GREENCOAT SOLAR ASSETS II LIMITED

Registration Number: 10777970 (England & Wales)

Annual Report and
Audited Financial Statements

for the year ended 31 December 2020

Contents

Company Information

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London
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Registration Number
10777970

Directors
L Moscovitch
L Fumagalli
R Nourse
K Kaiser

Manager
Greencoat Capital LLP
4th Floor
The Peak
5 Wilton Road
London
SW1V 1AN

Administrator and Company Secretary
Langham Hall UK Services LLP
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Independent Auditor
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Principal Banker
The Royal Bank of Scotland International
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Strategic Report

Introduction

The Directors present the Strategic Report of Greencoat Solar Assets II Limited (the "Company") for the year ended 31 December 2020. Details of the Directors who held office during the year and as at the date of this report are given on page 1.

Structure

The Company is a private company, limited by shares and was incorporated under the laws of England and Wales on 18 May 2017.

Principal Activities

The Company is a wholly owned subsidiary of Greencoat Solar II LP (the "LP"), whose purpose is to invest in, and manage, operating ground mount solar photovoltaic farms in the United Kingdom which produce and sell power over a long-term horizon.

The Company invests in Special Purpose Vehicles ("SPVs") which hold the underlying assets.

The manager of the LP is Greencoat Capital LLP (the "Manager"), a Financial Conduct Authority regulated entity.

Review of Business

The Company's investments comprise an investment portfolio of subsidiary holdings measured at fair value with movements in fair value recognised in the Statement of Comprehensive Income in the period in which they arise.

The Company holds investments in 92 operational solar photovoltaic farms and one solar photovoltaic solar farm at construction-ready stage. During the year, portfolio generation was 1.9 per cent above budget at ca.708GWh. Power prices were below budget, primarily reflecting low gas prices and low power demand as a result of the COVID-19 pandemic and associated lockdown, especially in the first half of the year. ROC recycle prices for the 2019/20 and 2020/21 years were also affected as a result of the COVID-19 pandemic. Overall, the operating profit of the underlying investments was down 8.6 per cent versus budget.

During the year, the shareholder loan from the LP was replaced with an equity injection of £150.0 million and Eurobond loan notes of £860.2 million.

Key Performance Indicators

As the Company holds investments for the LP, the Directors believe that key performance indicators for the Company as a standalone entity are not relevant.

Corporate and Social Responsibility

Environmental, Social and Governance Matters

The Company invests in solar farms; the environmental benefits of renewable energy are widely known.

The Manager is responsible for the ongoing maintenance of the underlying assets held by the Company's investees and the Company relies on the Manager to apply appropriate environmental, social and governance policies. The Company's approach to responsible investing, including the environmental standards it aims to meet, are set out in the policies in place at the Manager.

Strategic Report continued

Corporate and Social Responsibility continued

Employees and Officers of the Company

Responsible investing principles have been applied to each of the investments made.

These policies require the Company to make reasonable endeavours to procure the ongoing compliance of its investee companies with its policies on responsible investment.

The Manager monitors compliance at the investment phase and reports on an ongoing basis to the Board.

The Company does not have any employees and therefore employee policies are not required. The Directors of the Company are listed on page 1.

The Board welcomes the opportunity to make appropriate climate related disclosures as recommended by the Task Force on Climate-Related Financial Disclosures ("TCFD"). These initial disclosures, categorised between the four thematic areas, may be developed further in future reports.

Governance

The Board and the Manager meet regularly and discuss risk management. Climate related risks are covered during these discussions, as they naturally arise from the Company's underlying investments and the Company's role in the decarbonisation of the UK economy. A formal risk matrix is maintained by the Manager and reviewed and approved by the Board on an annual basis.

In addition, the Manager has its own ESG committee that meets regularly to discuss ESG and climate related risks relating to the Company and other funds it manages. This committee has implemented an ESG Framework Policy that looks to establish best practice in climate related risk management, reporting and transparency.

Strategy

As a company investing in operating UK renewable infrastructure and building UK renewable infrastructure, it plays a role in the UK renewables industry. The Company's strategy of acquiring operating capacity in the secondary market or construction-ready sites from developers, enables developers to recycle capital, facilitating further renewable build-out and thus plays a significant role in increasing operating solar generating capacity. The Company considers that the decarbonisation of the economy will present a significant investment opportunity and that the size of the Company's growth will be related to the success of the sector as well as the engagement of its stakeholders. The Board and the Manager monitor climate related risks and appreciate their impact on the Company. More extreme weather patterns arising from global warming have the capacity to damage infrastructure in general, including above ground grid infrastructure, but it is considered unlikely that damage will be caused to generating equipment that is designed to take advantage of weather systems. Appropriate insurance against property damage and business interruption is held for any such eventuality, nonetheless. It is possible that the deployment of new renewable generating capacity, required to meet future targets, could reduce the power price captured by the Company's portfolio investments.

Strategic Report continued

Corporate and Social Responsibility continued

Risk Management

The Manager has established a Risk Management Committee that meets on a quarterly basis to discuss, amongst other matters, the risk framework of the Company and its investee companies including processes for identifying, assessing and managing climate related risks. The Manager's Investment Committee comprises experienced members of the Manager. Whilst making investment decisions, due consideration is given to climate related risks as well as to opportunities identified during due diligence. The formal ESG checklist used is also considered by the Board or Investment Committee in the approval process of any new investment.

Metrics

Renewable energy generators reduce carbon dioxide emissions on a net basis at a rate of approximately 0.4t CO_2 per MWh. Given the size of the Company's investment portfolio on 31 December 2020, the portfolio's CO_2 emission reductions are ca.283,000 tonnes per annum. The portfolio is also generating sufficient electricity to power ca.244,000 homes per annum, at 2.9MWh per home.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company and its investee companies, and an explanation of how they are managed are set out below. The Board does not consider the likelihood or impact of these risks to have changed in the year.

Manager

The ability of the Company to achieve its investment objective depends heavily on the experience of the management team within the Manager and more generally on the Manager's ability to attract and retain suitable staff. The sustained growth of the Company depends upon the ability of the Manager to identify, select and execute further investments which offer the potential for satisfactory returns.

