at 31 December 2014	102.4p	415.9	425.7
Profit/EPS to 31 December 2015 before impact of Summer Budget	6.6p[1]	–	37.2
Impact of 8 July 2015 UK Summer Budget	(3.9p)[2]	–	(20.2)
Shares issued (net of costs)	0.1p	312.5	311.5[3]
Dividends paid in 2015	(6.2p)	–	(32.8)
Scrip dividend take-up	–	4.5[4]	4.5
H2 2015 Managers' shares to be issued	–	0.7	0.7
Net assets at 31 December 2015	99.0p	733.6	726.6

1 Calculated based on the weighted average number of shares during the year being 565.2 million shares.

2 Calculated based on the number of shares in issue at 8 July 2015 being 524.7 million shares. If the £20.2 million UK Summer Budget impact had been divided by the weighted average number of shares during the year, 565.2 million shares, the EPS impact is (3.6p), which combined with the pre-UK Summer Budget EPS of 6.6p nets to the 3.0p EPS as reported in the Financial Statements.

3 Includes shares issued to Managers (less costs) during the year.

4 Scrip dividend take-up comprises 0.9 million shares, equating to £0.9 million, and 3.6 million shares, equating to £3.6 million, issued in lieu of the dividends paid in March 2015 and September 2015, respectively.

CASH FLOW STATEMENT

Summary cash flow statement	Year to 31 December 2015 £'million			Year to 31 December 2014 £'million		
	Statutory IFRS Basis	Adjustments	Expanded Basis	Statutory IFRS Basis	Adjustments	Expanded Basis
Cash received from investments	24.0	18.4	42.4	25.6	9.7	35.3
Operating and finance costs	(0.8)	(7.6)	(8.4)	(1.0)	(3.7)	(4.7)
Cash flow from operations	23.2	10.8	34.0	24.6	6.0	30.6
Debt arrangement costs	–	(1.6)	(1.6)	–	(1.7)	(1.7)
Foreign exchange gains	3.2	(0.1)	3.1	0.2	0.1	0.3
Issue of share capital (net of costs)	311.7	(0.9)	310.8	103.5	(0.5)	103.0
Acquisition facility drawn/(repaid)	–	(60.1)	(60.1)	–	60.1	60.1
Purchase of new investments (including acquisition costs)	(307.3)	51.7	(255.6)	(103.0)	(76.8)	(179.8)
Distributions paid	(28.3)	–	(28.3)	(15.8)	–	(15.8)
Cash movement in period	2.5	(0.2)	2.3	9.5	(12.8)	(3.3)
Opening cash balance	12.4	0.5	12.9	2.9	13.3	16.2
Net cash at end of period	14.9	0.3	15.2	12.4	0.5	12.9

Expanded Basis versus Statutory IFRS Basis

The most significant differences in the year between the Statutory IFRS Basis and the Expanded Basis cash flows arise because the Statutory IFRS Basis excludes the revolving credit facility debt repaid by TRIG UK during the year to 31 December 2015 facilitated by inter-company funding from the Company following equity fund-raisings. Other differences include income received by TRIG UK applied to reinvestment and expenses incurred by TRIG UK, including the debt facility arrangement costs and movements in TRIG UK's working capital that are excluded under the Statutory IFRS Basis.

Analysis of Expanded Basis financial results

Cash received from investments in the period was £42.4 million (2014: £35.3 million). The increase in cash received compared with the previous year reflects the increase in the size of the portfolio. Cash flow from operations of £34.0 million (2014: £30.6 million) covers cash dividends paid in the period of £28.3 million (2014: £15.8 million), which excludes £4.5 million (2014: £4.3 million) of scrip dividends, by 1.2 times. The reduced dividend cover reflects in particular the reduction in income during the year due to reduced power prices in the period. The £34.0 million of cash flow from operations was after £16.9 million of scheduled repayments of project-level debt made by the portfolio project companies during the year (which contribute to NAV).

Share issue proceeds (net of costs) totalling £310.8 million (2014: £103.0 million) reflects the net proceeds of the 250 million shares issued during the year under the Share Issuance Programme launched in December 2014 and a further 62.0 million shares by way of tap issue in November 2015.

In the year cash balances increased by £2.3 million and £255.6 million was invested in acquisitions. This was funded through the net addition of £310.8 million of share capital raised and £7.2 million reinvestment of investment income less £60.1 million of acquisition facility debt repaid.

2.7 Valuation of the Group's Portfolio

Introduction

The Investment Manager is responsible for carrying out the fair market valuation of the Group's investments which is presented to the Directors for their approval and adoption. The valuation is carried out on a six monthly basis as at 31 December and 30 June each year.

For non-market traded investments (being all the investments in the current portfolio), the valuation is based on a discounted cash flow methodology, and adjusted in accordance with the European Venture Capital Associations' valuation guidelines where appropriate to comply with IAS 39, given the special nature of infrastructure investments. Where an investment is traded, a market quote is used.

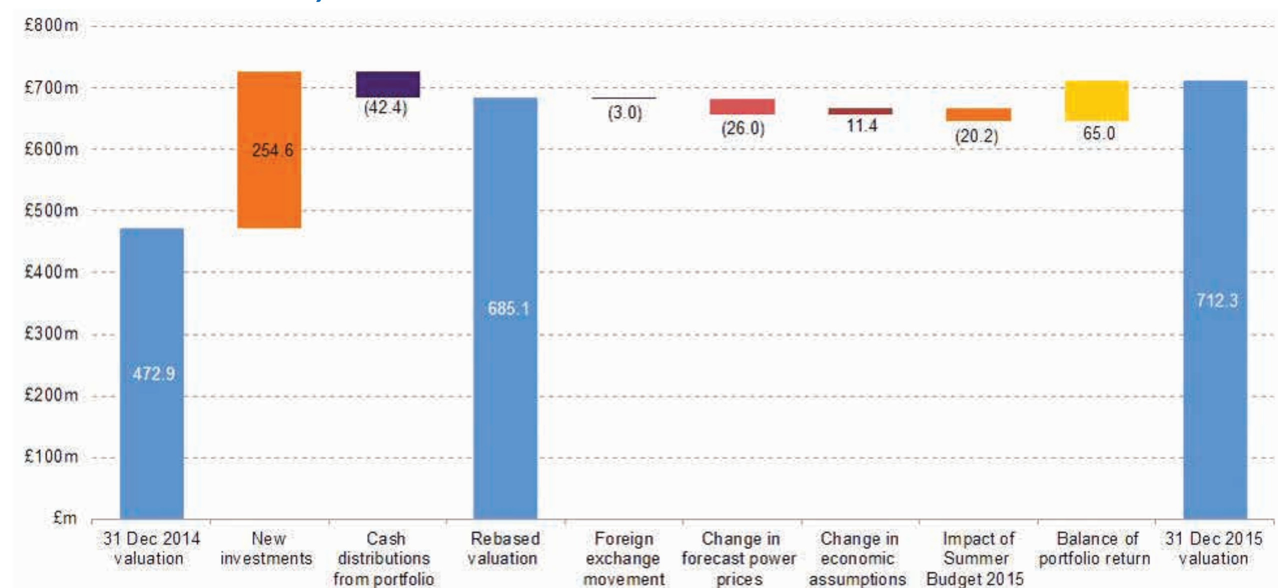
The valuation for each investment reflected in the portfolio valuation is derived from the application of an appropriate discount rate to reflect the perceived risk to the investment's future cash flows to give the present value of those cash flows. The Investment Manager exercises its judgment in assessing both the expected future cash flows from each investment based on the project's life and the financial models produced by each project company and the appropriate discount rate to apply. This is the same method as applied since the inception of the Company.

The Directors' Valuation of the portfolio as at 31 December 2015 was £712.3 million. This valuation compares to £472.9 million as at 31 December 2014 and £699.4 million at 30 June 2015.

Valuation Movements

A breakdown of the movement in the Directors' valuation in the year is illustrated in the chart and set out in the table below.

Valuation movement in the year to 31 December 2015



Valuation movement during the year 31 December 2015	£'million	£'million
Valuation at 31 December 2014		**472.9**
New investments in the period	254.6	
Cash distributions from portfolio	(42.4)	
Rebased valuation of portfolio		**685.1**
Forex movement on euro investments	(3.0)	
Change in forecast power prices	(26.0)	
Change in economic assumptions – interest rates	0.7	
Change in economic assumptions – discount rate	10.7	
Impact of Summer Budget 2015	(20.2)	
Portfolio return	65.0	
Valuation at 31 December 2015		**712.3**

Allowing for investments of £254.6 million and cash receipts from investments of £42.4 million, the rebased valuation is £685.1 million. The valuation at 31 December 2015 is £712.3 million, representing an increase over the rebased valuation of 4.0% over the year or 4.8% when the timing of acquisitions is taken into account, which would increase to 8.5% if the impact of the UK Summer Budget was excluded.

Each movement between the rebased valuation and the 31 December 2015 valuation is considered in turn below:

(i) *Foreign exchange*: Weakening of the euro versus sterling has led to a £3.0 million loss on foreign exchange in the period in relation to the euro-denominated investments located in France and the Republic of Ireland or a £1.1 million loss after the benefit of hedges as stated below. At 31 December 2014 euro-denominated investments comprised 13% and at 31 December 2015 comprised 8% of the portfolio (the reduction being largely due to the impact of acquisitions in the period which were wholly in the UK).

The Group enters into forward hedging contracts against its expected income from euro-denominated investments over the short term, currently approximately the next 18 months. In addition the Group enters into further forward hedging contracts such that, when combined with the "income hedges", the overall level of hedge achieved in relation to the euro-denominated assets is approximately 50%.

As the euro depreciated the currency hedge generated a £1.9 million gain in the year to 31 December 2015 and serves to reduce the sensitivity to movements in the euro/sterling exchange rate. The negative impact on net assets of the foreign exchange movement is hence £1.1 million after netting off the £1.9 million benefit of the foreign exchange hedge.

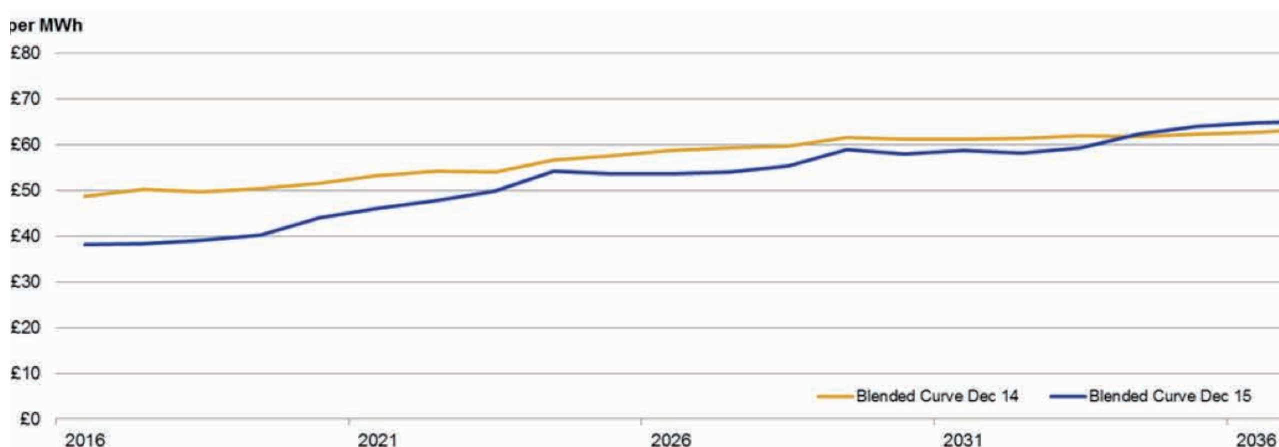
The Investment Manager keeps under review the level of exposure to the euro and utilises hedges, with the objective of minimising variability in shorter term cash flows with a balance between managing the sterling value of cash flow receipts and potential mark-to-market cash outflows.

(ii) *Forecast power prices*: Reductions in power price forecasts during the year had the impact of reducing the valuation of the portfolio by a net £26.0 million. The valuation uses updated power price forecasts for each of the markets in which TRIG invests, namely the GB market, the Irish Single Electricity Market, and the French market.

As in the later months of 2014, during 2015 power price forecasts have continued to decline. The main drivers reducing the forecast power prices continue to be reduced short-term gas prices (caused in part by a warmer than average winter 2014/2015 and hence lower demand, combined with higher stocks of Liquefied Natural Gas ("LNG") during the period), and lower gas prices being forecast over the longer term.

The weighted average power price used to determine the Directors' valuation is comprised of the blend of the forecasts for each of the three power markets in which TRIG is invested after applying expected Power Purchase Agreement power sales discounts. The forecast assumes an increase in power prices in real terms over time.

Illustrative blended power price curve for TRIG's portfolio[1]



1 Power price forecasts used in the Directors' valuation for each of GB, the Single Electricity Market of Ireland and France are based on analysis by the Investment Manager using data from leading power market advisers. In the illustrative blended price curve, the power price forecasts are weighted by P50 estimates of production for each of the projects in the Company's 31 December 2015 Portfolio.

(iii) *Change in Economic assumptions – interest rates:* A reduction in interest receivable/payable rates has been applied to cash deposits and project level debt not subject to fixed rate swaps in the UK projects to reflect lower interest rate projections applicable in the UK – rates now assumed are 1% until March 2019 and a 2.5% rate thereafter (previously 3% was assumed). This change in assumption leads to an increase in the valuation of the UK investments of £0.7 million.

(iv) *Change in Economic Assumptions – discount rates:* During the year, there has continued to be strong demand for income-producing infrastructure assets, including renewable energy projects, as the market matures and more investors seek to gain exposure. This has resulted in a continued reduction in the prevailing discount rates applied for operating projects which partially offsets the reductions in power price forecasts. Overall the Investment Manager, based on its experience of bidding and transacting in the secondary market for renewable infrastructure assets, has applied an average reduction of 0.3% in discount rates.

Without the impact of acquisitions in the period, the portfolio weighted average valuation discount rate would have slightly reduced. However during the period the Company made significant acquisitions in UK wind projects including in-place project finance debt to enhance their returns (the investment in Fred. Olsen Wind). The valuation discount rate of the Fred. Olsen Wind investment is higher than the portfolio weighted average valuation discount rate. The overall impact on the weighted average portfolio valuation discount rate of the market discount rate compression and the acquisitions in the period was to leave it unchanged at 9.0%.

There have been no changes made to the discount rate methodology applied to the portfolio valuation. The discount rate used for valuing each investment represents an assessment of the rate of return at which infrastructure investments with similar risk profiles would trade at on the open market.

(v) *Portfolio return:* This refers to the balance of valuation movements in the period (excluding (i) to (iv) above and represents an uplift of £65.0 million. This represents a 9.5% increase on the rebased value of the portfolio. The balance of portfolio return mostly reflects the increase in the net present value of the projected future cash flows brought forward by a year at the prevailing portfolio discount rate (9.0%).

(vi) *Impact of UK Summer Budget 2015:* The UK Chancellor of the Exchequer announced on 8 July 2015 changes to tax regulations which impacted the value of the portfolio as follows:

- The removal, effective 1 August 2015, of the exemption for renewably sourced electricity from the Climate Change Levy (a tax on some non-domestic supplies of energy to help fund carbon reduction initiatives and provide energy efficiency incentives). Many renewables projects in the UK derived benefit by way of the sale of Levy Exemption Certificates ("LECs") which have been issued to accredited generators of renewable energy. LECs were expected to provide applicable UK projects in the portfolio with incremental annual near-term revenue of approximately £4 per MWh and were expected to represent

approximately 4% of the Company's current portfolio revenues, and

- Future reductions in the rate of UK corporation tax from 20% to 19% in 2017 and to 18% in 2020.

The combined impact on the portfolio valuation of the removal of the projected income from the sale of LECs and the reductions in UK corporation tax is an adverse impact of £20.2 million.

VALUATION SENSITIVITIES

The Investment Manager has provided sensitivity analysis to show the impact of changes in key assumptions adopted to arrive at the valuation. For each of the sensitivities, it is assumed that potential changes occur independently of each other with no effect on any other base case assumption, and that the number of investments in the portfolio remains static throughout the model life. All of the NAV per share sensitivities assume 733.6 million Ordinary Shares as at 31 December 2015 (which includes those in issue as well as approximately 0.7 million shares due to be issued to the Managers in March 2016 as part-payment of the management fees).

The analysis below shows the sensitivity of the portfolio value to changes in key assumptions as follows:

Discount rate assumptions

The weighted average valuation discount rate applied to calculate the portfolio valuation is 9.0% at 31 December 2015. The sensitivity shows the impact on valuation of increasing or decreasing this rate by 0.5%.

Discount rate sensitivity	–0.5%	Base 9.0%	+0.5%
Directors' valuation	+£28.5m	£712.3m	–£27.0m
Implied change in NAV per Ordinary Share	+3.9p/share		–3.7p/share

Energy yield assumptions

The table below shows the sensitivity of the portfolio value to changes in the energy yield applied to cash flows from project companies in the portfolio. The terms P90, P50 and P10 are explained below.

Energy yield sensitivity	P90 (10-year)	Base (P50)	P10 (10-year)
Directors' valuation	–£78.5m	£712.3m	+£77.0m
Implied change in NAV per Ordinary Share	–10.7p/share		+10.5p/share

The base case assumes a "P50" level of output. The P50 output is the estimated annual amount of electricity generation (in MWh) that has a 50% probability of being exceeded – both in any single year and over the long term – and a 50% probability of being under achieved. Hence the P50 is the expected level of generation over the long term.

The sensitivity illustrates the effect of assuming "P90 10-year" (a downside case) and "P10 10-year" (an upside case) energy production scenarios. A P90 10-year downside case assumes the average annual level of electricity generation that has a 90% probability of being exceeded over a 10 year period. A P10 10-year upside case assumes the average annual level of electricity generation that has a 10% probability of being exceeded over a 10 year period. This means that the portfolio aggregate production outcome for any given 10 year period would be expected to fall somewhere between these P90 and P10 levels with an 80% confidence level, with a 10% probability of it falling below that range of outcomes and a 10% probability of it exceeding that range. The sensitivity includes the portfolio effect which reduces the variability because of the diversification of the portfolio. The sensitivity is applied throughout the life of each asset in the portfolio (even though this exceeds 10 years in all cases).

Power price assumptions

The sensitivity considers a flat 10% movement in power prices for all years, i.e. the effect of adjusting the forecast electricity price assumptions in each of the jurisdictions applicable to the portfolio down by 10% and up by 10% from the base case assumptions for each year throughout the operating life of the portfolio.

Power price sensitivity	–10%	Base	+10%
Directors' valuation	–£56.0m	£712.3m	+£55.8m
Implied change in NAV per Ordinary Share	–7.6p/share		+7.6p/share

Inflation assumptions

The projects' income streams are principally a mix of subsidies, which are amended each year with inflation, and power prices, which the sensitivity assumes will move with inflation. The projects' management, maintenance and tax expenses typically move with inflation but debt payments are fixed. This results in the portfolio returns and valuation being positively correlated to inflation.

The portfolio valuation assumes 2.75% p.a. inflation for the UK (based on the Retail Prices Index) and 2.0% p.a. for each of France and Ireland (based on the Consumer Prices Indices).

The sensitivity illustrates the effect of a 0.5% decrease and a 0.5% increase from the assumed annual inflation rates in the financial model for each year throughout the operating life of the portfolio.

Inflation rate sensitivity	–0.5%	Base	+0.5%
Directors' valuation	–£35.0m	£712.3m	+£39.2m
Implied change in NAV per Ordinary Share	–4.8p/share		+5.4p/share

Operating costs at project company level

The sensitivity shows the effect of a 10% decrease and a 10% increase to the base case for annual operating costs for the portfolio, in each case assuming that the change to the base case for operating costs occurs with effect from 1 January 2016 and that change to the base case remains reflected consistently thereafter during the life of the projects.

Operating cost sensitivity	–10%	Base	+10%
Directors' valuation	+£23.0m	£712.3m	–£23.2m
Implied change in NAV per Ordinary Share	+3.1p/share		–3.2p/share

Euro/sterling exchange rates

This sensitivity shows the effect of a 10% decrease and a 10% increase in the value of the euro relative to sterling used for the 31 December 2015 valuation (based on a 31 December 2015 exchange rate of €1.3569 to £1). In each case it is assumed that the change in exchange rate occurs from 1 January 2016 and thereafter remains constant at the new level throughout the life of the projects.

At the year-end, 8% of the portfolio was located in France and Ireland comprising euro-denominated assets. The Group has entered into forward hedging of the expected euro distributions for the next 18 months and in addition placed further hedges to reach a position where approximately 50% of the valuation of euro-denominated assets is hedged. The hedge reduces the sensitivity of the portfolio value to foreign exchange movements and accordingly the impact is shown net of the benefit of the foreign exchange hedge in place.

Exchange rate sensitivity	–10%	Base	+10%
Directors' valuation	–£2.6m	£712.3m	+£2.6m
Implied change in NAV per Ordinary Share	–0.4p/share		+0.4p/share

The euro/sterling exchange rate sensitivity does not attempt to illustrate the indirect influences of currencies on UK power prices which are interrelated with other influences on power prices.

The impact of a 10% move in the euro/sterling exchange rate increases to around 0.6p following the additional investment in euro-denominated assets made by TRIG in January.

