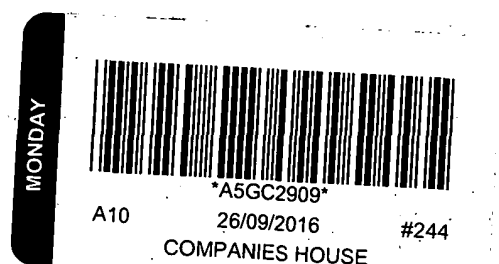


FORESIGHT SOLAR (UK HOLD CO) LIMITED

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2015**

COMPANY NUMBER: 08584284



Foresight Solar (UK Hold Co) Limited

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Foresight Solar (UK Hold Co) Limited

Directors' Report For the year ended 31 December 2015

The Directors of Foresight Solar (UK Hold Co) Limited (the "Company") present their report and Financial Statements for the year ended 31 December 2015.

Incorporation and Structure

Foresight Solar (UK Hold Co) Limited is a private limited company within the meaning of section 4(1) of the Companies Act 2006. The liability of the members is limited to the amount, if any, unpaid on the shares held by them. The Company was incorporated in England and Wales on 25 June 2013 with the company number 08584284 under the name "DMWSL 730 Limited". On 17 September 2013 the Company changed its name to Foresight Solar (UK Hold Co) Limited. The Company's registered office is c/o Foresight Group, The Shard, 32 London Bridge Street, London, SE1 9SG.

Activities and Results

The Company is a wholly owned subsidiary of Foresight Solar Fund Limited (the "Fund") which is a London Stock Exchange listed renewable infrastructure company incorporated in Jersey under the Companies (Jersey) Law 1991, as amended, on 13 August 2013, with registered number 113721. The Company was established as a vehicle through which the Fund makes its investments.

The Company invests in a portfolio of ground based, operational solar power plants predominantly in the UK via SPVs.

Going Concern

The Directors have considered the Company's cash flow projections for a period of no less than twelve months from the date of approval of these Financial Statements together with the Company's borrowing facilities. These projections show that the Company will be able to meet its liabilities as they fall due.

The Directors have therefore prepared the Financial Statements under the going concern basis.

Dividends

The Directors of the Company do not recommend the payment of a dividend for the year (2014: £nil).

Directors

The Directors of the Company who held office during the year, and subsequently, were:

- Jamie Richards
- Richard Thompson (resigned 1 October 2015)
- Ricardo Pineiro (appointed 1 October 2015)

The Directors in office at the end of the year had no interests in the share capital of the Company at any time during the year.

Secretary

The Secretary of the Company who held office during the year, and subsequently, was Foresight Fund Managers Limited.

Political and charitable donations

No contributions to political organisations or charitable donations were made during the year (2014: nil)

Employees

During the year, the average number of persons employed by the Company was nil (2014: nil).

Statement of disclosure of information to the Independent Auditors

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.



Director

The Shard
32 London Bridge Street
London
SE1 9SG

17 August 2016

Foresight Solar (UK Hold Co) Limited

Strategic Report

For the year ended 31 December 2015

Introduction

This Strategic Report, on pages 2 to 4, has been prepared in accordance with the requirements of Section 414A of the Companies Act 2006 and best practice. Its purpose is to inform the members of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company, in accordance with Section 172 of the Companies Act 2006.

Foresight Solar (UK Hold Co) Limited (the "Company")

The Company is the sole subsidiary of Foresight Solar Fund Limited ("FSFL"), a company incorporated in Jersey and listed on the London Stock Exchange. Through FSFL the Company is managed by Foresight Group CI Limited ("Foresight"). Foresight is an independent infrastructure and private equity investment management firm, overseen by a strong, experienced and majority independent Board.

Investment Objective

FSFL seeks to provide its investors with a sustainable and inflation-linked dividend together with the potential for capital growth over the long-term through investment in a diversified portfolio of predominantly UK ground-based solar assets.

Investments made in ground mounted solar assets in the UK are made through the Company.

Strategies for achieving objectives

Investment Policy

The Company will target UK unquoted companies which it believes will achieve the objective of producing attractive returns for shareholders.

Investment securities

The Company invests in unquoted investments and these are usually structured as a combination of ordinary shares and loan stocks.

UK companies

Investments are only made in companies which are wholly based in the UK.

Performance and Key Performance Indicators (KPIs)

The Board expects Foresight to deliver a performance which meets the investment objectives. The key performance indicators reviewed by the Board are levels of electrical generation achieved by the assets and the levels of free cash flow achieved after debt costs are serviced.

Business review

Portfolio Performance

Foresight believes that the portfolio of assets has been acquired at attractive pricing levels and offers both manufacturer and geographical diversification across the UK. Since December 2014, the Company has increased the number of assets from ten to 16. This, combined with a 2MW extension at its existing Wymeswold plant increased net portfolio capacity to 338MW, a 46% increase from December 2014. The Company's 16 asset, 338MW portfolio is fully operational. In keeping with the Company's low risk strategy, 15 of the 16 assets within the portfolio were operational when acquired and subject to certain conditions having been achieved by the developer of the plant, including the assets being built to specified performance standards and successful connection to the grid.

Operational performance of the assets for the period was broadly in line with Foresight's expectations, with total portfolio electricity production of 298.76 Gigawatt Hours ("GWh") for the period. The Foresight's expectations are based on those used at the time of acquisition and are not adjusted.

Asset	MW	Actual Production GWh	Expected Production GWh	Production Variance
Wymeswold	34	32.6	31.5	3.80%
Castle Eaton	18	17.2	16.8	2.40%
Highfields	12	10.2	12.1	-15.60%
High Penn	10	9	9.5	-4.60%
Pitworthy	16	14.8	15.6	-5.50%
Hunters Race	11	10.7	10.7	-0.60%
Spriggs Farm	12	12	12	-0.30%
Bournemouth	37	39.7	39.8	-0.20%
Landmead	46	45.2	43	4.90%
Kencot	37	36.4	36	1.30%
Total Portfolio		227.8	227	0.40%

The irradiance variance for the period under review was 0.6% above forecast. For sites that have more than 12 months of operational data, production was 0.4% above expectations. These figures do not include compensation received for the matters described below. When these are taken into account, the adjusted production was 4.5% above expectations.

Firstly, upon investigation into the underperformance of the Highfields, High Penn and Pitworthy assets, the operator SunEdison discovered the photovoltaic ("PV") Modules were not performing in line with guarantees. Following the negotiations with SunEdison, the Company has now received financial compensation for lower than expected performance. The contractual performance guarantees will remain in place following the conclusion of these negotiations.

Foresight Solar (UK Hold Co) Limited

Strategic Report (continued) For the year ended 31 December 2015

Secondly, the production of the Pitworthy asset was further compromised by a lightning strike event which led to a partial outage of the plant from 1 July 2015 until 6 August 2015. This incident was fully covered by the plant insurance.

Foresight's dedicated in-house technical team of six engineers continue to focus on increasing operational efficiencies across the portfolio. We do not expect any short-term fluctuations in power generation to affect the medium to long-term forecasts.

Principal risks, risk management and regulatory environment

Reliance is placed on Foresight's internal systems and controls and external service providers such as the Administrator to effectively manage risk across the portfolio. Foresight has a comprehensive Risk Management framework in place.

Taxation Environment

Foresight reviews the taxation structure and status of the Company on a regular basis. The Company is subject to a wide range of taxation legislation including Value Added Tax (VAT), Corporation Tax especially in relation to capital allowances and transfer pricing. In the current political environment, there is a risk that changes in tax legislation could negatively impact the long term performance of the Company.

Although the Company is not currently subject to the Worldwide Debt Cap, the acquisition of additional assets may bring the Company within this regime. Foresight would not recommend the acquisition of assets that had a net negative impact on the performance of the Company after taxation requirements are considered but believes the aim to increase the size of the portfolio does not conflict with this requirement. Foresight also notes the ongoing developments regarding the OECD/G20 Base Erosion and Profit Shifting (BEPS) project. We await the UK Treasury response to the recent consultation with interest.