Regulation

If a change in Government renewable energy policy was applied retrospectively to current operating projects including those in the Company's investment portfolio, this could adversely impact the market price for renewable energy or the value of the green benefits earned from generating renewable energy. The Government has evolved the regulatory framework for new projects being developed but has consistently stood behind the framework that supports operating projects as it understands the need to ensure investors can trust regulation.

Financing Risk

The Company has financed its investments through the issuance of loan notes of £860,209,184, share capital of £150,000,001 (2019: £1) and a shareholder loan of £nil (2019: £647,086,517) provided by the LP. The Company will finance new investments by issuing further loan notes or allotting additional shares to the LP. The Company has received confirmation from the LP that it will not demand redemption of the loan notes for at least 12 months from the date of approval of this report unless the Company has sufficient cash to finance its ongoing obligations.

The investee companies have low to no leverage, and can therefore withstand short-term variability in power prices, production and operating performance.

Strategic Report continued

Principal Risks and Uncertainties continued

Electricity Prices

Other things being equal, a decline in the market price of electricity would reduce the investee companies' revenues. Approximately 26 per cent of the investee companies' revenues are exposed to the floating power price on a discounted cash flow basis over the life of the portfolio.

Solar Resource

The investee companies' revenues are dependent upon levels of irradiance, which will vary across seasons and years within statistical parameters. Before investment, extensive due diligence is carried out to ensure the assumptions in the financial model are accurate by carrying out a detailed energy yield assessment to assess the long-term performance of the plant.

Availability and Operating Performance

The availability and operating performance of the equipment used on solar farms may be impacted by accidents, mechanical failure, grid availability, theft or damage which will directly impact the revenues and profitability of that solar farm. Failures may be the result of a short-term issue or a long-term fundamental failure of one piece of equipment, for example, which could impact returns across the portfolio if there is exposure to a single manufacturer.

All investments undergo significant due diligence prior to acquisition. Operating and maintenance agreements and asset management agreements are put in place to monitor the investment portfolio, which is overseen by the Manager. Insurance coverage is put in place for theft, damage and business interruption.

Asset Life

In the event that the solar farms do not operate for the period of time assumed or require higher than expected maintenance expenditure to do so, it could have a material adverse effect on the financial performance and position of the investee companies.

The Manager performs regular reviews and ensures that maintenance is performed across the solar farm portfolio. Regular maintenance ensures that equipment is in good working order to meet its expected life span.

Health and Safety and the Environment

The operation of solar farms is subject to health and safety and environmental regulation. A breach of these or an accident could lead to damages or compensation to the extent such loss is not covered by insurance policies, adverse publicity or reputational damage.

The Company engages an independent health and safety consultant to ensure the ongoing appropriateness of its health and safety policies and procedures. The investee companies have reporting lines ensuring that the Manager is informed of events as soon as possible after they occur.

Going Concern

A review of the going concern has not been included in this report as it is disclosed in the Directors' Report.

Strategic Report continued

Outlook

Solar is a mature and widely deployed technology in the UK. There is currently approximately 14GW of operating solar systems in the UK, of which an estimated 9GW is field scale, with the remainder being commercial and residential rooftop installations. It is the Manager's view that installed capacity is set to grow over the coming years by 1 to 3GW each year, driven by a pipeline of around 15GW of ground-mounted projects in development through to 2024, including stand-alone solar sites as well as those co-located with energy storage or electric vehicle charging. In monetary terms, the value of operating field scale UK solar farms is approximately £14 billion, and the Manager expects to see a healthy volume of this market continue to trade over the next few years. The Manager looks after two solar vehicles in the UK with a current market share of approximately 9.2 per cent of the operating ground-mounted UK solar market.

In November 2020, in advance of the delayed COP26 conference scheduled for November 2021 in Glasgow, the Prime Minister announced a 10-point plan for the delivery of the 2050 net zero emissions target. New build onshore solar is expected to contribute, both on a subsidy free basis and supported by the Contracts for Difference ("CFD") regime. The Solar Trade Association has suggested that the net zero target could require upwards of 50GW of solar by 2035.

With regards to the UK's exit from the EU, the Board does not expect any material change to the Company's business. Being solely UK focused, the Company's assets and most liabilities are in the UK and sterling denominated. In addition, the regulatory regime under which the assets operate is robust, longstanding and enshrined in UK legislation.

In general, the outlook for the Company is very encouraging, with proven operational and financial performance from the existing portfolio combined with a healthy pipeline of attractive further investment opportunities.

By order of the Board

DocuSigned by:
Lee Moscovitch
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Lee Moscovitch
Director
23 March 2021

Directors' Report

The Directors present their report, together with the financial statements of the Company for the year ended 31 December 2020.

Directors

Details of the Directors who held office during the year and as at the date of this report are disclosed on page 1.

Directors' Indemnity

Directors' and Officers' liability insurance cover is in place in respect of the Directors. The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court.

Except for such indemnity provisions in the Company's Articles of Association, there are no qualifying third-party indemnity provisions in force.

Risks and Risk Management

The Company is exposed to financial risks such as market risk, credit risk and liquidity risk, and the monitoring of these risks is detailed in note 15 to the financial statements.

Independent Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP (the "Auditor") will therefore continue in office.

Statement of Disclosure to Auditor

So far as each of the Directors at the time that this report was approved are aware:

- there is no relevant audit information of which the Auditor is unaware; and
- they have taken all steps they ought to have taken to make themselves aware of any audit information and to establish that the Auditor is aware of that information.

Financial Statements

The Board is of the opinion that the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholder to assess the performance, strategy and business model of the Company.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and the auditor's report thereon.

Results and Dividends

The results for the year are set out in the Statement of Comprehensive Income.

Dividend payments made during the year amounted to £nil (2019: £nil). The Directors do not recommend the payment of any dividends for the year ended 31 December 2020.

Directors' Report continued

Going Concern

At the balance sheet date the Company had net assets of £136.2 million (2019: net liabilities of £14.3 million). The Company continues to meet its day-to-day liquidity requirements through its cash resources and the ongoing financial support provided by the LP. As at 31 December 2020, the Company had a cash balance of £0.6 million (2019: £1.0 million), and owed the LP in the form of loan notes £860.2 million issued in the year (2019: £647.1 million shareholder loans outstanding), as disclosed in note 9. The Company has received confirmation from the LP that it will not demand redemption of the loan notes or seek repayment of interest on these loan notes within at least 12 months from the date of approval of this report unless the Company has sufficient cash to finance its ongoing obligations.

