The Renewables Infrastructure Group Limited

("TRIG", the "Company", or together with its subsidiaries, the "Group")

Preliminary Announcement of Results

for the period from 29 July to 31 December 2013 [1]

26 February 2014

TRIG – an infrastructure investment company with a portfolio of 20 operational wind and solar assets, diversified across weather systems, regulatory regimes and power markets

- £310.1 million equity capital raised (before expenses) through an issue of 300 million shares at Initial Public Offering (IPO) in July 2013 and a tap issue of 10 million shares in November 2013
- IPO proceeds used to acquire an initial portfolio of 18 high quality wind and solar assets – diversified by technology, weather systems, power markets and regulatory regimes – which is performing in line with expectations
- In accordance with TRIG's strategy set out at the IPO, initial portfolio expanded with acquisition of two solar parks in November to bring portfolio to 20 investments at 31 December 2013 (14 onshore wind and 6 solar PV assets in the UK, Ireland and France with total generating capacity of 288.4MW); good progress seen on acquisition pipeline
- Operational performance and cash generation in line with expectations; energy yield 5.3% ahead of plan
- Directors' Valuation of the portfolio at 31 December 2013 of £300.6 million (compared with £279.4 million as at 29 July 2013)
- Interim dividend of 2.5p per ordinary share declared with a scrip dividend alternative
- Targeting a distribution of 3.0p per ordinary share for the six months ending 30 June 2014, an annualised equivalent of 6.0p per ordinary share
- £80 million committed revolving acquisition facility signed in February 2014, to enhance flexibility to respond to acquisition opportunities as they arise
- Klaus Hammer appointed as a new independent Director with effect from 1 March 2014

Financial highlights

Net asset value per share at 31 December 2013	Per share	Change since 29 July 2013
Net Asset Value (NAV) at listing, 29 July 2013	98.1p	
Net Asset Value (NAV) at 31 December 2013[2]	101.5p	3.5%
NAV per share at 31 December, after adjusting for the interim dividend [3]	99.0p	0.9%

Results for the period to 31 December 2013	
Profit for the period	£10.3m
Earnings per share	3.4 p
Interim dividend per share	2.5 p

Note 1: The Company was incorporated on 30 May 2013 (from which date these accounts have been prepared) and acquired the investments that made up the initial portfolio following the Admission to Listing on the London Stock Exchange on 29 July 2013.
Note 2: The NAV per share at 31 December 2013 is calculated on the basis of the 310,000,000 Ordinary Shares in issue at 31 December 2013 plus a further 235,351 Ordinary Shares to be issued to the Managers in relation to part-payment of Managers' fees in the form of Ordinary Shares, as set out in the IPO Prospectus.
Note 3: The interim dividend is scheduled to be paid on 31 March 2014, based on a record date of 21 February 2014.

Helen Mahy, Chairman, TRIG, said:

Following a successful, oversubscribed IPO, the Board has been further encouraged by the achievements that TRIG has made towards its goals, continuing to provide a unique investment proposition for investors seeking an attractive, yield-based, risk-adjusted return from a diversified portfolio run by specialist managers – InfraRed Capital Partners and Renewable Energy Systems. We are pleased to report substantial progress on a range of further acquisitions from both RES and the broader market, delivering on our promise to increase scale, diversification and liquidity."

Enquiries

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Chairman's Statement

Introduction

On behalf of the Board, I am delighted to present the first set of financial results for The Renewables Infrastructure Group Limited ("TRIG" or the "Company", and with the holding companies, the "Group").

TRIG's IPO on 29 July 2013 was the largest among the pioneering "first wave" of London-listed investment companies focused on operating renewable energy generating infrastructure. The European Union has been one of the leading regions in the build-out of renewables infrastructure. This factor, together with an increased demand from investors diversifying into alternative real assets for steady and predictable yield-based returns, has contributed to the emergence of this segment of the infrastructure market.

TRIG benefits from a geographically diversified portfolio of operating wind farm and solar park investments in the UK, France and Ireland. The benefits of geographical diversification include not only discrete weather systems but also separate regulatory regimes and power markets. The portfolio, comprising 18 investments acquired following the IPO and a further 2 assets acquired in November, has been performing in line with the Company's expectations set out at the IPO. We look forward to partnering with developers and asset owners to grow the Company's portfolio whilst continuing to provide a well-covered dividend, based on an investment policy of diversification by renewable energy source and technology, as well as by jurisdiction, power market and climate system.

TRIG has been designed as the first London-listed investment company to offer the joint capabilities of a specialist investment manager and a specialist operations manager, in the form of InfraRed Capital Partners Limited and Renewable Energy Systems Limited, leading providers in their respective areas. The Board is very pleased with the results of this management combination and the growth opportunities it offers TRIG in the fast-growing renewables market.

As mentioned in the IPO prospectus the Board felt that in order to support the growth plans of the Company and to deepen the Board's knowledge of the power sector, it would be beneficial to recruit a further independent Director with relevant experience. To this end, after discussions with a range of high quality candidates, we are pleased that Mr Klaus Hammer has agreed to join the TRIG board as the fourth non-executive Director on 1 March 2014. Klaus brings to the Company a detailed knowledge of energy markets following an international career spanning the UK and a range of other markets both at E.ON and prior to that at Royal Dutch Shell, as well as extensive board level experience.

Financial Results and Performance

The Company has prepared financial statements for its first accounting period from 30 May 2013 (the date of incorporation) to 31 December 2013, although the initial portfolio was not acquired until shortly after the IPO on 29 July 2013. The Company is adopting the amendment to IFRS 10, reporting on an investment basis by treating each individual project company as an investment. Profit before tax for the period was £10.3m and earnings per share were 3.4 pence.

Cash received from the portfolio by way of distributions, which include interest and loan repayments was £13.2m. After Group costs, net cash inflows from the investment portfolio of £12.9m cover the declared interim dividend of 2.5p per share approximately 1.65 times.

The net asset value ("NAV") per share was 101.5 pence at 31 December 2013, an increase of 3.5% on the 98.1p NAV per share upon Admission on 29 July 2013. After taking into account the interim dividend declared on 13 February 2014 to be paid on 31 March 2014, NAV per share at 31 December 2013 is 99.0 pence.

The Company raised £300.0 million of equity at the IPO and a further £10.1 million through a tap issue (both before expenses) during the period ending 31 December 2013.

Total management fees accruing to InfraRed Capital Partners Limited (the Investment Manager) and Renewable Energy Systems Limited (the Operations Manager) amounted to £1.2m in the period, comprising their management and advisory fees based on 1.0% per annum in aggregate of the applicable Adjusted Gross Asset Value with 20% of the fees to be paid through the issue of Ordinary Shares. As at 31 December 2013, using the AIC methodology, the Company's Ongoing Charges Percentage was 1.20% on an annualised basis.

More details of the portfolio valuation and financial performance are set out in the Managers' Report as well as the financial statements that follow.

Portfolio Update and Acquisitions

The Board is pleased to report that the operational performance of the portfolio in terms of electricity production has achieved the projections made at the time of the IPO. An important element of portfolio performance is the weather which can vary significantly over the short term but which can be more accurately predicted over the long term. This has been observed since the IPO – with periods of calmer, sunny weather and periods of high wind within the different geographical areas in which TRIG has investments. Areas where performance was down on expectations, for example wind in the British Isles over the late summer, were compensated for by outperformance in other areas (notably French wind and solar) and a very strong outcome resulting from strong wind in the British Isles in December 2013. This demonstrates the benefits of TRIG's portfolio diversity across geographical regions and energy sources.

In August 2013, shortly after the IPO, TRIG successfully completed the acquisition of the initial portfolio for £279.4 million comprising the 14 onshore wind and four solar PV assets in the UK, France and Ireland. In November 2013 TRIG acquired a further two solar PV assets in the UK for a total of £20.6 million. Further details are set out in the Managers' Report.

The Board is pleased by the acquisition pipeline developed by the Managers which includes a broad range of both onshore wind assets and solar PV assets under review from a number of vendors, including from RES under the Right of First Offer Agreement from which TRIG benefits. Discussions on several of these acquisitions are at an advanced stage. While the Board expects that onshore wind will represent a meaningful portion of new acquisitions by TRIG in 2014, additional investments in solar PV assets (such as those completed in November 2013) are expected to enable TRIG to further diversify its energy generation, enhancing stability of income generation over time and across different regional patterns of weather.

The Group's £80 million revolving acquisition facility provided by Royal Bank of Scotland plc and National Australia Bank Limited which was announced on 21 February 2014 provides the Group with the flexibility to acquire further assets on a timely basis. It is expected that drawings under the acquisition facility will be repaid from future equity issuance.