Electricity Market Reform ("EMR")

As a result of the introduction of the capacity mechanism under EMR, designed to ensure that the UK has sufficient reliable generating capacity to meet a specified capacity margin and prevent blackouts, wholesale electricity prices may be depressed, as some fossil-fuel power plants will receive capacity payments which will cover part of the costs of constructing and operating them. The carbon price floor is an element of EMR which is designed to support the deployment of renewable generation technologies by underpinning the price of carbon emissions allowances (required to be surrendered by fossil fuelled combustion plants). However, the UK Government may decide to abolish the carbon price floor or set a lower trajectory for the increase of the carbon price floor. Such abolition, or the UK Government setting a lower trajectory for the increase of the carbon price floor, would likely reduce the wholesale power price.

The UK Government remains committed to a balanced generation mix, whereby renewables as a share of future generation capacity will rise significantly. This is underpinned by EU and UK binding policy targets.

Decline in the Sale Price of Electricity

Generally, the price at which a solar PV plant sells its electricity is determined by market prices in the UK. A decline in the costs of other sources of electricity generation, such as fossil fuels or nuclear power, could reduce the wholesale price of electricity. A significant amount of new electricity generation capacity becoming available could also reduce the wholesale price of electricity.

Solar assets acquired under the Renewable Obligation Certificates (ROC) system will be exposed to market prices for electricity, accounting for c. 40% of overall plant revenue but will also benefit from the remaining 60% of revenues being guaranteed with ROCs. Electricity price-linked revenues are defined in PPAs signed with off-takers and can be fixed in the short and medium term to reduce further cash flow volatility.

Assets are subject to appropriate downside sensitivity analysis with respect to electricity prices to ensure that revenues remain robust which will be reflected in the price offered for each asset.

Risks Relating to Retail Price Index ("RPI")

The revenues and expenditure of solar assets via the ROC system are partly subject to indexation with reference to RPI. In absolute terms, distributions would be adversely affected by deflation.

We consider the inflation risk presented by these assets to be minimised through the explicit inflation-linked nature of both operating revenues and costs. On the revenue side, ROC prices are formally linked to RPI and for PPAs the electricity price forms part of the RPI basket of goods. For costs, Operations & Maintenance ("O&M") contract prices and land rents are both linked to inflation and as such there is a natural inflation linkage to costs and revenues.

An End to Grandfathering Policy Commitments

The UK has revised its policies supporting the renewable energy sector from time to time in order to reduce the benefits available to new renewable power generation projects. The assets would likely suffer a loss if the UK was to abandon the practice of grandfathering and apply adverse retrospective changes to the levels of support for operating projects.

There is significantly less risk of support being reduced, withdrawn or changed for existing support-accredited projects. In order to maintain investor confidence, the UK has ensured that the benefits already granted to operating renewable power generation projects are exempted from future regulatory change. This practice is referred to as grandfathering.

The UK's Renewable Obligation Certificate regime provides a stable 20 year subsidised revenue stream that increases over time in line with RPI. The value of ROCs are set for the fixed in legislation. Once accredited, the ROC banding for an individual plant is then grandfathered with its value increasing in line with inflation for a period of 20 years. The ROC system provides for a grandfathering of the ROC level once accredited and benefits from inflation-linked increases annually.

The key mechanism which affected solar plants was the replacement of ROCs with the Contracts for Difference ("CfD") auction scheme for all installations above 5MW from 1 April 2015, despite recent announcements confirming no CfD allocation for solar technology in 2016. Under this mechanism electricity generators would receive a fixed revenue stream for renewable generation and avoid the fluctuations that currently apply under ROCs from the market power price.

This shift represents how the UK has responded to market changes by introducing forward looking rather than retrospective policy changes. The UK is considered to be a stable regulatory regime which has no history of retrospectively changing tariffs.

Foresight Solar (UK Hold Co) Limited

Strategic Report (continued)

For the year ended 31 December 2015

Shorter than Forecast Operational Life Span of Solar Panels

Each asset is subject to robust technical due diligence to assess the expected operational life span of the panels. Panels are typically covered under a 25 year performance warranty. The Company seeks to access projects with those reputable and proven equipment suppliers most able to demonstrate financial robustness being preferred.

Full scope O&M with experienced counterparties should further ensure any such issues are identified early and rectified appropriately.

Poor O&M Services Reduce Performance of the Plant

Solar PV plants can be relatively straightforward to maintain and operational risks are generally considered to be low. Nonetheless, for the first two years of operations, plant performance will be guaranteed under EPC warranties. Operational risk is further minimised by the use of experienced and financially robust counterparties, supported by availability guarantees and damages if these are not met. Termination provisions are contained within the underlying contracts to replace the O&M provider if performance is unsatisfactory. Foresight's experience in managing this asset type since 2007 and expertise in identifying strong counterparties further mitigate this factor.

Risks Relating to Due Diligence

Prior to the acquisition of a solar asset or any entity that holds a solar asset or rights to construct a solar asset, Foresight and its advisers will undertake commercial, financial, tax, technical and legal due diligence on the assets.

Technical analysis of the build quality, lifecycle costs and asset life will be undertaken by the technical advisers appointed in connection with any proposed acquisition. It is not intended that the equipment and systems purchased will rely substantially on new technology and it is expected that such equipment and systems will have a track record in other solar assets.

Grid Outages

Solar plants are subject to disconnections from the grid from the network operators. These outages are beyond the Foresight's control. Over the past year the loss of production across the portfolio due to external grid disconnections has been higher than expected.

Our valuation models assume that the projects will be unavailable for a proportion of the time and we believe this assumption to be robust over the medium to long term. The recent spike in grid disconnections is caused, in part, by the need to upgrade infrastructure to accommodate the large increase in renewable generators. Foresight expects that the impact on this infrastructure improvement will be lower going forward due to the lower number of new installations. Foresight is also actively discussing better reporting and management of works with network operators.

Gender diversity

The Board currently comprises two male Directors. The Board is, however, conscious of the need for diversity and will consider both male and female candidates when appointing new Directors.

Foresight has an equal opportunities policy and currently employs 78 men and 53 women.

Future Strategy

The Board and Foresight believe that the strategy of focusing on UK ground mounted solar assets is currently in the best interests of the shareholders and the historical information reproduced in this report is evidence of positive recent performance in this area.

EU Referendum

The board notes the result of the EU referendum and will continue to review the impact on the company. No immediate direct impact on the company is expected.

Infrastructure assets, including renewable energy, are typically a safe haven in periods of volatility. More specifically from the perspective of UK solar, the fundamentals of the asset class – in particular the revenue streams of commissioned projects – are not dependent on any EU regulation or legislation; they are driven by UK Government subsidies and laws and UK wholesale power prices. The Renewables Obligation and the Levy Control Framework are enshrined in the laws and policies of England and Wales.



Director

17 August 2016

Foresight Solar (UK Hold Co) Limited

Statement of Directors' Responsibilities For the year ended 31 December 2015

The Directors are responsible for preparing the Financial Statements in accordance with applicable law and regulations.

The Companies Act 2006 ("company law") requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable IFRS 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with company law. They have 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.

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;
- the Annual Report gives a true and fair view of the development and performance of the business and the position of the Company together with a description of the principal risk and uncertainties that the Company faces.



Director

The Shard
32 London Bridge Street
London
SE1 9SG

17 August 2016

Foresight Solar (UK Hold Co) Limited

Independent Auditor's Report to the Members of Foresight Solar (UK Hold Co) Limited For the year ended 31 December 2015

We have audited the financial statements of Foresight Solar (UK Hold Co) Limited for the year ended 31 December 2015 set out on pages 7 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Other Matter- Prior period financial statements

In forming our opinion on the financial statements, which is not modified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited.