In the period since early 2020 and up to the date of this report, the outbreak of COVID-19 has had a negative impact on the global economy. The Directors and the Manager are actively monitoring this and its potential effect on the Company and its investments. In particular, they have considered the following specific key potential impacts:

- Unavailability of key personnel at the Manager or Administrator;
- Disruptions to maintenance or repair of underlying assets at the investee company level; and
- Allowance for expected counterparty credit losses.

In considering the above key potential impacts of COVID-19, the Directors and the Manager have assessed these with reference to the mitigation measures in place. At the Company level, the key personnel at the Manager and Administrator have successfully implemented business continuity plans to ensure business disruption is minimised, including remote working, and all staff are continuing to assume their day-to-day responsibilities.

The investee companies' revenues are derived from the sale of electricity, and although approximately 26 per cent is exposed to the floating power price (on a discounted cash flow basis over the life of the portfolio), power purchase agreements are in place with reputable providers. These providers have continued to settle invoices in a timely manner. Despite power prices being below budget in the first half of 2020, primarily reflecting low gas prices and low power demand as a result of the COVID-19 pandemic and associated lockdown, they have recovered from Q4 2020. Accordingly, revenue or cash flows of the investee companies are not expected to be affected over an extended period of time.

The availability of the solar farms has not been significantly affected. The Directors and Manager are comfortable that operations and maintenance contractors have appropriate business continuity plans in place to ensure that the solar farms are maintained appropriately and that any faults can be addressed in a timely manner and in accordance with Government guidance.

Based on the assessment outlined above, including the various risk mitigation measures in place, the Directors do not consider that the effects of COVID-19 have created any material uncertainty over the going concern assessment of the Company and its investee companies.

The Directors have reviewed Company forecasts and projections taking into account foreseeable changes in investment and trading performance, which show that the Company has sufficient financial resources to meet its current obligations as they fall due for a period of not less than 12 months from the date of approval of this report.

Directors' Report continued

Going Concern continued

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Likely Future Developments

The Directors expect the activity and performance of the Company's investee companies to be satisfactory in the forthcoming year and are not aware of any potential circumstance that would adversely affect operations.

Subsequent Events

Events after the end of the reporting period are disclosed in note 17.

Inclusion in the Strategic Report

In accordance with s414C(11) of the Companies Act 2006, the information relating to the principal activities of the Company, a business review and the principal risks and uncertainties of the Company have been included in the Strategic Report.

By order of the Board

DocuSigned by:
Lee Moscovitch
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Lee Moscovitch
Director
23 March 2021

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Ireland". 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' Report and a Strategic Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose the financial position of the Company with reasonable accuracy at any time and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with UK GAAP, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Directors' Report and the Strategic Report include a fair review of the development and performance of the Company and the position of the Company, together with a description of the principal risks and uncertainties it faces; and
- so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware, and each Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

By order of the Board

DocuSigned by:
Lee Moscovitch
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Lee Moscovitch
Director
23 March 2021

Independent Auditor's Report

To the Members of Greencoat Solar Assets II Limited

Opinion on the 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Greencoat Solar Assets II Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report continued

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 Reporting

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report continued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with relevant laws and regulations and applicable accounting standards. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias from the Investment Manager, in particular around the key accounting estimate, being the valuation of the investment portfolio, that represented a risk of material misstatement due to fraud..

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included, but were not limited to:

- enquiries of management;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and discussed how and where these might occur and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Investment Manager that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Independent Auditor's Report continued

Auditor's Responsibilities for the Audit of the Financial Statements continued

A further description of our responsibilities is available on the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our Report

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.

BDO LLp.

Elizabeth Hooper (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, United Kingdom,
23 March 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income

	Note	For the year ended 31 December 2020	For the year ended 31 December 2019
		£	£
Income	3	42,104,019	37,492,568
Unrealised gains/(losses) on investments held at fair value through profit or loss	6	15,748,070	(2,542,971)
Total income		**57,852,089**	**34,949,597**
Operating expenses		(262,440)	(149,048)
Investment acquisition costs		(4,096,677)	(1,702,058)
Operating profit		**53,492,972**	**33,098,491**
Interest on shareholder loan	13	(52,999,758)	(40,756,847)
Profit/(loss) on ordinary activities before tax		**493,214**	**(7,658,356)**
Taxation	5	-	-
Profit/(loss) on ordinary activities after tax		**493,214**	**(7,658,356)**
Profit/(loss) and total comprehensive income/(expense) attributable to the shareholder of the Company		**493,214**	**(7,658,356)**

The accompanying notes on pages 19 to 33 form an integral part of these financial statements.

Statement of Financial Position

	Note	As at 31 December 2020 £	As at 31 December 2019 £
Non-current assets			
Investments	6	998,041,278	636,144,787
		998,041,278	**636,144,787**
Current assets			
Shareholder loan interest receivable		9,205,787	6,180,459
Other receivables	7	3,623,877	1,620,067
Cash and cash equivalents		576,624	1,034,831
		13,406,288	**8,835,357**
Current liabilities			
Payables	8	(15,002,525)	(12,150,984)
Loans and borrowings	9	(860,209,184)	(647,086,517)
		(875,211,709)	**(659,237,501)**
Net current liabilities		**(861,805,421)**	**(650,402,144)**
Net assets/(liabilities)		**136,235,857**	**(14,257,357)**
Capital and reserves			
Share capital	10	101	1
Share premium	10	149,999,900	-
Retained losses		(13,764,144)	(14,257,358)
Shareholder's funds		**136,235,857**	**(14,257,357)**

The financial statements on pages 15 to 33 were approved by the Board of Directors and authorised for issue on 23 March 2021 and signed on its behalf by:

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Lee Moscovitch
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Lee Moscovitch
Director

Company registration number 10777970

The accompanying notes on pages 19 to 33 form an integral part of these financial statements.