Valuation

The Investment Manager has prepared a fair market valuation for each investment in the portfolio as at 31 December 2013. This 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. This 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 £300.6 million for the portfolio of 20 investments as at 31 December 2013.

This valuation compares with £279.4 million as at 29 July 2013 at the time of the Company's IPO. An analysis of the increase in the valuation is detailed in the Managers' Report.

Distributions

In line with the policy stated upon IPO, the Board has declared an interim dividend for the period ending 31 December 2013 of 2.5p per share (which is equivalent to 6.0p on an annualised basis), payable to those ordinary shareholders on the register on the record date of 21 February 2014.

A scrip dividend alternative is also being offered and details will be sent shortly to shareholders in a separate circular. The cash dividend will be paid to shareholders on 31 March 2014, except in relation to those shareholders who make valid elections for the scrip dividend alternative referred to above.

Based on the current performance of the portfolio, the Board is targeting an interim dividend of 3.0p per ordinary share for the six months ending 30 June 2014, with annualised dividends for periods subsequent to 30 June 2014 expected to grow in line with inflation.

Risks and Uncertainties

As TRIG is the owner of a portfolio of project companies whose underlying assets are predominantly fully constructed and operating renewable electricity generating facilities, TRIG has the opportunity to benefit from predictable long-term returns with a set of risks that can be identified and assessed. The Board believes that TRIG's portfolio and growth strategy is well designed to withstand, mitigate and /or make adjustments for the risks it is most likely to confront in its industry.

While the Board as well as the Managers monitor a range of factors that may impact on the performance and the valuation of the portfolio, and make plans for mitigating risks of a range of these factors, there are three variables which may in particular affect future performance: portfolio energy productivity; the level of future wholesale electricity prices; and government support for renewables.

The first is portfolio energy productivity – essentially the amount of power produced by the portfolio over time compared to estimated levels of production. The proven nature of the onshore wind and solar PV technologies, together with the experience of the Managers, provides the Board with confidence that this factor is appropriately addressed by TRIG's portfolio construction and forecast assumptions. While short-term variability of the production levels of a single asset may be material, the longer term variability is minimised by constructing a portfolio across the two separate technologies of onshore wind and solar PV with a broad geographical spread across the British Isles and Southern France. The production performance is measured in terms of yield factors and availability targets over time, and the Board notes that TRIG is on track with both these measures for the portfolio as a whole for the period to 31 December 2013.

The second is the level of future wholesale electricity prices. Our approach to mitigating this risk is several-fold. Firstly, a significant portion of the portfolio's revenues is derived from fixed feed-in tariffs or fixed price power price agreements. Secondly the portfolio is based on wholesale prices in three different European markets with differing future pricing dynamics. Finally, the Managers make reference to a variety of external sources of energy price forecasting for their valuations.

The third variable I would like to highlight is government support for renewables. This comprises direct subsidies such as the Renewable Obligation in the UK and indirect measures such as carbon taxes which are paid for by fossil fuel generators and therefore feed into wholesale power prices. Should direct support for projects in the portfolio or indirect measures such as carbon taxes be changed, this would impact the portfolio's future expected revenues. The EU has a clear programme up to 2020 for individual countries to meet challenging targets for renewables' contribution to the energy mix, and the focus has now been extended to longer term decarbonisation goals for 2030. The roll-out of investment in new renewable energy generation projects is expected to continue, especially for onshore wind and solar PV technologies which are likely to contribute the most towards new capacity and for which the future subsidy is, sensibly, reducing in line with lower costs of development. We also place trust in governments in the UK and Northern Europe - our markets of focus - to grandfather their previous commitments in relation to earlier, higher-cost developments, not least given the importance of maintaining credibility in financial markets and in order to be able to continue broader public infrastructure procurement in partnership with the private sector.

In the Managers' report that follows, there is further discussion on each of these factors.

Health and Safety Matters

The Directors take Health and Safety compliance very seriously. It is a topic at every quarterly board meeting with a report provided by the Operations Manager for discussion and consideration. There are a number of initiatives to continuously improve health and safety that are implemented at the project level. Individual issues are reported to the board by exception and discussed in detail to assist with any emerging trends.

Environmental, Social and Governance Matters

From launch, the Directors have prioritised environmental, social and governance matters in support of the goal to provide investors with a socially conscious, well-managed, yielding investment. Maintaining the best standards is important to ensure the continued attractiveness of the Group to the wide array of stakeholders with which it interacts.

In environmental and social matters, beyond the production by the current portfolio of clean energy from sustainable resources which powers the equivalent of 120,000 households and prevents the issuance of 210,000 tonnes of CO_2 annually, the Group seeks also to mirror this environmental and social sensitivity across the portfolio, whether in the landscaping of our wind farms and solar parks, the oversight of our contractors' activities or in the engagement with our local communities.

The Company reports governance against the Association of Investment Companies (the "AIC") Code of Corporate Governance updated in February 2013. This new AIC code has been endorsed by the Financial Reporting Council. In 2013 the Company became a member of the AIC so that the Company may benefit from the ongoing development of best practices in the industry and also play a meaningful role as a flag-bearer of the renewables sector of the infrastructure investment market.

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 29 April 2014.

The Board also takes a keen interest in the level and quality of the information which the Company publishes both on the Company website and in reports and presentations. Our intention is to remain at the forefront of disclosure and transparency for our sector.

Outlook

Following an excellent start for the Company since its IPO, the Board has been further encouraged by the achievements that TRIG has made towards its goals. The Company seeks to benefit from steady income from the investments in its efficiently-managed portfolio as well as to capitalise on investment opportunities for renewables infrastructure and to provide an efficient conduit for institutional and other investors seeking an attractive, yield-based, risk-adjusted return.

With new onshore wind and solar PV being important contributors towards meeting EU and national targets for the delivery of new renewables generation capacity and for longer-term decarbonisation, TRIG sees strong deal flow from vendors seeking to recycle their capital by selling assets or portfolios. In addition, TRIG benefits from the Right of First Offer agreement with RES, itself a major developer of renewables infrastructure. The Board believes that this will continue to provide TRIG with ample opportunity for growth with returns commensurate with the targets set at the time of the IPO.

As expected, TRIG has met its target distribution for its first accounting period of 2.5p per share (equivalent to 6.0p on an annualised basis). The Board is satisfied, that the target distributions, growing with inflation over the medium term, together with upside NAV potential from the reinvestment of surplus cash flows (after payment of dividends), remain achievable.

In conjunction with the Investment Manager, the Board has reviewed the performance and cash flow generation of the portfolio forecast for the current period and it re-affirms a target distribution of 3.0p per share for the six months to 30 June 2014. A distribution for the second half of 2014 that includes an increase above the 3.0p at a rate that reflects any uplift in the UK RPI inflation prevailing for the 11 months between the IPO and 30 June 2014 was stated in the IPO Prospectus.

In January, the Company announced its intention to raise additional equity in light of the pipeline of attractive investment opportunities identified by the Company's Investment Manager from both RES and the broader market. The additional equity fundraising is expected to be by way of a placing, open offer and offer for subscription of C shares. Further details of this will be announced shortly.

With an extensive pipeline of diverse acquisition opportunities, strong support from a broad range of investors and a positive start to the year, we look forward to continuing to deliver on expectations.

Helen Mahy
Chairman

25 February 2014

Managers' Report

Investment Approach

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

The renewables opportunity

- Long-term public and political commitment in the UK and other countries in Northern Europe towards supplying cleaner, more secure and sustainable energy
- 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
- Rapid expansion of the secondary market for generation assets as utilities and other developers find it necessary to recycle capital into new projects

and

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

- Diversification across predominantly operational assets supporting a sustainable long-term investment proposition, delivering steady income together with NAV resilience
- Established technologies of onshore wind and solar PV dominating new power capacity installations in the EU, delivering – cost-effectively – substantial progress towards national and EU targets
    - proven operational track record of these segments
    - resilience across economic cycles
    - low and 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 shifting the power mix into renewables
- Variability of weather patterns across Europe adds to diversification provided by exposure to wind and solar energy sources
- Contracted project level 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 Objective

The Company seeks to provide investors with long term, stable dividends, whilst preserving the capital value of its investment portfolio through investment principally in a range of operational assets which generate electricity from renewable sources, with a particular focus on onshore wind farms and solar PV parks.

The Company is targeting an initial annualised dividend of 6 pence per Ordinary Share and aims to increase this dividend progressively in line with inflation over the medium term. The Company is targeting an IRR in the region of 8 to 9 per cent. (net of expenses and fees) on the IPO 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.

Portfolio Performance

The Group's portfolio is performing in line with expectations, enabling the 2.5p per ordinary share interim dividend (6.0p per ordinary share on an annualised basis) to be declared for the period ending 31 December 2013.