Philip Merchant
(Senior Statutory Auditor)
for and on behalf of KPMG LLP
Chartered Accountants and Recognised Auditor,
15 Canada Square,
London
E14 5GL

August 2016

Foresight Solar (UK Hold Co) Limited

Statement of Comprehensive Income For the year ended 31 December 2015

	Notes	2015 £	Unaudited 2014 £
Continuing operations			
Income			
Interest income	5	22,747,281	6,299,834
Gains on investments at fair value through profit or loss	14	290,307	6,353,929
Total revenue		23,037,588	12,653,763
Expenditure			
Finance costs	6	(3,695,748)	(2,473,614)
Accountancy fees		(17,370)	(10,600)
Interest on loan notes	13	(21,587,249)	(8,343,640)
Interest on shareholder loan	12	(3,497,668)	(97,148)
Other expenses	7	(178,612)	(10,889)
Total expenditure		(28,976,647)	(10,935,891)
(Loss)/profit before taxation for the year		(5,939,059)	1,717,872
Taxation	8	(668,841)	-
(Expense)/profit and total comprehensive (expense)/income for the year		(6,607,900)	1,717,872

All items above arise from continuing operations; there have been no discontinued operations during the year.

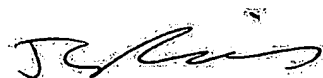
The accompanying notes on pages 11 to 26 form an integral part of these Financial Statements.

Foresight Solar (UK Hold Co) Limited

Statement of Financial Position As at 31 December 2015

	Notes	2015 £	Unaudited 2014 £
Assets			
Non-current assets			
Investments held at fair value through profit or loss	14	421,627,479	249,190,000
Total non-current assets		421,627,479	249,190,000
Current assets			
Trade and other receivables	9	2,028,053	8,262,688
Cash and cash equivalents		2,606,765	4,164,864
Total current assets		4,634,818	12,427,552
Total assets		426,262,297	261,617,552
Liabilities			
Non-current liabilities			
Long-term borrowings	17	96,003,500	48,105,000
Loan notes	13	216,000,000	145,000,000
Total non-current liabilities		312,003,500	193,105,000
Current liabilities			
Trade and other payables	11	25,953,482	10,499,456
Interest payable on loan notes	13	1,050,940	7,804,680
Short-term borrowings	17	50,000,000	
Shareholder loan	12	42,324,811	48,670,952
Total current liabilities		119,329,233	66,975,088
Total liabilities		431,332,733	260,080,088
Equity			
Retained earnings		(5,070,536)	1,537,364
Share capital	10	100	100
Total equity		(5,070,436)	1,537,464
Total Equity and Liabilities		426,262,297	261,617,552

The Financial Statements on pages 7 to 26 were approved by the Board of Directors and signed on its behalf on 17 August 2016 by:



Director

The Shard
32 London Bridge Street
London
SE1 9SG

The accompanying notes on pages 11 to 26 form an integral part of these Financial Statements.

Foresight Solar (UK Hold Co) Limited

Statement of Changes in Equity For the year ended 31 December 2015

	Share Capital £	Retained Earnings £	Total £
Balance as at 1 January 2015	100	1,537,364	1,537,464
Total comprehensive expense for the year:			
Loss for the year		(6,607,900)	(6,607,900)
Balance as at 31 December 2015	100	(5,070,536)	(5,070,436)

For the year ended 31 December 2014 (unaudited)

	Share Capital £	Retained Earnings £	Total £
Balance as at 1 January 2014	100	(180,508)	(180,408)
Total comprehensive income for the year:			
Profit for the year		1,717,872	1,717,872
Balance as at 31 December 2014	100	1,537,364	1,537,464

The accompanying notes on pages 11 to 26 form an integral part of these Financial Statements.

Foresight Solar (UK Hold Co) Limited

Statement of Cash Flows For the year ended 31 December 2015

	2015 £	Unaudited 2014 £
Profit for the year before tax from continuing operations	(5,939,059)	1,717,872
Adjustments for:		
Unrealised gains on investments	(290,307)	(6,353,929)
Investment income	(22,746,991)	(6,299,834)
Finance costs	3,695,748	2,473,614
Interest on shareholder loan	3,497,668	8,343,640
Loan notes interest	21,587,249	97,148
Operating cash flows before movements in working capital	(195,692)	(21,489)
Increase in trade and other receivables	(9,780)	(154,892)
Increase in trade and other payables	7,679,551	4,481,212
Net receipts from SPVs	2,508,739	153,747
Cash generated from operations	9,982,818	4,458,578
Finance costs paid	(3,969,503)	(2,141,001)
Net cash from operating activities	6,013,315	2,317,577
Investing activities		
Acquisition of investments	(166,457,882)	(196,276,325)
Proceeds from loan repayments from SPVs	3,303,390	-
Investment income	24,869,376	2,580,018
Net cash outflow from investing activities	(138,285,116)	(193,696,307)
Financing activities		
Loan notes interest paid	(28,340,989)	(1,135,210)
Loan notes drawn down	71,000,000	100,000,000
Shareholder loan repaid	(9,843,809)	-
Shareholder loan drawn down	-	48,573,804
Bank facility drawn down	108,898,500	50,205,000
Bank facility repaid	(11,000,000)	(2,100,000)
Net cash inflow from financing activities	130,713,702	195,543,594
Net (decrease)/increase in cash and cash equivalents	(1,558,099)	4,164,864
Cash and cash equivalents at the beginning of the year	4,164,864	-
Cash and cash equivalents at the end of the year	2,606,765	4,164,864

The accompanying notes on pages 11 to 26 form an integral part of these Financial Statements.

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2015

1. Company information

Foresight Solar (UK Hold Co) Limited (the "Company") is a private company within the meaning of section 4(1) of the Companies Act 2006. The liability of the members is limited to the amount, if any, unpaid on the shares held by them. The Company was incorporated in the United Kingdom on 25 June 2013 with the company number 08584284 under the name "DMWSL 730 Limited". On 17 September 2013 the Company changed its name to Foresight Solar (UK Hold Co) Limited. The address of the registered office is shown on page 1.

The principal activity of the Company is investing in operational UK ground based solar power plants through holding companies (the "SPVs").

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements (the "Financial Statements") are set out below.

2.1 Basis of preparation

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") which comprise standards and interpretations issued by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standing Interpretations approved by the International Financial Reporting Interpretation Committee ("IFRIC") that remain in effect and to the extent they have been adopted by the EU. The Financial Statements have been prepared on the historical cost convention as modified for the measurement of certain financial instruments at fair value through profit or loss and in accordance with the provisions of the Companies Act 2006.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. 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 judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and underlying assumptions are reviewed on an ongoing basis. Judgements made by management in the application of IFRS that have a significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are disclosed in note 3.

The prior year financial statements were unaudited as the company utilised its status as a small company for exemption from audit, in accordance with the provisions of Part 16 of the Companies Act 2006 relating to small companies.

2.2 Going concern

The Directors have considered the Company's cash flow projections for a period of no less than twelve months from the date of approval of these Financial Statements together with the Company's borrowing facilities. These projections show that the Company will be able to meet its liabilities as they fall due.

The Directors have therefore prepared the Financial Statements on a going concern basis.

2.3 Changes in accounting policies and disclosures

Application of new and revised International Financial Reporting Standards ("IFRSs")

All standards, amendments and interpretations which are effective for the financial year beginning 1 January 2015 are not material to the Company.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these Financial Statements, the following amendment, which has not been applied in these Financial Statements and which is applicable to the Company, was in issue but not yet effective:

- Amendments to IFRS 10, 'Consolidated Financial Statements' and IAS 28, 'Investments in Associates', on 'Investment entities: Applying the consolidation exception'. Effective for accounting periods commencing on or after 1 January 2016 (EU endorsement is outstanding).
- IFRS 15, 'Revenue from Contracts with Customers'. Effective for accounting periods commencing on or after 1 January 2018.
- IFRS 9, 'Financial Instruments - Classification and Measurement'. Effective for accounting periods commencing on or after 1 January 2018 (EU endorsement is outstanding).
- IFRS 16, 'Leases'. Effective for accounting periods commencing on or after 1 January 2019 (EU endorsement is outstanding).

These standards and amendments will be adopted when they become effective.

The Directors anticipate that the adoption of this amendment in future periods will not have a material impact on the Financial Statements or results of the Company.

2.4 Consolidation

(a) Subsidiaries

All subsidiaries are entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The 'Investment Entities' amendment to IFRS 10 'Consolidated Financial Statements' relieves an entity that meets the definition of an 'investment entity' of the obligation to produce a consolidated set of financial statements. As a result, the Company does not consolidate the SPVs but carries them at fair value through profit or loss.