Statement of Changes in Equity

	Share Capital £	Share Premium £	Retained losses £	Total £
Balance at 1 January 2020	**1**	**-**	**(14,257,358)**	**(14,257,357)**
Issue of shares during the year	100	149,999,900	-	150,000,000
Profit and total comprehensive income for the year	-	-	493,214	493,214
Balance at 31 December 2020	**101**	**149,999,900**	**(13,764,144)**	**136,235,857**

	Share Capital £	Share Premium £	Retained losses £	Total £
Balance at 1 January 2019	**1**	-	**(6,599,002)**	**(6,599,001)**
Loss and total comprehensive expense for the year	-	-	(7,658,356)	(7,658,356)
Balance at 31 December 2019	**1**	**-**	**(14,257,358)**	**(14,257,357)**

The accompanying notes on pages 19 to 33 form an integral part of these financial statements.

Statement of Cash Flows

	Note	For the year ended 31 December 2020 £	For the year ended 31 December 2019 £
Net cash flows generated from operating activities	14	**1,953,874**	**2,119,334**
Cash flows from investing activities			
Acquisition of investments		(357,573,533)	(146,970,384)
Dividends received	3	1,756,063	3,191,521
Repayment of shareholder loan investments	6	20,816,108	31,002,818
Loan interest received		26,462,122	25,884,671
Investment acquisition costs paid		(3,439,795)	(2,430,369)
Net cash used in investing activities		**(311,979,035)**	**(89,321,743)**
Cash flows from financing activities			
Loans drawn down in the year	9	362,885,981	145,992,631
Loans repaid in the year	9	(7,524,332)	(15,832,574)
Loan interest paid in the year		(45,794,695)	(44,359,575)
Net cash generated from financing activities		**309,566,954**	**85,800,482**
Net decrease in cash and cash equivalents during the year		(458,207)	(1,401,927)
Cash and cash equivalents at the beginning of the year		1,034,831	2,436,758
Cash and cash equivalents at the end of the year		**576,624**	**1,034,831**

The accompanying notes on pages 19 to 33 form an integral part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the year.

Basis of accounting

The financial statements of the Company have been prepared on the historical cost basis, as modified for the measurement of certain financial instruments at fair value through profit or loss, and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" and the Companies Act 2006.

The preparation of these financial statements requires the use of estimates and assumptions that affect the amounts and disclosures in these financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Accounting for subsidiaries

The Directors have concluded that the Company's subsidiaries should be excluded from consolidation as the interests in subsidiaries are held as part of an investment portfolio as defined in paragraph 9.9 (b) of FRS 102 and are measured at fair value with movements in fair value recognised in the Statement of Comprehensive Income in the period in which they arise.

Functional and presentational currency

The financial statements are presented in Sterling (£ or GBP), which is the Company's functional currency.

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

Going concern

At the balance sheet date the Company had net assets of £136.2 million (2019: net liabilities of £14.3 million). The Company continues to meet its day-to-day liquidity requirements through its cash resources and the ongoing financial support provided by the LP. As at 31 December 2020, the Company had a cash balance of £0.6 million (2019: £1.0 million), and owed the LP in the form of loan notes £860.2 million issued in the year (2019: £647.1 million shareholder loan), as disclosed in note 9. The Company has received confirmation from the LP that it will not demand redemption of the loan notes or seek repayment of interest on these loan notes within at least 12 months from the date of approval of this report unless the Company has sufficient cash to finance its ongoing obligations.

In the period since early 2020 and up to the date of this report, the outbreak of COVID-19 has had a negative impact on the global economy. As further disclosed in the Directors' Report on page 8 the Directors and the Manager are actively monitoring this and its potential effect on the Company and its investments.

Notes to the Financial Statements continued

1. Accounting policies continued

Going concern continued

The Directors have reviewed Company forecasts and projections taking into account foreseeable changes in investment and trading performance, which show that the Company has sufficient financial resources to meet its current obligations as they fall due for a period of not less than 12 months from the date of approval of this report.

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Investment income

Dividend income is accounted for when the right to receive the dividend is established. Interest income on shareholder loan investments and other income are accounted for on an accruals basis using the effective interest rate method. Income in respect of the provision of management services to the SPVs is recognised on an accruals basis. Provisions are made against income where recovery is considered doubtful.

Gains or losses resulting from the movement in fair value of the Company's investments held at fair value through profit or loss are recognised in the Statement of Comprehensive income in the period in which they arise.

Interest payable and expenses

Interest payable and expenses are accounted for on an accruals basis.

Operating profit

Operating profit is stated after investment acquisition costs but before finance costs.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

At 31 December 2020 and 2019 the carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses and short term borrowings reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the original instruments and their expected realisation. The fair value of advances and other balances with related parties which are short term or repayable on demand is equivalent to their carrying amount.

Financial assets

Financial assets are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are held at amortised cost or at fair value through profit or loss.

Notes to the Financial Statements continued

1. **Accounting policies** continued

Financial assets *continued*

Amortised cost

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as financial assets held at amortised cost. Amortised cost is calculated using the effective interest rate method less any impairment losses. Debtors that are due within one year of the year end are recognised at the undiscounted amount receivable. All debtor balances are held at the undiscounted amount at 31 December 2020.

Investments

Investments, including shareholder loans, are held at fair value through profit or loss upon initial recognition since they form part of an investment portfolio, the performance of which is measured and evaluated on a fair value basis. Gains or losses resulting from the movement in fair value are recognised in the Statement of Comprehensive Income in the period in which they arise. Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Fair value of investments within the operating portfolio is calculated on an unlevered, discounted cashflow basis. Fair value of the investments in construction are valued at cost plus accrued interest, and subject to an impairment test.

De-recognition of financial assets

A financial asset (in whole or in part) is derecognised either:

- when the Company 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 cashflows has expired.

Financial liabilities

Financial liabilities are classified according to the substance of contractual agreements entered into and are recorded on the date on which the Company becomes party to such contractual requirements of the financial liability.

All loans and borrowings are initially recognised at cost, being fair value of consideration received, net of any incurred transaction costs where applicable. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Loan balances as at the year-end have not been discounted to reflect amortised cost, as the amounts are not materially different from the outstanding balances. The Company's other financial liabilities measured at amortised cost include trade and other payables and other short-term monetary liabilities which are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

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 it is cancelled. Any gain or loss on derecognition is taken to the Statement of Comprehensive Income.