Given that the portfolio operates in a sector which is dependent on weather outcomes for its short-term productivity, the Managers are pleased to report the benefits of a diversified portfolio. Across the five month period from 1 August to 31 December 2013, the portfolio of 18 projects acquired shortly after the IPO (the "Initial Portfolio") produced a total of 344.6 gigawatt hours (GWh) of electricity, 5.3% ahead of the level of production of 327.4 GWh projected at the IPO under the "P50" central estimate.

The following table sets out the energy production performance of the portfolio by category for the period as a whole between 1 August and 31 December 2013 against the P50 central estimate for energy production:

Electricity Production from the Initial Portfolio:

	Actual (GWh)	P50 Central Estimate (GWh)	Variance against P50	Capacity (MW)
Wind - Great Britain	166.2	150.3	+10.6%	115
Wind - Northern Ireland & Republic of Ireland	76.7	76.9	-0.2%	69
Wind - France	94.4	92.6	+1.9%	73
Solar - Great Britain & France	7.3	7.6	-4.1%	20
	344.6	**327.4**	**+5.3%**	**276**

Note: 1 August - 31 December 2013, excluding two additional solar PV assets acquired in November 2013

As demonstrated during the period, the diversification of the portfolio enables weaker performance in one category or region to be offset by stronger performance in another. In addition, weak months are offset by stronger months. This was seen for example in generally contrasting monthly performances of wind in the British Isles compared to that in the south of France, where TRIG's French projects are sited, with less influence from the North Atlantic weather systems. A steady performance across the portfolio as a whole in the late summer months shifted to a more variable autumn and early winter, with particularly strong December winds experienced across the British Isles. Within the solar segment, France was ahead of projections for the period as a whole and complemented production in Great Britain, which was just below par on average across the five-month period. Availability for the portfolio as a whole was in line with expectations, with several sites requiring gearbox or similar equipment upgrades or replacements which were consistent with expected levels of maintenance requirements for a portfolio of this size.

Given TRIG's significant portfolio of projects, operational experiences can be shared and implemented across the portfolio to improve portfolio performance, for example optimising monitoring and maintenance processes to increase availability or using scale efficiencies in procuring spare parts. In addition, as Operations Manager, RES has access to a broad array of assets under management and development, allowing performance benchmarking and enabling potential operating issues to be spotted in advance and costs to be more carefully controlled and accurately predicted.

Acquisitions

The Managers have access to a broad pipeline of renewables projects for acquisition from a range of vendors in the UK and elsewhere in Northern Europe. With the scheduled step-down in the UK subsidy for solar PV coming in March 2014 for new projects, the UK solar PV market is particularly active, although the onshore wind market is also expected to deliver significant opportunities in 2014 and beyond across TRIG's areas of geographical focus.

In December 2013, TRIG announced its investments in a further two solar PV assets in Southern England. These are 100% interests in large-scale, ground-mounted, solar photovoltaic generating plants for a total investment consideration of £20.6 million including the cost of a new extension of the solar array at one of the plants. These solar parks have been acquired without project debt and have increased the Group's portfolio to 20 assets.

The first of these two investments, the Parsonage Solar Park, located near Ilminster in Somerset, is fully operational with generating capacity of 7MW. The plant was acquired from a private construction capital fund managed by Adiant Capital Partners. Installation of the project was completed by Goldbeck Construction Limited, part of the Goldbeck contracting group based in Germany. The site was commissioned in July 2013, qualifying under the UK's support banding of 1.6 Renewables Obligation Certificates (ROCs) per MWh, and has a 3-year off-take agreement with GDF Suez Energy UK.

The second of these investments, the Marvel Farms Solar Park, is located on the Isle of Wight near Newport and was acquired from a group of local private developers. With total generating capacity of 5MW, the project is comprised of two sections, an established operational site commissioned in 2011 and an extension to the site which was completed following TRIG's acquisition by Lark Energy, an experienced contractor in the UK solar market. The extension will benefit from a new 20-year feed-in tariff while the existing operational section was acquired with 23 years remaining on its original 25-year feed-in tariff at the considerably higher rate per MWh applicable to plants commissioned in 2011. The plant has a 3-year off-take agreement with SSE Energy Supply (part of SSE Group). In addition, TRIG secured an option to extend the initial 25 year site lease to a total of 40 years.

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 gives the final approval before an investment may proceed. These committees may meet on a number of occasions before an investment is acquired for 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 Company 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 renewables 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. InfraRed has well-established prudent internal conflict management procedures in place to facilitate the consideration of such acquisitions.

The Company is focused on owning and managing operational, yielding projects. However the Managers expect that there will be opportunities where it will be advantageous for the Company to be involved in projects prior to their completion and grid connection. A notable example is solar PV where projects may be acquired "shovel ready" and the plant built and connected within a period of months which is manageable for an investment vehicle like TRIG. Such projects may be acquired at more attractive discount rates than buying off an intermediary who has financed the construction. An example was the Marvel Farms solar project acquisition described above. This included an established 1.6MW plant with planning rights to expand the plant with a 3.4MW extension which was built and connected under TRIG's ownership.

The Company's policy is not to have more than 15% of the value of its assets in development or construction. During the period under review, the maximum exposure to assets in development or construction was approximately 1.5% by investment value.

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.

Environmental, Social and Governance

Given the nature of the Company's business, its overall environmental contributions are substantial with total production from the portfolio as at 31 December producing enough clean energy to power the equivalent of 120,000 homes in the UK, France and Ireland while avoiding the emission of 210,000 tonnes of CO_2 annually.

Beyond the provision of clean energy and carbon displacement, the day-to-day activities of the operating companies in the investment portfolio (which are all wholly-owned by TRIG) are managed in an energy-efficient way. The integration of generating plants – whether wind or solar – into the landscape is optimised, with extensive engagement with planning authorities to minimise visual and auditory impact. Social and governance matters are equally important as communities, local authorities and national governments expect this fast-growing, subsidised industry to set and maintain the highest standards and to garner support from the population at large as well as from the investment community.

The Investment Manager, InfraRed, is a subscriber to the Principles for Responsible Investment (an initiative supported by the United Nations) and has established and documented environmental, social and governance policies. 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 governments and communities.

During the year TRIG's projects hosted a number of education events for local schools and communities. These events showcased the contribution of renewable energy in action. With RES's long history of developing and operating assets in the renewable energy sector in the UK, France, Ireland, Sweden as well as 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.

Risk Management

There are three key themes that are of particular relevance to TRIG, given the nature of its business: (1) portfolio energy productivity; (2) electricity price movements; (3) levels of government support through renewables subsidies. TRIG's approach on each of these is one of systematic assessment, on a single asset basis on acquisition, and as part of the overall portfolio management over time as external dynamics shift.

Energy Productivity

TRIG has been structured to allow the Investment Manager the flexibility to create and maintain a diversified portfolio across weather systems, renewables technologies and regulatory regimes. Onshore wind and solar PV, the main focus of investment, are well understood technologies, deployed extensively both in Europe and globally, providing a sound basis on which to predict energy yield performance based on average long-term wind speed and solar irradiation data, and especially when deployed in a large geographically diversified portfolio with an experienced Operations Manager.

Wind turbines and solar PV, while both termed "intermittent" sources of energy, compared say to coal or gas whose energy outputs can be managed, in combination also provide a neat 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". This is done through careful planning and execution of project operations both directly and through subcontractors. As onshore wind and solar PV are now well-proven technologies, typical levels of availability in a given year are around 96% to 98%. Adjustments are made to TRIG's cash flow assumptions prior to 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. RES, as Operations Manager, has over 30 years' track record in both developing and managing renewables and has the experience of a platform with global reach, positioning TRIG well to manage variability in productivity arising from operations.

Electricity Prices

In valuing the TRIG portfolio it is necessary to take a long term view on electricity prices – particularly wholesale prices – 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 have reasonable protection as a result of contracts revenues with major utilities at fixed prices or with price floors, and, for some assets, fixed feed-in tariffs. In 2014, the portfolio will benefit from approximately three-quarters of its revenues coming from fixed power purchase agreements, feed-in tariffs, renewables obligation certificates and levy exemption certificates, i.e. revenue sources other than those based on open-market wholesale electricity prices. The new Contracts for Difference feed-in tariffs being established in the UK and available for future commissioned assets will likely lead to further security over the revenue stream as further assets are added which benefit from this regime, providing predetermined pricing for 15 years.

In general the expectations are that European energy wholesale prices will continue to remain high and rising in real terms, well into the future, based on the slow expected impact of tight oil and gas production in the region (much of which will be merely replacing the steadily reducing local supply of traditional oil and gas), as well as 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. In the event that the outlook was for materially lower long-term energy prices in our investment markets versus current expectations, there could be a reduction in the valuation of the existing portfolio, although we could expect to acquire new assets more cheaply. The opposite would apply were the outlook for long-term pricing to rise beyond current expectations. Forecasts for future energy prices do get reset periodically and whilst asset values may not move in lock-step with such re-forecasts and indeed there will be a range of forecasts by different forecasters at any given time, shareholders should expect some variation in asset valuation from period to period.