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2015 (continued)

2. Summary of significant accounting policies (continued)

2.4 Consolidation (continued)

(a) Subsidiaries (continued)

The defined criteria of an 'investment entity' are as follows:

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

However, the absence of one or more of these characteristics does not prevent the entity from qualifying as an 'investment entity', provided all other characteristics are met and the entity otherwise meets the definition of an 'investment entity':

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

The Company does not meet all the defined criteria of an investment entity as the Company is 100% owned by Foresight Solar Fund Limited. However the Directors deem that the Company is nevertheless an investment entity as the above requirements have been met and Foresight Solar Fund Limited which holds 100% of the share capital has a number of investors.

Therefore, the Company meets the requirements of an 'investment entity'. The Company accounts for its SPVs at fair value through profit or loss in accordance with IAS 39 'Financial Statements: Recognition and Measurement'. The financial assets at fair value through profit or loss carried in the Statement of Financial Position represent the Company's investments in the SPVs as described above. See note 14 for more detail on the investments held at fair value through profit or loss.

Details of the undertakings which the Company held as at 31 December 2015 are listed below:

Name	Direct or indirect holding	Country of incorporation	Principal activity	Proportion of shares and voting rights held
FS Wymeswold Limited	Direct	United Kingdom	SPV	100%
FS Castle Eaton Limited	Direct	United Kingdom	SPV	100%
FS Pitworthy Limited	Direct	United Kingdom	SPV	100%
FS Highfields Limited	Direct	United Kingdom	SPV	100%
FS High Penn Limited	Direct	United Kingdom	SPV	100%
FS Hunter's Race Limited	Direct	United Kingdom	SPV	100%
FS Spriggs Limited	Direct	United Kingdom	SPV	100%
FS Bournemouth Limited	Direct	United Kingdom	SPV	100%
FS Landmead Limited	Direct	United Kingdom	SPV	100%
FS Kencot Limited	Direct	United Kingdom	SPV	100%
FS Copley Limited	Direct	United Kingdom	SPV	100%
FS Port Farm Limited	Direct	United Kingdom	SPV	100%
FS Membury Limited	Direct	United Kingdom	SPV	100%
FS Southam Limited	Direct	United Kingdom	SPV	100%
FS Atherstone Limited	Direct	United Kingdom	SPV	100%
FS Paddock Wood Limited	Direct	United Kingdom	SPV	100%
Southam Hold Co Limited	Indirect	United Kingdom	SPV	70%
Atherstone Hold Co Limited	Indirect	United Kingdom	SPV	78%
Paddock Wood Hold Co Limited	Indirect	United Kingdom	SPV	59%
Wymeswold Solar Farm Limited ("Wymeswold")	Indirect	United Kingdom	Investment	100%
Castle Eaton Solar Farm Limited ("Castle Eaton")	Indirect	United Kingdom	Investment	100%
Pitworthy Solar Farm Limited ("Pitworthy")	Indirect	United Kingdom	Investment	100%
Highfields Solar Farm Limited ("Highfields")	Indirect	United Kingdom	Investment	100%
High Penn Solar Farm Limited ("High Penn")	Indirect	United Kingdom	Investment	100%
Hunter's Race Solar Farm Limited ("Hunter's Race")	Indirect	United Kingdom	Investment	100%
Spriggs Solar Farm Limited ("Spriggs")	Indirect	United Kingdom	Investment	100%
Bournemouth Solar Farm Limited ("Bournemouth")	Indirect	United Kingdom	Investment	100%
Landmead Solar Farm Limited ("Landmead")	Indirect	United Kingdom	Investment	100%
Kencot Hill Solar Farm Limited ("Kencot")	Indirect	United Kingdom	Investment	100%
Copley Solar Limited ("Copley")	Indirect	United Kingdom	Investment	100%
Port Farms Solar Limited ("Port Farm")	Indirect	United Kingdom	Investment	100%
Membury Solar Limited ("Membury")	Indirect	United Kingdom	Investment	100%

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2015 (continued)

2. Summary of significant accounting policies (continued)

2.4 Consolidation (continued)

Name	Direct or indirect holding	Country of incorporation	Principal activity	Proportion of shares and voting rights held
Southam Solar Farm Limited ("Southam")	Indirect	United Kingdom	Investment	70%
Atherstone Solar Farm Limited ("Atherstone")	Indirect	United Kingdom	Investment	78%
Paddock Wood Solar Farm Limited ("Paddock Wood")	Indirect	United Kingdom	Investment	59%

2.5 Income

Income comprises interest income (bank interest and loan interest). Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Loan interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.6 Expenses

Operating expenses are the Company's costs incurred in connection with the on-going management of the Company's investments and administrative costs. Operating expenses are accounted for on an accruals basis.

The Company's finance costs, accountancy fees, interest on loan notes and all other expenses are charged through the Statement of Comprehensive Income.

Acquisition costs of assets are capitalised on purchase of assets.

2.7 Taxation

The Company is registered in the United Kingdom ("UK") and as such is subject to corporation tax at the main tax rate. See Note 8 for further details.

The tax currently payable is based on taxable profit for the year. Taxable profit will differ from net profit as reported in the Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other periods or that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the year-end date.

Deferred tax is the tax arising on differences on the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the near future.

The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2.8 Foreign currency translation

(a) Functional and presentational currency

The Directors consider the Company's functional currency to be Pounds Sterling ("GBP" or "£") as this is the currency in which the majority of the Company's assets and liabilities and significant transactions are denominated. The Directors have selected GBP as the Company's presentation currency.

2.9 Financial assets

2.9.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the nature and purpose for which the financial assets and is determined at the time of initial recognition by management.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise the investments made in the SPVs. Assets in this category are classified as current assets if they are expected to be settled within twelve months, otherwise they are classified as non-current.

(b) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They comprise trade and other receivables.

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements

For the year ended 31 December 2015 (continued)

2. Summary of significant accounting policies (continued)

2.9 Financial assets (continued)

2.9.2 Recognition and measurement

Purchases and sales of financial assets are recognised on the trade-date (the date on which the Company commits to purchase or sell the asset). Investments are initially recognised at fair value, being the consideration given. It is the policy of the Investment Manager to value with reference to discounted cash flows immediately following acquisition. Investments treated as 'financial assets at fair value through profit or loss' are subsequently measured at fair value. Loans and receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition, and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The effect of discounting on these financial assets is not considered to be material. Financial assets (in whole or in part) are derecognised either:

- when the Group has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. The Directors base the fair value of the investments based on information received from the Investment Manager. The Investment Manager's assessment of fair value of investments is determined in accordance with IAS 39 and IFRS 13, using unlevered Discounted Cash Flow principles (unless a more appropriate methodology is applied).

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within 'gains/(losses) on investments at fair value through profit or loss' in the period in which they arise.

2.10 Financial liabilities

Financial liabilities consist of trade and other payables, shareholder loans, loan notes, interest payable on the loan notes and bank loans. The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All financial liabilities are initially recognised at fair value net of transaction costs incurred. All purchases of financial liabilities are recorded on trade date, being the date on which the Company becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Company's financial liabilities approximate to their fair values.

The Company's financial liabilities only consist of only financial liabilities measured at amortised cost.

2.10.1 Financial liabilities measured at amortised cost

These include trade and other payables, shareholder loans, loan notes and interest payable on the loan notes, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

2.10.2 Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the Statement of Comprehensive Income.

2.10.3 Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'Loss Event') and that Loss Event (or Events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Statement of Comprehensive Income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2015 (continued)

2. Summary of significant accounting policies (continued)

2.12 Impairment of financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in a debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Comprehensive Income.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds. Ordinary shares have a par value of £1.00.

2.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

3. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision only affects that year, or in the year of the revision and future years if the revision affects both current and future years. The 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 year are addressed below.