Interest rates applying to project company debt and cash balances

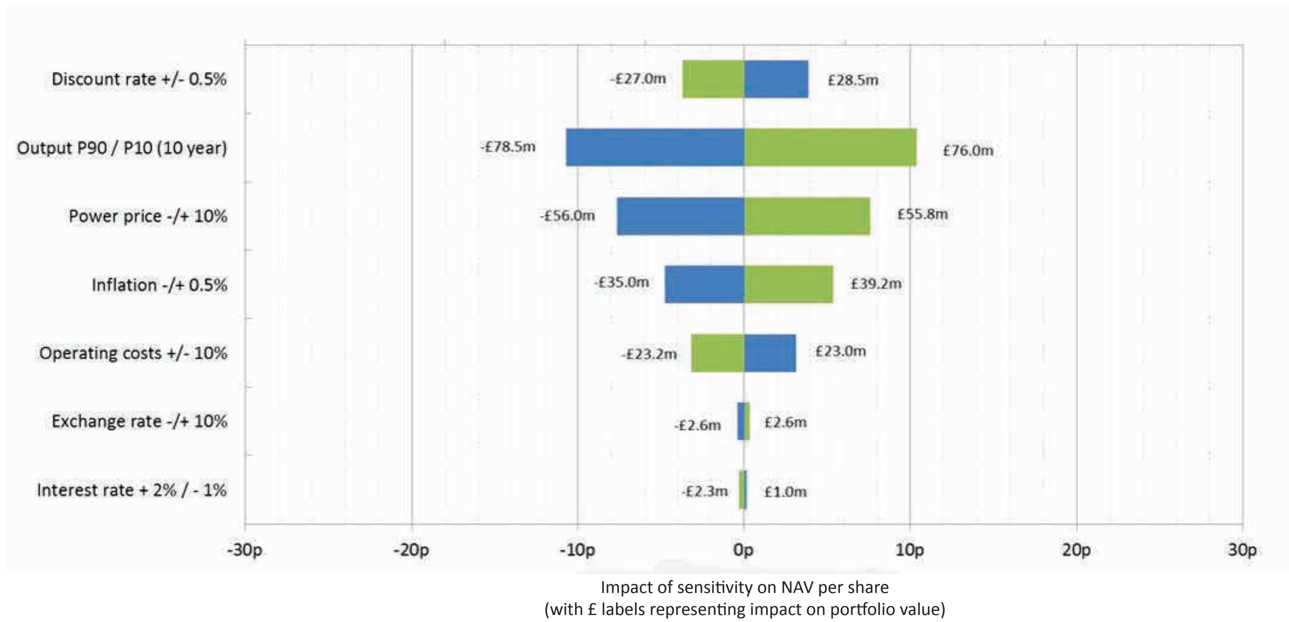
This shows the sensitivity of the portfolio valuation to the effects of a reduction of 1% and an increase of 2% in interest rates. The change is assumed with effect from 1 January 2016 and continues unchanged throughout the life of the assets.

The portfolio is relatively insensitive to changes in interest rates. This is an advantage of TRIG's approach of favouring long-term structured project financing (over shorter term corporate debt) which is secured with the substantial majority of this debt having the benefit of long-term interest rate swaps which fix the interest cost to the projects.

Interest rate sensitivity	–1%	Base	+2%
Directors' valuation	+£1.0m	£712.3m	–£2.3m
Implied change in NAV per Ordinary Share	+0.1p/share		–0.3p/share

Illustration of Key Sensitivities

The following chart illustrates the sensitivity of TRIG's NAV per share to changes in key input assumptions (with the £ labels indicating the impact of the sensitivities on portfolio value):



Impact of sensitivity on NAV per share
(with £ labels representing impact on portfolio value)

It should be noted that all of TRIG's sensitivities above are stated after taking into account the impact of project level gearing on returns.

2.8 Outlook

Market Conditions and Impact on TRIG's Operating Portfolio

During 2015 and into early 2016, the UK and European renewables markets have continued to be affected by the same trends as in 2014 of lower current and forecast power prices offset by a tightening in market discount rates for operating projects, as a wide range of investors continue to exhibit demand for investment in large-scale renewable energy infrastructure projects. The ongoing weakness in wholesale power prices (to some degree influenced by low oil prices) have fed through to lower wholesale power price forecasts for both the near and long term, which have weighed on the NAV as the portfolio's electricity sales – linked to wholesale power prices – are a significant proportion of long-term portfolio project revenues.

There are many factors at play in wholesale power pricing – both current and forecast. Beyond the near-term concerns such as lower levels of Chinese economic growth, recent warm winters and the potential for increased energy supply from Iran and others, longer-term power price-related considerations have a greater impact on TRIG's future cash flows and valuation. These may include matters such as long-term local and global economic growth rates, geopolitical changes, technological changes (for both fossil fuels and renewable energy), deferral or cancellation of harder-to-access fossil resources, changes to the build-out rate of previously-planned fossil fuel or nuclear generation projects, longer-term trends in seasonal temperatures, the rate of electrification of transport or heating as well as the deployment of further local and international carbon reduction initiatives (including carbon taxes, demand-response projects and products, as well as public support (where required) for additional generation or distribution projects). While wholesale power prices are notoriously difficult to predict, TRIG may benefit from upside in the investment portfolio if power prices rebound over time – and indeed TRIG's assumption is that power prices will stabilise and recover (from today's relatively low levels) at rates approximately 2% ahead of inflation on average over the long term.

On government support for renewables, the UN Paris conference in late 2015 provided a boost for global momentum in favour of a continued rollout of decarbonisation initiatives, on an increasingly coordinated and ratcheted basis, including the further build-out of renewables generation capacity and supporting technologies. Further, the year 2015 has recently been confirmed as the warmest globally on record (partly exacerbated by the current "El Nino" effect), eclipsing the record set in 2014 and providing further impetus to overall decarbonisation efforts.

In the UK, TRIG's core market, the recently-reduced levels of support from the current Government for new solar PV and onshore wind developments, while not welcome for developers, appear to be consistent with overall UK 2020 renewables targets (providing that offshore wind in particular fulfils its targets). With the exception of the unexpected removal in 2015 by the UK Treasury of the exemption for renewables generators from the Climate Change Levy, the changes in 2015 have not affected TRIG's operating portfolio or its potential returns. The UK Government continues to promote new developments in offshore wind (relative to onshore wind and solar PV). To support offshore wind in the UK (and possibly other technologies), it is expected that a second round Contracts-for-Difference programme (deferred from the end of 2015) will be launched in the year ahead. This follows the first round which was successfully completed in early 2015 and which achieved a more cost-efficient level of support for those projects that won contracts.

TRIG also continues to monitor changes in other areas that affect the growth and integration of renewables. As renewables are generally intermittent generators, it is essential for grid networks to have sufficient back-up capacity which includes some fossil fuel generation that is supported by the UK Government's Capacity Mechanism. TRIG also assumes a level of discount will continue to be required in power purchase agreements negotiated by renewables generators with electricity suppliers which help to compensate suppliers for the costs of grid balancing. Onshore wind projects in some locations are approaching grid parity (i.e. viability of new developments without subsidy), although achieving that may require further flexibility in national and local government policies to allow new, larger turbines to be installed. As some operating projects begin to reach the end of their subsidy arrangements in the years ahead, repowering with larger, more productive turbines also becomes an opportunity for TRIG, in relation to its portfolio as well as new opportunities in its target markets.

Based on the current outlook for the portfolio and TRIG's assessment of the markets in which it operates, TRIG is well-positioned to continue to deliver its target returns, although it should be noted that the long-term delivery of the target IRR will require stabilisation and recovery in power prices from their current depressed levels as discussed above. The Board and the Managers also seek opportunities to improve the performance ahead of target through the delivery of additional operational scale efficiencies and through prudent portfolio and financial management.

The declared interim dividend of 3.11p with respect to the six months to 31 December 2015 is due to be paid on 31 March 2016, producing an aggregate annual dividend for 2015 of 6.19p. As noted in the Chairman's statement, in 2016 TRIG plans to move towards a quarterly dividend (from semi-annual), targeting 1.5625p per share per quarter amounting to an aggregate target dividend of 6.25p per share for the financial year to 31 December 2016. This reflects an inflationary uplift on the aggregate dividend for 2015. The first quarterly dividend is expected to be paid in June 2016 with respect to the three months to 31 March 2016.

TRIG's Investment Pipeline and Acquisition Approach

InfraRed, as the Company's Investment Manager, continues to report strong prospective deal flow following the approximately 50% increase in the portfolio scale by generating capacity in 2015. The UK solar PV pipeline for acquisition after 2016 is expected to reduce following the reductions in support schemes for new developments (after several exceptional years of growth to about 9GW and a high rate of transfer to long-term owners). For the onshore wind sector it is a more positive story. There is about 9GW of current installed onshore wind capacity in the UK, which is expected to increase to around 12 GW by 2020. With development and construction cycles being much longer for onshore wind than solar PV and with project sizes generally being much higher (with fewer investors active in this more complex technology), TRIG expects to see a broad range of onshore wind projects and portfolios available for sale in the years ahead as utilities and other developers gradually recycle capital invested in developments which have become operational.

In addition, the UK offshore wind market continues to expand on the back of strong UK Government support, with the current approximately 5GW of installed capacity expected to double by 2020. As highlighted in the Chairman's Statement, the increasing predictability of the offshore wind sector (in both revenues and costs), as the early generations of installed projects establish meaningful track records and the overall industry scale produces increasing efficiencies, results in this sector becoming appropriate for consideration for investment by TRIG. With France and other European markets also driving renewables growth across multiple technologies, TRIG will continue to assess an active pipeline of new investment opportunities beyond the UK.

With long-term secular momentum in the allocation of capital to infrastructure as well as a continuation of the low interest rate era, increasing competition for investment is to be expected for operating projects across renewables in general. This makes the continued careful management of the acquisition pipeline a critical factor. TRIG's access to knowledge on broader energy and infrastructure markets, provided by its Managers, InfraRed and RES, and TRIG's flexibility to invest across different technologies and jurisdictions are both important advantages.

2.9 Ten Largest Investments

Set out below are the ten largest investments in the portfolio. As at 31 December 2015, the largest investment (the Crystal Rig II Wind Farm) accounted for approximately 12% of the portfolio by value. In total, the 10 largest projects accounted for approximately 56% of the project portfolio by value (2014: 65%).

Project	Location	Type	% of project portfolio by value at 31 December 2015	% of project portfolio by value at 31 December 2014
Crystal Rig II	Scotland	Wind	12%	–
Hill of Towie	Scotland	Wind	6%	10%
Green Hill	Scotland	Wind	5%	9%
Rothes II	Scotland	Wind	5%	–
Parley	England	Solar	5%	8%
Paul's Hill	Scotland	Wind	5%	–
Earlseat	Scotland	Wind	5%	8%
Mid Hill	Scotland	Wind	5%	–
Egmere Airfield	England	Solar	4%	7%
Altahullion	England	Solar	4%	5%
Stour Fields	England	Solar		5%
Roos	England	Wind		5%
Haut Languedoc	France	Wind		5%
Grange	England	Wind		4%
Total			**56%**	**65%**

Further information on each of these investments and on other investments in the portfolio are set out in Section 2.3.

2.10 RISKS AND RISK MANAGEMENT

RISKS AND UNCERTAINTIES

While there are a broad range of risk elements that may potentially impact on TRIG including ones relating to general macro-economic factors, there are three particular categories of variables that may be particularly relevant, given the nature of its business: (1) portfolio energy production; (2) electricity price movements; (3) regulation, including levels of government support schemes for renewables. These risks are long-term in nature, although other near-term risks exist, including those associated for example with the UK's relationship with the European Union. TRIG's approach to risk is one of systematic assessment, on an investment project basis on acquisition, and as part of the overall portfolio management over time as external dynamics shift.

Major Risk Category	Key Mitigants
Portfolio electricity production	▲ Established nature of onshore wind and solar PV technologies ▲ Complementary seasonal bias of wind and solar production ▲ Number and diversity of portfolio projects by generating technology, weather system and specific locality ▲ Experience of RES as Operations Manager in monitoring and improving portfolio production ▲ Diversity of underlying equipment manufacturers and O&M suppliers ▲ Improvements in technology providing future opportunities for repowering and storage
Electricity prices	▲ Approximately two-thirds of TRIG's current portfolio-level revenue is fixed-type in nature, without power price exposure ▲ Electricity is sold into three distinct electricity markets (GB, Irish SEM[9] and France) ▲ Long-term nature of revenues and forward pricing mechanisms provides some protection against short-term fluctuations ▲ Revenues from different projects shift towards greater power exposure at different times depending on support scheme, commissioning date and contractual arrangements ▲ Recent falls in electricity prices provide upside opportunity from economic growth, increased carbon taxes, generation supply constraints or other factors that may cause prices to rebound ▲ In the longer term, storage technologies may provide ability for renewables to become dispatchable and able to capture higher prevailing prices at times of higher demand
Regulation/government support for renewables	▲ UK and Northern European economies expected to continue to demonstrate a robust approach to grandfathering commitments to existing installed capacity ▲ Future subsidies generally tracking the fall in development costs of maturing technologies, providing appropriate public value-for-money ▲ Recent emphasis on energy security as a key item on the public agenda, in light of both dwindling North Sea fossil fuel production and broader geopolitical concerns ▲ Strong public and political momentum in TRIG's markets of focus towards maintaining a growth in the contribution of renewables towards long-term United Nations, European Union and national decarbonisation efforts.

9 Northern Ireland and the Republic of Ireland form a Single Electricity Market ("SEM") distinct from that operating in Great Britain.

Further comment on these categories is provided below:

Portfolio Electricity Production

The Company has been structured to provide the Investment Manager with the flexibility to invest across a variety of markets and technologies, to enable diversification across weather systems, renewables technologies and regulatory regimes. Onshore wind and solar PV, the main focus, are well understood technologies, deployed extensively both in Europe and world-wide. This operating experience provides a sound basis on which to predict energy yield performance based on average long-term wind speed and solar irradiation data, as well as plant availability and maintenance costs, especially when these technologies are deployed in a large geographically diversified portfolio with an experienced Operations Manager.

Wind power and solar PV, while both termed "intermittent" sources of electricity, compared say to coal or gas whose energy outputs can be planned, in combination provide a smoothing effect, with solar more productive in the summer and wind more productive in the winter and with the absolute level of the two energy sources month by month being uncorrelated. In addition, solar provides greater predictability through the year, compensating for wind which is more variable in the short term. Wind also typically offers a slightly higher return on investment reflecting this variability.

The second element important for maintaining productivity is minimising operating downtime or maximising "availability". RES, as Operations Manager, has over 30 years' track record in both developing and managing renewables and has the experience of global operations, bringing considerable expertise both to the prediction of energy yields prior to acquiring assets, and to operation of assets in order to optimise energy production. This is done through careful planning and execution of project operations and prompt repair works both directly and through subcontractors. As onshore wind and solar PV are now well-proven technologies (with easy access to sites for maintenance compared to offshore wind), typical levels of availability in a given year are around 96% to 98%. Adjustments are made to TRIG's cash flow assumptions prior to the acquisition of an asset – for example a schedule of panel degradation over time for solar PV assets or higher planned maintenance costs for older wind assets.

Electricity Prices

In valuing the TRIG portfolio it is necessary to take a long-term view on electricity prices – particularly wholesale prices – which is done in consultation with independent energy price forecasters. It should be noted that TRIG is more concerned about long-term energy prices, as in the near term its revenues comprise a large proportion of subsidies together with power price agreements ("PPAs") with fixed prices or price floors, as well as some fixed price feed-in tariffs ("FITs").

In 2016, the portfolio expects to benefit from approximately two-thirds of its project-level revenues coming from fixed PPAs, FITs, renewables obligation certificates and other embedded benefits , i.e. revenue sources other than those based on electricity market prices. The Contracts for Difference feed-in tariff regime launched in the UK (with a successful first auction round completed in early 2015 and available for future commissioned assets if further rounds are launched) will likely lead to further security over the revenue stream as more assets are added which benefit from this regime, providing predetermined pricing for 15 years from commissioning.

In general the expectation is that in the long-term European energy wholesale prices will increase in real terms from current levels. While the fall in oil prices has influenced gas prices, it should be noted that oil is not in itself a significant feedstock for electricity production. Other factors have also contributed to lower recent power prices. These include the mild recent winters experienced in the UK and Northern Europe causing a build-up in gas supplies and the absence of major disruptions to European gas supply versus expectations. While further power price falls cannot be excluded, there are upside opportunities should the market experience any reversal of the recent trend.

Higher wholesale power prices may arise from factors such as increases in demand for electrical power from growing economies, increases in carbon taxes following further international cooperation in decarbonisation initiatives, trends towards greater electrical usage in the transportation sector, the ongoing phasing out of heavily polluting coal-fired power stations and the net reduction in nuclear energy generation expected in the EU over the years ahead. With the potential for further progress in storage technologies, intermittent producers of electricity like wind and solar generation plants may become partially or wholly dispatchable, which can increase the average price received for power sales. This can reduce the impact in the Company's valuations of the "cannibalisation effect" (which takes into account the expectation that multiple weather-correlated renewable sources provide the grid with supply simultaneously, thereby reducing spot prices for power).

While greater network interconnections and coordination between EU regions can be expected, further convergence of wholesale or retail prices is expected to be gradual. As TRIG's portfolio is split across several jurisdictions, the Company has the benefit of diversification across electricity markets. The Company further benefits from the

experience of the Managers in evaluating different contract types – typically with major utilities – to provide appropriate exposure to, or in some cases protection from, predicted price movements.

Finally, the impact of future power prices can be smoothed out through the portfolio mix and growth strategy. The portfolio valuation is based on wholesale prices in three different European markets with differing future pricing dynamics. With different portfolio projects commissioned at different times in different support jurisdictions and technologies, the portfolio experiences a gradual transition from subsidy-based to power price-based exposure over time. Also, projects are purchased at different points in the power price "cycle", with the most recent power forecasts being incorporated for each acquisition, producing a cost-averaging effect. The Group may be expected to acquire some portfolio projects at times when the long-term power price forecasts utilised turn out to be relatively high, though these would be offset over time by projects purchased when the power forecasts turn out to have been at relatively low levels.

If materially lower long-term energy prices in our investment markets arise, a reduction in the valuation of the existing portfolio would be expected, although new assets may be available more cheaply. Forecasts for future energy prices evolve over time and whilst asset values may not directly follow any such re-forecast from selected third-party providers at any given time, shareholders should expect some variation in asset valuation from period to period, as and when a material movement from prior expectations is identified by the Investment Manager.

Government Support for Renewables

The fundamental challenges for the future of the EU energy market, in which renewables play an increasing part, remain in place. These challenges include the imperative of reducing carbon dioxide and other noxious emissions, the desire to improve energy security and the requirement to replace inefficient or aging energy infrastructure. The gradual emergence of local shale oil and gas opportunities may partially mitigate any reduction in North Sea oil and gas production, but the expectation is that governments will continue to require a significantly increased contribution by renewables technologies to meet the region's needs for energy security and carbon reduction.

Geographically, the Company focuses its investments on the UK and Northern Europe where there is a strong emphasis on delivering versus challenging renewable energy deployment targets for 2020, and showing consistency in grandfathering prior subsidy commitments to operating plants.

The United Nations "COP 21" meetings in Paris in November and December 2015 culminated in agreement by 195 nations on initiatives to support decarbonisation. While this summit fell short of a definitive global agreement on country-specific deliverables, with the level of burden on developed versus developing countries remaining a key point of debate, the outcome is a clear consensus for escalating activity via 5-yearly ratchet mechanisms which look beyond short-term individual country interests. The outcome recognises the importance of practical recognition of the need for continued international monitoring and adjusting of initiatives both at country-level and internationally. In the longer-term, future decarbonisation targets (i.e. beyond the EU's current 2020 targets) – and supporting initiatives – may provide a further boost for renewables investment.

In the UK, the Government views that solar PV and onshore wind technologies have developed to a volume already nearing sector targets for 2020 and that recent roll-out levels risk over-delivery (assuming other technologies also meet their sector targets). Accordingly it has implemented changes to incentives to curtail build-out of these technologies. This is expected to lead to fewer pipeline opportunities for TRIG, most notably in solar, as assets here typically pass from developer to end-investor during or soon after construction, but also over time in onshore wind, until these assets can be delivered without incentives above those of competing fossil-fuel technologies.

The UK Government continues to support the roll-out of offshore wind which remains underweight versus its targets. While lower levels of Government support for further development of onshore wind and solar PV projects may in the medium-term reduce the volume of pipeline opportunities for TRIG to address in these sectors, a moderation in the rate of new development makes those projects that proceed (including further build-out in offshore wind) easier for the electricity system to integrate and absorb. Ultimately this may lower the risk for TRIG's portfolio in the longer term and, additionally, may help support valuations.

France is continuing its policy of reinforcing the build-out of renewables, including solar, onshore and offshore wind. The French Government has stated its objective of reducing its reliance on nuclear energy to 50% of electricity generated by 2025 (from close to three-quarters today), with much of the deficit to be covered by renewable energy. The French market and other North European markets provide considerable opportunity for further diversification of the TRIG portfolio.