Marked differences can be seen across the EU in relation to both retail and wholesale prices – and although greater network interconnections and coordination between EU regions can be expected, any convergence of prices is expected to be gradual. As TRIG's portfolio is split across several jurisdictions, it has the benefit of diversification in energy prices prevalent in locally applicable electricity markets over time. 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.

Government Support for Renewables

While the public debate on the role of renewables – particularly in the UK – has increased in recent months, the fundamental challenges for the future of the EU energy market, in which renewables are set to play an important role, remain as relevant as ever. These challenges include the imperative to reduce 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 tight oil and gas opportunities may go some way to mitigating the reduction in local fossil fuel supplies, but the expectation is that governments will continue to require a significantly increased installed capacity of renewables technologies to meet the region's energy needs of the future.

Geographically TRIG focuses its investments in the UK and Northern Europe where there is a strong emphasis on delivering against challenging renewable energy deployment targets for 2020, and where there has been consistency in grandfathering prior subsidy commitments, not least to maintain individual government's credibility in the financial markets especially with respect to broader infrastructure procurement programmes. For the subsequent period up to 2030, the precise EU and national requirements for renewables generation capacity have not been determined, with the current expectation being that the EU and national governments will maintain some policy flexibility by focusing instead on further advances in overall carbon reduction targets, to which renewables will be an important contributor. For the future, it seems entirely appropriate – in the context of the expectations that onshore wind and solar PV will be required to deliver the lion's share of new EU renewables operating capacity – that subsidy levels for newly developed projects will continue to be adjusted, broadly in line with their reducing development costs. Future subsidy changes for new projects will continue to be incorporated in TRIG's financial and valuation models, but as the trajectory of these adjustments is expected to be gradual and the pipeline of opportunities under planning or development is substantial, the impact of these changes is not currently expected to impact TRIG's commercial strategy, target returns, or opportunities for growth.

Most other risks under consideration, whether meteorological, economic or regulatory, are generally either closely associated with the three factors discussed above or are of a purely financial nature, for example the impact of interest rates or tax rates, and their impact is illustrated in the Valuation section which follows.

Valuation of the Portfolio

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 principles used are 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.

Fair value for each investment 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 at the time of the IPO.

The Directors' Valuation of the portfolio as at 31 December 2013 was £300.6m. This valuation compares to £279.4m as at 29 July 2013. The financial statements report a value of £299.8m – the difference of £0.8m relates to a deferred funding obligation that the Company is expected to contribute to the Marvel Farm Solar Park, a solar park located on the Isle of Wight. This funding obligation is payable to the EPC contractor in connection with an extension to this project site. The deferred funding obligation will be met from existing cash reserves.

Portfolio Valuation Movements

A breakdown of the movement in the Directors' Valuation in the period to 31 December 2013 is set out in the table below.

	£m	*£m*
Portfolio valuation at IPO		**279.4**
New investments in the period	20.6	
Cash distributions from portfolio	(13.2)	
Rebased valuation of portfolio		**286.8**
Forex movement on Euro investments	(2.1)	
Changes in forecast power prices	0.9	
Change in discount rate	-	
Portfolio return	15.0	
Portfolio valuation at 31 December 2013		**300.6**

Allowing for investments of £20.6m and cash receipts from investments of £13.2m, the rebased portfolio valuation is £286.8m. The portfolio valuation at 31 December is £300.6m, representing an increase over the rebased portfolio valuation of 4.8% in the 5 month period. Appreciation of Sterling versus the Euro has led to a £2.1m loss on foreign exchange in the period in relation to the Euro denominated investments. The movement in the forecast power prices (discussed further below) has resulted in an increase in the valuation of £0.9m. Power price forecasts are discussed further below. There have been no changes made to the discount rates for the 18 investments comprising the Initial Portfolio since acquisition. Discount rates are also discussed further below.

The balance of the valuation movement is an uplift of £15.0m. This represents a 5.2% increase, equivalent to a 12.5% annualised return in the rebased value of the portfolio in the period. It derives in part from the unwinding of the discount rate effect (as future cash flows move closer and are consequently more valuable), and in part from generation outperformance achieved in the period as reported in the Manager's report. The forecast energy generation assumption contained in the portfolio valuation looking forward continues to reflect the mid-case generation expectation provided by the Company's energy yield adviser and has not changed as a result of high generation in recent months.

Power Price Forecasts

Moderate movements in the power price forecasts for each of the markets in which TRIG invests, namely the Great Britain market (England, Scotland and Wales), the single electricity market of Ireland, and the French market, contributed £0.9m to the overall positive increase in the portfolio's valuation. The Investment Manager takes advice from a market leading forecaster. In the case of the GB, the Investment Manager has adopted a more cautious view than the forecaster on wholesale prices due to uncertainties under particular Electricity Market Reform measures, and to reflect its view of the fair market value of the assets. In particular, the Investment Manager has taken into account uncertainty around future carbon taxes, which it understands that the government is reconsidering as part of the forthcoming Budget in March to moderate rising electricity costs. Carbon taxes are a marginal cost of generation for fossil fuelled plants, and so future carbon taxes are a factor (along with other costs of generation) in forecasting power prices. This potential change is considered further under the section "Valuation Sensitivities" below.

Power price forecasts used in the Directors' valuation for each of Great Britain, Northern Ireland, Republic of Ireland and French markets are based on analysis by the Investment Manager using data from leading power market advisers.

Discount Rates

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.
The discount rates used for valuing the projects in the portfolio are as follows:

Discount rate	**29 July 2013**	**31 December 2013**
Range	8.5% to 11.0%	7.8% to 11.0%
Portfolio weighted average	10.0%	9.8%

The portfolio weighted average has reduced by 0.2% due to the effect of the lower discount rates applied to the two UK Solar acquisitions in November 2013 – the discount rates applied to the original IPO portfolio are unchanged. The lower discount rates applied to the recently acquired two UK Solar projects reflect the lower generation variability, the higher subsidy element, and the simpler operating characteristics, of solar (versus wind) and that neither asset has project level debt. The overall result is a slight reduction in the portfolio weighted average discount rate from 10.0% to 9.8%.

The overall weighted average discount rates for the investments in the portfolio may be split between the long term government bond yield and a risk premium. The long term government bond yields for the three countries within which TRIG currently invests range from 3.3% to 3.8%, giving risk premia for the investments in a range from 4.2% to 7.2%. The risk premium takes into account risks and opportunities associated with the technology type, project earnings including operational status, weather variability, power price exposure, operating cost sensitivity, project gearing and other project-specific and macro-economic factors.

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 310m Ordinary Shares issued and outstanding as at 31 December 2013.

Discount rate sensitivity

The table below shows the sensitivity of the portfolio value to changes in the discount rate for valuing cash flows from project companies in TRIG's portfolio.

Discount rate	**-0.5%**	**Base 9.8%**	**+0.5%**
Director's valuation	+£11.8m	£300.6m	-£11.0m
Implied change in NAV per Ordinary Share	+3.8p/ share		-3.6p/ share

Energy yield sensitivity

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	**Base (P50)**	**P90 (10-year)**	**P10 (10-year)**
Director's valuation	-£37.0m	£300.6m	+£36.6m
Implied change in NAV per Ordinary Share	-11.9p/ share		+11.8p/ 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 energy 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 energy 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 sensitivity

The table below shows the sensitivity of the portfolio value to changes in the power price assumptions.

Power price	**-10%**	**Base**	**+10%**
Director’s valuation	-£24.3m	£300.6m	+£24.3m
Implied change in NAV per Ordinary Share -	-7.8p/ share		+7.8p/ share

This shows 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. The above sensitivity considers a flat 10% movement in power prices for all years.

The UK government announced in the 2011 Budget and implemented with effect from the 2013 Budget a new tax on carbon emissions by electricity generators in Great Britain and stated a trajectory for future carbon taxes. This tax, when combined with existing EU carbon taxes, was intended to give participants in the power market assurance on carbon pricing (the so called “carbon floor”). As discussed earlier, the Investment Manager considers that there is some risk of carbon taxes in the GB market being amended from the trajectory assumed within current power price forecasts. The UK’s carbon taxes are currently legislated until 2015/16 and it has been reported that the carbon tax may be frozen at this level. Should this happen, the impact on the Company will be mitigated in part by the following factors:

- The power price forecast used by the Investment Manager for the purposes of valuing the Group’s portfolio takes into account a lower trajectory for future carbon taxes than that indicated by the UK government;

- The Investment Manager has exercised further caution in determining the power price forecast used for the 31 December 2013 valuation; and

- 10 projects out of the Company’s current portfolio of 20 projects operate in power markets outside Britain in the single electricity markets of Ireland and the French market, which are unaffected by this potential change.