3.1 Fair value of investments

The fair value of the investments is determined by using valuation techniques. The Directors base the fair value of the investments based on information received from the Investment Manager. The Investment Manager's assessment of fair value of investments is determined in accordance with the International Private Equity and Venture Capital ("IPEVC") Valuation Guidelines, using unlevered Discounted Cash Flow principles (unless a more appropriate methodology is applied) (as at 31 December 2013 the investment was valued at cost being deemed to be the fair value by the Directors). As described more fully on pages 20 to 22, valuations such as these entail assumptions about solar irradiance, power prices, technological performance, discount rate, operating costs and inflation over a 25 year period. It is in the opinion of the Investment Manager that the IPEVC valuation methodology used in deriving a fair value is not materially different from the fair value requirements of IAS 39.

4. Employees

During the year, the average number of persons employed by the Company was nil (2014: nil).

5. Interest income

	2015	Unaudited 2014
	£	£
Loan interest receivable	22,696,708	6,252,574
Other interest receivable	50,573	47,260
	22,747,281	6,299,834

Loan interest was receivable from the SPVs on the shareholder loans at a weighted average interest rate of 8.38% for the year (13 August 2013 to 31 December 2014: 9%). The interest rate for each shareholder loan is determined by the Company and is not fixed. Total loan interest of £22,696,708 was receivable for the year ended 31 December 2015 (13 August 2013 to 31 December 2014: £6,673,317) of which £2,018,173 was outstanding as at 31 December 2015 (31 December 2014: £4,093,297).

The shareholder loans are repayable on demand.

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements

For the year ended 31 December 2015 (continued)

6. Finance costs	2015	Unaudited 2014
	£	£
Credit facility agreement arrangement fees (see note 17)	695,325	2,005,866
Credit facility agreement commitment fees (see note 17)	226,017	331,773
Interest on credit facility drawn down (see note 17)	2,715,542	58,499
Other finance costs	43,085	77,476
Annual finance costs	15,779	-
	<u>3,695,748</u>	<u>2,473,614</u>

7. Other expenses	2015	Unaudited 2014
	£	£
Legal and professional fees	176,540	-
Bank charges	-	289
Annual fees	1,872	10,600
Penalties and charges	200	-
	<u>178,612</u>	<u>10,889</u>

Included in legal and professional fees are audit fees of £10,000 payable to KPMG LLP for the year (2014: £nil) all of which is outstanding as at 31 December 2015 (2014: £nil).

8. Taxation

The Company is currently registered in the United Kingdom. The standard rate of Corporation Tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Company's profits for the year ended 31 December 2015 are taxed at an effective rate of 20.25% (2014: 21.49%).

There are no unrecognised tax losses as at 31 December 2015 (31 December 2014: £2,320,980). The Company has utilised unrecognised tax losses of £2,320,980 in the current year.

	2015	Unaudited 2014
	£	£
(Loss)/profit before tax for the year	(5,939,059)	1,717,872
Expected tax (credit)/charge at 20.25% (2014: 21.49%)	(1,202,456)	369,225
Effects of:		
Expenses not deductible for tax purposes	2,399,993	996,435
Unrealised gains not taxable	(58,777)	(1,365,660)
Utilisation of previously unrecognised tax assets	(469,919)	-
Tax charge for the year/period	<u>668,841</u>	<u>-</u>

9. Trade and other receivables	2015	Unaudited 2014
	£	£
Accrued interest receivable	2,018,173	4,140,558
Prepaid expenses	9,880	-
Advances for future investments	-	154,892
Unpaid share capital	-	100
Amounts receivable from Spriggs	-	730,239
Amounts receivable from Bournemouth	-	252,692
Amounts receivable from Landmead	-	2,984,207
	<u>2,028,053</u>	<u>8,262,688</u>

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements

For the year ended 31 December 2015 (continued)

10. Share capital

The share capital of the Company comprises 100 Ordinary Shares of £1 par value each. All Ordinary Shares are held by Foresight Solar Fund Limited. The Company can issue an unlimited number of Ordinary Shares.

	2015 Shares	2015 £	Unaudited 2014 Shares	Unaudited 2014 £
Opening balance	100	100	100	100
Closing balance	100	100	100	100

11. Trade and other payables

	2015 £	Unaudited 2014 £
Accrued investment costs	10,397,534	1,559,746
Accrued expenses	137,594	344,013
Taxation payable	668,841	-
Amounts payable to Foresight Solar Fund Limited	12,087,027	4,474,812
Amounts payable to Castle Eaton	-	839,872
Amounts payable to Highfields	-	563,419
Amounts payable to High Penn	-	29,736
Amounts payable to Pitworthy	-	665,223
Amounts payable to Hunter's Race	-	2,022,635
Amounts payable to Copley	1,999,828	-
Amounts payable to Paddock Wood	211,767	-
Amounts payable to Atherstone	328,715	-
Amounts payable to Southam	122,176	-
	<u>25,953,482</u>	<u>10,499,456</u>

12. Shareholder loan

	2015 £	Unaudited 2014 £
Current portion		
Interest payable on shareholder loan	3,594,816	97,148
Shareholder loan	<u>38,729,995</u>	<u>48,573,804</u>
	<u>42,324,811</u>	<u>48,670,952</u>

A Shareholder loan is created when the total amount paid on behalf of the Company by Foresight Solar Fund Limited for the cost of subsidiaries is more than the total loan notes issued from the Company to Foresight Solar Fund Limited. Interest is payable at 9% per annum and is repayable in full on demand. Total interest of £3,497,668 was payable for the year (2014: £97,148) of which £3,594,816 was outstanding as at the reporting date (2014: £97,148).

13. Loan notes

	2015 £	Unaudited 2014 £
Current portion		
Interest payable on loan notes	<u>1,050,940</u>	<u>7,804,680</u>
Non-current portion		
Loan notes	<u>216,000,000</u>	<u>145,000,000</u>

Loan notes are issued from the Company to Foresight Solar Fund Limited. Interest is payable at 9% per annum in arrears on each Interest Payment Date in respect of the Interest Period ending on that date. If the Company fails to pay any interest due on its due date, interest shall accrue at the rate of 11% per annum from the due date up to the date of actual payment, compounding on each Interest Payment Date. Total interest of £21,587,249 was payable for the year (2014: £8,343,640) of which £1,050,940 was outstanding as at the reporting date (2014: £7,804,680).

Foresight Solar (UK Hold Co) Limited

Notes to the Consolidated Financial Statements For the year ended 31 December 2015 (continued)

14. Investments held at fair value through profit or loss

For the year ended 31 December 2015

	Cost as at 1 January 2015 £	Additions - equity £	Additions - shareholder loans £	Repayments - shareholder loans £	Cost as at 31 December 2015 £	Unrealised gain/(loss) as at 1 January 2015 £	Unrealised gain/(loss) for the year £	Unrealised gain/(loss) as at 31 December 2015 £	Fair value as at 31 December 2015 £
Wymeswold	45,045,725	-	-	-	44,247,009	3,684,275	1,132,682	4,816,957	49,063,966
Castle Eaton	22,507,858	-	-	-	22,507,858	192,142	(947,603)	(755,461)	21,752,397
Pitworthy	19,271,707	-	-	-	19,271,707	243,293	(976,848)	(733,555)	18,538,152
Highfields	15,403,313	-	-	-	15,403,313	246,687	(1,032,320)	(785,633)	14,617,680
High Penn	12,623,301	-	-	-	12,623,301	(123,301)	(982,261)	(1,105,562)	11,517,739
Hunter's Race	13,036,073	-	-	(797,333)	12,238,740	(26,073)	926,045	899,972	13,138,712
Spriggs	14,621,380	-	-	(184,435)	14,436,945	699,620	(427,868)	270,752	14,707,697
Bournemouth	47,910,921	-	-	-	47,910,921	249,079	1,432,814	1,681,893	49,592,814
Landmead	52,415,793	-	-	-	52,415,793	1,189,207	(1,254,027)	(64,820)	52,350,973
Kencot	-	19,121,280	30,337,993	(1,016,951)	48,442,322	-	(562,637)	(562,637)	47,879,685
Copley	-	10,374,879	22,305,057	-	32,679,936	-	2,955,780	2,955,780	35,635,716
Paddock Wood	-	458,931	5,876,392	-	6,335,323	-	(154,181)	(154,181)	6,181,142
Atherstone	-	7,834	12,587,495	-	12,595,329	-	156,309	156,309	12,751,638
Southam	-	6,960	7,695,169	-	7,702,129	-	107,776	107,776	7,809,905
Port Farm	-	7,258,869	37,242,731	-	44,501,600	-	267,548	267,548	44,769,148
Membury	-	4,443,944	17,733,028	(505,955)	21,671,017	-	(350,902)	(350,902)	21,320,115
	<u>242,836,071</u>	<u>41,672,697</u>	<u>133,777,865</u>	<u>(3,303,390)</u>	<u>414,983,243</u>	<u>6,353,929</u>	<u>290,307</u>	<u>6,644,236</u>	<u>421,627,479</u>