Following the 2015 general election in the UK, the new Government unexpectedly removed renewables generators' exemption from the Climate Change Levy with effect from 1 August 2015 (and the associated revenues from the sale of Levy Exemption Certificates ("LECs")). This impacted TRIG's operating portfolio to the extent of

reducing medium-term revenues by 4% and NAV by a similar amount. Adjustment for this removal was already fully reflected in the Company's net asset value as set out in the Company's 2015 interim report in August 2015. The Company had engaged in proceedings, along with other participants in the renewables industry, for a judicial review regarding the insufficiency of the notice period given by HM Treasury when removing LECs. On 10 February 2016, the UK High Court of Justice dismissed an application for judicial review to which the Company's proceedings were linked. The Company does not assume any recovery of losses incurred (and fully accounted for in 2015) as a result of the removal of LECs.

Other Risk Factors

There are a range of other risks, for example those that are more macroeconomic in nature, including the potential impact of material changes in market discount rates, inflation, interest rates, tax rates or exchange rates. The estimated impact of these on NAV, together with the impact of power price, energy yield and operating cost variability, is illustrated in the sensitivities section of the Company's portfolio valuation in Section 2.7.

Other risk factors which TRIG has been monitoring closely include:

Interest rates: While interest rates remain low in our markets of focus, the recent increase in US interest rates have turned attention to the potential impact of higher rates elsewhere in due course. Current low levels of inflation and modest European GDP growth rates suggest a slow and manageable trajectory of interest rate recovery over time. To the extent that higher rates are correlated with higher inflation, the portfolio is protected by a natural hedge through exposure to inflation-linked contracts and to power prices which can be expected over the long-term to have positive correlation with inflation. In addition, TRIG's project-level debt is generally structured (including with swaps) to fix the levels of interest payments.

UK referendum on EU membership: 2016 promises extensive debate on the UK's membership (or terms of it) of the EU towards a planned referendum. At this stage it is not clear what the precise impact on the UK renewables industry will be of an exit from the EU. Amongst many potential consequences of a UK exit, should this be the outcome, is the possibility of momentum for a second Scottish independence referendum if Scottish politicians succeed in casting a vote for a UK exit from the EU as a trigger for a new Scottish vote. Unchanged however would be the longer-term global imperative towards decarbonisation reflected in the Paris initiatives, the need for fresh generating plant as well as the growing importance of the role of private capital in financing infrastructure as demographics of maturing and aging economies weigh on national budgets. Retrograde actions on established financial commitments inevitably impact on the attractiveness of an economy and government credit-worthiness and threaten access to cheap global capital required to finance deficits.

BEPS: The OECD presented on 5 October 2015 a final package of measures for a reform of the international tax rules regarding the OECD/G20 Base Erosion and Profit Shifting (BEPS) project that was then endorsed by G20 Finance Ministers on 8 October 2015. The UK's HM Treasury issued a consultation document on tax deductibility of corporate interest expense on 22 October 2015 which sought feedback on the potential amendments to UK tax arrangements. The Company, along with others in the infrastructure sector, has taken part in the consultation, and continues to engage with the UK tax authorities as the proposals develop. Having taken advice from the Company's tax advisers, the Investment Manager's initial assessment is that, should the BEPS proposals be incorporated into UK tax law within the range of expected outcomes, the impact, if any, on the Company's net asset value is not expected to be material. It is also not expected that the new rules arising from the BEPS project will be introduced in the UK to take effect before April 2017. However, there can be no certainty that the effect of such rules will be in accordance with the Investment Manager's assessment of the information published to date. As announced by TRIG in October 2015, the Company and its advisers will continue to monitor the potential impact of the BEPS project and will make further announcements, if required, in due course.

In addition, there are other risks also regularly assessed by TRIG – including in the areas of operations, markets, liquidity, credit, counterparties and taxation, and these are set out in the following section on risk management.

RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK

The Company has put a risk management framework in place covering all aspects of the Group's business. Given the nature of the Company (being an Investment Company where the Company outsources key services to the Investment Manager, Operations Manager and other service providers), reliance is placed on the Group's service providers' own systems and controls.

The identification, assessment and management of risk are integral elements of the Investment Manager's and the Operations Manager's work in both managing the existing portfolio and in transacting new investment opportunities. The Managers have established internal controls to manage these risks and they review and consider the Group's key risks with the Board on a quarterly basis. If a new risk arises or the likelihood of a risk occurring increases, a mitigation strategy is, where appropriate, developed and implemented together with enhanced monitoring by the Investment Manager and/or Operations Manager.

The Board's Management Engagement Committee also reviews the performance of the Investment Manager and Operations Manager (as well as all key service providers) annually and in particular this review includes a consideration of the Managers' internal controls and their effectiveness and the creation of a risk control matrix.

Given the limited number of expected disposals from the portfolio and the similar risk profile of the investments within the portfolio (i.e. they are all renewable energy infrastructure projects in the UK or Northern Europe with broadly similar contractual structures), the type and nature of the risks in the Group are not expected to change materially from period to period.

The following table summarises some important areas considered on a regular basis in the risk assessment process by risk category as set out in the Alternative Investment Fund Management Directive:

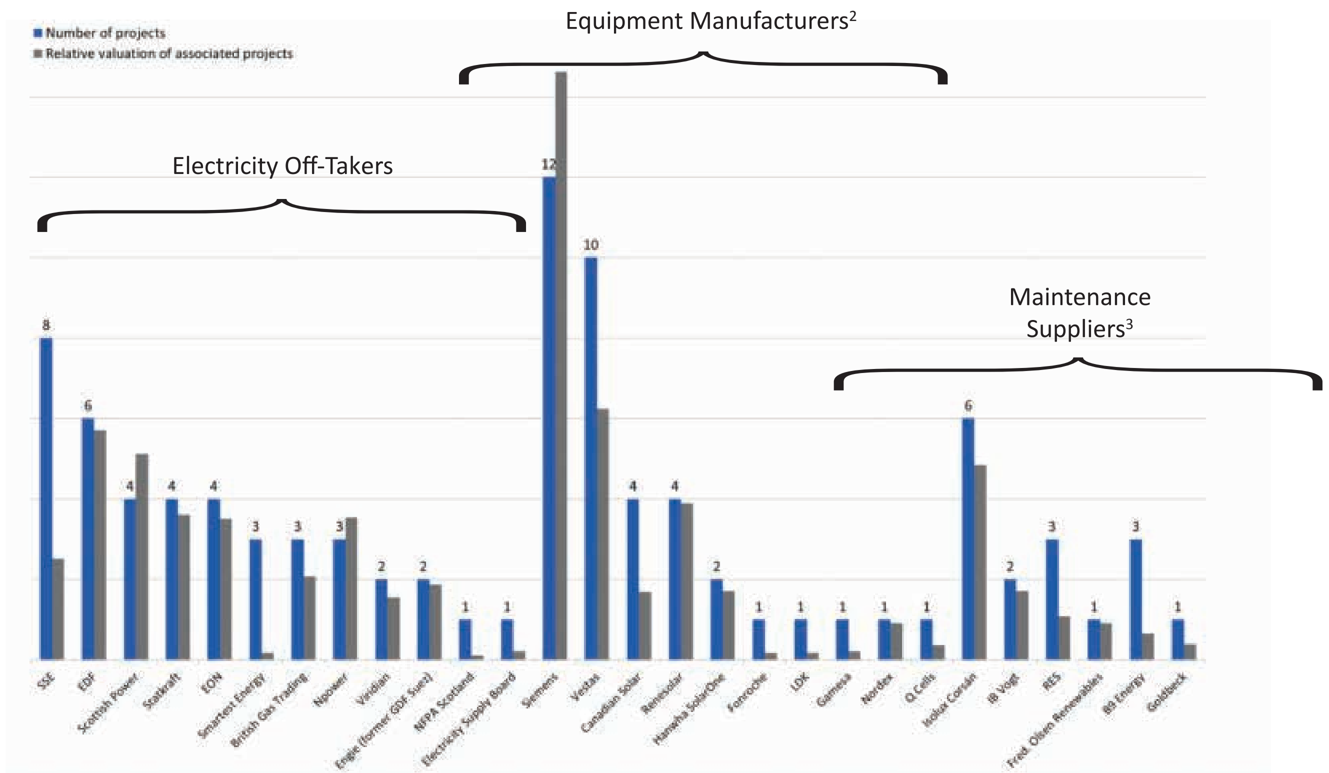
Category	Key Elements
Operational	Health and safety, risk of regulatory changes or breaches, fraud and management override, valuation error, political/regulatory changes, conflicts of interest, key man and service provider failure, breach of company policies or contractual covenants, energy yield, technology risk, project-level availability, project insurance, grid curtailment and outage, sub-contractor failure, tax
Liquidity	Fund-level portfolio liquidity, fund-raising, project-level liquidity and gearing
Counterparty	Contractual concentration
Credit	Risk of counterparty failure
Market	Power price, macro-economic (currency, interest rates, inflation), share price, competition
Tax	Withdrawal of tax relief on interest deductions and other tax risks

COUNTERPARTY EXPOSURES

Given the importance of state subsidies for investment in renewables, TRIG has exposure to the creditworthiness of and policy commitments by national governments and is reliant on the consistency of government policy, for example "grandfathering" within the UK whereby renewables generators continue to receive the same level of subsidy, set upon commissioning, for the duration of the incentive. In addition, each project company enters into a commercial power purchase agreement ("PPA") with a utility or energy trading company to enable them to sell the electricity generated and to receive the feed-in tariff or Renewables Obligation Certificate ("ROC") subsidy payments. The project companies have entered into PPAs with a range of providers. Each project company enters into a contract for the maintenance of the plant. In the case of wind, this is usually with the turbine manufacturer. For both wind and solar sectors, projects may also benefit from equipment provider warranties.

The chart below provides an analysis of the exposure to PPA counterparties, equipment providers and maintenance contractors as measured against the portfolio valuation and against the number of projects in which the counterparty is involved. No supplier or off-taker is currently involved in more than 50% of the projects by value or number (with the exception of RES, TRIG's Operations Manager, which has project asset management and/or maintenance roles in relation to a number of the projects in addition to the portfolio-level services it provides to TRIG). Some project companies have more than one counterparty in each category – where that is the case, the relative valuation of the associated project in the illustration below has been apportioned between counterparties. Further acquisitions are likely to provide further diversity of counterparty exposures.

Illustration of the range of PPA counterparties, equipment manufacturers and maintenance suppliers as at 31 December 2015 by relative value of associated projects[1] and number of projects:



1 By value, as at 31 December 2015, using the Directors' valuation. Some projects have more than one counterparty in a category, in which cases the valuation of the associated project is apportioned.

2 Equipment manufacturers generally also supply maintenance services.

3 Where separate from equipment manufacturers.

Source: InfraRed

2.11 Environmental, Social and Governance

Information board at Kelburn (Green Hill) Wind Farm

Policy

The business of the Company is to make investments in renewable energy infrastructure assets.

As part of good practice and to mitigate risk, the Board has in place a set of Environmental, Social and Governance policies appropriate for a company investing in renewable energy infrastructure assets, which conform to current good practice in relation to corporate responsibility.

The Company's Environmental, Social and Governance ("ESG") policies cover:

- how the Company interacts with stakeholders, including shareholders;
- what ESG considerations need to be made before a new investment is acquired; and
- how the current portfolio is managed by the Investment Manager and Operations Manager to promote and achieve good ESG practices.

The Investment Manager adopts and implements the Principles for Responsible Investment ("PRI") (an investor initiative in partnership with UNEP Finance Initiative and UN Global Compact) which are widely recognised and highly regarded around the world. The PRI can be summarised as follows:

- to showcase leadership in responsible investment
- to incorporate ESG issues into investment analysis and decision-making;
- to be active owners and incorporate ESG issues into ownership policies and practices;
- to seek appropriate disclosures on ESG issues by the entities in which the investments are made;
- to promote acceptance and implementation of PRI within the investment industry; and
- to report on activities and progress towards implementing the PRI.

On the basis of the Managers' recommendations the Directors have considered the existing ESG policies relative to good industry practice as applicable to an infrastructure investment company and believe them to be current and appropriate.

The Board remains committed to high standards of corporate governance and keeps the Company's practices under review with respect to current best practice. Further details of how the Company complies with the various corporate governance standards are set out in the section on Corporate Governance and Regulatory Matters.

The Board wishes to be at the forefront of disclosure and reporting of the Company's performance and strategic intentions. The Board believes this is achieved by the communications as follows:

- annual report and accounts;
- interim statement and accounts;
- detailed presentations to accompany the results;
- announcements of all material acquisitions; and
- meetings with shareholders held by the Investment Manager and the Operations Manager

The Company's website (www.TRIG-Ltd.com) which includes the Company's prospectuses, financial disclosures and other announcements since launch provides further information on TRIG and its investments.

Disclosure of key sensitivities and risks has been developed by the Board working with the Managers. The level and type of disclosure has been developed and refined in order to assist in a full and fair analysis of the Company and its investments.

Performance

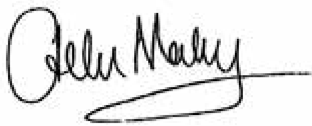
Given the nature of the Company's investment portfolio, its overall environmental contributions are substantial, with the portfolio as at 31 December 2015 capable of producing enough clean energy annually to power the equivalent of 330,000 homes in the UK, France and Ireland while avoiding the emission of 520,000 tonnes of CO^2 annually.

The integration of generating plants – whether wind or solar – into the landscape is optimised to seek the maximum renewable energy generation while minimising any local impacts through extensive consultation with statutory consultees, local authorities and the local communities. Engagement with stakeholders once assets become operational is maintained at the highest standards.

As Operations Manager, RES has responsibility for monitoring the operational performance of the asset portfolio as well as acting as the interface with underlying third party asset managers or O&M contractors and with local government and communities. With RES's long history of developing and operating assets in the renewable energy sector in the UK, France, Ireland as well as elsewhere in Europe, the US, Australia, and a range of other countries around the world, it has developed a reputation for establishing and maintaining best practices in ESG matters and has staff dedicated to support its operational management activities in these areas.

During the year, TRIG's portfolio companies continued to be active in local engagement activities, including hosting a number of education events for local schools and communities. In 2015, TRIG's projects supported more than 100 separate local social, cultural and environmental initiatives.

This Strategic Report is approved by the Board of Directors of The Renewables Infrastructure Group Limited



22 February 2016

Registered Office:
1 Le Truchot, St Peter Port, Guernsey, Channel Islands GY1 1WD

Institutional investors on-site at Green Hill Wind Farm, Scotland

Section 3
Board of Directors

Members of TRIG's Board of Directors, all of whom are non-executive and independent of the Managers, are listed below.

Helen Mahy CBE *(Chairman, appointed 14 June 2013)*, aged 54, is an experienced chairman and non-executive director. Helen was Group Company Secretary and General Counsel of National Grid plc and was a member of its Executive Committee from September 2003 to January 2013 when she retired from National Grid plc. She has also been appointed to the board of SSE plc from 1 March 2016. Helen will step down at the end of February 2016 from her role at the fellow Perth-based company, Stagecoach Group plc, for whom she has served as non-executive director since January 2010 where she is Chairman of its Health, Safety and Environment Committee. Helen was also Chairman of the board of Obelisk Legal Support Services Ltd. In October 2013, Helen was appointed to the boards of Bonheur ASA and Ganger Rolf ASA which are currently proposing to merge (subject to shareholder approval) during 2016 with Bonheur ASA as the surviving entity. Both companies are currently listed on the Oslo Stock Exchange. In July 2014 Helen was appointed to the Board of SVG Capital plc where she chairs the Remuneration Committee. She was also non-executive director of Aga Rangemaster Group plc between March 2003 and December 2009. In 2005 and 2006, Helen sat on the General Management Committee of the Bar Council and chaired its Employed Barristers' Committee in 2006 and was a Director of Bar Services Company Ltd between January 2006 and February 2008. Helen was Chair of the General Counsel 100 Group in 2007. Helen qualified as a barrister and was an Associate of the Chartered Insurance Institute. Helen was awarded a CBE for services to business in June 2015. Helen is a resident of the UK.

Jon Bridel *(Director, appointed 14 June 2013)*, aged 51, is currently a non-executive chairman or director of listed and unlisted companies comprised mainly of investment funds and investment managers. These include Alcentra European Floating Rate Income Fund Limited, Starwood European Real Estate Finance Limited, Sequoia Economic Infrastructure Income Fund Limited and Funding Circle SME Income Fund Limited which are listed on the main market of the London Stock Exchange, as well as DP Aircraft I Limited, Aurora Russia Limited and Fair Oaks Income Fund Limited. He was previously Managing Director of Royal Bank of Canada's investment businesses in the Channel Islands. Prior to this and after specialising in corporate finance with Price Waterhouse, Jon served in senior management positions in the British Isles and Australia in banking, specialising in corporate and commercial credit and in private businesses as chief financial officer. Graduating from the University of Durham with a degree of Master of Business Administration in 1988, Jon also holds qualifications from the Institute of Chartered Accountants in England and Wales where he is a Fellow, the Chartered Institute of Marketing and the Australian Institute of Company Directors. Jon is a member of the Chartered Institute of Marketing, the Institute of Directors and a Chartered Fellow of the Chartered Institute for Securities and Investment. Jon is a resident of Guernsey.

Shelagh Mason *(Director, appointed 14 June 2013)*, aged 56, is an English property solicitor with over 30 years of experience in commercial property. She retired as Senior Partner of Spicer and Partners Guernsey LLP on 30 November 2014 and has taken up the position of consultant with Collas Crill, specialising in English commercial property. Her last position in the United Kingdom was as a senior partner of Edge & Ellison. For two years until 2001, she was Chief Executive of a property development company active throughout the United Kingdom and the Channel Islands. Shelagh was a member of the board of directors of Standard Life Investments Property Income Trust, a property fund listed on the London Stock Exchange for 10 years until December 2014. She is also a director of Medicx Fund Limited, a main market listed investment company investing in primary healthcare facilities. She is also non-executive Chairman of the Channel Islands Property Fund Limited which is listed on the Channel Islands Securities Exchange and also holds other non-executive positions. She is a past Chairman of the Guernsey Branch of the Institute of Directors and a member of the Chamber of Commerce, the Guernsey International Legal Association and she also holds the IOD Company Direction Certificate and Diploma with distinction. Shelagh is a resident of Guernsey.

Klaus Hammer *(Director, appointed 1 March 2014)*, aged 60, is a graduate of the University of Hamburg and gained an MBA at IMD Lausanne. He was previously Chief Operating Officer of the global combined-cycle gas turbine power plant business of EON, and also served on a variety of boards including EON Värmekraft Sverige AB, Horizon Nuclear Power Ltd. and the UK Association of Electricity Producers. Prior to EON, which he joined in 2005, he spent 20 years with Royal Dutch Shell in a variety of roles in both Europe and Africa. Among his other recent roles, he was a public member of Network Rail until mid-2014. Klaus also advises investors in energy-related businesses. Klaus is a resident of Germany.

Section 4
Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and Article 4 of the IAS Regulation and applicable law.

Under company law the Directors must not approve the accounts unless they are satisfied that they 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, International Accounting Standard 1 requires that Directors:

- ▲ properly select and apply accounting policies;
- ▲ present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- ▲ provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- ▲ make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report and Corporate Governance Statement. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- ▲ the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- ▲ the Chairman's Statement and Report of the Directors include a fair review of the development and performance of the business and the position of the Company and Group taken as a whole together with a description of the principal risks and uncertainties that it faces; and
- ▲ the annual report and financial statements when taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

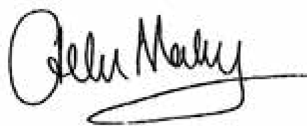
Disclosure of information to the Auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and that each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

On behalf of the Board of Directors of The Renewables Infrastructure Group Limited



22 February 2016

Registered Office:
1 Le Truchot, St Peter Port, Guernsey, Channel Islands
GY1 1WD

Section 5
Report of the Directors

The Directors present their report and accounts of the Company for the year to 31 December 2015.

Principal activity

The Company is a closed-ended Guernsey incorporated investment company, investing in and managing a portfolio of investments in renewable energy infrastructure project companies. Its shares have a premium listing on the Official List of the UK Listing Authority and are traded on the main market for listed securities of the London Stock Exchange.

Results and distributions

The results for the year are summarised in the Operational and Financial Review and Valuation of the Group's Portfolio section of the Strategic Report (Sections 2.6 and 2.7) and set out in detail in the audited financial statements.

Distributions and Share Capital

The Company declared two interim dividends for the year ended 31 December 2015 as follows:

- 3.08p per share declared 29 July 2015, to shareholders on the register as at 21 August 2015, paid on 30 September 2015, and
- 3.11p per share declared 11 February 2016, to shareholders on the register as at 19 February 2016, to be paid on 31 March 2016

In addition, in February 2015 the Company declared a second interim dividend for 2014 of 3.08p per share which was paid on 31 March 2015. In the prior year of 2014, the Company declared a dividend of 2.5p per share in February 2014 which was paid to shareholders in March 2014 and declared a dividend of 3.0p per share in August 2014 which was paid to shareholders in September 2014.

The Company had one class of share capital, Ordinary Shares, in issue on 31 December 2015.

Shares in Issue

Ordinary Shares in issue have increased during the year from 415,475,783 to 732,838,095 as a result of further share issues, issue of shares to the Managers in lieu of fees pursuant to the Investment Management Agreement (in relation to InfraRed Capital Partners Limited) and the Operations Management Agreement (in relation to Renewable Energy Systems Limited) and take up of scrip shares in lieu of dividends.