In the event that the carbon tax is frozen from 2015/16, the Investment Manager estimates that the NAV per share as at 31 December 2013 would have been reduced by less than 2 pence.

Inflation rate sensitivity

The table below shows the sensitivity of the portfolio value to changes in the inflation rate assumptions assumed in the valuation. 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 and 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.

Inflation rate	**-0.5%**	**Base**	**+0.5%**
Director’s valuation	-£14.5m	£300.6m	+£16.1m
Implied change in NAV per Ordinary Share -	-4.7p/ share		+5.2p/ share

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

The table above shows 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.

The exchange rate sensitivity

The table below shows the sensitivity of the portfolio value to changes in the euro / sterling exchange rates.

Exchange rate	**-10%**	**Base**	**+10%**
Director's valuation	-£8.9m	£300.6m	+£8.9m
Implied change in NAV per Ordinary Share -	-2.9p/ share		+2.9p/ share

This shows the effect of a 10% decrease and a 10% increase in the value of the Euro relative to Sterling from the rate of approximately 1.20 used for the 31 December 2013 valuation. In each case it is assumed that the change in exchange rate occurs from 1 January 2014 and thereafter remains constant at the new level throughout the life of the projects. By portfolio valuation 19% of the portfolio is situated within the Eurozone, however under the existing regime in Northern Ireland and being part of the Single Electricity Market a portion of the revenue received by the underlying project companies is received in both Euro and Sterling.

The operating cost sensitivity

The table below shows the sensitivity of the portfolio to changes in operating costs at project company level.

Operating cost sensitivity	**-10%**	**Base**	**+10%**
Director's valuation	+£9.3m	£300.6m	-£9.3m
Implied change in NAV per Ordinary Share	+3.0p/ share -		-3.0p/ share

This shows the effect of a 10% increase and a 10% decrease in annual operating costs for the portfolio, in each case assuming that the change in operating costs occurs from 1 January 2014 and thereafter remains constant at the new level during the life of the projects.

Tax Rates

The profits of each UK project company are subject to UK corporation tax. On 1 April 2013 the prevailing rate of corporation tax reduced from 24% to 23%. In the 2013 Budget Statement the Chancellor announced the Government's intention to bring UK corporation tax down to 20%, by reducing the rate in April 2014 to 21% and by a further 1% in April 2015. The UK corporation tax assumption for the portfolio valuation is 21%.

The profits of each French project company are subject to French Corporate Tax at the rate of 33.3%, plus an additional 1.1% above the €763,000 threshold.

The profits of the projects located in the Republic of Ireland are taxed at a 12.5% active rate (would apply to general trading – which is the majority of profits) and a 25% passive rate (interest income received).

Financing

The Company raised £300.0m (before issue and formation costs) at the time of the IPO along with a further £10.1m in November 2013 via the issue of 10 million new Ordinary Shares. The net proceeds from the share issues were used to acquire the Initial Portfolio of 18 projects and two further acquisitions in November 2013.

Following the year-end, the Group also entered into a three year £80m revolving acquisition facility with Royal Bank of Scotland plc and National Australia Bank Limited to fund new acquisitions and to provide letters of credit for future investment obligations should they be required. This type of short term acquisition financing is limited to 30 per cent. 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 equity fundraisings.

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 per cent. 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 2013 across the portfolio was 44%. There was no corporate level or other debt during the period.

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. Where project finance is currently in place within the portfolio, it has been sourced in the base currency of the operating project borrowing it. Generally, the Group is to 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.

If at any time the Company is not fully invested, cash received by the Group (and not required for imminent investments, distributions or working capital purposes) will be invested in cash, cash equivalents, near cash instruments and money market instruments. As at 31 December 2013, the Group had an aggregate net cash balance of £16.2m, excluding cash held as working capital or otherwise in investment project companies.

Conclusion

To develop the Group’s portfolio further, the Managers’ emphasis will be on investing in a variety of further onshore wind and solar PV 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). The volume of opportunities to acquire onshore wind and solar PV providing returns in line with the Company’s targets means that it is likely to remain focused on these two technologies in the near term, although it will keep further technologies under consideration to the extent that as markets evolve they may offer a risk-return profile commensurate with the Group’s investment objectives.

The Managers, having been associated with TRIG since its inception, look forward to continuing the close collaboration in managing the portfolio and enhancing its scale and diversification in 2014 in support of achieving the target long-term returns for investors.

InfraRed Capital Partners Limited, Investment Manager

Renewable Energy Systems Limited, Operations Manager

Financial Performance

Accounting

At 31 December 2013, the Group had 20 investments all classified for IFRS reporting purposes as subsidiaries which it was deemed to control by virtue of having the power, directly or indirectly, to govern the financial and operating policies of the project entities. The Company is treated as an Investment entity (refer to key accounting policies, note 2) for IFRS reporting purposes and therefore does not consolidate the 20 investments it holds. The investments are held for investment purposes and managed as a whole, such that the Group does not participate in their day-to-day management. Further, all debt owed by the project companies is non-recourse to the Company and therefore is not shown on the Group Balance Sheet.

Income and Costs

Summary income Statement	Period to 31 December 2013 £'million
Total operating income	15.2
Expenses and finance costs	(1.7)
Acquisition costs	(3.2)
Net earnings	10.3
Earnings per share	3.4 pence

Profit before tax for the period to 31 December 2013 was £10.3 million, based on Total Operating Income of £15.2 million. Total operating income has been positively impacted by the operational outperformance of the portfolio and the £301 million of acquisitions (including costs) in the period.

Fund expenses of £1.7 million, includes all operating expenses and £1.2 million fees for the Investment and Operations manager.

Acquisition costs are the costs to purchase the initial portfolio and the two new investments in November 2013 and represent 1.06% of the cost of the assets acquired.

Earnings per share of 3.4 pence for the period ending 31 December 2013 is in line with the fund's 8-9% annual return target.

Ongoing charges

Ongoing Charges	Period to 31 December 2013 £'000s
Investment and Operations Manager	1,197
Audit fees	38
Directors' fees	66
Other ongoing expenses	255

Total expenses[1]	1,556
Average Net Asset Value	304,584
Ongoing charges (annualised)	1.20%

[1] Total expenses excludes £0.1 million legal and other one off expenses incurred by the Group.

The Company has been active for 156 days in the period and so the Annual Equivalent Total Expenses are 365/156 x the Total expenses for the period.

In 2012, the AIC issued published guidance in relation to Ongoing Charges which is 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. On this basis, the annualised Ongoing Charges Percentage is 1.20%. There are no performance fees paid to any service provider.

Balance Sheet

Summary balance sheet	As at 31 December 2013 £'million
Investments at fair value	299.8
Working capital	(1.1)
Cash	16.2
Net assets attributable to Ordinary shares	314.9
Net asset value (before interim dividend declared)	101.5 pence per share
Net asset value (after interim dividend declared)	99.0 pence per share

As at 31 December 2013, the fair market value of the Groups Investments was £299.8 million which excludes the deferred funding obligation of £0.8 million that the Company is expected to contribute to the Marvel Farms Solar Park. After adding back this funding obligation the value of the Portfolio is £300.6 million. The growth in the portfolio value is explained in the Mangers Report.

Working capital is negative as the Investment and Operations Manager is paid quarterly in arrears.

Group cash as at 31 December 2013 is £16.2 million, which in part will be used to pay the interim dividend declared of £7.75 million that was declared on 13 February 2014. Following the payment of this interim dividend the Group will have around £7.1 million cash available for reinvestment.

Net asset value per share as at 31 December 2013 was 101.5 pence up from 3.4 pence from 98.1 pence at IPO. The increase in net asset value per share is in line with the 3.4 pence earnings per share in the period.

Cashflow Analysis

Summary cash flow statement	Period to 31 December 2013 £'million
Cash flow from investments	13.2
Operating and finance costs	(0.3)
Net cash flow from operating activities	12.9
Share capital raised net of costs	304.3
Cost of new investments	(301.0)
Net cash at 31 December 2013	16.2

Cash received from the underlying projects during the period was £13.2 million which was in line with forecast. Net cash flow from operating activities of £12.9 million cash covers the dividend declared of 2.5 pence per share by 1.65 times. The cash cover over the period has benefited from the timing of cash receipts following the acquisition of the initial portfolio and one off working capital benefits as manager fees are paid quarterly in arrears. Share capital raised of £304.3 million represents the proceeds net of costs of 300 million Ordinary Shares issued on 29 July 2013 from the IPO and the 10 million shares issued in November as a tap issue.