Foresight Solar (UK Hold Co) Limited

Notes to the Consolidated Financial Statements: For the year ended 31 December 2015 (continued)

14. Investments held at fair value through profit or loss (continued)

For the year ended 31 December 2014 (Unaudited)

	Cost as at 1 January 2014 £	Additions – equity £	Additions – shareholder loans £	Repayments – shareholder loans £	Cost as at 31 December 2014 £	Unrealised gain/(loss) as at 1 January 2014 £	Unrealised gain/(loss) for the year £	Unrealised gain/(loss) as at 31 December 2014 £	Fair value as at 31 December 2014 £
Wymeswold	45,000,000	-	45,725	-	45,045,725	-	3,684,275	3,684,275	48,730,000
Castle Eaton	-	2,039,214	20,468,644	-	22,507,858	-	192,142	192,142	22,700,000
Pitworth	-	1,834,895	17,436,812	-	19,271,707	-	243,293	243,293	19,515,000
Highfields	-	1,265,913	14,137,400	-	15,403,313	-	246,687	246,687	15,650,000
High Penn	-	1,051,596	11,571,705	-	12,623,301	-	(123,301)	(123,301)	12,500,000
Hunter's Race	-	1,915,090	11,120,983	-	13,036,073	-	(26,073)	(26,073)	13,010,000
Spriggs	-	2,075,661	12,545,719	-	14,621,380	-	698,620	698,620	15,320,000
Bournemouth	-	6,674,542	41,236,379	-	47,910,921	-	249,079	249,079	48,160,000
Landmead	-	10,000	52,405,793	-	52,415,793	-	1,189,207	1,189,207	53,605,000
	45,000,000	16,865,911	180,969,160	-	242,835,071	-	6,353,929	6,353,929	249,190,000

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2015 (continued)

15. Fair value of assets and liabilities

Fair value hierarchy

IFRS 13 "Fair Value Measurement" requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The hierarchy used to analyse the fair values of financial assets and liabilities is set out below:

- (a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- (b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- (c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

All investments held at fair value through profit or loss are classified as level 3 within the fair value hierarchy.

Valuation process for Level 3 valuations

Valuations are the responsibility of the Board of Directors.

The Investment Manager is responsible for submitting fair market valuations of Group assets to the Directors. The Directors review and approve these valuations following appropriate challenge and examination. Valuations are carried out quarterly.

The current portfolio consists of non-market traded investments and valuations are based on a discounted cash flow methodology.

The Investment manager's assessment of fair value of investments is determined in accordance with the International Private Equity and Venture Capital Valuation Guidelines ("IPEVCV"), using unlevered Discounted Cash Flow principles. It is in the opinion of the Investment Manager and Directors that the IPEVCV methodology used in deriving a fair value is not materially different from the fair value requirements of IFRS 13.

Sensitivity analysis to significant changes in unobservable inputs within Level hierarchy

The Company's investments are valued with reference to the discounted value of future cash flows. The Directors consider the valuation methodology used, including the key assumptions and discount rate applied, to be appropriate. The Board review, at least annually, the valuation inputs and where possible, make use of observable market data to ensure valuations reflect the fair value of the investments.

A broad range of assumptions are used in the valuation models. These assumptions are based on long-term forecasts and are not affected by short term fluctuations in inputs, be it economic or technical.

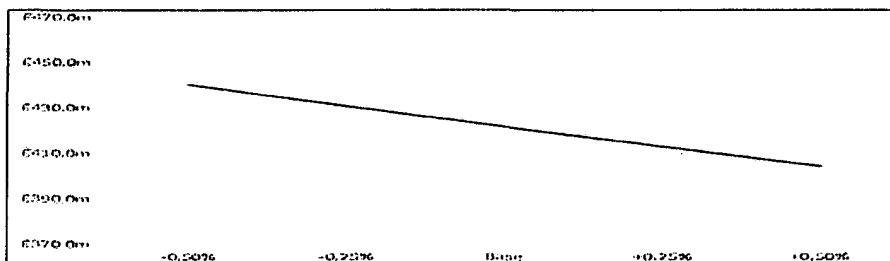
The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2014 are as shown below:

The Discounted Cash Flow ("DCF") valuations of the solar assets form the majority of the NAV calculation. The Directors consider the following assumptions to be significant inputs to the DCF calculation.

Discount rate

The weighted average discount rate used is 7.5%. The Directors do not expect to see a significant change in the discount rates applied within the Solar Infrastructure sector. Therefore a variance of +/- 0.5% is considered reasonable.

	-0.5%	-0.25%	Base	+0.25%	+0.5%
Directors' valuation (£m)	440.30	430.80	421.70	412.80	404.30
NAV per share (pence)	105.60	102.30	99.00	95.90	92.90
Change vs Base Case (%)	4.41	2.17	0.00	(2.10)	(4.13)



Energy Yield

Base case assumptions are based on P50 forecasts (50 per cent probability of exceedance) produced by market experts. P10 (10 per cent probability of exceedance) and P90 (90 per cent probability of exceedance) variances are given to offer comparison across the industry. Energy yield is a function of solar irradiance and technical performance.

	P10 (10 year)	Base	P90 (10 year)
Directors' valuation (£m)	458.00	421.70	383.30
NAV per share (pence)	111.90	99.00	85.40
Change vs Base Case (%)	9.62	0.00	(9.10)

Foresight Solar (UK Hold Co) Limited

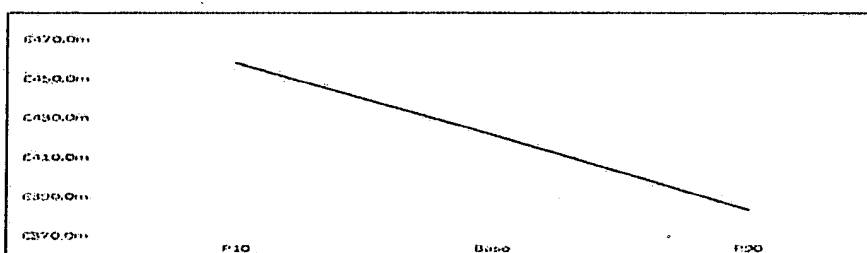
Notes to the Financial Statements

For the year ended 31 December 2015 (continued)

15. Fair value of assets and liabilities (continued)

Fair value (continued)

Energy Yield (continued)

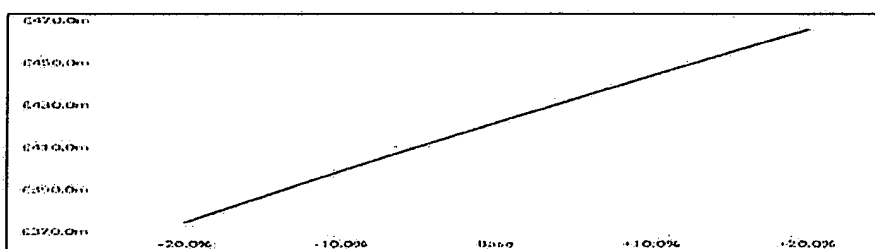


Power price

DCF models assume power prices that are consistent with the Power Purchase Agreements ("PPA") currently in place. The average PPA period remaining as at 31 December 2014 is three years. At the PPA end date, the model reverts to the power price forecast.

The power price forecasts are updated quarterly and based on power price forecasts from leading independent sources. The Investment Manager adjusts where more conservative assumptions are considered appropriate and applies expected PPA sales discounts. The forecast assumes an average annual increase in power prices in real terms of approximately 1.8%.