Finance expenses

Borrowing costs are recognised in the Statement of Comprehensive Income in the period to which they relate on an accruals basis.

Notes to the Financial Statements continued

1. Accounting policies continued

Share capital

Financial instruments issued by a company are treated as equity if the holder has a residual interest in the net assets of that company. The Company's ordinary shares are classified as equity instruments.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits held on call with banks that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Taxation

Tax for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax is charged or credited to the Statement of Comprehensive Income.

2. Critical accounting estimates and judgements

The preparation of financial statements requires the application of estimates and assumptions which may affect the results reported in the financial statements. Estimates, by their nature, are based on both judgement and information available at the time.

Valuation of investments

The estimates and assumptions that may have a significant impact on the carrying value of assets and liabilities are those used to determine the fair value of the investments. The fair value of investments in operating assets is based on the discounted values of expected future cash flows, which are subject to certain key assumptions including the useful life of assets, the discount factors, the rate of inflation, the price at which the power and associated benefits can be sold, the level of solar resource, and the amount of electricity the assets are expected to produce.

The asset in construction, Low Carbon Solar Devco 2 Limited, is being held at fair value during construction, being cost plus accrued interest, and subject to an impairment test.

Assumptions about useful lives of assets are based on the Manager's estimates of the period over which the assets will generate revenue. These assumptions are periodically reviewed for continued appropriateness. The actual useful life of any specified asset may be shorter or longer depending on the actual operating conditions experienced by this asset.

The discount factors are subjective. It is feasible that a reasonable alternative assumption could be used that would result in a different value. Discount rates are periodically reviewed, taking into account any recent market transactions of a similar nature.

The revenues and expenditure of investee companies are frequently partly or wholly subject to indexation, typically with reference to the Consumer Price Index (CPI) or Retail Price Index (RPI). From a financial modelling perspective, an assumption is usually made that the inflation index will increase at a long-term rate.

Notes to the Financial Statements continued

2. Critical accounting estimates and judgements continued

The price at which the output from the generating assets is sold is a factor of both wholesale electricity prices and the revenue received from the Government support regimes. Future power prices are estimated using external third-party forecasts which take the form of specialist consultancy reports, which reflect various factors including gas prices, carbon prices and renewables deployment, each of which reflect the UK and global response to climate change. The future power price assumptions are reviewed as and when these forecasts are updated. There is an inherent uncertainty in future wholesale electricity price projection.

Specifically commissioned external reports are used to estimate both the level of solar resource available at any solar farm and also the expected energy production from any solar farm. The actual energy production in any year may differ considerably from any long-term estimate in such a report, mainly due to inter year variability of solar resource. Assumptions around energy production will be reviewed only if there is good reason to suggest there has been a material change of natural resource or operating conditions.

Estimates and judgements are continually evaluated and are based on historical experience of the Manager and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although the Manager uses its best judgement in estimating the fair value of investments, there are inherent limitations in any estimation techniques. Future events could also affect the estimates of fair value. The effect of such events on the estimates of fair value, including the ultimate liquidation of investments, could be material to the financial statements.

3. Income

	For the year ended 31 December 2020 £	For the year ended 31 December 2019 £
Investment interest income	38,644,489	30,642,411
Management services income	1,703,467	1,240,037
Dividends in specie	-	4,009,940
Dividend income	1,756,063	1,591,521
Other income	-	8,659
	42,104,019	**37,492,568**

4. Operating profit

The operating profit is stated after:

	For the year ended 31 December 2020 £	For the year ended 31 December 2019 £
Auditor's remuneration for the audit of the financial statements	31,840	20,340
Movement in fair value of investments	15,748,070	(2,542,971)

Notes to the Financial Statements continued

5. Taxation

	For the year ended 31 December 2020 £	For the year ended 31 December 2019 £
UK Corporation tax	-	-

The tax assessed for the year shown in the Statement of Comprehensive Income is lower than the standard rate of corporation tax of 19 per cent (2019: 19 per cent). The differences are explained below:

	For the year ended 31 December 2020 £	For the year ended 31 December 2019 £
Profit/(Loss) for the year before tax	493,214	(7,658,356)
Profit/(Loss) for the year multiplied by the standard rate of corporation tax of 19 per cent (2019: 19 per cent)	93,711	(1,455,088)
Unrealised movement on revaluation of investments	(3,329,187)	(584,514)
Expenses not deductible	778,369	324,104
Transfer pricing adjustments	1,810,403	1,548,760
Increase in unrecognised deferred tax asset	646,704	166,738
	-	-

A deferred tax asset of £768,904 (2019: £111,335) has not been recognised as it is not considered probable that future taxable profit will be available against which it can be realised.

Notes to the Financial Statements continued

6. Investments

	Loans £	Equity investments £	Total £
Opening balance at 1 January 2020	464,380,321	171,764,466	**636,144,787**
Additions	244,834,259	113,813,093	**358,647,352**
Loan interest capitalised	9,157,039	-	**9,157,039**
Repayment of shareholder loan investments	(20,340,095)	(476,013)	**(20,816,108)**
Unrealised movement in fair value of investments	(17,902)	15,765,972	**15,748,070**
Restructure of investee companies	(13,847,321)	13,007,459	**(839,862)**
Closing balance at 31 December 2020	**684,166,301**	**313,874,977**	**998,041,278**

	Loans £	Equity investments £	Total £
Opening balance at 1 January 2019	404,414,719	112,547,627	**516,962,346**
Additions	106,410,234	38,648,976	**145,059,210**
Loan interest capitalised	7,669,020	-	**7,669,020**
Repayment of shareholder loan investments	(31,002,818)	-	**(31,002,818)**
Unrealised movement in fair value of investments	(17,902)	(2,525,069)	**(2,542,971)**
Restructure of investee companies	(23,092,932)	23,092,932	**-**
Closing balance at 31 December 2019	**464,380,321**	**171,764,466**	**636,144,787**

The shareholder loans and the equity investments are carried at fair value with the exception of the solar farm at construction-ready stage, Low Carbon Solar Devco 2 Limited, which is held at cost plus interest subject to an impairment test.