Date	*Description*	*New Ordinary Shares Issued*	*Number of Shares in Issue*
31 December 2014	Opening Position	415,475,783	415,475,783
31 March 2015	Issue of shares to the Managers in lieu of fees relating to 2014 Q3 and Q4	431,070	415,906,853
31 March 2015	issue of scrip dividend shares in lieu of 2014 2nd interim dividend	851,589	416,758,442
31 March 2015	Placing and 2014/2015 Offer (£102.3m raised)	100,000,000	516,758,442
22 April 2015	2015/2016 Offer (£7.7m raised)	7,500,000	524,258,442
21 July 2015	Placing (£127.6m raised)	126,488,514	650,746,956
30 September 2015	Issue of shares to the Managers in lieu of fees relating to 2015 Q1 and Q2	483,455	651,230,411
30 September 2015	Issue of scrip dividend shares in lieu of 2015 1st interim dividend	3,607,684	654,838,095
17 November 2015	Placing and tap issue (£78m raised)	78,000,000	732,838,095
31 December 2015	Closing Position	732,838,095	732,838,095

Share Issues in the Year

The Company undertook four equity fund-raisings during the year.

On 31 March 2015 the Company issued 100,000,000 Ordinary Shares at a share price of 102.25p raising £100,600,000 after costs. The Company used the proceeds to repay the balance drawn on the revolving acquisition facility and to fund the investment in Fred. Olsen Wind.

On 22 April 2015 the Company issued 7,500,000 Ordinary Shares at a share price of 102.25p raising £7,545,000 after costs. The Company used the proceeds to fund the investment in Fred. Olsen Wind.

On 21 July 2015 the Company issued 126,488,514 Ordinary Shares at a share price of 101p raising £125,536,421 after costs. The Company used the proceeds towards reducing

the amount drawn under the Group's acquisition facility used to partially fund recent investments.

On 17 November 2015 the Company issued 78,000,000 Ordinary Shares at a share price of 100p raising £77,012,410 after costs. The Company used the proceeds to pay down the Group's acquisition facility positioning the Company to take advantage of the strong pipeline of attractive investment opportunities currently under consideration.

The Company has completed two acquisitions during the year of seven investments at a cost of £255 million, funded by new equity share capital, use of the revolving acquisition facility and reinvestment of the Company's own surplus cash generated in the year.

Shares Issued to the Manager

The Managers are paid 20% of their annual management and advisory fees in shares. In relation to this, 431,070 shares were issued in March 2015 (280,196 to the Investment Manager and 150,874 to the Operations Manager) relating to fees for the second six months of 2014. A further 483,455 shares were issued in September 2015 (314,246 to the Investment Manager and 169,209 to the Operations Manager) relating to fees for the first 6 months of 2015. Shares in lieu of fees relating to the second six months of 2015 (expected to be 736,190 shares in total – comprised of 478,523 to the Investment Manager and 257,667 to the Operations Manager) are to be issued in March 2016.

For the calculation of Net Asset Value ("NAV") per share as at 31 December 2015, the shares earned by the Managers but not yet issued at that date have been included in the number of shares meaning that the Net Assets are divided by 733,574,285 shares to arrive at the NAV per share.

For the calculation of Earnings per Share ("EPS"), the shares earned by the Managers but not yet issued have been included in the calculation of the weighted average number of shares based upon them being issued at the end of the quarter in which the management fees were earned. The resulting weighted average shares in issue used to calculate EPS is 565,194,917.

As a result of the share issues during the year and the expected issuance to the Managers in March 2016, the number of shares in the Company held by the Investment Manager[10] will be 1,433,523 and the number of shares held by the Operations Manager will be 15,650,719 shares (RES invested in 15,000,000 shares in the IPO (29 July 2013)).

Scrip Shares

The Directors were granted authority in June 2013 by the ordinary resolution of the Company's then sole shareholder to offer shareholders the right to receive further Ordinary Shares ("Scrip Shares") instead of cash in respect of all or part of any dividend that may be declared, with such authority expiring at the conclusion of the Company's fifth annual general meeting (in 2018).

The Board believes that it would be in the general interest of shareholders, who may be able to treat distributions of Scrip Shares as capital for tax purposes or who may otherwise wish to roll over their dividend entitlement into further investment in the Company, to have the option of electing to receive part or all of their dividends in the form of Scrip Shares. Shareholders who elect to take Scrip Shares instead of receiving cash dividends will increase their holdings without incurring dealing costs or stamp duty. The Company benefits from the retention of cash for further investment which would otherwise be paid out as dividend.

The scrip dividend alternative was offered to shareholders in relation to the interim dividends declared for the year ended 31 December 2014 and for the six months ended 30 June 2015. A scrip alternative will again be offered to shareholders for the dividend to be paid on 31 March 2016 relating to the six months ended 31 December 2015 and a scrip dividend circular will be published separately with details of this scrip dividend alternative. The Scrip Shares issued do not have any entitlement to the dividends paid in the same month and declared in the month before they are issued.

The take up of scrip dividends was 6.75% in relation to the dividend paid on 31 March 2015 and 18.16% in relation to the dividend paid on 30 September 2015.

Guernsey regulatory environment

As a Guernsey-registered closed-ended investment company, TRIG is subject to certain ongoing obligations to the Guernsey Financial Services Commission.

Directors

The Directors who held office during the year to 31 December 2015 were:

Helen Mahy
Jon Bridel
Shelagh Mason
Klaus Hammer

Biographical details of each of the Directors are shown on page 54.

10 Some shares are held by the Investment Manager's group for the benefit of employees and partners of the group.

Investment Manager

InfraRed Capital Partners Limited (the "Investment Manager" or "InfraRed") acts as Investment Manager to the Group. A summary of the contract between the Company, its subsidiaries and InfraRed in respect of services provided is set out in Note 18 to the accounts.

InfraRed is an independent investment business, managing a range of infrastructure and real estate funds and investments with total equity under management of more than US$8 billion. InfraRed has more than 120 employees and partners, based mainly in offices in London and with smaller offices in Paris, Hong Kong, New York, Seoul and Sydney.

Since 1998, the InfraRed Group (including predecessor organisations) has raised thirteen private institutional investment funds investing in infrastructure and real estate, in addition to TRIG and HICL Infrastructure Company Limited, a leading infrastructure fund launched in 2006 which is also listed on the London Stock Exchange. The infrastructure investment team within the InfraRed Group currently consists of over 50 investment professionals, all of whom have an infrastructure investment background and a broad range of relevant skills, including private equity, structured finance, construction, renewable energy and facilities management. The InfraRed Group has a long and successful proven track record in sourcing, structuring, acquiring, managing and financing infrastructure equity investments. It has been responsible for over 150 infrastructure equity investments for the InfraRed Group (including predecessor organisations) and its funds to date.

InfraRed was formerly called HSBC Specialist Fund Management Limited and was an indirect subsidiary of HSBC Holdings plc until the completion in April 2011 of a management buy-out by senior management. The HSBC Group retains a 19.9% interest in InfraRed. InfraRed Capital Partners Limited is authorised and regulated by the Financial Conduct Authority.

The Management Engagement Committee met in November 2015 to consider the performance of and services provided by InfraRed. This took the form of a written paper in which the Investment Manager explained its activities in the period and summarised its performance. The Committee discussed the paper with the Investment Manager. After careful consideration of InfraRed's performance, primarily in terms of advice, managing the portfolio, securing additional investments, and communicating effectively with stakeholders, the Committee recommended to the Board that it would be in the best interests of the Company that InfraRed continue on the agreed contractual terms.

Operations Manager

Renewable Energy Systems Limited (the "Operations Manager" or "RES") acts as Operations Manager to the Group. A summary of the contract between the Company, its subsidiaries and RES in respect of services provided is set out in Note 18 to the accounts.

RES is one of the world's leading renewable energy developers, with extensive experience in developing, financing, constructing and operating renewable energy infrastructure projects globally across a wide range of low carbon technologies including onshore and offshore wind, solar PV and energy storage. RES has been at the forefront of renewable energy development for over 30 years. Since incorporation, RES has developed and/or constructed more than 200 individual wind farms, PV parks and energy storage projects around the world with a combined capacity of over 10,000MW. RES' global headcount totals over 1,300 staff across six continents with head office in the UK and operations in 14 countries. RES, formerly a subsidiary of Sir Robert McAlpine group ("SRM"), a British family-owned firm with over 145 years of experience in construction and engineering, is now an entity under common control as SRM.

The Management Engagement Committee met in November 2015 to consider the performance of, and services provided by, RES. This took the form of a written paper in which the Operations Manager explained its activities in the period and summarised its performance. The Committee discussed the paper with the Operations Manager. After careful consideration of RES's performance, primarily in terms of its performance during and since the IPO in providing operations management services, supporting new investments and communicating effectively with stakeholders, the Committee recommended to the Board that it would be in the best interests of the Company that RES continue on the agreed contractual terms.

Broker, Administrator and Company Secretary

The Company's joint brokers during the year to 22 December 2015 were Canaccord Genuity Limited and Jefferies International Limited. On 22 December 2015 the Company announced the appointment of Liberum Capital Limited as its Joint Corporate Broker, alongside Canaccord Genuity Limited, with immediate effect.

The Company's Administrator and Company Secretary during the year was Dexion Capital (Guernsey) Limited.

Substantial interests in share capital

As at 22 February 2016, the Company has received notification in accordance with the Financial Conduct Authority's Disclosure and Transparency Rule 5 of the following interests in 5% or more of the Company's Ordinary Shares to which voting rights are attached:

	Number of Ordinary Shares Held	*Percentage Held*
Prudential plc group of companies	84,992,778	11.59%
Third National Swedish Pension Fund	65,955,429	9.00%
Newton Investment Management Ltd	37,517,941	7.26%
Investec Wealth & Investment Limited	36,716,509	7.00%

Donations

The Company made no political donations during the year or the preceding year.

Payment of suppliers

It is the policy of the Company to settle all suppliers in accordance with the terms and conditions of the relevant market in which it operates. Although no specific code or standard is followed, suppliers of goods and services are generally paid within 30 days of the date of any invoice. The Company has no trade creditors.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 8 to 53. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Operational and Financial Review section of the Strategic Report on pages 26 to 50. In addition, notes 1 to 4 to the Financial Statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has the necessary financial resources to meet its obligations. The Group benefits from a range of long-term contracts with various major UK and European utilities and well-established suppliers across a range of infrastructure projects. In addition, it maintains a working capital component of £10 million as part of its revolving acquisition facility (currently sized at £150 million and limited to 30% of Portfolio Value). The Group's project-level financing is non-recourse to the Company and is limited to 50% of Gross Portfolio Value. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they adopt the going concern basis of accounting in preparing the annual financial statements.

This conclusion is based on a review of the Company's cash flow projections including reasonably expected downside sensitivities together with cash and committed borrowing facilities available to it.

Viability Statement

The Directors have assessed the viability of the Group over a five-year period to December 2020. In making this statement the Directors have considered the resilience of the Group, taking account of its current position, the principal risks facing the business (being achieved energy yield, the level of future energy prices and continued government support for renewable subsidy payments), in severe but plausible downside scenarios, and the effectiveness of any mitigating actions.

As part of being a self-managed Alternative Investment Fund, the Directors, together with the Managers, rigorously assess the risks facing the Group and consider sensitivity analysis against the principal risks identified.

The Directors have determined that the five-year period to December 2020 is an appropriate period over which to provide this viability statement as this period accords with the Group's business planning exercises and is appropriate for the investments owned by the Group.

TRIG is the owner of a portfolio of project companies whose underlying assets (being wind farms and solar parks) are predominately fully constructed and operating renewable electricity generating facilities. As a result TRIG benefits from predictable long term cash flows and a set of risks that can be identified and assessed. The projects are each supported by detailed financial models. The Directors believe that the diversification within the portfolio of projects helps to withstand and mitigate for the risks it is most likely to meet.

The Investment Manager prepares, and the Directors review, summary five-year cash flow projections each year as part of business planning and dividend approval processes. The projections consider cash balances, key covenants and limits, dividend cover, investment policy compliance and other key financial indicators over the period. Sensitivity analysis considers the potential impact of the Group's principal risks actually occurring (individually, and together). These projections are based on the Managers' expectations of future asset performance, income and costs, and are consistent with

the methodology applied to provide the valuation of the investments. The Directors review significant changes to the Company's cash projections each quarter with the Managers as part of the quarterly board meetings. The viability assessment assumes continued government support for existing subsidy arrangements for the projects within the portfolio that are spread across three jurisdictions (UK, Ireland and France). Where governments change subsidy arrangements applying to renewables projects these changes are expected to apply only to projects not yet operating.

Based on this review, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to December 2020.

Internal Controls Review

Taking into account the information on principal risks and uncertainties provided on pages 46 to 51 of the Strategic Report and the ongoing work of the Audit Committee in monitoring the risk management and internal control systems on behalf of the Board (see pages 68 to 70 of the Audit Committee report), the Directors:

- are satisfied that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; and
- have reviewed the effectiveness of the risk management and internal control systems and no significant failings were identified.

Share repurchases

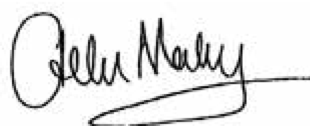
No shares have been bought back in the period. The latest authority for the Company to make market purchases of Ordinary Shares was granted to the Directors on 6 May 2015 and expires on the date of the next Annual General Meeting. The Directors are proposing that their authority to buy back shares be renewed at the forthcoming Annual General Meeting.

Treasury shares

Section 315 of the Companies (Guernsey) Law, 2008 allows companies to hold shares acquired by market purchase as treasury shares, rather than having to cancel them. Up to 14.99% of the number of shares in issue at the date of the last AGM (6 May 2015) may be held in treasury and may be subsequently cancelled or sold for cash in the market. This gives the Company the ability to reissue shares quickly and cost efficiently, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base.

There are currently no shares held in treasury. The Board would only authorise the sale of shares from treasury at prices at or above the prevailing net asset value per share (plus costs of the relevant sale). If such a measure were to be implemented, this would result in a positive overall effect on the Company's net asset value. In the interests of all shareholders, the Board will keep the matter of treasury shares under review.

On behalf of the Board of Directors of The Renewables Infrastructure Group Limited



22 February 2016

Registered Office:
1 Le Truchot, St Peter Port, Guernsey, Channel Islands
GY1 1WD

A Green Hill Turbine (Vestas 2.0MW)

Section 6
Corporate Governance Statement

Introduction

The Board recognises the importance of a strong corporate governance culture that meets the listing requirements. The Board has put in place a framework for corporate governance which it believes is appropriate for an investment company in line with the best practices in relation to matters affecting shareholders, communities, regulators and other stakeholders of the Company. With a range of relevant skills and experience, all Directors contribute to the Board discussions and debates on corporate governance. In particular, the Board believes in providing as much transparency for investors as is reasonably possible to ensure investors can clearly understand the prospects of the business and enhance liquidity of its shares while also preserving an appropriate level of commercial confidentiality.

AIFM Directive

The Alternative Investment Fund Managers Directive seeks to regulate alternative investment fund managers (in this paragraph, "AIFM") and imposes obligations on managers who manage alternative investment funds (in this paragraph, "AIF") in the EU or who market shares in such funds to EU investors. The Company is categorised as a self-managed Non EEA AIF for the purposes of the AIFM Directive. In order to maintain compliance with the AIFM Directive, the Company needs to comply with various organisational, operational and transparency obligations.

Association of Investment Companies

The Company is a member of the Association of Investment Companies (the "AIC") and has considered the principles and recommendations of the AIC Code of Corporate Governance (the "AIC Code") and has decided to follow the AIC's Corporate Governance Guide for Investment Companies (the "AIC Guide"). The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to the role of the chief executive, executive directors' remuneration and the need for an internal audit function. For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company as it has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

Guernsey regulatory environment

The Guernsey Financial Services Commission (the "Commission") issued a Finance Sector Code of Corporate Governance. The Code comprises Principles and Guidance, and provides a formal expression of good corporate practice against which shareholders, boards and the Commission can better assess the governance exercised over companies in Guernsey's finance sector.

The Commission recognises that the different nature, scale and complexity of specific businesses will lead to differing approaches to meeting the Code. Companies which report against the UK Corporate Governance Code or the AIC Code are also deemed to meet this code. The Directors have determined that the Company will continue as a Guernsey-registered closed-ended investment company.

Non-Mainstream Pooled Investments

On 1 January 2014, certain changes to the FCA rules relating to restrictions on the retail distribution of unregulated collective investment schemes and close substitutes came into effect.

As announced by the Company on 7 January 2014, following the receipt of legal advice the Board confirms that it conducts the Company's affairs, and intends to continue to conduct the Company's affairs, such that the Company would qualify for approval as an investment trust if it were resident in the United Kingdom. It is the Board's intention that the Company will continue to conduct its affairs in such a manner and that Independent Financial Advisers should therefore be able to recommend its Ordinary Shares to ordinary retail investors in accordance with the FCA's rules relating to non-mainstream investment products.

The Board

Disclosure under Principle 5 of the AIC Code

The Board consists of four non-executive Directors. In accordance with Principle 2 of the AIC Code all of the non-executives are independent of the Investment Manager. The Chairman, Helen Mahy, met the independence criteria of the AIC Code Principle 1 upon appointment and has continued to meet this condition throughout her term of service. Although not a requirement of the AIC Code, in accordance with guidance in Principle 1, the Board has a Senior Independent Director, Shelagh Mason, who was appointed as Senior Independent Director in 2013. Being non-executive Directors, none of the Directors has a service contract with the Company.

The Articles of Incorporation currently provide that at least one third of the Directors retire by rotation at each annual general meeting. If their number is not three or a multiple of three, the number nearest to, but not exceeding, one third, shall retire from office. In accordance with Principle 3 of the AIC Code, all 4 Directors intend to retire and offer themselves for re-election at the forthcoming Annual General Meeting on 4 May 2016.

The Board believes that long serving Directors should not be automatically prevented from forming part of an independent majority of the Board upon reaching nine years' service. In accordance with Principle 4 of the Code, if a Director has served more than nine years, the Board will consider the issue of independence carefully on an annual basis as part of the Board self-evaluation and will disclose its conclusions in the Directors' Report. As the Company was formed in 2013 no Director has yet served for nine years or more. A Director who retires at an annual general meeting may, if willing to act, be reappointed. The Directors are not subject to automatic re-appointment.

The Board believes that the balance of skills, gender, experience and knowledge of the current Board provides for a sound base from which the interests of investors will be served to a high standard, although as the Company grows, the Board may consider whether additional directors may be suitable. The Board has chosen to adopt a definitive policy with quantitative targets for Board diversity. The Company aspires to equal representation of men and women on the Board and from 1 March 2014 this was achieved. However, gender, knowledge, skills, experience, residency and governance credentials are all considered by the Nominations Committee when recommending appointments to the Board and in formulating succession plans. Notwithstanding this, the selection of the preferred individual to be invited to join the Board will always be based on merit.

The Board recommends the re-election of each Director and supporting biographies are disclosed on page 54 of this annual report.

The Board is scheduled to meet at least four times a year and between these formal meetings there is regular contact with the Investment Manager and Operations Manager, the Secretary and the Company's Joint Brokers. The Directors are kept fully informed of investment and financial controls, and other matters that are relevant to the business of the Company that should be brought to the attention of the Directors. The Directors also have access, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company.

The attendance record of Directors for the period to 31 December 2015 is set out below:

	Quarterly Board meetings	*Audit Committee*	*Management Engagement Committee*	*Remuneration Committee*	*Nomination Committee*
Number of meetings	4	4	3	4	3
Meetings Attended:					
H Mahy	4	4	3	4	3
J Bridel	4	4	3	4	3
S Mason	4	4	3	4	3
K Hammer	4	4	3	4	3

During the period a further twenty-seven ad hoc Board/Committee meetings were held in Guernsey to deal with matters substantially of an administrative nature and these were attended by those directors available.

The Board has a breadth of experience relevant to the Company and the Directors believe that any changes to the Board's composition can be managed without undue disruption.

The Board considers agenda items laid out in the notice and agenda of meeting which are circulated to the Board in advance of the meeting as part of the Board papers. Directors may request any agenda items to be added that they consider appropriate for Board discussion. Each Director is required to inform the Board of any potential or actual conflicts of interest prior to Board discussion.

The Board constantly considers the Company's strategy with regard to market conditions and feedback from shareholders received directly or from the Managers. The investment strategy, which was set out in the Company's IPO prospectus, is reviewed regularly with the Investment Manager. Board meetings include a review of investment performance and associated matters such as health and safety, marketing/investor relations, risk management, gearing, general administration and compliance, peer group information and industry issues.

Performance evaluation

The Board evaluates its performance and considers the tenure and independence of each Director on an annual basis. The annual evaluation for the period ended 31 December 2015 has been completed by the Chairman and took the form of a questionnaire completed by all of the Directors and additionally by the Managers and the Company Secretary, including one to one interviews with each Director holding office as at 31 December 2015. For

the evaluation of the Chairman, the Senior Independent Director discussed the results of a questionnaire with the Chairman following consultation with the other Directors. Actions which resulted include assessing and monitoring training for Directors, arranging more visits by Directors to see the investments and their operations, ensuring the Board continues to receive regular feedback from investors and continuing to focus on risk management and controls. The Board will also continue to consider its composition as appropriate in 2016. As part of the annual evaluation exercise, the independence of each Director has been considered and each has been confirmed as being independent of the Company.

The Board believes that the composition of the Board and its Committees reflected a suitable mix of skills and experience, and that the Board, as a whole, and its Committees functioned effectively during 2015 and since the launch of the Company in 2013. It is also proposed that during 2016 the Board's performance will be reviewed by an external consultant.