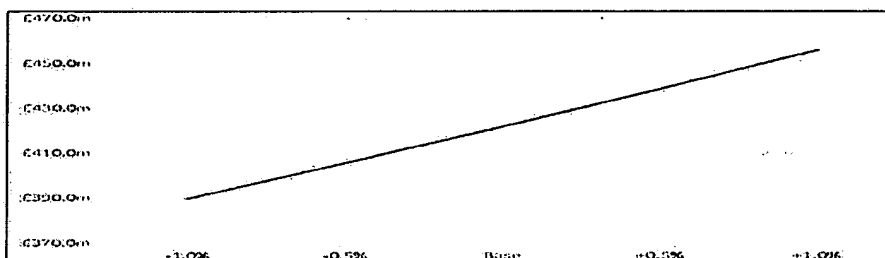
	-20.0%	-10.0%	Base	+10%	+20%
Directors' valuation (£m)	374.50	398.70	421.70	444.00	465.60
NAV per share (pence)	82.30	90.90	99.00	106.90	114.60
Change vs Base Case (%)	(11.18)	(5.44)	0.00	5.28	10.41



Inflation

A variable of 1.0% is considered reasonable given historic fluctuations. We assume inflation will remain constant at 2.5%.

	-1.0%	-0.5%	Base	+0.5%	+1.0%
Directors' valuation (£m)	389.70	405.60	421.70	438.50	456.10
NAV per share (pence)	87.70	93.30	99.00	105.00	111.20
Change vs Base Case (%)	(7.59)	(3.82)	0.00	4.00	8.12



Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements

For the year ended 31 December 2015 (continued)

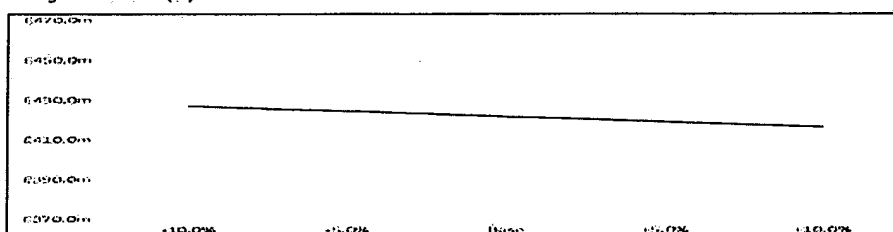
15. Fair value of assets and liabilities (continued)

Fair value (continued)

Operating costs (Investment level)

Operating costs include operating and maintenance ("O&M"), insurance and lease costs. Base case costs are based on current commercial agreements. We would not expect these costs to fluctuate widely over the life of the assets and are comfortable that the base case is prudent. A variance of +/- 5.0% is considered reasonable, a variable of 10.0% is shown for information purposes.

	-10%	-5%	Base	+5%	+10%
Directors' valuation	427.10	424.40	421.70	419.00	416.30
NAV per share (pence)	100.90	100.00	99.00	98.10	97.10
Change vs Base Case (%)	1.27	0.64	0.00	(0.64)	(1.28)



Level 3 reconciliation

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

	2015 £	Unaudited 2014 £
Balance at start of year	249,190,000	45,000,000
Total gains and (losses) in Consolidated Statement of Comprehensive Income:		
- unrealised from fair value adjustments	290,307	6,353,929
Disposals	(3,303,390)	-
Purchases at cost	175,450,562	197,836,071
Balance at end of year	421,627,479	249,190,000

16. Financial instruments and risk profile

The Company has receivables and payables that arise directly from its operations. The Company's investment activities expose it to various types of risk associated with solar power. The main risks arising from the Company's financial instruments are market risk, liquidity risk, credit risk and interest rate risk. The Directors regularly review and agree policies for managing each of these risks and these are summarised below.

16.1 Market risk

(a) Foreign exchange risk

Foreign currency risk, as defined in IFRS 7, arises as the values of recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. As the Company operates only within the United Kingdom, the Directors have concluded that the Company is not exposed to foreign exchange risk.

(b) Price risk

Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. As at 31 December 2015, the Company was not exposed to any price risk (2014: none).

16.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due as a result of the maturity of assets and liabilities not matching. An unmatched position potentially enhances profitability, but can also increase the risk of losses. Liquidity could be impaired by an inability to access secured and/or unsecured sources of financing to meet financial commitments. The Board monitors the Company's liquidity requirements to ensure there is sufficient cash to meet the Company's operating needs.

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2015 (continued)

16. Financial Instruments and risk profile (continued)

16.2 Liquidity risk (continued)

Contractual Maturity Analysis (including estimated interest payments)

As at 31 December 2015

	Carrying amount £	Contractual Total £	Less than 6 months £	6 to 12 months £	Greater than 12 months £
Financial Assets					
Investments	343,530,021	343,530,021	-	-	343,530,021
Trade and other receivables	2,018,173	2,018,173	2,018,173	-	-
Cash and cash equivalents	2,606,765	2,606,765	2,606,765	-	-
Total financial assets	348,154,959	348,154,959	4,624,938	-	343,530,021
Financial Liabilities					
Long-term borrowings	(96,003,500)	(101,964,107)	(1,324,579)	(1,324,579)	(99,314,949)
Short-term borrowings	(50,000,000)	(50,294,695)	(50,294,695)	-	-
Trade and other payables	(25,953,482)	(25,953,482)	(25,953,482)	-	-
Shareholder loan (including interest)	(42,324,811)	(42,324,811)	(42,324,811)	-	-
Loan notes (including interest)	(217,050,940)	(697,450,344)	(4,954,344)	(9,936,000)	(682,560,000)
Total financial liabilities	(431,332,733)	(917,987,439)	(124,851,911)	(11,260,579)	(781,874,949)
Net position	(83,177,774)	(569,832,480)	(120,226,973)	(11,260,579)	(438,344,928)

The above contractual totals are calculated on the assumption that the loan notes are not repaid until the redemption date. The Directors do not expect this to be the case. The calculations are also based on the assumption that the overdue interest is repaid at the next Interest Payment Date.

As at 31 December 2014 (unaudited)

	Carrying amount £	Contractual Total £	Less than 6 months £	6 to 12 months £	Greater than 12 months £
Financial Assets					
Investments	213,164,332	213,164,332	-	-	213,164,332
Trade and other receivables	8,262,688	8,262,688	8,262,688	-	-
Cash and cash equivalents	4,164,864	4,164,864	4,164,864	-	-
Total financial assets	225,591,884	225,591,884	12,427,552	-	213,164,332
Financial Liabilities					
Long-term borrowings	(48,105,000)	(52,438,607)	(722,268)	(722,268)	(50,994,071)
Trade and other payables	(10,499,456)	(10,499,456)	(10,499,456)	-	-
Shareholder loan (including interest)	(48,670,952)	(48,670,952)	(48,670,952)	-	-
Loan notes (including interest)	(152,804,680)	(317,310,110)	(10,459,627)	(6,670,000)	(300,180,483)
Total financial liabilities	(260,080,088)	(428,919,125)	(70,352,303)	(7,392,268)	(351,174,554)
Net position	(34,488,204)	(203,327,241)	(57,924,751)	(7,392,268)	(138,010,222)

The above contractual totals are calculated on the assumption that the loan notes are not repaid until the redemption date. The Directors do not expect this to be the case.

16.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company places cash with authorised deposit takers and is therefore potentially at risk from the failure of such institutions.

In respect of credit risk arising from other financial assets and liabilities, which mainly comprise of cash and cash equivalents, exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments. In order to mitigate such risks, cash is maintained with major international financial institutions. During the year, and at the reporting date, the Company maintained a relationship with the following financial institution:

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements

For the year ended 31 December 2015 (continued)

16. Financial instruments and risk profile (continued)

16.3 Credit risk (continued)

	Moody's Credit Rating	2015 £	Moody's Credit Rating	Unaudited 2014 £
Cash in hand:				
Royal Bank of Scotland Plc	P2	2,606,765	P2	4,164,864
Total cash in hand		2,606,765		4,164,864
Total cash and cash equivalents		2,606,765		4,164,864
Total cash balances held by banks		2,606,765		4,164,864

Trade and other receivables comprise part of the financial assets and the Board has determined the maximum credit risk exposure is the carrying amount in the Statement of Financial Position.