In 2020, the Company's investments in GSII Pumpkin 1 Limited, GSII Pumpkin 2 Limited, GSII Pumpkin 3 Limited, GSII Pumpkin 4 Limited and its sub-investments were reorganised in order to simplify the ownership structure. This resulted in a reclassification between shareholder loan investments of £13.9 million and equity investments of £13.0 million.

Two of the Company’s investments, GSII Aston Clinton Solar Farm Limited and GSII Homestead Solar Farm Limited, have external debt from Arzteversorgung Westfalen-Lippe (“AVWL”), which as at 31 December 2020 totalled £32.6 million (2019: £34.2 million). Accordingly, the Company has a fixed charge in favour of AVWL over its rights, title and interest these two investments.

Notes to the Financial Statements continued

6. Investments continued

Fair value measurements

FRS 102 requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the following three levels:

- 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 assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The determination of what constitutes 'observable' requires judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The only financial instruments held at fair value are the instruments held by the Company in the SPVs, which are fair valued at each reporting date. The Company's investments have been classified within level 3 as the investments are not traded and contain unobservable inputs. Due to the nature of the investments, they are always expected to be classified as level 3. There have been no transfers between levels during the year ended 31 December 2020.

Any transfers between the levels would be accounted for on the last day of each financial period.

Schedule of realised investments

There are no realised investments, other than the repayment of shareholder loans at par value, as at 31 December 2020 (2019: £nil).

7. Other receivables

	As at 31 December 2020 £	As at 31 December 2019 £
Prepayments	-	369,954
Amounts due from investee companies	496,280	924,379
Other debtors	3,127,597	325,734
	3,623,877	**1,620,067**

8. Payables

	As at 31 December 2020 £	As at 31 December 2019 £
Loan interest payable	(6,661,523)	(7,217,478)
Deferred consideration payable	(3,722,630)	(3,488,673)
Acquisition costs payable	(1,927,837)	(1,270,955)
Other creditors	(2,690,535)	(173,878)
	(15,002,525)	**(12,150,984)**

Notes to the Financial Statements continued

9. Loans and borrowings

	As at 31 December 2020 £	As at 31 December 2019 £
Opening balance	(647,086,517)	(516,234,545)
Shareholder loans drawn down in the year	(362,885,980)	(145,992,632)
Loan notes issued during the year	(860,209,184)	-
Interest capitalised in the year	(7,761,019)	(691,914)
Loans repaid in the year	1,017,733,516	15,832,574
Closing balance	**(860,209,184)**	**(647,086,517)**

As disclosed in note 13, the Company issued loan notes on 12 November 2020 to the LP which are redeemable on demand or on the termination date of 6 June 2046, whichever is earlier, and bear interest at a rate of 6.67 per cent per annum. Interest is payable at least tri-annually, on 10 February, 10 August and 10 November each year, and any unpaid interest is capitalised on these dates. Prior to 12 November 2020, the Company had received a shareholder loan from the LP which was repaid and replaced with the loan notes. The net loans paid during the year totalled £7,524,332 (2019: £15,832,574). As at 31 December 2020, the outstanding balance was £860,209,184 (2019: £647,086,517) and loan interest outstanding was £6,661,523 (2019: £7,217,478).

The loan balance as at 31 December 2020 has not been adjusted to reflect amortised cost, as the amounts are not materially different from the outstanding balances.

10. Share capital

Issued	Number of shares issued	Share capital £	Share premium £	Total £
Opening balance - 1 January 2020	1	1	-	**1**
Issue of shares during the year	100	100	149,999,900	**150,000,000**
Closing balance - 31 December 2020	101	101	149,999,900	**150,000,001**

Issued	Number of shares issued	Share capital £	Total £
Opening balance - 1 January 2019	1	1	**1**
Closing balance - 31 December 2019	1	1	**1**

Notes to the Financial Statements continued

11. Financial instruments

	Note	Measured at amortised cost	Measured at fair value	Total
		£	£	£
Financial assets as at 31 December 2020				
Investments - Equity	6	-	313,874,977	**313,874,977**
Investments - Shareholder loans	6	-	684,166,301	**684,166,301**
Shareholder loan interest receivable		-	9,205,787	**9,205,787**
Other receivables (excluding prepayments)	7	3,623,877	-	**3,623,877**
Cash		576,624	-	**576,624**
		4,200,501	**1,007,247,065**	**1,011,447,566**

	Note	Measured at amortised cost	Measured at fair value	Total
		£	£	£
Financial assets as at 31 December 2019				
Investments - Equity	6	-	171,764,466	**171,764,466**
Investments - Shareholder loans	6	-	464,380,321	**464,380,321**
Shareholder loan interest receivable		-	6,180,459	**6,180,459**
Other receivables (excluding prepayments)	7	1,250,113	-	**1,250,113**
Cash		1,034,831	-	**1,034,831**
		2,284,944	**642,325,246**	**644,610,190**

	Note	Measured at amortised cost	Measured at fair value	Total
		£	£	£
Financial liabilities as at 31 December 2020				
Payables	8	(15,002,525)	-	**(15,002,525)**
Loans and borrowings	9	(860,209,184)	-	**(860,209,184)**
		(875,211,709)	**-**	**(875,211,709)**

	Note	Measured at amortised cost	Measured at fair value	Total
		£	£	£
Financial liabilities as at 31 December 2019				
Payables	8	(12,150,984)	-	**(12,150,984)**
Loans and borrowings	9	(647,086,517)	-	**(647,086,517)**
		(659,237,501)	**-**	**(659,237,501)**

Notes to the Financial Statements continued

12. Unconsolidated subsidiaries

The Directors consider the following investee companies to be subsidiaries of the Company. The Directors have concluded that these subsidiaries should be excluded from consolidation as these interests in subsidiaries are held as part of an investment portfolio.