Cost of investments of £301.0 million represents the cash cost of the 18 investments in the initial portfolio and the two new investments acquired in November 2013.

Foreign Exchange Risk

The Group has the ability to enter into foreign exchange hedging transactions for efficient portfolio management. Since the period end, in February 2014, following the agreement of the £80m revolving acquisition facility, the Group entered into Euro forward sale contracts to hedge forecast investment income over the next 18 months. In the period weakening of the Euro against Sterling reduced the value of the portfolio by £2.1m reflecting reduced valuations on the French and Irish investments. This included the Northern Ireland investments which through the Single Electricity Market in Ireland and Northern Ireland receive a mixture of income in Sterling and Euros. Sensitivity of the portfolio valuation to fluctuations in the Euro exchange rate is shown in note 4.

Gearing

As at 31 December 2013, there was no short term gearing in the TRIG Group. Since the period end, in February, the Company entered into an £80 million revolving acquisition facility with the Royal Bank of Scotland plc and National Australia Bank Limited. This 3 year committed multicurrency facility will give the TRIG Group a further flexible source of funding to make acquisitions of renewable energy projects in the UK, Ireland and Northern Europe. It is expected that drawings under the facility will be repaid, in normal market conditions, within a year through further equity fundraisings.

In respect of the underlying portfolio project companies the overall gearing level was 44% as at 31 December 2013 compared to the 50% overall gearing limit. This long term nonrecourse project level debt has minimal refinancing risk and was generally secured during the construction phase of the underlying investments.

Largest Investments

The largest investment is the Hill of Towie UK Wind Farm which on its own accounts for 16% of the portfolio. The ten largest investments together represent 79% of the overall portfolio value.

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 as adopted by the EU and applicable law. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- Select suitable accounting policies and apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report and Corporate Governance Statement that comply with company law and regulations.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and Group included in the consolidation as a whole;
- 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 included in the consolidation taken as a whole together with a description of the principal risks and uncertainties that it faces; and
- the annual report and consolidated 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.

By order of the Board
Authorised signatory
Dexion Capital (Guernsey) Limited
Company Secretary
25 February 2014
Registered Office:
1 Le Truchot, St Peter Port, Guernsey, Channel Islands GY1 1WD

Consolidated income statement
for the period 30 May 2013 to 31 December 2013

	Note	**Period ended 31 December 2013** Total £'000's
Investment income	6	3,393
Gains on investments	13	11,774
Total operating income		15,167
Fund expenses	7	(1,676)
Acquisition costs	13	(3,205)
Operating profit for the period		10,286
Finance costs	8	(6)
Finance income	8	27
Profit before tax		10,307
Income tax credit/(expense)	9	-
Profit and comprehensive income for the period		10,307
Attributable to:		
Equity holders of the parent		10,307
		10,307
Earnings per share (pence)	10	3.4

All results are derived from continuing operations

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

Consolidated balance sheet
as at 31 December 2013

	Note	**31 December 2013** £'000's
Non-current assets		
Investments at fair value through profit or loss	13	299,792
Total non-current assets		299,792
Current assets		
Trade and other receivables	14	59
Cash and cash equivalents	15	16,196
Total current assets		16,255
Total assets		316,047
Current liabilities		
Trade and other payables	16	(1,183)
Total current liabilities		(1,183)
Total liabilities		(1,183)
Net assets		314,864
Equity		
Share premium	18	310,100
Share issue costs	18	(5,776)
Other reserves	18	233
Retained reserves		10,307
Total equity attributable to owners of the parent		314,864
Net assets per Ordinary Share (pence)	12	101.5

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 25 February 2014, and signed on its behalf by:

Jon Bridel
Director

Shelagh Mason
Director

Consolidated statement of changes in shareholders' equity

For the period 30 May 2013 to 31 December 2013

	Share premium £'000's	Other reserves £'000's	Retained reserves £'000's	Total equity £'000's
Shareholders' equity at beginning of period	-	-	-	-
Profit for the period	-	-	10,307	10,307
Ordinary Shares issued	310,100	-	-	310,100
Costs of Ordinary Share issue	(5,776)	-	-	(5,776)
Issue of Ordinary Shares in lieu of Management Fees [1]	-	233	-	233
Shareholders' equity at end of period	304,324	233	10,307	314,864

[1] 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. As at 31 December 2013; 235,351 shares equating to £233,037, based on a Net Asset Value ex dividend of 99.0 pence per share (the Net Asset Value at 31 December 2013 of 101.5 pence per share less the interim dividend of 2.5 pence per share) were due but had not been issued. The Company intends to issue these shares on or after 3 March 2014.

Consolidated cash flow statement
for the period 30 May 2013 to 31 December 2013

	Note	Period ended 31 December 2013
		£'000's
Cash flows from operating activities		
Profit before tax		10,307
Adjustments for:		
Investment income	6	(3,393)
Gains on investments	13	(11,774)
Acquisition costs	13	3,205
Manager fees settled in shares	12	233
Interest payable and similar charges	8	6
Interest income	8	(27)
Operating cash flow before changes in working capital		(1,443)
Changes in working capital:		
(Increase)/Decrease in receivables	14	(59)
(Decrease)/Increase in payables		1,183
Cash flow from operations		(319)
Cash received on investments	13	13,218
Fees and other operating income	8	21
Net cash from operating activities		12,920
Cash flows from investing activities		
Purchases of investments	13	(297,843)
Acquisition costs	13	(3,205)
Net cash used in investing activities		(301,048)
Cash flows from financing activities		
Proceeds from issue of share capital during period	18	310,100
Costs in relation to issue of shares	18	(5,776)
Net cash from financing activities		304,324
Net increase in cash and cash equivalents		16,196
Cash and cash equivalents at beginning of period		-
Exchange gains on cash		-
Cash and cash equivalents at end of period	15	16,196

Notes to the consolidated financial statements

for the period 30 May 2013 to 31 December 2013

1. General information

The Renewables Infrastructure Group Limited (the "Company") is a newly incorporated 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. The address of the registered office is given on page 91. The nature of the Group's operations and its principal activities are set out in the Portfolio Interests, Investment Managers Report, Investment Policy and Strategy on pages 8, 17 and 13 respectively.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in Note 2.

The consolidated financial statements are for the period 30 May 2013 to 31 December 2013 and comprise the Company and the only direct subsidiary being The Renewables Infrastructure Group (UK) Limited ("TRIG UK"), together forming the "Consolidated Group". TRIG UK is a newly incorporated subsidiary of the Company and undertakes investing activities on behalf of the Company and as a result of these investing activities forms part of these consolidated financial statements.

In accordance with section 244(5) of the Companies (Guernsey) Law, 2008, as the Directors have prepared consolidated financial statements for the period, they have not prepared individual financial statements for the Company in accordance with section 243 for the period.

2. Key accounting policies

(a) Basis of preparation

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 25 February 2014.

The consolidated 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. The accounting policies have been applied consistently in these consolidated financial statements.

The preparation of financial statements in conformity with IFRS as adopted by the EU, requires the Directors and Managers 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 Managers' Report on pages 17 to 40. The financial position of the Group, its cashflows, liquidity position and borrowing facilities are described in the Financial Results on pages 44 to 46. In addition, notes 1 to 4 and 17 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 the necessary financial resources together with 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 prudent level of leverage at Company level (with a maximum limit of 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.

New standards early adopted for the current period

The Consolidated Group has early adopted the following standards:

- IFRS 10 Consolidated Financial Statements including Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 (revised) Separate Financial Statements
- IAS 28 (revised) Investments in Associates and Joint Ventures

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
- IAS 36 (amendments) Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 (amendments) Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC Interpretation 21 Levies

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 Consolidated Group in future periods, although IFRS 9 will impact both the measurement and disclosures of Financial Instruments.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

(c) Basis of consolidation

The Consolidated Group has adopted IFRS 10 'Consolidated Financial Statements'. IFRS 10 supersedes IAS 27 'Consolidated and Separate Financial Statements". The IASB has also issued an amendment to IFRS 10, 'Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)', which requires entities that meet the definition of an investment entity, to fair value relevant subsidiaries through the income statement, rather than consolidate their results for periods beginning on or after 1 January 2014, with early adoption permitted. The Company has chosen to early adopt the amendment to IFRS 10. Under the amendment, those entities that provide investment related services or an extension of those services to the Company will continue to be consolidated.

The company has consolidated the results of its only direct subsidiary, TRIG UK, on the basis that TRIG UK is itself an investment entity engaged in investment related activities. As noted above, investments in all other group companies are held at fair value. The directors note that following its meeting on 29/30 January 2014, the International Financial Reporting Interpretations Council (IFRIC) has proposed that the IASB should clarify the position on accounting for investment entity subsidiaries engaged in investment related activities, such as TRIG UK. If consequent IASB amendments to IFRS10 require such subsidiaries to be held at fair value rather than consolidated, the net assets of TRIG UK, which at 31 December 2013 principally comprised cash balances of £13.3m, would be required to be included in the carrying value of investments. This change would not materially affect group net assets. At present it is uncertain as to whether the accounting standard will be amended.