Investments also comprise part of financial assets and the Board has determined that the maximum Credit Risk exposure is £343,638,807, being the cost of the Shareholder loans as at 31 December 2015 (31 December 2014: £213,164,332).

The above amounts are deemed to be of a sufficient credit quality, are neither past due nor impaired and are deemed to be fully recoverable.

16.4 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing with a floating interest rate element (the LIBOR element). See note 17 for further details of the Company's long-term borrowings. When making investments of an equity and debt nature, consideration is given during the structuring process to the potential implications of interest rate risk and the resulting investment is structured accordingly. The maximum exposure to interest rate risk for the Company was £148,610,265 as at the reporting date (2014: £52,269,864).

As at 31 December 2015

	Total portfolio 31 December 2015 £	Weighted average interest rate 31 December 2015 %	Weighted average time for which rate is fixed 31 December 2015 Days
Shareholder loans	343,638,807	8.38	8,761
Cash	2,606,765	-	-
Long-term borrowings	96,003,500	2.62	24
Short-term borrowings	50,000,000	2.62	24
Total exposed to Interest rate risk	492,249,072		

As at 31 December 2014 (unaudited)

	Total portfolio 31 December 2014 £	Weighted average interest rate 31 December 2014 %	Weighted average time for which rate is fixed 31 December 2014 Days
Shareholder loans	213,164,332	9.00	8,973
Cash	4,164,864	-	-
Long-term borrowings	48,105,000	3.00	23
Total exposed to interest rate risk	265,434,196		

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements

For the year ended 31 December 2015 (continued)

16. Financial instruments and risk profile (continued)

16.5 Other risks

Political and economic risk

Governmental authorities at all levels are actively involved in the promulgation and enforcement of regulations relating to taxation, land use and zoning and planning restrictions, environmental protection, safety and other matters. The introduction and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Company's assets.

17. Long-term borrowings

On 9 April 2015, the Group entered into a new £120,000,000 Revolving Credit Facility Agreement (the "Amended Facility Agreement") with The Royal Bank of Scotland Plc as agent and Santander Global Banking and Markets and The Royal Bank of Scotland Plc as arrangers who have agreed a Facility Commitment of £60,000,000 and £60,000,000 respectively. The New Facility Agreement replaces the Facility Agreement signed on 15 May 2014. The £120,000,000 was split into two tranches of £20,000,000 ("Facility A1") and £100,000,000 ("Facility A2").

On 21 July 2015, the Group entered into a new £150,000,000 Revolving Credit Facility Agreement (the "New Facility Agreement") with The Royal Bank of Scotland Plc as agent and Santander Global Banking and Markets and The Royal Bank of Scotland Plc as arrangers who have agreed a Facility Commitment of £75,000,000 and £75,000,000 respectively. The New Facility Agreement replaces the Amended Facility Agreement signed on 9 April 2015. The £150,000,000 is split into two tranches of £50,000,000 ("Facility A1") and £100,000,000 ("Facility A2"). As at 31 December 2015 Facility A1 is fully drawn down and outstanding and £96,003,500 of Facility A2 has been drawn down and is outstanding. Facility A1 has to be repaid by 9 April 2016 and Facility A2 has to be repaid by 9 April 2018.

The interest payable on the drawn down Facility Agreement amounted to £2,715,542 for the year (13 August 2013 to 31 December 2014: £58,499) of which £31,448 was outstanding as at the reporting date (31 December 2014: £31,661).

During the year, £695,325 arrangement fees relating to the Facility Agreement were expensed (13 August 2013 to 31 December 2014: £2,005,866) as were £226,017 commitment fees (13 August 2013 to 31 December 2014: £331,773) of which £20,167 and £7,243 were outstanding respectively as at the reporting date (31 December 2014: £19,010 and £225,778 respectively).

18. Capital management

The Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares (up to its authorised number of shares) or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Statement of Financial Position plus net debt. The gearing ratio as at 31 December 2015 was as follows:

	2015	Unaudited 2014
	£	£
Total borrowings	400,733,495	241,678,804
Less: cash and cash equivalents	(2,606,765)	(4,164,864)
Net debt	398,126,730	237,513,940
Total equity	(5,070,436)	1,537,464
Total capital	393,056,294	239,051,404
Gearing ratio	101.29%	99.36%

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements

For the year ended 31 December 2015 (continued)

19. Related party disclosures

For the purposes of these Financial Statements, a related party is an entity or entities who are able to exercise significant influence directly or indirectly on the Company's operations.

The Company's SPVs are cash generating solar farms with all revenues and expenses being related party transactions. During the year, the Company was entitled to loan interest on the shareholder loans, from the SPVs, totalling £22,641,504 (2014: £6,299,834), of which £2,018,173 was outstanding as at the reporting date (2014: £4,140,558). During the year, the Company received repayments of shareholder loans from the SPVs totalling £3,303,390 (13 August 2013 to 31 December 2014: £nil).

During the year, the Company issued a further £71,000,000 in loan notes to Foresight Solar Fund Limited (2014: £100,000,000), bringing the total payable to Foresight Solar Fund Limited up to £216,000,000 (2014: £145,000,000), on which interest of £21,696,742 was payable for the year (2014: £8,343,640). As at the reporting date £1,160,433 was outstanding (2014: £7,804,680).

As at the reporting date, the Company has a Shareholder loan payable to Foresight Solar Fund Limited totalling £48,670,952 (2014: £48,670,952). Total interest of £3,497,668 was payable for the year (2014: £97,148). As at the reporting date of which £3,594,816 was outstanding (2014: £97,148).

During the year, Foresight Solar Fund Limited paid certain expenses on behalf of the Company and the SPVs. The net intercompany payable position is stated in note 11.

During the year, the Company paid certain expenses on behalf of the SPVs in addition to also receiving some of their revenues. The net intercompany receivables and payables positions are stated in notes 9 and 11.

No Director has an interest in any contract to which the Company is a party. The Directors have not received any remuneration for their services in the current and preceding year.

20. Commitments and contingent liabilities

As at 31 December 2015, the Company did not have any commitments or contingent liabilities (2014: none).

21. Controlling party

Foresight Solar Fund Limited (the "Parent Company") is the immediate parent company of Foresight Solar Fund (UK Hold Co) Limited. In the opinion of the Directors, as the Parent Company is a London Stock Exchange listed company with a number of investors, there is no controlling party as no one party has the ability to direct the financial and operating policies of the Company with a view to gaining economic benefits from its direction.

22. Post balance sheet events

On 11 January 2016, the Company incorporated a subsidiary, FS Holdco Limited with 1 ordinary share in issue for a cost of £1.

On 21 March 2016, the Company drew down an additional £3,500,000 from Facility A2 from the facility available from Santander Global Banking and Markets and The Royal Bank of Scotland Plc as described in note 17. On 14 April 2016, the outstanding loan balance of £149,503,500 was paid by FS Holdco Limited on behalf of the Company resulting in a non-interest bearing, repayable on demand loan payable to FS Holdco Limited. The outstanding loan interest of £187,721 was repaid by the Company.

On 31 March 2016, the Company transferred all equity investments in the Company's directly held subsidiaries to FS Holdco Limited in return of 16 ordinary shares issued by FS Holdco Limited at a fair value of £75,439,127. At the date of signing these financial statements, the Company held 17 ordinary shares in FS Holdco Limited at a cost of £75,439,128.

On 31 March 2016, the Company transferred all shareholder loans which formed part of the investment in the Company's subsidiaries, being £343,730,873, and interest receivable as at 31 March 2016, being £5,386,959 to FS Holdco Limited in return of a loan receivable of £343,730,873 which bears interest at 8% per annum and is repayable on demand and interest receivable of £5,386,959.

On 17 May 2016, the Company converted £34,000,000 of the outstanding Shareholder loan payable to Foresight Solar Fund Limited into loan notes issued to Foresight Solar Fund Limited.