Company	Company number	Ownership interest as at 31 December 2020	Ownership interest as at 31 December 2019
Ainderby Solar Farm Limited	09735328	100%	100%
Ferry Farm Solar Limited	08668422	100%	100%
Manor Farm Park Limited	08982154	100%	100%
Lagness Solar Farm Limited	09222909	100%	100%
Bryn Bachau Solar Farm Limited	09577477	100%	100%
Bann Road Solar Project Limited	09061170	100%	100%
Hunger Hill Solar Project Limited	09255650	100%	100%
Berthllwyd Solar Project Limited	08923308	100%	100%
Bilsborrow Solar Project Limited	08923311	100%	100%
Bodwen Solar Project Limited	08489215	100%	100%
Ebnal Lodge Solar Project Limited	09061339	100%	100%
Sandhutton Solar Project Limited	09370204	100%	100%
GSII Maple 1 Limited[1]	09425262	0%	100%
GSII Maple 2 Limited[1]	09425263	0%	100%
GSII Maple 3 Limited[1]	09426329	0%	100%
GSII Porter 1 Limited[1]	09813953	0%	100%
GSII Porter 2 Limited[1]	09816281	0%	100%
GSII Porter 3 Limited[1]	09816494	0%	100%
GSII Hunter 1 Limited[1]	10306241	0%	100%
GSII Hunter 2 Limited[1]	08322854	0%	100%
GSII Hunter 3 Limited[1]	09646690	0%	100%
Pantymoch Holdco Limited[1]	10306241	100%	100%
Royston Holdco Limited[1]	10305613	100%	100%
Wick Road Holdco Limited[1]	10305316	100%	100%
GSII Dorset Solar Farm Limited	08982744	100%	100%
RDW (11) Limited	09423601	100%	100%
KS SPV 18 Limited	08145058	100%	100%
Coombe Solar Limited	09261084	100%	100%
Pantymoch Farm Renewables Limited	08322854	100%	100%
Pantymoch Farm Community Solar Project C.I.C.	09646690	100%	100%
Royston Solar Project Limited	09560571	100%	100%
Royston Community Solar Project C.I.C.	09646734	100%	100%
GSII Wick Road Solar PV Limited	08923330	100%	100%
Wick Road Community Solar Project C.I.C.	09646715	100%	100%
GSII Long Meadow Farm Limited	09324984	100%	100%
GSII Errol Solar PV Limited	08838309	100%	100%
TGC Solar Slade Limited	07521199	100%	100%
GSII Sea View Limited	09406786	100%	100%
GSII Bent Spur Solar Farm Limited	09998662	100%	100%
WSE Huntspill Level Limited	08524312	100%	100%
West Carclaze Solar PV Ltd	09862636	100%	100%
Estrans Developments (Severn Beach) Limited	09602746	100%	100%
Wilsom Solar Farm Limited	07985084	100%	100%

Notes to the Financial Statements continued

12. Unconsolidated subsidiaries continued

Company	Company number	Ownership interest as at 31 December 2020	Ownership interest as at 31 December 2019
Bobbing Solar Limited	08699592	100%	100%
GSII Arnawood Limited	09952555	100%	100%
Snettisham Solar Limited	08782944	100%	100%
Sunventures 8 Ltd	09592374	100%	100%
Moat Farm Solar Limited	08756737	100%	100%
GSII Netley Solar Limited	09060353	100%	100%
GSII Infra 3 UK Solar Ltd	08985700	100%	100%
Islip Solar Park Limited	07651940	100%	100%
Springhill Solar Park Limited	07652041	100%	100%
GSII Carmarthen Solar Limited	09209618	100%	100%
GSII Belper Limited	09712613	100%	100%
GSII Potters Bar Limited	09712647	100%	100%
GSII Upper Meadowley Limited	09210035	100%	100%
GSII Clay Cross Limited	09712609	100%	100%
SPF Carver Hey Limited	09788339	100%	100%
SPF Brent Broad Farm Limited	09784324	100%	100%
West Strathore Solar Limited	09723125	100%	100%
Rolleston Solar Farm Limited	08850469	100%	100%
Risen Energy Projects 1 Limited	07496900	100%	100%
GSII Sovgen Limited	07953182	100%	100%
GSII Homestead Solar Farm Limited	08695236	100%	100%
GSII Bicester Solar Farm Limited	08140549	100%	100%
GSII Aston Clinton Solar Farm Limited	08695190	100%	100%
Notus Investments 2 S.a.r.l	B190070	100%	100%
Gedulah Solar Limited	09355622	100%	100%
Rowles Solar Park Limited	08576506	100%	100%
Gaultney Solar Park Limited	08988983	100%	100%
Radstone P.V. Ltd	08678286	100%	100%
Notus Supplyco Limited	09246814	100%	100%
Flit Solar Park Limited	08626907	100%	100%
Egmanton Solar Park Limited	08739720	100%	100%
Kinmel 1 C.I.C.	08927710	100%	100%
Kinmel 2 C.I.C.	08927715	100%	100%
Carlam Hill Education C.I.C.	09646849	100%	100%
Bransholme Solar C.I.C.	09646872	100%	100%
Rhewl Solar Farm Community CIC	09655716	100%	100%
Rhewl Solar Farm Community 2 CIC	09664334	100%	100%
GSII Pumpkin 1 Limited	08924197	100%	0%
GSII Pumpkin 2 Limited	09858856	100%	0%
GSII Pumpkin 3 Limited	09860360	100%	0%
GSII Pumpkin 4 Limited	09861756	100%	0%
GSII South Creake Limited	08606370	100%	0%
GSII Stragglethorpe Limited	08766273	100%	0%
GSII ChaFarm CFD Limited	08695190	100%	0%
GSII Hornacott Limited	08925534	100%	0%
GSII Lower Farm Binsted Limited	08766200	100%	0%
GSII Northmoor Substation Limited	08756863	100%	0%
GSII Cwrt Henllys Limited	08763948	100%	0%
GSII Middle Balbeggie Limited	08945680	100%	0%
GSII Morfa Limited	07957043	100%	0%