Delegation of responsibilities

The Board has delegated the following areas of responsibility:

The day-to-day administration of the Company has been delegated to Dexion Capital (Guernsey) Limited in its capacity as Company Secretary and Administrator.

The Investment Manager has full discretion (within agreed parameters) to make investments in accordance with the Company's Investment Policy and has responsibility for financial administration and investor relations, in addition to advising the Board in relation to further capital raisings and the payment of dividends amongst other matters, subject to the overall supervision and oversight of the Board. Among the specific tasks of the Investment Manager are the overall financial management of the Company and existing portfolio as a whole, including the deployment of capital, management of the Group's debt facilities, hedging arrangements, the sourcing of new investments, preparing the semi-annual valuations, the statutory accounts, the management accounts, business plans, presenting results and information to shareholders, coordinating all corporate service providers to the Group and giving the Board general advice.

The Operations Manager is responsible for monitoring, evaluating and optimising technical and financial performance across the portfolio. The services provided by the Operations Manager include maintaining an overview of project operations and reporting on key performance measures, recommending and implementing strategy on management of the portfolio including energy sales agreements, insurance, maintenance and other areas requiring portfolio – level decisions, maintaining and monitoring health and safety and operating risk management policies. The Operations Manager also works jointly with the Investment Manager on sourcing and transacting new business, providing assistance in due diligence of potential new acquisitions, refinancing of existing assets and investor relations. The Operations Manager does not participate in any investment decisions taken by or on behalf of the Company or undertake any other regulated activities for the purposes of the UK's Financial Services and Markets Act 2000.

Members of the Investment Manager's and/or the Operations Manager's teams are also appointed as directors of the Group's project companies and/or intermediate holding companies and as part of their role in managing the portfolio, they attend board meetings of these companies and make appropriate decisions. Material decisions are referred back to the TRIG's investment committee and/or advisory committee for consideration and determination, and the TRIG board is consulted on key matters relevant to TRIG's strategy, policies or overall performance, both on an ad hoc basis where required and during formal reporting sessions, including all matters outside the Managers' delegated authority.

Committees of the Board

The committees of the Board are the Audit Committee, the Remuneration Committee, the Nomination Committee and a Management Engagement Committee. Terms of reference for each Committee have been approved by the Board.

The Chairman and members of each committee as at 31 December 2015 are as follows:

	Audit Committee	*Remuneration Committee*	*Nomination Committee*	*Management Engagement Committee*
Chairman	J Bridel	S Mason	H Mahy	H Mahy
Members	H Mahy	H Mahy	J Bridel	J Bridel
	S Mason	J Bridel	S Mason	S Mason
	K Hammer	K Hammer	K Hammer	K Hammer

Nomination Committee

The main terms of reference of the Committee are:

- regularly review the structure, size and composition required of the Board and make recommendations to the Board with regard to any changes (including skills, knowledge and experience in accordance with Principle 6 of the AIC Code);
- give full consideration to succession planning for directors taking into account the challenges and opportunities facing the Company; and
- be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.

The Nomination Committee met three times during 2015. The Board is currently composed of 50% male and 50% female directors.

Management Engagement Committee

The terms of reference of this committee are to review the relationships between the Company and its main service providers, including their performance, compliance with their contracts, and levels of fees paid. Recommendations from the Committee's review are given to the Board for consideration and action.

The Management Engagement Committee met three times in 2015 in accordance with its plan to review the performance of the key service providers to the Group and the Company. No material weaknesses were identified, some recommendations were conveyed to certain providers, and the recommendation to the Board was that the current arrangements are appropriate and provide good quality services and advice to the Company and the Group. It was resolved that the Committee would convene a planning meeting in August each year followed by a meeting in November of each year to review the Investment Manager and Operations Manager, and a meeting in February of each year to review the other service providers. On 22 December 2015 the Company announced the appointment of Liberum as its Joint Corporate Broker, alongside Canaccord Genuity, with immediate effect. The Managers were duly considered at the meeting of the Management Engagement Committee in November 2015 and no material issues were identified in connection with their respective appointments.

Details of the activities of the Remuneration Committee and the Audit Committee are set out in Section 7 and Section 8 respectively. All terms of reference for committees are available from the Company's website or Company Secretary upon request.

Relations with shareholders – AIC Code Principle 19

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. The Investment Manager produces a regular factsheet which is available on the Company's website. Senior members of the Investment Manager and Operations Manager make themselves available, as practicable, to meet with principal shareholders and key sector analysts. Feedback from these meetings is provided to the Board on a regular basis. The Board is also kept fully informed of all relevant market commentary on the Company by the Company's Financial PR agency, as well as receiving relevant updates from the Managers and the Company's brokers.

The Company reports formally to shareholders twice a year and will hold an Annual General Meeting in Guernsey on 4 May 2016, at which members of the Board will be available to answer shareholder questions. In addition, Shareholders receive written communications from the Company either with documents enclosed or to notify them of new information available to view on the Company's website.

Results of Extraordinary and Annual General Meetings are announced by the Company promptly after the relevant meeting. Additionally, other notices and information are provided to Shareholders on an ongoing basis through the Company's website in order to assist in keeping Shareholders informed. The Secretary and Registrar monitor the voting of the Shareholders and proxy voting is taken into consideration when votes are cast at the Annual General Meeting.

Shareholders may contact the Board via the Company Secretary, whose contact details are found on page 101 of the report and accounts.

Directors' Remuneration Report

The Remuneration Committee, chaired by Shelagh Mason and comprising all the Directors, operates within clearly defined terms of reference.

The terms of reference of the Committee are to determine and agree the Board policy for the remuneration of the Directors of the Company, including the approval of any ad-hoc payments in respect of additional corporate work required (e.g. for the work involved with the issue of prospectuses and equity fund raises).

Statement of the Chairman of the Remuneration Committee

As all Directors of the Company are non-executive they receive an annual fee appropriate for their responsibilities and time commitment but no other incentive programmes or performance-related emoluments.

During the year the Board commissioned an independent remuneration consultant to conduct a formal review of Directors' remuneration and the Board reviewed the recommendations and, subject to Shareholders' approval, has agreed to implement them.

Remuneration Policy

All Directors of the Company are non-executive and as such there are:

- no service contracts with the Company;
- no long-term incentive schemes;
- no options or similar performance incentives; and
- no payments for loss of office unless approved by shareholder resolution

The Directors' remuneration shall:

- reflect the responsibility, experience, time commitment and position on the Board;
- allow the Chairman and Chairman of the Audit Committee to be remunerated in excess of the remaining board members to reflect their increased roles of responsibility and accountability;
- be paid quarterly in arrears;
- include remuneration for additional, specific corporate work which shall be carefully considered and only become due and payable on completion of that work; and
- be reviewed by an independent professional consultant with experience of investment companies and their fee structures, at least every three years.

The maximum annual limit of aggregate fees payable to the Directors as set in the Articles of Incorporation is £250,000.

Remuneration Committee

The Remuneration Committee met four times during 2015 to consider the remuneration of the Directors. As set out above, during the year the Board commissioned Trust Associates Limited, an independent consultant to conduct a formal review of Directors' remuneration (for a fee of £4,500). The Chairman of the Board and the Chairman of the Remuneration Committee briefed Trust Associates, who then spoke with each of the Directors and the Company Secretary and with both the Investment Manager and the Operations Manager to understand specific factors affecting the Company. Trust Associates reviewed the remuneration of the Directors of the Company, their time commitment and levels of responsibility compared with those of similar investment companies.

The conclusions of Trust Associates' report were that

- there has been a significant rise in investment company board remuneration in recent years;
- the effect of the size of the investment portfolio and market capitalisation has a significant impact on the level of remuneration, and that the Company has grown in both the portfolio size and the market capitalisation, which has more than doubled since IPO. The Company is now among the top 15% by size of London-listed investment companies (and as a result of its growth it joined the FTSE 250 Index in December 2015); and
- the workload and time commitment required of Directors was higher than that of many investment company directors due to the specialist nature of the investments.

Taking account of these factors and the remuneration paid to investment companies of a similar size and similar characteristics, Trust Associates recommended the following changes to remuneration for routine business:

- each Director's fees to be increased to £40,000 p.a.;
- the fees of the Chairman of the Audit Committee to rise to £48,000 p.a., reflecting a 20% premium to the Directors' fees, to recognise the additional responsibility;
- the fees of the Chairman of the Board to rise to £60,000 p.a., reflecting a 50% premium to each Director's fees, in recognition not only of the considerably greater weight of responsibility but also the involvement in a number of additional meetings during the year – some of these with shareholders and potential investors each year as well as hosting events on behalf of the Company.

Where the Company requires Directors to work on specific corporate actions such as the raising of further equity, an additional fee will be appropriately determined.

The total fees paid to Directors in the year were within the annual cap of £250,000, previously approved by Shareholders. The Remuneration Committee proposes to seek approval from Shareholders to increase this annual cap to £350,000 to accommodate, if required, the appointment of additional Directors in the future.

The Remuneration Committee has considered the recommendations of the independent consultant and recommended them to the Board. After taking into account any views on remuneration expressed by shareholders, the Board has approved the proposed increases and is seeking Shareholder approval for the Directors' Remuneration Policy at the AGM on 4 May 2016 with a view to implementing it back-dated to 1 January 2016. The Board also considered each Director's availability and capacity to fulfil their responsibilities as a Director of the Company in the light of their other commitments. It was concluded that adequate time was in each case available for the appropriate discharge of their duties in the carrying-out of the Company's affairs.

Having engaged an independent formal review of remuneration in 2015, the Remuneration Committee does not currently expect to commission a further independent formal review until 2018 although retains the discretion to do so should the Company's circumstances change significantly. In-between independent formal reviews the Committee will carry out its own review exercises each year considering amongst other measures any appropriate inflationary increases and the levels of remuneration of similar investment companies.

For comparative purposes the table below sets out the Directors' remuneration approved and actually paid for the year to 31 December 2015 as well as proposed for the year ending 31 December 2016.

Director	*Role*	*Base remuneration proposed for 2016*	*Base (and total) remuneration paid in 2015*
Helen Mahy	Chairman	£60,000	£55,000
Jon Bridel	Audit Committee Chairman	£48,000	£40,500
Klaus Hammer	Director	£40,000	£35,500
Shelagh Mason	Director	£40,000	£35,500
Total		£188,000	£166,500

No additional fees were payable to the Directors in 2015. In December 2014 the Company established a Share Issuance Programme that permitted the Company to issue up to 250 million new shares over the period of 12 months from issue of the prospectus and this programme was fully completed in November 2015 after four issues during the year. Directors' fees of £5,000 each were paid in relation to the work on this programme in December 2014.

Directors are entitled to claim reasonable expenses which they incur attending meetings or otherwise in performance of their duties relating to the Company. The total amount of Directors' expenses paid for 2015 was £5,966.

The Board will seek approval at the AGM in May 2016 for the Remuneration Policy and the annual Directors' fees for routine business for 2016, fees for additional specific corporate actions and an increase in the annual Directors Fees cap, as set out above.

Directors' Interests

The Directors of the Company as at 31 December 2015, and their interests in the Ordinary Shares of the Company, are shown in the table below.

	31 December 2015 *Ordinary Shares*	**31 December 2014** *Ordinary Shares*
Helen Mahy[1]	62,261	58,636
Jon Bridel[1]	20,610	14,838
Klaus Hammer	24,838	4,838
Shelagh Mason	56,152	4,838

1 Jointly held with spouse.

All of the holdings of the Directors and their families are beneficial. No changes to these holdings had been notified up to the date of this report.

Other Disclosures

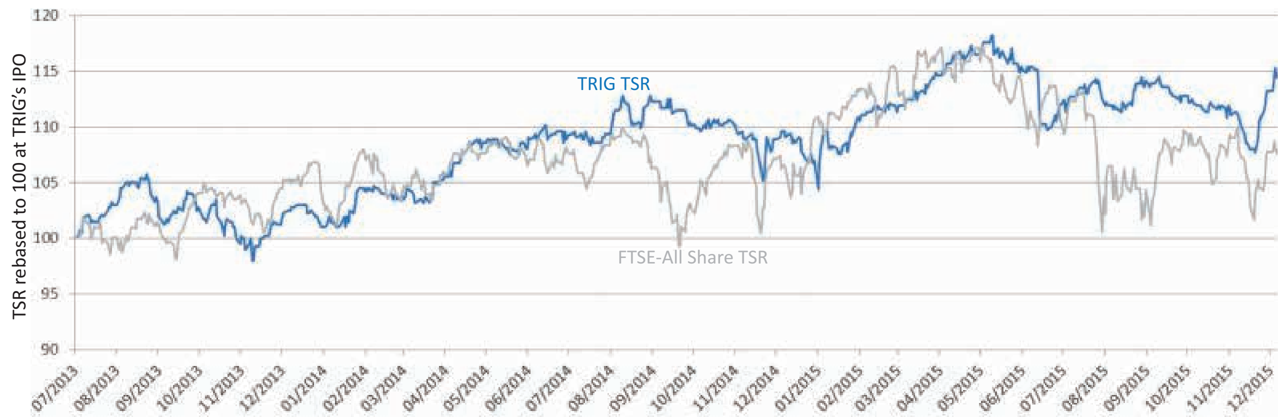
At the last AGM held on 6 May 2015 the following resolution including Directors Remuneration was approved:

Ordinary Resolution 9 – To approve the proposed annual remuneration for routine business for each Director, as set out in the Report and Financial Statements, for the year ending 31 December 2015:

	Shares voted	*Percentage*
In Favour	304,061,065	92.34
Discretionary	74,996	0.02
Against	25,164,615	7.64

Performance Graph

In setting the Directors' remuneration, consideration is given to the size and performance of the Company. The graph below highlights the performance of the Company against the FTSE-All Share index (of which TRIG is a constituent) rebased to IPO on a total return basis. In 2015, the Total Shareholder Return (on a share price basis) for the Company was 4.4% (2014: 7.5%) versus 1.0% for the FTSE-All Share Index (2014: 1.2%). Over the period from the IPO in July 2013 to 31 December 2015 the Total Shareholder Return for the Company was 5.7% p.a. and for the FTSE-All Share it was 3.1% p.a.



Source: Thomson Reuters

Section 8
Audit Committee Report

The Audit Committee has been in operation since the inception of the Company. Chaired by Jon Bridel, it operates within clearly defined terms of reference and comprises all of the Directors. It met four times in 2015 and is also the formal forum through which the auditors report to the Board of Directors. It meets at least three times annually.

The main duties of the Audit Committee are:

- giving full consideration and recommending to the Board for approval the contents of the half year and annual financial statements and reviewing the external auditors' report thereon including consideration of whether the financial statements are overall fair, balanced and understandable;
- agreeing with the auditors the external audit plan including discussing with the external auditors the key risk areas within the financial statements;
- considering and understanding the key risks of misstatement of the financial statements and formulating an appropriate plan to review these and agreeing with the Managers their processes to manage these risk areas;
- reviewing the draft valuation of the Company's investments prepared by the Investment Manager and making a recommendation to the Board on the valuation;
- reviewing the scope, results, cost effectiveness, independence and objectivity of the external auditors as well as reviewing the effectiveness of the external audit process and making any recommendations to the Board for improvement of the audit process;
- reviewing and recommending to the Board for approval the audit, audit related and non-audit fees payable to the external auditors or their affiliated firms overseas and the terms of their engagement;
- reviewing the appropriateness of the Company's accounting policies;
- ensuring the standards and adequacy of the internal control systems; and
- reporting to the Board on how it has discharged its duties.

None of the members of the Audit Committee have any involvement in the preparation of the financial statements of the Company, as this has been contracted to the Investment Manager.

The Audit Committee meets the external auditors before and after their audit and has discussed with the auditors the scope of their annual audit work and also their audit findings. The auditors attend the Audit Committee meetings at which the annual and interim accounts are considered, and at which they have the opportunity to meet with the Committee without representatives of the Managers being present. The Audit Committee has direct access to the auditors and to key senior staff of the Investment Manager and it reports its findings and recommendations to the Board which retains the ultimate responsibility for the financial statements of the Company.

Significant Issues Considered

After discussion with both the Managers and the external auditors, the Audit Committee determined that the key risks of misstatement of the Company's financial statements related to the valuation of the investments.

Valuation of Investments

As outlined in Note 13 to the Financial Statements, the total carrying value of the investments at fair value (excluding the fair value of TRIG UK) at 31 December 2015 was £712.3m. Market quotations are not available for these financial assets, and as such their valuation is undertaken using a discounted cash flow methodology. This requires a series of material judgements to be made as further explained in Note 4 to the Financial Statements.

The valuation process and methodology were discussed by the Audit Committee with the Investment Manager at the time of the interim review, in November 2015 prior to the year-end valuation process and again in February 2016 as part of the year-end sign off process. The Committee met with the auditors at the time at which the Audit Committee reviewed and agreed the auditors' Group audit plan and also at the conclusion of the audit of the financial statements and in particular discussed the valuation process. The Investment Manager carries out a valuation semi-annually and provides a detailed valuation report to the Company.

Valuation of Investments – key forecast assumptions

The Audit Committee considered in detail those assumptions that are subject to judgement that have a material impact on the valuation. The key assumptions are:

- *Power price assumptions*

  A significant proportion of the wind and solar projects' income streams are contracted subsidy streams and power income under long-term PPAs, some of which have fixed price mechanisms. However over time the proportion of power income that is fixed reduces and the proportion where the Company has exposure to wholesale electricity prices increases. Market participants expect electricity prices to increase in real terms (i.e. ahead of inflation) over the medium and long term. The Investment Manager considers the forecasts

provided by expert energy advisors and then adopts a profile of assumed future power prices by jurisdiction. Further detail on the assumptions made in relation to power prices and other variables that may be expected to affect these are included in the Valuation section of the Strategic Report.

- *Macroeconomic assumptions*

  Macroeconomic assumptions include inflation, interest and tax rate assumptions. The Investment Manager's assumptions in this area are set out and explained in the Valuation section of the Strategic Report.

- *Other key income and costs assumptions*

  Other key assumptions include operating costs, facility energy generation levels and facility remaining operating life assumptions. These assumptions are updated semi-annually and reflect the recent actual results for each facility.

The Investment Manager has discussed and agreed the valuation assumptions with the Audit Committee. In relation to the key judgements underpinning the valuation the Investment Manager has provided sensitivities showing the impact of changing these assumptions and these have been reviewed by the Investment Committee and the Audit Committee.

Valuation of Investments – valuation discount rates

The discount rates adopted to determine the valuation are selected and recommended by the Investment Manager. The discount rate is applied to the expected future cash flows for each investment's financial forecasts derived adopting the assumptions explained above amongst others to arrive at a valuation (discounted cash flow valuation). The resulting valuation is sensitive to the discount rate selected. The Investment Manager is experienced and active in the area of valuing these investments and adopts discount rates reflecting its current extensive experience of the market. It is noted however that this requires subjective judgement and that there is a range of discount rates which could be applied. The discount rate assumptions and the sensitivity of the valuation of the investments to this discount rate are set out in the Valuation section of the Strategic Report.

The Audit Committee discussed with the Investment Manager the process adopted to arrive at the selected valuation discount rates (which includes comparison with other market transactions and an independent review of valuation discount rates both at December 2014 and at December 2015) and satisfied itself that the rates applied were appropriate. The external auditors explained the results of their review of the valuations, including their consideration of the Company's underlying cash flow projections, the economic assumptions and discount rates, to the Audit Committee. On the basis of their audit work there were no adjustments proposed that were material in the context of the financial statements as a whole.

Internal controls and Risk Management

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness, and the Board has therefore established an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed.

The process is based on a risk-based approach to internal control through a matrix which identifies the key functions carried out by the Investment Manager, Operations Manager and other key service providers, the various activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise and mitigate those risks. A scoring based on 1 to 5 for Likelihood and 1 to 5 for Impact is used and these are multiplied together to give a total score. Mitigation is considered on a scale of 1 to 5 and this leads to a residual risk rating being derived. The matrix is updated on an on-going basis and reviewed quarterly and the Board considers all material changes to the risk ratings and the action which has been, or is being, taken. By their nature, these procedures will provide a reasonable, but not absolute, assurance against material misstatement or loss.

At each Board meeting the Board also monitors the Group's investment performance and it reviews the Group's activities since the last Board meeting to ensure that the Investment Manager is adhering to the Company's investment policy and approved investment guidelines. The pipeline of new potential opportunities is considered and the prices paid for new investments during the quarter are also reviewed.

Further, at each Board meeting, the Board receives reports from the Company Secretary and Administrator in respect of compliance matters and duties performed by them on behalf of the Company.

The Board has considered the need for an internal audit function and it has decided that the systems and procedures employed by the Investment Manager, the Operations Manager and the Administrator, including their own internal review processes and processes in place in relation to the Company provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Group is therefore considered unnecessary.

The Board recognises that these control systems can only be designed to manage rather than eliminate the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material

misstatement or loss, and relies on the operating controls established by the Company's Administrator, the Investment Manager and the Operations Manager. The Board considers on a periodic basis whether further third party assurance is appropriate.

The Investment Manager prepares management accounts and updates business forecasts on a quarterly basis, which allow the Board to assess the Company's activities and review its performance. The Board and the Investment Manager have agreed clearly defined investment criteria, return targets, risk appetite, and exposure limits. Reports on these performance measures, coupled with cash projections and investment valuations, are submitted to the Board at each quarterly meeting.