The directors believe that the treatment of consolidation adopted in these accounts is the most appropriate to the group's circumstances as the transactions of both the Company and TRIG UK are relevant to investors.

The consolidated financial statements of the group include the financial statements of the Company and its direct subsidiaries. The financial statements of subsidiaries, except those held at fair value, are included in the consolidated financial statements on a line by line basis from the date that control commences until the date control ceases. 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'.

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

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. An investment entity should not hold its investments indefinitely. Although the Group invests in equity interests that have an indefinite life, the underlying project investments have a limited life and pending any repowering rights that are granted to the Company generally the investments have minimal residual value.

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.

Characteristics of an investment entity

In assessing whether the Company meets the definition of an investment entity, it should consider whether it has the following typical characteristics of an investment entity:

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

The Directors are of the opinion that the Company and the entity it consolidates together have all the typical characteristics of an investment entity and meet the definition in the standard.

Any intra-group receivables, liabilities, revenue and expenses are eliminated in their entirety when preparing the consolidated financial statements. Gains that arise from intra-group transactions and that are unrealised from the standpoint of the Consolidated Group on the balance sheet date are eliminated in their entirety. Unrealised losses on intra-group transactions are also eliminated in the same way as unrealised gains, to the extent that the loss does not correspond to an impairment loss.

(d) Financial instruments

Financial assets and liabilities are recognised on the Consolidated Group's balance sheet when the group 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 Consolidated 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.

(e) Loans and borrowings

Borrowings are recognised initially at fair value of the consideration received, less transaction costs.

Other
Other non-derivative financial instruments are measured at amortised cost using the effective interest method less any impairment losses.

(f) 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.

(g) 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.

(h) 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 consolidated cash flow statement.

(i) Investment income

Income from investments relates solely to returns from investments in the Portfolio, excluding fair value movement on the value of the Portfolio. This is recognised when the right to receive interest income is determined on an accruals basis and dividends when these are received.

(j) Income tax

Under the current system of taxation in Guernsey, the Company itself is exempt from paying taxes on income, profits or capital gains. Dividend and interest income received by the Consolidated Group may be subject to withholding tax imposed in the country of origin of such income, but all such tax is currently recoverable.

(k) Foreign exchange gains and losses

Transactions entered into by Consolidated Group entities in a currency other than their 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 consolidated income statement.

(l) 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.

(m) Expenses

All expenses are accounted for on an accruals basis. The Consolidated Group's investment management and administration fees (refer to Note 19), finance costs (including interest on long-term borrowings) and all other expenses are charged through the consolidated income statement.

(n) Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends, this is when they are paid. In the case of final dividends, this is when they are approved by the shareholders at the AGM. 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 an ungeared, 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 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 basis of each discount rate, which is a weighted average cost of capital, is the nominated long-term government bond rate adjusted by an appropriate premium to reflect specific risks associated with the technology (on-shore wind and solar) and geographic location of the underlying investment.

The weighted average discount rate applied in the December 2013 valuation was 9.8%. 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 is 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 as described in Note 2, 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 Consolidated 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 Consolidated Group is exposed. Note 4 presents information about the Consolidated Group's exposure to financial risks, its objectives, policies and processes for managing risk and the Consolidated Group's management of its financial resources.

The Consolidated Group 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 Consolidated Group invests in subordinated loanstock of project companies, usually with fixed interest rate coupons. Where floating rate debt is owned, the primary risk is that the Consolidated Group's cash flows will be subject to variation depending upon changes to base interest rates. The Portfolio's cash flows are continually monitored and reforecast, both over the near future (five period time horizon) and the long-term, to analyse the cash flow returns from investments. The Consolidated 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 Consolidated Group 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. No floating rate debt will be hedged at the Consolidated Group level.

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 Consolidated 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 Consolidated 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 Consolidated 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 Consolidated Group invests, all conduct their business and pay interest, dividends and principal in sterling, with the exception of the Euro dominated investments which comprise 18.2% of the Portfolio by value. The sensitivity of the Portfolio valuation is shown in Note 4.

The Consolidated 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 Consolidated Group aims to pay over the medium-term, where considered appropriate. This may involve the use of forward exchange.

Credit risk

Credit risk is the risk that a counterparty of the Consolidated Group will be unable or unwilling to meet a commitment that it has entered into with the Consolidated 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 Consolidated Group's largest credit risk exposure to a project at 31 December 2013 was to the Hill of Towie project (15.9% of the Portfolio by value) and the largest subcontractor counterparty risk exposure was to Siemens who provided turbine maintenance services in respect of 44.5% of the Portfolio by value.

At 31 December 2013 there were no loans and other receivables considered impaired for the Consolidated Group.

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

Liquidity risk

Liquidity risk is the risk that the Consolidated Group will not be able to meet its financial obligations as they fall due. The Consolidated 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 Consolidated 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 Consolidated Group's investments are predominantly funded by share capital and medium-term debt funding.

The Consolidated 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 Consolidated Group's investments have borrowings which rank senior and have priority over the Consolidated 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 Consolidated Group.

Capital management

The Consolidated Group entered into an £80 million revolving acquisition facility on 20 February 2014. Further equity raisings are considered when drawings are at an appropriate level. The proceeds from the share issues are used to repay debt and to fund future investment commitments.

The Consolidated Group makes prudent use of its leverage. Under the investment policy, borrowings, including any financial guarantees to support outstanding subscription obligations but excluding internal

Consolidated Group borrowings of the Consolidated 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.

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 Consolidated Group's approach to capital management during the period.

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 Consolidated 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 Consolidated 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 2013 £'000's
Financial assets	
Designated at fair value through profit or loss:	
Investments	299,792
Financial assets at fair value	299,792
At amortised cost:	
Trade and other receivables	59
Cash and cash equivalents	16,196
Financial assets at amortised cost	16,255

Financial liabilities

Designated at fair value through profit or loss:	
Other financial liabilities (fair value of derivatives)	-
Financial liabilities at fair value	-
At amortised cost:	
Trade and other payables	1,183
Loans and borrowings	-
Financial liabilities at amortised cost	1,183

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

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 2013			
	Level 1 £'000's	Level 2 £'000's	Level 3 £'000's	Total £'000's
Investments at fair value through profit or loss	-	-	299,792	299,792
Other financial assets	-	-	-	-
	-	-	299,792	299,792
Other financial liabilities	-	-	-	-
	-	-	-	-

As at 31 December 2013, the fair market value of the Groups Investments was £299.8 million which excludes the deferred funding obligation of £0.8 million that the Company is expected to contribute to the Marvel Farms Solar Park. After adding back this funding obligation, the value of the Portfolio is £300.6 million as noted below.

Note that these sensitivities are not interrelated

Level 3

Valuation methodology

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.

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 discount rates used for valuing the projects in the Portfolio are as follows:

Period ending	Range	Weighted average
31 December 2013	**7.8% to 11.0%**	**9.8%**

A change to the weighted average rate of 9.8% by plus or minus 0.5% has the following effect on the valuation.

Discount rate	-0.5% change	Total Portfolio Value	+0.5% change
Directors' valuation	+£11.8m	£300.6m	(£11.0m)

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.

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

Power Price	-10% change	Total Portfolio Value	+10% change
Directors' valuation	(£24.3m)	£300.6m	+£24.3m

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).

The effect of a P90 10 year exceedance and of a P10 10 year exceedance would have the following effect on the valuation.

Energy Yield	P90 10 year exceedance	Total Portfolio Value	P10 10 year exceedance
Directors' valuation	(£37.0m)	£300.6m	+£36.6m

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	-1.0% change	Total Portfolio Value	+1.0% change
Directors' valuation	(£28.9m)	£300.6m	+£32.1m

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	+£9.3m	£300.6m	(£9.3m)

Currency rates

The spot rate used for the 31 December 2013 valuation, from Euro to Sterling, was 1.204.

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

Currency rates	-10% change	Total Portfolio Value	+10% change
Directors' valuation	(£8.9m)	£300.6m	+£8.9m

Tax rates

The UK corporation tax assumption for the Portfolio valuation was 21%, which was consistent with the approach in the IPO valuation.

It has been noted that the UK Government has announced a reduction in the rate of corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015. This represents a potential benefit for the Consolidated Group.