Notes to the Financial Statements continued

12. Unconsolidated subsidiaries continued

Company	Company number	Ownership interest as at 31 December 2020	Ownership interest as at 31 December 2019
GSII Pen Rhiw Limited	07957112	100%	0%
GSII Bentley Estate Limited	08945599	100%	0%
GSII Gelli Gron Limited	08942776	100%	0%
GSII Hill Hall Limited	07738990	100%	0%
GSII Safeguard Bradwall Limited	08936110	100%	0%
GSII Parsonage Wood Limited	08761386	100%	0%
GSII Fields Farm Limited	07744050	100%	0%
GSII NI Solar Cluster Limited	07957053	100%	0%
GSII Millar Farm Limited	08934660	100%	0%
GSII Sharland Farm Limited	08934877	100%	0%
GSII Meadow Farm Limited	08936064	100%	0%
GSII Park Farm West Limited	08945636	100%	0%
GSII Bolsovermoor Quarry Limited	07984506	100%	0%
GSII Vine Farm Limited	09196848	100%	0%
GSII Mount Farm Limited	08712450	100%	0%
GSII Rose & Crown Limited	08804712	100%	0%
Low Carbon Solar Devco 2 Limited	11603372	100%	0%

[1] This subsidiary was dissolved in 2020

13. Related party transactions

The Company has a Management Service Agreement with 90 of its fully owned operational assets, for which it receives £20,000 per annum rising with RPI for each underlying investment, in relation to management services. During the year, an amount of £1,703,467 (2019: £1,240,037) was earned by the Company in respect of these agreements. As at 31 December 2020 an amount of £392,049 was outstanding from the investee companies (2019: £663,997), which is included in 'amounts due from investee companies' in note 7.

As disclosed in note 9, the Company issued loan notes on 12 November 2020 to the LP which are redeemable on demand or on the termination date of 6 June 2046, whichever is earlier, and bear interest at a rate of 6.67 per cent per annum. Interest is payable at least tri-annually, on 10 February, 10 August and 10 November each year, and any unpaid interest is capitalised on these dates. As at 31 December 2020, the outstanding balance was £860,209,184. Prior to 12 November 2020, the Company had received a shareholder loan from the LP (2019: £647,086,517) which was repaid and replaced with the loan notes highlighted above. Total interest payable during the year was £52,999,758 (2019: £40,756,847), of which £7,761,019 (2019: £691,914) was capitalised and £45,794,695 (2019: £44,359,575) was paid. The interest outstanding due to the LP at 31 December 2020 was £6,661,523 (2019: £7,217,478).

During the year, the Company provided shareholder loans to investee companies totalling £244,834,259 (2019: £106,410,234). These loans are repayable on demand and bear interest at rates between 6.67 per cent and 7.50 per cent. Interest is repayable at least semi-annually, on 1 February and 1 August each year, and any unpaid interest is capitalised on these dates.

During the year, various restructures were completed in relation to the Company's investments. Amounts reclassified during the year between shareholder loans, equity investments and receivables are disclosed in note 6, with the net impact of these restructures being neutral.

Notes to the Financial Statements continued

14. Reconciliation of cash flows from operating activities

	Note	For the year ended 31 December 2020 £	For the year ended 31 December 2019 £
Profit/(Loss) on ordinary activities before tax		493,214	(7,658,356)
Adjustments for:			
Movement in fair value of investments	6	(15,748,070)	2,542,971
Interest expense		52,999,758	40,756,847
Investment interest income	3	(38,644,489)	(30,642,411)
Dividend income received	3	(1,756,063)	(5,601,461)
Investment acquisition costs		4,096,677	1,702,058
Movement in receivables		(2,003,811)	894,174
Movement in payables		2,516,658	125,512
Net cash flows generated from operating activities		**1,953,874**	**2,119,334**

15. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk. An explanation of those risks is set out below.

Price risk

Price risk is defined as the risk that the fair value of a financial instrument held by the Company will fluctuate. Investments in operating solar farms are measured at fair value through profit or loss and are valued on an unlevered, discounted cashflow basis. Therefore, the value of these investments will be (amongst other risk factors, see note 2) a function of the discounted value of their expected cashflows and, as such, will vary with movements in interest rates and competition for such assets. Sensitivity analysis indicates that a discount rate increase of 50bp yields a downward adjustment to the fair value of investments of £33.6 million. Conversely, a discount rate decrease of 50bp yields an upward adjustment to the fair value of investments of £35.8 million. The discount factors are subjective and therefore it is feasible that a reasonable alternative assumption may be used resulting in a different valuation for these investments.

Interest rate risk

The Company's interest rate risk on interest bearing financial assets is limited to interest earned on cash. The Board considers that the AVWL debt, shareholder loan investments and shareholder loan payable do not carry any interest rate risk as they bear interest at a fixed rate.

Foreign currency risk

Foreign currency risk is defined as the risk that the fair values of future cashflows will fluctuate because of changes in foreign exchange rates. The Company's financial assets and liabilities are denominated in GBP and substantially all of its revenues and expenses are in GBP. The Company is not considered to be materially exposed to foreign currency risk.

Notes to the Financial Statements continued

15. Financial risk management continued

Credit risk

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfil its contractual obligations. The Company is exposed to credit risk in respect of shareholder loan investments, accrued shareholder loan interest, cash at bank and other receivables. The Company's credit risk exposure is minimised by dealing with financial institutions with investment grade credit ratings. The Company has advanced loans to its investee companies and does not consider these loans a risk as they are intra-group. No balances are past due or impaired. The maximum exposure as at 31 December 2020 was £697,572,589 (2019: £473,215,678).

Liquidity risk

The Directors do not consider the liquidity risk to be material due to the limited working capital required to meet the day-to-day commitments of the Company. The Company has a loan liability from the LP that is repayable on demand, however, it has received a letter of support from the LP confirming that this will not be recalled within the next 12 months from the date of approval of this report.

16. Controlling party

The LP holds 100 per cent of the shares of the Company and the LP is the immediate and ultimate parent of the Company. The LP was registered in England and Wales on 24 January 2017 under the Limited Partnerships Act 1907 with registration number LP017823. The consolidated financial statements of the LP include the financial statements of the Company and the LP is the largest entity that includes the Company in its consolidated financial statements. Consolidated financial statements are not publicly available.

17. Events after the end of the reporting period

On 22 February 2021, the Company acquired its second construction-ready project, Aurora Solar Farm Limited.

On 3 March 2021, the Government announced that the rate of corporation tax will increase from April 2023 to 25 per cent on profits over £250,000. This change could have a material impact on the valuations of the investee companies, and is being considered by the Manager.

There were no other material subsequent events.