The Operations Manager prepares quarterly project performance and project financial analysis and highlights the key activities performed and any specific new risks identified relating to the operating portfolio for consideration by the Board.

Appointment of the external auditors

Deloitte LLP was appointed to be external auditors for the TRIG Group on 19 September 2013 following a competitive tendering process. This process involved a review of the audit proposals and interviewing and challenging of each firm.

The objectivity of the external auditors is reviewed by the Audit Committee which also reviews the terms under which the external auditors may be appointed to perform non-audit services. The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditors, with particular regard to any non-audit work that the auditor may undertake. In order to safeguard auditor independence and objectivity, the Audit Committee ensures that any other advisory and/or consulting services provided by the external auditors do not conflict with their statutory audit responsibilities.

Advisory and/or consulting services generally only cover reviews of interim financial statements, tax compliance and capital raising work. Any non-audit services conducted by the external auditors outside of these areas which are above £20,000 in aggregate in any period require the consent of the Audit Committee before being initiated. The external auditor may not undertake any work for the Company in respect of the following matters – preparation of the financial statements, valuations used in financial statements, provision of investment advice, taking management decisions or advocacy work in adversarial situations.

Total fees paid amounted to £269,210 for the period ended 31 December 2015 of which £90,880 related to audit and audit related services to the Company and its subsidiary, TRIG UK, and £178,330 related to audit of the Group's project subsidiaries and other audit related services. The only non-audit services provided by Deloitte in the year to the Company and its subsidiaries are in relation to the review of the interim financial statements at the half year.

Notwithstanding such services the Audit Committee considers Deloitte LLP to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit.

To fulfil its responsibility regarding the independence of the external auditors, the Audit Committee considered:

- changes in audit personnel in the audit plan for the current period;
- a report from the external auditors describing their arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the external auditors.

To assess the effectiveness of the external audit process, the Audit Committee reviewed:

- the external auditor's fulfilment of the agreed audit plan and variations from it;
- reports highlighting the major issues that arose during the course of the audit; and
- the effectiveness and independence of the external auditors having considered the degree of diligence and professional scepticism demonstrated by them.

The Audit Committee has noted the revisions to the UK Corporate Governance Code introduced by the Financial Reporting Council in September 2012 and the AIC Code of Corporate Governance issued in February 2013 and in particular the recommendation, in each, to put the external audit out to tender at least every 10 years. This is the third year of Deloitte's appointment as the Company's auditors. The Audit Committee is satisfied with Deloitte's effectiveness and independence as auditor having considered the degree of diligence and professional scepticism demonstrated by them. As such, the Committee has not considered it necessary during this period to conduct a tender process for the appointment of its auditors for the year ended 31 December 2016.

The Audit Committee confirms that TRIG has complied with the requirements of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 since it became a member of the FTSE 350 Index on 18 December 2015 and up to 31 December 2015. Deloitte were appointed as external

auditor in 2013 following a competitive process and our Audit Committee terms of reference are in line with the Order.

The Audit Committee continues to monitor the proposed changes by the European Union/UK Competition Commission in respect of auditor services and retendering, which remain a work in progress.

The Committee intends to conduct a full review of Deloitte following the issue of these financial statements as it did in 2015 to ensure that the Committee considers all aspects of the auditors' service and performance. The outcome of the review in April 2015 was positive and led to no material concerns over the performance of the auditor.

Having satisfied itself that the external auditors remain independent and effective, the Audit Committee has recommended to the Board that Deloitte LLP be reappointed as auditor for the period ending 31 December 2016.

<table>
<tr><td>Opinion on financial statements of The Renewables Infrastructure Group Limited</td><td>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 profit for the year then ended;
▲ have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
▲ have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.
The financial statements comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.</td></tr>
<tr><td>Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the Company</td><td>We have reviewed the Directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 2 to the financial statements and the Directors' statement on the longer-term viability of the Company contained within the Director's Report on page 59.
We have nothing material to add or draw attention to in relation to:
▲ the Directors' confirmation on page 60 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
▲ the disclosures on pages 46 to 51 that describe those risks and explain how they are being managed or mitigated;
▲ the Directors' statement in note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
▲ the Directors' explanation on page 59 as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.
We agreed with the Directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.</td></tr>
<tr><td>Independence</td><td>We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Company and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.</td></tr>
<tr><td>Our assessment of risks of material misstatement</td><td>The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.
We have not included the risk of revenue recognition in this year's audit report. Whilst we continue to classify this as a significant risk for the purpose of our audit, we do not consider it to be an area that has had a continued significant impact on our audit strategy, the allocation of resources in our audit or in directing the efforts of the engagement team.
The Audit Committee has requested that while not required under International Standards on Auditing (UK and Ireland), we include in our report any significant key observations in respect of these assessed risks of material misstatement.</td></tr>
</table>

Assessment of the valuation of investments	
Risk description	The Company's investments held at fair value, comprise of investments in intermediate holding companies and equity and subordinated debt interests in wind farm and solar park projects for which there is no liquid market and which are valued on a discounted cash flow basis. The Company's portfolio increased significantly in the year, with £254.6 million purchases of further investments, funded through issue of equity. The year end valuation of £711.6 million at 31 December 2015 (2014: £412.4m) requires significant judgements in respect of the forecast cash flows and discount rates applied. The judgements in respect of forecast cash flows include assumptions around future energy yields, power prices, inflation, tax rates, exchange rates and operating costs. This is disclosed as a critical accounting judgement in note 3 of the financial statements, a breakdown of the investments and the assumptions applied to the valuation are described in note 4.
How the scope of our audit responded to the risk	Our audit is directed to considering the evidence available to support these assumptions and our audit the sensitivity of the valuation to reasonably possible changes in these assumptions. We critically assessed these assumptions and the fund valuation model in which they are applied in determining the fair value. Our audit procedures included: ▲ understanding and reviewing the design and implementation of internal controls around updates to the valuation model used at 31 December 2015; ▲ reviewing the independent advice received by the company in respect of energy yields, power prices and discount rates and meeting with those advisers where appropriate to understand the methodology used and challenge key assumptions; ▲ using our own Deloitte internal valuation specialists to benchmark the discount rate against comparable market participants; ▲ reviewing the share purchase agreements for any newly acquired assets in order to confirm the acquisition cost and the nature and amount of any deferred consideration that may be embedded in the valuation; ▲ using macroeconomic data (including inflation and tax rate forecasts) and observable market data to benchmark key assumptions; ▲ testing the incorporation of the assumptions into the valuation model and the correct application of the selected discount rates; ▲ reviewing cash flow projections, focusing on changes since the previous reporting date or the date of acquisition for current period assets acquired, substantiating any contracted revenues and costs and comparison against actual historical results for the underlying investments; and ▲ reviewing the adequacy of the disclosures made in the financial statements.
Key observations	Using macroeconomic data (including inflation and tax rate forecasts) and other observable market data to benchmark the key assumptions and discount rates, we concluded that in aggregate the assumptions are within the acceptable range of reasonably possible alternatives and none of the assumptions tested individually fell outside the acceptable threshold. The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 68. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality	We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work. We determined materiality for the Company to be £14.0 million (2014: £8.5 million), which is below 2% (2014: 2%) of shareholders' equity. We consider equity to be the key benchmark used by members of the Company in assessing financial performance. The reason for the significant increase in the year relates to the growth in this benchmark throughout the period. A lower materiality threshold of £0.4 million (2014: £0.9 million) has been applied to those account balances which are not directly associated with the investment valuation. The lower level of materiality has been determined based on approximately 5% of profit before tax excluding valuation gains (2014: approximately 5%). We consider it appropriate to test balances such as interest income, dividend income, administrative expenses and associated working capital balances using a lower materiality threshold, as these balances impact the net income available to support distributions to shareholders. We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £280,000 (2014: £166,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.
An overview of the scope of our audit	Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team. As the Company is required to measure its subsidiaries at fair value rather than consolidate on a line-by-line basis, the Company has been treated as having only one component, which is audited to the materiality set out above.
Matters on which we are required to report by exception Adequacy of explanations received and accounting records	Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion: ▲ we have not received all the information and explanations we require for our audit; or ▲ proper accounting records have not been kept by the parent company; or ▲ the financial statements are not in agreement with the accounting records. We have nothing to report in respect of these matters.
Corporate Governance Statement	Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.
Our duty to read other information in the Annual Report	Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is: ▲ materially inconsistent with the information in the audited financial statements; or ▲ apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or ▲ otherwise misleading. In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of Directors and auditor	As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews. This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. 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/or those further matters we have expressly agreed to report to them on in our engagement letter 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.
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.

David Becker
for and on behalf of Deloitte LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands

22 February 2016

Income Statement

For the year ended 31 December 2015

	Note	Year ended 31 December 2015 £'000's	Year ended 31 December 2014 £'000's
Total operating income	6	15,917	23,121
Fund expenses	7	(964)	(832)
Operating profit for the year		14,953	22,289
Finance and other income	8	2,061	1,008
Profit before tax		17,014	23,297
Income tax credit/(expense)	9	–	–
Profit for the period	10	17,014	23,297
Attributable to:			
Equity holders of the parent		17,014	23,297
		17,014	23,297
Earnings per share (pence)	10	3.0	6.2

All results are derived from continuing operations.

There is no other comprehensive income or expense apart from those disclosed above and consequently a statement of comprehensive income has not been prepared.

Balance Sheet

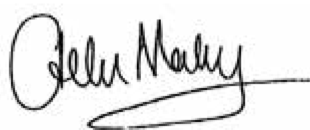
As at 31 December 2015

	Note	As at 31 December 2015 £'000's	As at 31 December 2014 £'000's
Non-current assets			
Investments at fair value through profit or loss	13	711,604	412,449
Total non-current assets		711,604	412,449
Current assets			
Other receivables	14	736	1,300
Cash and cash equivalents	15	14,873	12,425
Total current assets		15,609	13,725
Total assets		727,213	426,174
Current liabilities			
Other payables	16	(621)	(493)
Total current liabilities		(621)	(493)
Total liabilities		(621)	(493)
Net assets	12	726,592	425,681
Equity			
Share premium	17	728,227	411,768
Other reserves	17	706	428
Retained reserves	17	(2,341)	13,485
Total equity attributable to owners of the parent	12	726,592	425,681
Net assets per Ordinary Share (pence)	12	99.0	102.4

The accompanying Notes are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 22 February 2016, and signed on its behalf by:

Jon Bridel
Director



Helen Mahy CBE
Director

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2015

For the year ended 31 December 2015

	Share premium *£'000's*	Other reserves *£'000's*	Retained reserves *£'000's*	Total equity *£'000's*
Shareholders' equity at beginning of period	411,768	428	13,485	425,681
Profit for the year	–	–	17,014	17,014
Dividends paid	–	–	(28,337)	(28,337)
Scrip shares issued in lieu of dividend	4,503	–	(4,503)	–
Ordinary Shares issued	315,673	–	–	315,673
Costs of Ordinary Shares issued	(4,626)	–	–	(4,626)
Ordinary Shares issued in period in lieu of Management Fees, earned in H2 2014[1]	428	(428)	–	–
Ordinary Shares issued in period in lieu of Management Fees, earned in H1 2015[2]	481	–	–	481
Ordinary Shares to be issued in lieu of Management Fees, earned in H2 2015[3]	–	706	–	706
Shareholders' equity at end of period	728,227	706	(2,341)	726,592

For the year ended 31 December 2014

	Share premium *£'000's*	Other reserves *£'000's*	Retained reserves *£'000's*	Total equity *£'000's*
Shareholders' equity at beginning of period	304,324	233	10,307	314,864
Profit for the year	–	–	23,297	23,297
Dividends paid	–	–	(15,820)	(15,820)
Scrip shares issued in lieu of dividend	4,299	–	(4,299)	–
Ordinary Shares issued	104,730	–	–	104,730
Costs of Ordinary Shares issued	(2,135)	–	–	(2,135)
Ordinary Shares issued in period in lieu of Management Fees, earned in 2013[4]	233	(233)	–	–
Ordinary Shares issued in period in lieu of Management Fees, earned in H1 2014[5]	317	–	–	317
Ordinary Shares to be issued in lieu of Management Fees, earned in H2 2014[1]	–	428	–	428
Shareholders' equity at end of period	411,768	428	13,485	425,681

In line with the Investment Management Agreement and the Operations Management Agreement, 20 per cent. of the management fees are to be settled in Ordinary Shares.

1 The £428,054 transfer between reserves represents the 431,070 shares that relate to management fees earned in the six months to 31 December 2014 and were recognised in other reserves at 31 December 2014, and were issued to the Managers during the year, with the balance being transferred to share premium reserves, on 31 March 2015.

2 The £480,556 addition to the share premium reserve represents the 483,455 shares that relate to management fees earned in the six months to 30 June 2015 and were issued to the Managers on 30 September 2015.

3 As at 31 December 2015, 736,190 shares equating to £705,933, based on a Net Asset Value ex dividend of 95.89 pence per share (the Net Asset Value at 31 December 2015 of 99.0 pence per share less the interim dividend of 3.11 pence per share) were due but had not been issued. The Company intends to issue these shares to the Managers around 31 March 2016.

4 The £232,997 transfer between reserves represents the 235,351 shares that relate to management fees earned in the five months to 31 December 2013 and were recognised in other reserves at 31 December 2013, and were issued to the Managers during the year, with the balance being transferred to share premium reserves, on 3 March 2014.

5 The £316,971 addition to the share premium reserve represents the 319,206 shares that relate to management fees earned in the six months to 30 June 2014 and were issued to the Managers on 30 September 2014.

Cash Flow Statement

For the year ended 31 December 2015

	Note	Year ended 31 December 2015 £'000's	Year ended 31 December 2014 £'000's
Cash flows from operating activities			
Profit before tax	10	17,014	23,297
Adjustments for:			
Loss/(gain) on investments	6, 13	12,120	(4,004)
Investment income	6, 13	(28,037)	(19,117)
Movement in other reserves relating to Manager shares		278	195
Accrued share issue costs		275	(337)
Exchange gains on FX hedges		3,176	153
Finance and other income	8	(2,061)	(1,008)
Operating cash flow before changes in working capital		2,765	(821)
Changes in working capital:			
(Increase) in receivables		(280)	(226)
(Decrease)/increase in payables		(214)	262
Cash flow from operations		2,271	(785)
Interest received from investments	13	24,037	25,574
Interest income		73	25
Net cash from operating activities		26,381	24,814
Cash flows from investing activities			
Purchases of investments	13	(307,275)	(102,949)
Net cash used in investing activities		(307,275)	(102,949)
Cash flows from financing activities			
Proceeds from issue of share capital during period		316,582	105,280
Costs in relation to issue of shares		(4,903)	(1,798)
Dividends paid to shareholders	11	(28,337)	(15,820)
Net cash from financing activities		283,342	87,662
Net (decrease)/increase in cash and cash equivalents		2,448	9,527
Cash and cash equivalents at beginning of period	15	12,425	2,898
Exchange gains on cash		–	–
Cash and cash equivalents at end of period	15	14,873	12,425

The accompanying Notes are an integral part of these financial statements.

1. General information

The Renewables Infrastructure Group Limited ("TRIG" or the "Company") is a closed ended investment company incorporated in Guernsey under Section 20 of the Companies (Guernsey) Law, 2008. The shares are publically traded on the London Stock Exchange under a premium listing. Through its single, direct subsidiary, The Renewables Infrastructure Group (UK) Limited ("TRIG UK"), TRIG invests in operational renewable energy generation projects, predominantly in onshore wind and solar PV segments, across the UK and Northern Europe. The Company, TRIG UK and its portfolio of investments are known as the "Group".

These financial statements are for the year ended 31 December 2015 and comprise only the results of the Company as all of its subsidiaries are measured at fair value following the amendment of IFRS 10 as explained below in Note 2 (a).

2. Key accounting policies

(a) Basis of preparation

The financial statements were approved and authorised for issue by the Board of Directors on 22 February 2016.

The financial statements, which give a true and fair view, have been prepared in compliance with the Companies (Guernsey) Law, 2008 and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") using the historical cost basis, except that the financial instruments classified at fair value through profit or loss are stated at their fair values and that the Company has applied the second amendment to IFRS 10, see below, that has not yet been adopted by the EU. All accounting policies have been applied consistently in these financial statements.

The financial statements are presented in sterling, which is the Company's functional currency. Foreign operations are included in accordance with the policies set out in this note.

As first adopted in the annual financial statements of the Company for the year ended 31 December 2014, IFRS 10 states that investment entities should measure all of their subsidiaries that are themselves investment entities at fair value following the issuance of 'Investment entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28'. Being an investment entity, TRIG UK is measured at fair value as opposed to being consolidated on a line-by-line basis, meaning its cash, debt and working capital balances are included in the fair value of investments rather than the Group's current assets.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. 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 on-going 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. Note 3 shows critical accounting judgements, estimates and assumptions.

(b) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and also commented on in the Viability Statement contained in the Directors' Report on page 59. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Results on pages 76 to 79. In addition, Notes 1 to 4 of the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has a range of long-term contracts with various major UK and European utilities and well-established suppliers across a range of infrastructure projects. In addition, the Company maintains a prudent level of leverage, limited to 30% of portfolio value, and the Group's project-level financing, limited to 50% of Gross Portfolio Value, is non-recourse to the Company. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

2. Key accounting policies *(continued)*

(b) Going concern *(continued)*

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they adopt the going concern basis of accounting in preparing the annual financial statements.

New standards early adopted for the current period

The Group has early adopted the following standards:

- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities
- Amendments to IAS 32 Offsetting financial assets and financial liabilities

Standards not yet applied

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IAS 27 (amendments) Equity Method in Separate Financial Statements
- IFRS 11 (amendments) Accounting for Acquisitions of Interests in Joint Operations
- Annual Improvements to IFRSs: 2012-2014 Cycle – Amendments to: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting

The Directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Company in future periods, except IFRS 9 will impact both the measurement and disclosures of financial instruments.

(c) Basis of consolidation

The Company has adopted IFRS 10 'Consolidated Financial Statements', which supersedes IAS 27 'Consolidated and Separate Financial Statements", and as an investment entity is required to measure all of its subsidiaries at fair value. The financial statements therefore comprise the results of the Company only. Subsidiaries are those entities controlled by the Company. The Company has control of an investee, when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee as defined in IFRS 10 'Consolidated Financial Statements'.

The Directors believe it is appropriate and relevant to the investor to account for the investment portfolio at fair value, where consolidating it would not be.

The Company's sole, direct subsidiary, TRIG UK, carries out investment activities and incurs overheads and borrowings on behalf of the Group. The Directors therefore provide an alternative presentation of the Company's results in the Strategic Report on pages 32 to 36 prepared under the "Expanded basis", which includes the consolidation of TRIG UK.

An entity shall consider all facts and circumstances when assessing whether it is an investment entity, including its purpose and design. Under the definition of an investment entity, as set out in paragraph 27 in the standard, the entity must satisfy all three of the following tests:

I. Obtains funds from one or more investors for the purpose of providing those investors with investment management services; and

II. Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both (including having an exit strategy for investments); and

2. KEY ACCOUNTING POLICIES *(continued)*

(c) Basis of consolidation *(continued)*

III. Measure and evaluate the performance of substantially all of its investments on a fair value basis.

The three essential criteria met by the Company are:

I. Typically, an investment entity would have several investors who pool their funds to gain access to investment management services and investment opportunities that they might not have had access to individually. Investing in renewable energy infrastructure, as per the Company's investment policy, would be considered an investment that is not generally available to individual investors due the high capital costs, large barriers to entry and other regulatory issues. The Company, being listed on the London Stock Exchange main market, obtains funds from a diverse group of external shareholders.

II. The Company invests funds solely for returns from capital appreciation and investment income.

III. The Company elects to measure and evaluate the performance of all of its subsidiaries on a fair value basis because using fair value results in more relevant information than, for example, consolidating its subsidiaries or using the equity method for its interests in associates or joint ventures. This is supported by investor presentations, information contained in the initial offer prospectus and the Company fact sheet. Investor focus is on the fair value of the portfolio and investors will continue to challenge and assess discount rates applied to the underlying investment cash flows vis-à-vis revenue and expenses of the project entities. In addition, the Company reports fair value information internally to the entity's key management personnel (as defined in IAS 24), who use fair value as the primary measurement attribute to evaluate the performance of substantially all of its investments and to make investment decisions.

The Directors are of the opinion that the Company has all the typical characteristics of an investment entity and meets the definition in the standard.

(d) Financial instruments

Financial assets and liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with IAS 39 'Financial instruments: Recognition and measurement'.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value including directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Investments in equity and debt securities

Investments in the equity and loanstock of entities engaged in renewable energy activities are designated at fair value through profit or loss.

The Group manages these investments and makes purchase and sale decisions based on their fair value.

The initial difference between the transaction price and the fair value, derived from using the discounted cash flows methodology at the date of acquisition, is recognised only when observable market data indicates there is a change in a factor that market participants would consider in setting the price of that investment. After initial recognition, investments at fair value through profit or loss are measured at fair value with changes recognised in the income statement.

The Directors consider the equity and loanstock to share the same investment characteristics and risks and they are therefore treated as a single unit of account for valuation purposes and a single class for disclosure purposes.

2. Key accounting policies *(continued)*

(e) Impairment

Financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the income statement.

(f) Share capital and share premium

Ordinary Shares are classified as equity. Costs directly attributable to the issue of new shares or associated with the establishment of the Company that would otherwise have been avoided are written-off against the value of the ordinary share premium.