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. Investment income

	For period ended 31 December 2013 Total £'000's
Interest from investments	3,393
	3,393

7. Fund expenses

	For period ended 31 December 2013 £'000's
Fees payable to the Consolidated Group's auditors for the audit of the Consolidated Group accounts	30
Fees payable to the Consolidated Group's auditors and its associates for other services:	
Audit of underlying subsidiary company	8
Investment and management fees (Note 19)	1,197
Directors' fees (Note 19)	66
Other costs	375
	1,676

In addition to the above, an amount of £109,000 was paid to Deloitte LLP (the Company's auditor) in respect of audit services provided to unconsolidated subsidiaries (and therefore is not included within consolidated fund expenses).

During the period to 31 December 2013, Deloitte LLP provided non-audit services of £125,000 for tax services in relation to the IPO. These services were provided to the Company prior to Deloitte LLP's appointment as auditors.

The Consolidated Group had no employees during the period.

8. Net finance costs

	For period ended 31 December 2013 Total £'000's
Interest expense:	
Other finance costs	(6)
Total finance costs	(6)
Interest income:	
Interest on bank deposits	27
Total finance income	27
Net finance income	21

9. Income tax

Under the current system of taxation in Guernsey, the Company itself 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.

		2013
Profit attributable to equity holders of the Company	£	10,307,595
Weighted average number of Ordinary Shares in issue		302,363,338
Earnings per Ordinary Share (pence)		3.4

Further details of shares issued in the period are set out in Note 18.

11. Dividends

On 13 February 2014 (see Note 21), the Company declared an interim dividend of 2.5 pence per share for the period 30 May to 31 December 2013. This interim dividend will be paid based on a record date of 21 February 2014 and on the number of shares on issue at that time being 310,000,000.

12. Net assets per Ordinary Share

	2013 '000's
Shareholders' equity at 31 December	314,864
Number of shares at 31 December	310,235
Net assets per Ordinary Share at 31 December (pence)	**101.5**

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. As at 31 December 2013, 235,351 shares equating to £233,037, based on a Net Asset Value ex dividend of 99.0 pence per share (the Net Asset Value at 31 December 2013 of 101.5 pence per share less the interim dividend of 2.5 pence per share) were due but had not been issued. The Company intends to issue these shares on or after 3 March 2014.

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

	2013 '000's
Number of shares in issue at 31 December	310,000
Number of shares to be issued in lieu of Management fees	235
Total number of shares used in Net Assets per Ordinary Share calculation	**310,235**

13. Investments at fair value through profit or loss

	31 December 2013
	£'000's
Investments in the period	297,843
Repayments in period	(13,218)
Investment income	3,393
Gains on valuation	11,774
Carrying amount at period end	299,792

This is represented by:	
Less than one period	-
Greater than one period	299,792
Carrying amount at period end	299,792
Gains on valuation	11,774

The gains on investment are unrealised.

The Investment Manager has carried out fair market valuations of the investments as at 31 December 2013. The Directors have satisfied themselves as to the methodology used, the discount rates applied, and the valuation.

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

UK inflation rates	2.75%
Ireland and France inflation rates	2.00%
UK deposit interest rates	1.00%
Ireland and France interest rates	1.00%
UK corporation tax rate	23.00%
Ireland corporation tax rate	33.3% + 1.1% above €763,000 threshold
France corporation tax rate	12.5% active rate, 25% passive rate
Euro/Sterling exchange rate	1.204

Investments are generally restricted on their ability to transfer funds to the Consolidated Group 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.

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

		31 December 2013	
Investments (project name)	**Country**	**Equity**	**Subordinated loanstock**
Roos	UK	100%	100%
The Grange	UK	100%	100%
Hill of Towie	UK	100%	100%
Green Hill	UK	100%	100%
Forss	UK	100%	100%
Altahullion	UK	100%	100%
Lendrums Bridge	UK	100%	100%

Lough Hill	UK	100%	100%
Milane Hill	Republic of Ireland	100%	100%
Beennageeha	Republic of Ireland	100%	100%
Haut Languedoc	France	100%	100%
Haut Cabardes	France	100%	100%
Cuxac Cabardes	France	100%	100%
Roussas-Claves	France	100%	100%
Puits Castan	France	100%	100%
Churchtown	UK	100%	100%
East Langford	UK	100%	100%
Manor Farm	UK	100%	100%
Parsonage	UK	100%	100%
Marvel Farms	UK	100%	100%

The Initial Portfolio was acquired in August 2013 for £279.4 million, inclusive of acquisition costs.

Two further investments, Parsonage and Marvel Farms, were purchased in November 2013 for an aggregate consideration of £20.6 million inclusive of acquisition costs and a deferred funding obligation of £0.8 million.

14. Trade and other receivables

	31 December 2013 £'000's
Other debtors	59
	59

15. Cash and cash equivalents

	31 December 2013 £'000's
Bank balances	16,196
Cash and cash equivalents	16,196

16. Trade and other payables

	31 December 2013 £'000's
Management fees	591
Other payables	592
	1,183

17. Loans and borrowings

As at the date of these Financial Statements the Consolidated Group did not have any loans or borrowings.

18. Share capital and reserves

	Ordinary Shares 31 December 2013 '000's
Issued at 29 July 2013	300,000
Tap issue 26 November 2013	10,000
Issued at 31 December – fully paid	310,000

The holders of the 310,000,000 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 2013
	£'000's
Opening balance	-
Ordinary Shares issued	310,100
Costs of Ordinary Share issue	(5,776)
Balance at 31 December	304,324

Other reserves

	31 December 2013
	£'000's
Opening balance	-
Shares to be issued in lieu of Management Fees (note 12)	233
Balance at 31 December	233

Retained reserves

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

19. Related party and key advisor transactions

The Investment Manager to the Consolidated Group is appointed by the Investment Management Agreement, dated 5 July 2013, which may be terminated by either party giving not less than 12 months' written notice, no earlier than the fourth anniversary of admission to the London Stock Exchange. The Investment Manager is entitled to 65 per cent of the aggregate management fee (see below), payable quarterly in arrears. The Operations Manager to the Consolidated Group is appointed by the Operations Management Agreement dated 5 July 2013, which may be terminated by either party giving not less than 12 months' written notice, no earlier than the fourth anniversary of admission to the London Stock Exchange. The Operations Manager is entitled to 35 per cent 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 less the aggregate of the Investment Manager advisory fee and the Operations Manager advisory fee, set out below. The Investment Manager will also be entitled to be paid an advisory fee in respect of the advisory services which it provides to the Company of £130,000 per annum and the Operations Manager will also be entitled to be paid an advisory fee in respect of the advisory services which it provides to the Company of £70,000 per annum, which is deducted from the management fee payable.

The Investment Manager fee charged to the income statement for the period was £778,300, of which £384,200 remained payable in cash at the balance sheet date. The Operations Manager fee charged to the income statement for the period was £419,100, of which £206,900 remained payable in cash at the balance sheet date. In addition, the Operations Manager also received £876,000 for services in relation to Asset Management and other services provided to project companies within the Investment Portfolio that are not consolidated in these Financial Statements.

In line with the Investment Management Agreement and the Operations Management Agreement, 20 per cent. of the management fees, detailed above, are to be settled in Ordinary Shares. As at 31 December 2013, 235,351 shares equating to £233,037, based on a Net Asset Value ex dividend of 99.0 pence per share (the Net Asset Value at 31 December 2013 of 101.5 pence per share less the interim dividend of 2.5 pence per share) were due but had not been issued. The Company intends to issue these shares on or after 3 March 2014.

Of the Initial Portfolio, 15 assets were purchased from the Operations Manager for an aggregate consideration of £254.3 million and the remaining three assets were purchased from a fund managed by the Investment Manager for an aggregate consideration of £22.2 million.

The Directors of the Company received fees for their services. Further details are provided in the Report of the Directors on page 50. Total fees for the Directors for the period were £66,082. Directors' expenses of £1,058 were also paid in the period.

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

20. Guarantees and other commitments

As at 31 December 2013, the Consolidated Group had provided £20.3 million in guarantees to the projects in the Group.

21. Events after the balance sheet date

On 20 February 2014, the Consolidated Group entered into an £80 million revolving acquisition facility with the Royal Bank of Scotland plc. and National Australia Bank Limited. The margin on the facility is 3.0% over the applicable LIBOR rate.

On 13 February 2014, a dividend of 2.5p per share was declared, which was in line with the intentions in the IPO Prospectus.

On 1 March 2014, Mr Klaus Hammer is to be appointed as a Director of the Company.

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

22. Principal subsidiaries

Name	Country	Ownership interest
The Renewables Infrastructure Group (UK) Limited	UK	100.0%

23. Subsidiaries

The following subsidiaries have not been consolidated in these Financial Statements, as a result of applying Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (see Note 2).

Name	Country	Ownership interest
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%
BKS Energy Limited	UK	100%
Adiant ASO Dillington Limited	UK	100%
Hazel Renewables Limited	UK	100%