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash balances, deposits held on call with banks and other short-term, highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(h) Investment income

Income from investments relates solely to returns from the Company's single, direct subsidiary, TRIG UK. This is recognised when the right to receive interest income is determined on an accruals basis and dividends when these are received.

(i) Income tax

Under the current system of taxation in Guernsey, the Company is exempt from paying taxes on income, profits or capital gains.

(j) Foreign exchange gains and losses

Transactions entered into by the Company in a currency other than its functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the income statement.

(k) Segmental reporting

The Chief Operating Decision Maker (the "CODM") is of the opinion that the Group is engaged in a single segment of business, being investment in renewable infrastructure to generate investment returns while preserving capital. The financial information used by the CODM to allocate resources and manage the Group presents the business as a single segment comprising a homogeneous portfolio.

(l) Fund expenses

All expenses are accounted for on an accruals basis. The Company's investment management and administration fees (refer to Note 7), finance costs and all other expenses are charged through the income statement.

(m) Acquisition costs

In line with IFRS 3 (Revised), acquisition costs are expensed to the income statement as incurred.

2. KEY ACCOUNTING POLICIES *(continued)*

(n) Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends, this is when they are paid. For scrip dividends, where the Company issues shares with an equal value to the cash dividend amount as an alternative to the cash dividend, a credit to equity is recognised when the shares are issued.

(o) Statement of compliance

Pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 the Company is a Registered Closed-Ended Investment Scheme. As an authorised scheme, the Company is subject to certain on-going obligations to the Guernsey Financial Services Commission.

(p) Share-based payments

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at that date the entity obtains the goods or the counterparty renders the service.

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions in certain circumstances that affect reported amounts. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are outlined below.

Investments at fair value through profit or loss

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Board base the fair value of the investments on information received from the Investment Manager. Fair value is calculated on a discounted cash flow basis.

Fair values for those investments for which a market quote is not available are determined using the income approach, which discounts the expected cash flows at the appropriate rate. In determining the discount rate, regard is had to relevant long-term government bond yields, specific risks associated with the technology (on-shore wind and solar) and geographic location of the underlying investment, and the evidence of recent transactions. The investments at fair value through profit or loss, whose fair values include the use of level 3 inputs, are valued by discounting future cash flows from investments in both equity (dividends and equity redemptions) and subordinated loans (interest and repayments) to the Group at an appropriate discount rate.

The weighted average discount rate applied in the December 2015 valuation was 9.0% (2014: 9.0%). The discount rate is considered one of the most significant unobservable inputs through which an increase or decrease would have a material impact on the fair value of the investments at fair value through profit or loss.

The other material impacts on the measurement of fair value are the forward looking power price curve and energy yields which are further discussed in Note 4 under sensitivities.

By virtue of the Company's status as an investment fund, and in conjunction with IFRS 10 and specifically the Amendments to IFRS 10 for investment entities, investments are designated upon initial recognition to be accounted for at fair value through profit or loss.

The Directors consider that the carrying value amounts of financial assets and financial liabilities recorded at amortised cost in the financial statement are approximately equal to their fair values.

4. Financial instruments

Financial risk management

The objective of the Group's financial risk management is to manage and control the risk exposures of its investment portfolio. The Board of Directors has overall responsibility for overseeing the management of financial risks, however the review and management of financial risks are delegated to the Investment Manager, which has documented procedures designed to identify, monitor and manage the financial risks to which the Group is exposed. Note 4 presents information about the Group's exposure to financial risks, its objectives, policies and processes for managing risk and the Group's management of its financial resources.

Through its single, direct subsidiary, TRIG UK, the Company invests in a portfolio of investments predominantly in the subordinated loanstock and ordinary equity of project finance companies. These companies are structured at the outset to minimise financial risks where possible, and the Investment Manager primarily focuses their risk management on the direct financial risks of acquiring and holding the portfolio but continues to monitor the indirect financial risks of the underlying projects through representation, where appropriate, on the Boards of the project companies, and the receipt of regular financial and operational performance reports.

Interest rate risk

The Group invests in subordinated loanstock of project companies, usually with fixed interest rate coupons. The portfolio's cash flows are continually monitored and reforecast, both over the near future and the long-term, to analyse the cash flow returns from investments. The Group may use borrowings to finance the acquisition of investments and the forecasts are used to monitor the impact of changes in borrowing rates against cash flow returns from investments as increases in borrowing rates will reduce net interest margins.

The Group's policy is to ensure that interest rates are sufficiently hedged to protect the Group's net interest margins from significant fluctuations when entering into material medium/long-term borrowings. This includes engaging in interest rate swaps or other interest rate derivative contracts.

The Company has an indirect exposure to changes in interest rates through its investment in project companies, which are financed by senior debt. Senior debt financing of project companies is generally either through floating rate debt, fixed rate bonds or index linked bonds. Where senior debt is floating rate, the projects typically have similar length hedging arrangements in place, which are monitored by the project companies' managers, finance parties and boards of directors.

Inflation risk

The Group's project companies are generally structured so that contractual income and costs are either wholly or partially linked to specific inflation, where possible, to minimise the risks of mismatch between income and costs due to movements in inflation indexes. The Group's overall cash flows vary with inflation, although they are not directly correlated as not all flows are indexed. The effects of these inflation changes do not always immediately flow through to the Group's cash flows, particularly where a project's loanstock debt carries a fixed coupon and the inflation changes flow through by way of changes to dividends in future periods. The sensitivity of the portfolio valuation is shown further on in Note 4.

Market risk

Returns from the Group's investments are affected by the price at which the investments are acquired. The value of these investments will be a function of the discounted value of their expected future cash flows, and as such will vary with, inter alia, movements in interest rates, market prices and the competition for such assets.

Currency risk

The projects, in which the Group invests, all conduct their business and pay interest, dividends and principal in sterling, with the exception of the euro-denominated investments which at 31 December 2015 comprised 8% (2014: 13%) of the portfolio by value. The sensitivity of the portfolio valuation is shown in Note 4.

The Group monitors its foreign exchange exposures using its near-term and long-term cash flow forecasts. Its policy is to use foreign exchange hedging to provide protection to the level of sterling distributions that the Company aims to pay over the medium-term, where considered appropriate. This may involve the use of forward exchange.

4. Financial instruments *(continued)*

Credit risk

Credit risk is the risk that a counterparty of the Group will be unable or unwilling to meet a commitment that it has entered into with the Group.

The credit standing of subcontractors is reviewed, and the risk of default estimated for each significant counterparty position. Monitoring is on-going, and period end positions are reported to the Board on a quarterly basis. The Group's largest credit risk exposure to a project at 31 December 2015 was to the Crystal Ring II project, representing 12.4% (2014: Hill of Towie project, representing 9.5%) of the portfolio by value, and the largest subcontractor counterparty risk exposure was to Siemens who provided turbine maintenance services in respect of 48.7% of the portfolio by value. At 31 December 2014, the largest subcontractor counterparty risk exposure was to Vestas who provided turbine maintenance services in respect of 32.4% of the portfolio by value.

The Group's investments enter into Power Price Agreements ("PPA") contracts with a range of providers through which electricity is sold. The largest PPA provider to the portfolio at 31 December 2015 was EDF who provided PPAs to projects in respect of 19.0% of the portfolio by value. At 31 December 2014, the largest PPA provider was Scottish Power who provided PPAs to projects in respect of 27.4% of the portfolio by value.

At 31 December 2015, there were no loans and other receivables considered impaired for the Group.

The Group's maximum exposure to credit risk over financial assets is the carrying value of those assets in the balance sheet. The Group does not hold any collateral as security.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient financial resources and liquidity to meets its liabilities when due. The Group ensures it maintains adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's investments are predominantly funded by share capital and medium-term debt funding.

The Group's investments are generally in private companies, in which there is no listed market and therefore such investment would take time to realise, and there is no assurance that the valuations placed on the investments would be achieved from any such sale process.

The Group's investments have borrowings which rank senior and have priority over the Group's own investments into the companies. This senior debt is structured such that, under normal operating conditions, it will be repaid within the expected life of the projects. Debt raised by the investment companies from third parties is without recourse to the Group.

At 31 December 2015, the Company itself did not have any outstanding debt. The Group's revolving acquisition facility, which was undrawn at 31 December 2015, is held at TRIG UK, the Company's single, direct subsidiary, and is guaranteed by the Company. The facility is in place until February 2017.

Capital management

TRIG UK, the Company's single, direct subsidiary, entered into an £80 million revolving acquisition facility on 20 February 2014, which was extended to £120 million on 3 February 2015 and further to £150 million on 25 June 2015. During the year, the facility was temporarily increased and drawn to £204 million to enable the investment alongside Fred. Olsen Renewables. The facility was undrawn at 31 December 2015 (2014: £60.1 million).

The Group makes prudent use of its leverage. Under the investment policy, borrowings, including any financial guarantees to support outstanding subscription obligations but excluding internal Group borrowings of the Group's underlying investments, are limited to 30% of the portfolio value.

From time to time, the Company issues its own shares to the market; the timing of these purchases depends on market prices.

4. Financial instruments *(continued)*

In order to assist in the narrowing of any discount to the Net Asset Value at which the Ordinary Shares may trade, from time to time the Company may at the sole discretion of the Directors:

- make market purchases of up to 14.99% per annum of its issued Ordinary Shares; and
- make tender offers for the Ordinary Shares.

There were no changes in the Group's approach to capital management during the year.

Fair value estimation

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

Non-derivative financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses the income approach, which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values. In determining the discount rate, regard is had to relevant long-term government bond yields, the specific risks of each investment and the evidence of recent transactions.

Derivative financial instruments

The fair value of financial instruments inputs other than quoted prices traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. Note 2 discloses the methods used in determining fair values on a specific asset/liability basis. Where applicable, further information about the assumptions used in determining fair value is disclosed in the notes specific to that asset or liability.

Classification of financial instruments

	31 December 2015 *£'000s*	31 December 2014 *£'000s*
Financial assets		
Designated at fair value through profit or loss:		
Investments	711,604	412,449
Other financial assets	–	844
Financial assets at fair value	711,604	413,293
At amortised cost:		
Other receivables	736	456
Cash and cash equivalents	14,873	12,425
Financial assets at amortised cost	15,609	12,881
Financial liabilities		
Designated at fair value through profit or loss:		
Other financial liabilities	344	–
Financial liabilities at fair value	344	–
At amortised cost:		
Other payables	277	493
Financial liabilities at amortised cost	277	493

The Directors believe that the carrying values of all financial instruments are not materially different to their fair values.

4. FINANCIAL INSTRUMENTS *(continued)*

Other financial assets/liabilities represent the fair value of foreign exchange forward agreements in place at the year end.

Fair value hierarchy

The fair value hierarchy is defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	As at 31 December 2015			
	Level 1 *£'000's*	**Level 2** *£'000's*	**Level 3** *£'000's*	**Total** *£'000's*
Investments at fair value through profit or loss	–	–	711,604	711,604
Other financial assets	–	–	–	–
	–	–	711,604	711,604
Other financial liabilities	–	344	–	344
	–	344	–	344

	As at 31 December 2014			
	Level 1 *£'000's*	**Level 2** *£'000's*	**Level 3** *£'000's*	**Total** *£'000's*
Investments at fair value through profit or loss	–	–	412,449	412,449
Other financial assets	–	844	–	844
	–	844	412,449	413,293
Other financial liabilities	–	–	–	–
	–	–	–	–

Other financial assets/liabilities represent the fair value of foreign exchange forward agreements in place at the year end.

Investments at fair value through profit or loss comprise the fair value of the investment portfolio, on which the sensitivity analysis is calculated, and the fair value of TRIG UK, the Company's single, direct subsidiary being its cash, working capital and debt balances.

	31 December 2015 *£'000s*	**31 December 2014** *£'000s*
Portfolio value	712,284	472,870
TRIG UK		
Cash	347	454
Working capital	(2,762)	(2,041)
Debt[1]	1,735	(58,834)
	(680)	(60,421)
Investments at fair value through profit or loss	711,604	412,449

1 Debt arrangement costs of £1,735k (2014: £1,312k) have been netted off the £Nil (2014: £60,146k) debt drawn by TRIG UK.

4. FINANCIAL INSTRUMENTS *(continued)*

Level 2

Valuation methodology

Fair value is based on price quotations from financial institutions active in the relevant market. The key inputs to the discounted cash flow methodology used to derive fair value include foreign currency exchange rates and foreign currency forward curves. Valuations are performed on a six monthly basis every June and December for all financial assets and all financial liabilities.

Level 3

Valuation methodology

The Investment Manager has carried out fair market valuations of the investments as at 31 December 2015 and the Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation. All investments are at fair value through profit or loss and are valued using a discounted cash flow methodology.

The following economic assumptions were used in the discounted cash flow valuations at:

	31 December 2015	31 December 2014
UK inflation rates	2.75%	2.75%
Ireland and France inflation rates	2.00%	2.00%
UK, Ireland and France deposit interest rates	1.00% to 31 March 2019, 2.50% thereafter	1.00% to 31 March 2019, 3.00% thereafter
UK corporation tax rate	20.00%, reducing to 19% from 1 April 2017 and then to 18% from 1 April 2020	21.00% to 31 March 2015, 20.00% thereafter
France corporation tax rate	33.3% + 1.1% above €763,000 threshold	33.3% + 1.1% above €763,000 threshold
Ireland corporation tax rate	12.5% active rate, 25% passive rate	12.5% active rate, 25% passive rate
Euro/sterling exchange rate	1.3569	1.2874
Energy yield assumptions	P50 case	P50 case

Discount rates

The discount rates used for valuing each renewable infrastructure investment are based on the appropriate long term government bond yield and a risk premium. The risk premium takes into account risks and opportunities associated with the project earnings.

The weighted average portfolio valuation discount rate used for valuing the projects in the portfolio is 9.0% (2014: 9.0%) and a change by plus or minus 0.5% has the following effect:

Discount rate	–0.5% change	Total Portfolio Value	+0.5% change
Directors' valuation – Dec 2015	**+£28.5m**	**£712.3m**	**(£27.0m)**
Directors' valuation – Dec 2014	+£19.1m	£472.9m	(£17.9m)

Power Price

The power price forecasts are based on the base case assumptions from the valuation date and throughout the operating life of the portfolio. The base case power pricing is based on the current forecast real price reference curve data provided by a leading power price forecaster, adjusted to reflect the value the market will place on such generation in an arm's length transaction.

4. FINANCIAL INSTRUMENTS *(continued)*

A change in the forecast electricity price assumptions by plus or minus 10% has the following effect:

Power Price	–10% change	Total Portfolio Value	+10% change
Directors' valuation – Dec 2015	**(£56.0m)**	**£712.3m**	**+£55.8m**
Directors' valuation – Dec 2014	(£37.8m)	£472.9m	+£37.1m

Energy Yield

The portfolio's aggregate production outcome for a 10 year period would be expected to fall somewhere between a P90 10 year exceedance (downside case) and a P10 10 year exceedance (upside case), refer to Section 2.7 of the Strategic Report on page 40.

The effect of a P90 10 year exceedance and of a P10 10 year exceedance, applied to all future years, would have the following effect:

Energy Yield	P90 10 year exceedance	Total Portfolio Value	P10 10 year exceedance
Directors' valuation – Dec 2015	**(£78.5m)**	**£712.3m**	**+£77.0m**
Directors' valuation – Dec 2014	(£58.7m)	£472.9m	+£57.7m

Inflation rates

The portfolio valuation assumes long-term inflation of 2.75% per annum for UK investments (based on the RPI), and 2.00% per annum for France and Republic of Ireland investments (based on the CPI).

Inflation assumption	–0.5% change	Total Portfolio Value	+0.5% change
Directors' valuation – Dec 2015	**(£35.0m)**	**£712.3m**	**£39.2m**
Directors' valuation – Dec 2014	(£19.8m)	£472.9m	+£21.8m

Operating costs

The table below shows the sensitivity of the portfolio to changes in operating costs by plus or minus 10% at project company level.

Operating costs	–10% change	Total Portfolio Value	+10% change
Directors' valuation – Dec 2015	**+£23.0m**	**£712.3m**	**(£23.2m)**
Directors' valuation – Dec 2014	+£15.2m	£472.9m	(£15.3m)

Currency rates

The spot rate used for the 31 December 2015 valuation, from euro to sterling, was 1.3569 (2014: 1.2874).

A change to this currency rate by plus or minus 10% has the following effect:

Currency rates	–10% change	Total Portfolio Value	+10% change
Directors' valuation – Dec 2015	**(£2.6m)**	**£712.3m**	**+£2.6m**
Directors' valuation – Dec 2014	(£3.9m)	£472.9m	+£3.9m

5. SEGMENT REPORTING

The Chief Operating Decision Maker (the "CODM") is of the opinion that the Group is engaged in a single segment of business, being investment in renewable infrastructure to generate investment returns while preserving capital. The financial information used by the CODM to allocate resources and manage the Group presents the business as a single segment comprising a homogeneous portfolio.

6. Total operating income

	For year ended 31 December 2015 Total *£'000s*	For year ended 31 December 2014 Total *£'000s*
Interest income	28,037	19,117
(Loss)/gain on investments	(12,120)	4,004
	15,917	23,121

On the Expanded basis, which includes TRIG UK, the Company's single, direct subsidiary, that the Directors consider to be an extension of the Company's investment activity, total operating income is £27,284k (2014: £30,076k). The reconciliation from the IFRS basis to the expanded basis is shown in Section 2.6 of the Strategic Report on page 33.

7. Fund expenses

	For year ended 31 December 2015 Total *£'000s*	For year ended 31 December 2014 Total *£'000s*
Fees payable to the Company's auditors for the audit of the Group accounts	52	40
Investment and management fees (Note 18)	200	200
Directors' fees (Note 18)	167	149
Other costs	545	443
	964	832

Included within Other costs, £28k (2014: £25k) was paid to Deloitte LLP in respect of the interim review of the Group accounts.

In addition to the above, £189k (2014: £163k) was paid to Deloitte LLP (the Company's auditor) in respect of audit services provided to unconsolidated subsidiaries and therefore is not included within fund expenses above.

On the Expanded basis, fund expenses are £7,196k (2014: £4,791k); the difference being the costs incurred within TRIG UK, the Company's single, direct subsidiary. The reconciliation from the IFRS basis to the Expanded basis is shown in Section 2.6 of the Strategic Report on page 33.

The Company had no employees during the current or prior period. The Company has appointed the Investment Manager and the Operations Manager to manage the portfolio, the Company and its subsidiaries, on its behalf.

8. FINANCE AND OTHER INCOME

	For year ended 31 December 2015 Total *£'000s*	For year ended 31 December 2014 Total *£'000s*
Interest income:		
Interest on bank deposits	73	28
Total finance income	73	28
Gain on foreign exchange:		
Realised gain on settlement of FX forwards	3,097	153
Fair value movement of FX forward contracts	(1,188)	844
Other foreign exchange movements	79	(17)
Total gain on foreign exchange	1,988	980
Finance and similar income	2,061	1,008

On the Expanded basis, finance income is £91k (2014: £34k) and finance costs are £3,994k (2014: £1,699k); the difference being the Group's acquisition facility costs which are incurred within TRIG UK, the Company's single, direct subsidiary. These costs are shown in Section 2.6 of the Strategic Report on page 33.

9. INCOME TAX

Under the current system of taxation in Guernsey, the Company is exempt from paying taxes on income, profits or capital gains. Therefore, income from investments is not subject to any further tax in Guernsey, although these investments will bear tax in the individual jurisdictions in which they operate.

10. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of Ordinary Shares in issue during the period.

	31 December 2015 *'000's*	31 December 2014 *'000's*
Profit attributable to equity holders of the Company	£17,014	£23,297
Weighted average number of Ordinary Shares in issue	565,195	374,662
Earnings per Ordinary Share	3.0p	6.2p

Further details of shares issued in the period are set out in Note 17.

11. DIVIDENDS

	31 December 2015 *£'000s*	31 December 2014 *£'000s*
Amounts recognised as distributions to equity holders during the year:		
Interim dividend for the period ended 31 December 2014 of 3.08p (2013: 2.5p) per share	12,797	7,750
Interim dividend for the period ended 30 June 2015 of 3.08p (2014: 3.0p) per share	20,043	12,369
	32,840	20,119
Dividends settled as a scrip dividend alternative	4,503	4,299
Dividends settled in cash	28,337	15,820
	32,840	20,119

11. Dividends *(continued)*

On 11 February 2016, the Company declared an interim dividend of 3.11 pence per share for the period 1 July 2015 to 31 December 2015. The total dividend, £22,791,265, payable on 31 March 2016, is based on a record date of 19 February 2016 and the number of shares in issue at that time being 732,838,095.

	31 December 2015	31 December 2014
Interim dividend for the period ended June	3.08p	3.00p
Interim dividend for the period ended December	3.11p	3.08p
	6.19p	6.08p

12. Net assets per Ordinary Share

	31 December 2015 '000's	31 December 2014 '000's
Shareholders' equity at balance sheet date	£726,592	£425,681
Number of shares at balance sheet date, including management shares accrued but not yet issued	733,574	415,907
Net Assets per Ordinary Share at balance sheet date	**99.0p**	**102.4p**

In line with the Investment Management Agreement and the Operations Management Agreement, 20 per cent of the Group's management fees are to be settled in Ordinary Shares. Shares are issued to the Investment Manager and the Operations Manager twice a year in arrears, usually in March and September for the half year ending December and June, respectively.

As at 31 December 2015, 736,190 shares equating to £705,933, based on a Net Asset Value ex dividend of 95.89 pence per share (the Net Asset Value at 31 December 2015 of 99.0 pence per share less the interim dividend of 3.11 pence per share) were due but had not been issued. The Company intends to issue these shares around 31 March 2016.

As at 31 December 2014, 431,070 shares equating to £428,054, based on a Net Asset Value ex dividend of 99.3 pence per share (the Net Asset Value at 31 December 2014 of 102.4 pence per share less the interim dividend of 3.08 pence per share) were due but had not been issued. The Company issued these shares on 31 March 2015.

In view of this, the denominator in the above Net assets per Ordinary Share calculation is as follows;

	31 December 2015 '000's	31 December 2014 '000's
Ordinary Shares in issue at balance sheet date	732,838	415,476
Number of shares to be issued in lieu of Management fees	736	431
Total number of shares used in Net Assets per Ordinary Share calculation	**733,574**	**415,907**

13. Investments at fair value through profit or loss

Investments at fair value through profit or loss is the sum of the portfolio valuation and the carrying amount of TRIG UK, the Company's single, direct subsidiary.

	31 December 2015 £'000s	31 December 2014 £'000s
Brought forward	412,449	311,953
Investments in the year	307,275	102,949
Distributions received	(24,037)	(25,574)
Interest income	28,037	19,117
(Loss)/gain on valuation	(12,120)	4,004
Carried forward	711,604	412,449

13. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

The following information is non-statutory. It provides additional information to users of the financial statements, splitting the fair value movements between the investment portfolio and TRIG UK, the Company's single, direct subsidiary that was previously consolidated, before the recent amendment to IFRS 10.

	31 December 2015 *£'000s*	31 December 2014 *£'000s*
Fair value of investment portfolio		
Brought forward value of investment portfolio	472,870	299,792
Investments in the year	254,485	177,661
Distributions received	(42,355)	(35,345)
Interest income	20,772	9,023
Dividend income	5,341	11,035
Gain on valuation	1,171	10,704
Carried forward value of investment portfolio	712,284	472,870
Fair value of TRIG UK		
Brought forward value of TRIG UK	(60,421)	12,161
Cash movement	(106)	(12,844)
Working capital movement	(722)	(904)
Debt movement[1]	60,569	(58,834)
Carried forward value of TRIG UK	(680)	(60,421)
Total investments at fair value through profit or loss	711,604	412,449

1 Debt arrangement costs of £1,735k (2014: £1,312k) have been netted off the £Nil (2014: £60,146k) debt drawn by TRIG UK.

The gains on investment are unrealised.

Investments are generally restricted on their ability to transfer funds to the Company under the terms of their senior funding arrangements for that investment. Significant restrictions include:

- Historic and projected debt service and loan life cover ratios exceed a given threshold;
- Required cash reserve account levels are met;
- Senior lenders have agreed the current financial model that forecasts the economic performance of the project company;
- Project company is in compliance with the terms of its senior funding arrangements; and
- Senior lenders have approved the annual budget for the company.

All of the projects met their debt service covenants during the year.

13. Investments at fair value through profit or loss *(continued)*

Details of investments recognised at fair value through profit or loss were as follows:

		31 December 2015		31 December 2014	
Investments (project name)	**Country**	**Equity**	**Subordinated loanstock**	**Equity**	**Subordinated loanstock**
TRIG UK	UK	100%	100%	100%	100%
Roos	UK	100%	100%	100%	100%
The Grange	UK	100%	100%	100%	100%
Hill of Towie	UK	100%	100%	100%	100%
Green Hill	UK	100%	100%	100%	100%
Forss	UK	100%	100%	100%	100%
Altahullion	UK	100%	100%	100%	100%
Lendrums Bridge	UK	100%	100%	100%	100%
Lough Hill	UK	100%	100%	100%	100%
Milane Hill	Republic of Ireland	100%	100%	100%	100%
Beennageeha	Republic of Ireland	100%	100%	100%	100%
Haut Languedoc	France	100%	100%	100%	100%
Haut Cabardes	France	100%	100%	100%	100%
Cuxac Cabardes	France	100%	100%	100%	100%
Roussas-Claves	France	100%	100%	100%	100%
Puits Castan	France	100%	100%	100%	100%
Churchtown	UK	100%	100%	100%	100%
East Langford	UK	100%	100%	100%	100%
Manor Farm	UK	100%	100%	100%	100%
Parsonage	UK	100%	100%	100%	100%
Marvel Farms	UK	100%	100%	100%	100%
Tamar Heights	UK	100%	100%	100%	100%
Stour Fields	UK	100%	100%	100%	100%
Meikle Carewe	UK	100%	100%	100%	100%
Tallentire	UK	100%	100%	100%	100%
Parley	UK	100%	100%	100%	100%
Egmere	UK	100%	100%	100%	100%
Penare	UK	100%	100%	100%	100%
Earlseat	UK	100%	100%	100%	100%
Taurbeg	Republic of Ireland	100%	100%	100%	100%
Four Burrows	UK	100%	100%	–	–
Rothes 2	UK	49%	87%	–	–
Mid Hill	UK	49%	87%	–	–
Paul's Hill	UK	49%	87%	–	–
Rothes 1	UK	49%	87%	–	–
Crystal Rig 1	UK	49%	87%	–	–
Crystal Rig 2	UK	49%	87%	–	–

In February 2015, a 100% interest was acquired in Four Burrows for consideration of £8.6 million, from the Company's Operations Manager, Renewable Energy Systems Limited ("RES").

In June 2015, TRIG acquired, from Fred. Olsen Wind, a 49% equity interest and an 87% shareholder loan interest in six wind farms (Rothes 2, Mid Hill, Paul's Hill, Rothes 1, Crystal Rig 1 and Crystal Rig 2) for consideration of £246.0 million.

Further detail of acquisitions made in the year can be found in Section 2.6 of the Strategic Report.

14. OTHER RECEIVABLES

	31 December 2015 £'000's	31 December 2014 £'000's
Other debtors	736	456
Fair value of forward FX contracts	–	844
	736	1,300

15. CASH AND CASH EQUIVALENTS

	31 December 2015 £'000's	31 December 2014 £'000's
Bank balances	14,873	12,425
Cash and cash equivalents	14,873	12,425

On the Expanded basis, which includes balances carried in TRIG UK, cash is £15,220k (2014: £12,879k). The reconciliation from the IFRS basis to the Expanded basis is shown in Section 2.6 of the Strategic Report on page 36.

16. OTHER PAYABLES

	31 December 2015 £'000's	31 December 2014 £'000's
Management fees	50	50
Fair value of forward FX contracts	344	–
Other payables	227	443
	621	493

The Company has entered into forward foreign currency contracts to hedge the expected euro distributions for the next 18 months. In addition, the Company has placed further hedges to reach a position where approximately 50% of the valuation of euro denominated assets is hedged, providing a partial offset to foreign exchange movements in the portfolio value relating to such assets.

The following table details the forward foreign currency contracts outstanding as at 31 December 2015. The total euro balance hedged at 31 December 2015 was €42.9 million (2014: €39.9 million).

	31 December 2015			
	Average exchange rate	Foreign currency €'000's	Notional value £'000's	Fair value £'000's
Less than 3 months	1.3766	2,300	1,671	(24)
3 to 6 months	1.3418	17,700	13,235	172
6 to 12 months	1.3933	18,000	12,920	(436)
Greater than 12 months	1.3544	4,850	3,581	(56)
				(344)

17. Share capital and reserves

	Ordinary Shares 31 December 2015 '000's	Ordinary Shares 31 December 2014 '000's
Opening balance	415,476	310,000
Issued for cash	311,988	100,757
Issued as a scrip dividend alternative	4,459	4,165
Issued in lieu of management fees	915	554
Issued at 31 December – fully paid	732,838	415,476

The Company had a number of equity fund raises during the year.

On 31 March 2015, the Company issued 100,000,000 shares raising £102,250k before costs and on 22 April 2015, the Company issued a further 7,500,000 shares raising £7,669k before costs. The Company used the funds to repay the Group's revolving acquisition facility and to form part of the funding for the acquisition in June 2015.

On 21 July 2015, the Company issued 126,488,514 shares raising £127,753k before costs. The funds were used to repay part of the balance drawn on the revolving acquisition facility.

On 17 November 2015, the Company issued 78,000,000 shares raising £78,000k before costs. The funds were used to repay the balance drawn on the revolving acquisition facility.

The holders of the 732,838,095 (2014: 415,475,783) Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The Company shares are issued at nil par value.

Share premium

	31 December 2015 £'000s	31 December 2014 £'000s
Opening balance	411,768	304,324
Ordinary Shares issued	321,085	109,579
Cost of Ordinary Shares issued	(4,626)	(2,135)
Closing balance	728,227	411,768

Other reserves

	31 December 2015 £'000s	31 December 2014 £'000s
Opening balance	428	233
Shares to be issued in lieu of management fees incurred in H1 2014	–	317
Shares to be issued in lieu of management fees incurred in H2 2014 (Note 18)	–	428
Shares to be issued in lieu of management fees incurred in H1 2015 (Note 18)	481	–
Shares to be issued in lieu of management fees incurred in H2 2015 (Note 18)	706	–
Shares issued in the year, transferred to share premium	(909)	(550)
Closing balance	706	428

Retained reserves

Retained reserves comprise retained earnings, as detailed in the statement of changes in shareholders' equity.

18. RELATED PARTY AND KEY ADVISOR TRANSACTIONS

Loans to related parties:

	31 December 2015 *'000's*	31 December 2014 *'000's*
Short-term receivable from TRIG UK[1]	4,000	12
Short-term balance outstanding from TRIG UK, in relation to Management fees to be settled in shares[2]	706	428
Long-term loan to TRIG UK[1]	468,937	265,540
	473,643	265,980

1 Included within Investments at fair value through profit or loss on the Balance Sheet.

2 Included within Other receivables on the Balance Sheet.

During the year, interest totalling £28,037k (2014: £19,117k) was earned in respect of the long-term interest-bearing loan between the Company and its single, direct subsidiary, TRIG UK, of which £4,000k (2014: £Nil) was receivable at the balance sheet date.

Key advisor transactions

The Group's Investment Manager (InfraRed Capital Partners Limited) and Operations Manager (Renewable Energy Systems Limited) are entitled to 65 per cent and 35 per cent, respectively, of the aggregate management fee (see below), payable quarterly in arrears.

The aggregate management fee payable to the Investment Manager and the Operations Manager is 1 per cent of the Adjusted Portfolio Value in respect of the first £1 billion of the Adjusted Portfolio Value, and 0.8 per cent in respect of the Adjusted Portfolio Value in excess of £1 billion. These fees are payable by TRIG UK, the Company's single, direct subsidiary, less the proportion that relates solely to the Company, the advisory fees, which are payable by the Company.

The advisory fees payable to the Investment Manager and the Operations Manager in respect of the advisory services they provide to the Company are £130k per annum and £70k per annum, respectively. The advisory fees charged to the Company are included within the 1% total fee amount charged to the Company and its subsidiary, TRIG UK. The Investment Manager advisory fee charged to the income statement for the year was £130k (2014: £130k), of which £33k (2014: £33k) remained payable in cash at the balance sheet date. The Operations Manager advisory fee charged to the income statement for the year was £70k (2014: £70k), of which £18k (2014: £18k) remained payable in cash at the balance sheet date.

The Investment Manager management fee charged to TRIG UK for the year was £3,829k (2014: £2,357k), of which £930k (2014: £613k) remained payable in cash at the balance sheet date. The Operations Manager management fee charged to TRIG UK for the year was £2,061k (2014: £1,270k), of which £501k (2014: £330k) remained payable in cash at the balance sheet date.

In addition, the Operations Manager received £2,880k (2014: £1,767) for services in relation to Asset Management and other services provided to project companies within the investment portfolio, and £95k (2014: £19k) for additional advisory services provided to TRIG UK, neither of which are consolidated in these financial statements.

In line with the Investment Management Agreement and the Operations Management Agreement, 20 per cent of the Group's aggregate management fees are to be settled in Ordinary Shares. The shares issued to the Managers by the Company relate to amounts due to the Managers by TRIG UK. Accordingly, TRIG UK reimburses the Company for the shares issued.

As at 31 December 2014, 431,070 shares equating to £428,054, based on a Net Asset Value ex dividend of 99.3 pence per share (the Net Asset Value at 31 December 2014 of 102.4 pence per share less the interim dividend of 3.08 pence per share) were due, in respect of management fees earned in H2 2014, but had not been issued. The Company issued these shares on 31 March 2015.

On 30 September 2015, the Company issued 483,455 shares, equating to £480,556, based on a Net Asset Value ex dividend of 99.4 pence per share (the Net Asset Value at 30 June 2015 of 102.5 pence per share less the interim dividend of 3.08 pence per share), in respect of management fees earned in H1 2015.

18. Related party and key advisor transactions *(continued)*

As at 31 December 2015, 736,190 shares equating to £705,933, based on a Net Asset Value ex dividend of 95.89 pence per share (the Net Asset Value at 31 December 2015 of 99.0 pence per share less the interim dividend of 3.11 pence per share) were due, in respect of management fees earned in H2 2015, but had not been issued. The Company intends to issue these shares on 31 March 2016.

During the year, Four Burrows was purchased from the Operations Manager for consideration of £8,646k.

The Directors of the Company received fees for their services. Further details are provided in the Directors' Remuneration Report on page 66. Total fees for the Directors for the period were £166,500 (2014: £149,167). Directors' expenses of £5,966 (2014: £6,506) were also paid in the period.

All of the above transactions were undertaken on an arm's length basis.

19. Guarantees and other commitments

As at 31 December 2015, the Company and or TRIG UK, its single, direct subsidiary, had provided £18.5 million (2014: £11.6 million) in guarantees to the projects in the TRIG portfolio.

The Company also guarantees the revolving acquisition facility, entered into by TRIG UK, which it may use to acquire further investments.

20. Contingent consideration

The Group has performance-related contingent consideration obligations of up to £13.9 million (2014: £17.6 million) relating to acquisitions completed prior to 31 December 2015. These payments depend on the performance of certain wind farms and solar parks and other contracted enhancements. The payments, if triggered, would be due between 2016 and 2017. The valuation of the investments in the portfolio does not assume that these enhancements are achieved. If further payments do become due they would be expected to be offset by an improvement in investment. The arrangements are generally two way in that if performance is below base case levels some refund of consideration may become due.

21. Events after the balance sheet date

On 28 January 2016, TRIG acquired, from Akuo, a 49% equity interest and a 100% shareholder loan interest in 15 French solar parks (Broussan Solar, Chateau Solar, Plateau Solar, Borgo Solar, Olmo 2 Solar, Pascialone Solar, Santa Lucia Solar, Agrinergie 1&3 Solar, Agrinergie 5 Solar, Agrisol Solar, Chemin Canal Solar, Ligne des 400 Solar, Logistisud Solar, Marie Gallante Solar and Ste Marguerite Solar) for consideration of €57.2 million.

On 11 February 2016, the Company declared an interim dividend of 3.11 pence per share for the period 1 July 2015 to 31 December 2015. The total dividend, £22,791,265, payable on 31 March 2016, is based on a record date of 19 February 2016 and the number of shares in issue at that time being 732,838,095.

There are no other events after the balance sheet date, which are required to be disclosed.

22. SUBSIDIARIES

As a result of applying Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) and Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28), all subsidiaries are held at fair value as opposed to being consolidated on a line-by-line basis. The following subsidiaries have not been consolidated in these Financial Statements;

Name	Country	Ownership Interest
The Renewables Infrastructure Group (UK) Limited	UK	100%
The Renewables Infrastructure Group (UK) Investments Limited	UK	100%
Roos Energy Limited	UK	100%
Grange Renewable Energy Limited	UK	100%
Hill of Towie Limited	UK	100%
Green Hill Energy Limited	UK	100%
RES Wind Farm Holdings Limited	UK	100%
Forss Wind Farm Limited	UK	100%
Altahullion Wind Farm Limited	UK	100%
Lendrum's Bridge Wind Farm Limited	UK	100%
Lendrum's Bridge (Holdings) Limited	UK	100%
Lough Hill Wind Farm Limited	UK	100%
MHB Wind Farms Limited	Republic of Ireland	100%
MHB Wind Farms (Holdings) Limited	Republic of Ireland	100%
The Renewables Infrastructure Group (France) SAS	France	100%
CEPE de Haut Languedoc SARL	France	100%
CEPE du Haut Cabardes SARL	France	100%
CEPE de Cuxac SARL	France	100%
CEPE des Claves SARL	France	100%
CEPE de Puits Castan SARL	France	100%
European Investments (SCEL) Limited	UK	100%
European Investments (Cornwall) Limited	UK	100%
Churchtown Farm Solar Limited	UK	100%
East Langford Solar Limited	UK	100%
Manor Farm Solar Limited	UK	100%
European Investments Solar Holdings Limited	UK	100%
Sunsave 12 (Derriton Fields) Limited	UK	100%
Sunsave 25 (Wix Lodge Farm) Limited	UK	100%
Parley Court Solar Park Limited	UK	100%
Egmere Airfield Solar Park Limited	UK	100%
Penare Farm Solar Park Limited	UK	100%
European Investments (Earlseat) Limited	UK	100%
Earlseat Wind Farm Limited	UK	100%
European Investments Solar Holdings 2 Limited	UK	100%
BKS Energy Limited	UK	100%
Hazel Renewables Limited	UK	100%
Kenwyn Solar Limited	UK	100%
MC Power Limited	UK	100%
Tallentire Energy Limited	UK	100%
Taurbeg Limited	Republic of Ireland	100%
Fred Olsen Wind Limited	UK	49%
Fred Olsen Wind Holdings Limited	UK	49%
Crystal Rig Windfarm Limited	UK	49%
Rothes Wind Limited	UK	49%
Paul's Hill Wind Limited	UK	49%
Crystal Rig II Limited	UK	49%
Rothes II Limited	UK	49%
Mid Hill Wind Limited	UK	49%

Directors and Advisors

Directors
Helen Mahy (Chairman)
Jonathan (Jon) Bridel
Shelagh Mason
Klaus Hammer

Registrar
Capita Registrars (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St. Sampson
Guernsey GY2 4LH

Administrator to Company, Designated Manager, Company Secretary and Registered Office
Dexion Capital (Guernsey) Limited
1, Le Truchot
St Peter Port
Guernsey GY1 1WD
+44 1481 743 940

Investment Manager
InfraRed Capital Partners Limited
12 Charles II Street
London SW1Y 4QU

Operations Manager
Renewable Energy Systems Limited
Beaufort Court
Egg Farm Lane
Kings Langley
Hertfordshire WD4 8LR

Financial PR
Tulchan Communications LLP
85 Fleet Street
London EC4Y 1AE

UK Transfer Agent
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Helpline: 0871 664 0300

Auditors
Deloitte LLP
Regency Court
Esplanade
St Peter Port
Guernsey GY1 3HW

Brokers
Canaccord Genuity Limited
9th Floor
88 Wood Street
London EC2V 7QR

Liberum Capital Limited
Ropemaker Place
25 Ropemaker Street
London EC2Y 9LY

KEY COMPANY DATA

Company name	The Renewables Infrastructure Group Limited
Registered address	1 Le Truchot St Peter Port Guernsey GY1 1WD
Listing	London Stock Exchange – Premium Listing (TRIG)
Ticker symbol	TRIG
SEDOL	BBHX2H9
Index inclusion	FTSE All-Share, FTSE 250, FTSE 350 and FTSE 350 High Yield indices
Company year end	31 December
Dividend payments	Quarterly (March, June, September, December) from June 2016 in respect of Q1 2016 (previously semi-annual)
Investment Manager ("IM")	InfraRed Capital Partners Limited
Operations Manager ("OM")	Renewable Energy Systems Limited
Company Secretary and Administrator	Dexion Capital (Guernsey) Limited
Shareholders' funds	£726.6 million as at 31 December 2015
Market capitalisation	£749.7 million as at 31 December 2015
Management Fees	➤ 1.0% per annum of the Adjusted Portfolio Value1 of the investments up to £1.0bn (with 0.2% of this paid in shares), falling to 0.8% per annum for investments above £1.0bn (with no element paid in shares on the excess). Fees are split between the Investment Manager (65%) and the Operations Manager (35%). ➤ No performance or acquisition fees
ISA, PEP and SIPP status	The Ordinary Shares are eligible for inclusion in PEPs and ISAs (subject to applicable subscription limits) provided that they have been acquired by purchase in the market, and they are permissible assets for SIPPs
NMPI status	Following the receipt of legal advice, the Board confirms that it conducts the Company's affairs, and intends to continue to conduct the Company's affairs, such that the Company would qualify for approval as an investment trust if it were resident in the United Kingdom. It is the Board's intention that the Company will continue to conduct its affairs in such a manner and that IFAs should therefore be able to recommend its Ordinary Shares to ordinary retail investors in accordance with the FCA's rules relating to non-mainstream investment products.
FATCA	The Company has registered for FATCA and has a GIIN number J0L1NL.99999.SL.831
Investment Policy	The Company's Investment Policy is set out on pages 24 to 25 and can also be found on the Company's website
Website	www.TRIG-Ltd.com

Notes:

1. Adjusted Portfolio Value means fair market value, without deductions for borrowed money or other liabilities or accruals, and including outstanding subscription obligations.

1 Le Truchot
St Peter Port
GY1 1WD
Guernsey

www.trig-ltd.com