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GREENCOAT MERMAID LIMITED

Registration Number: 12247225 (England & Wales)

Annual Report
and Audited Financial Statements

for the period from 07 October 2019 to 31 December 2020

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Company Information

Registered Office

4th Floor The Peak,
5 Wilton Road,
London,
United Kingdom,
SW1V 1AN

Registration Number

12247225

Directors

M Patel (Appointed 7 October 2019)
H Unwin (Appointed 7 October 2019)

Manager

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

Independent Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Principal Banker

The Royal Bank of Scotland International
7th Floor
1 Princes Street
London
EC2R 8BP

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Strategic Report

Introduction

The Directors present the Strategic Report of Greencoat Mermaid Limited (the “Company”) for the period ended 31 December 2020. Details of the Directors who held office during the period 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 07 October 2019.

Principal Activities

The Company is owned by five shareholders, Greencoat Embankment LP, Greencoat Renewable Income LP, Greencoat Villiers LP, Greencoat Solar I LP and Greencoat Sejong LP (the “LPs”), whose main purpose is to invest in United Kingdom renewable infrastructure sectors, with the principal objective of generating income over a long-term horizon.

The Company invests in Special Purpose Vehicles (“SPV”) which hold the underlying asset.

The manager of the LPs is Greencoat Capital LLP (the “Manager”), a Financial Conduct Authority regulated entity.

Review of Business

The Company via its SPV holds one investment in a waste wood fired biomass power plant. Operationally, the investment has performed broadly in line with expectations. The investment is measured at fair value with movements in fair value recognised in the Statement of Comprehensive Income in the period in which they arise.

Key Performance Indicators

As the Company holds the underlying SPV investment via its subsidiaries, 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 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 Company and the Manager meet regularly and discuss strategic matters and risks faced by the Company. Climate related risks and opportunities are covered during these discussions, as they naturally arise from the Company’s underlying investment and the Company’s significant role in the decarbonisation of the UK economy.

Strategic Report

Corporate and Social Responsibility continued

In addition, the Manager's dedicated ESG committee meets regularly to discuss ESG and climate related risks relating to the Company and other entities it manages. This committee has implemented an ESG Policy that looks to establish best practice in climate related risk management, reporting and transparency. Representatives from the Manager also sit on the Board of the SPV which meets quarterly and discuss ESG and climate related risk management.

Strategy

As a company investing in UK renewable infrastructure, it plays a role in contributing towards the worldwide goal of achieving a net-zero carbon emissions economy. The directors 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 the type of generating equipment owned by the Company. 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 achieved by the Company's investment.

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 SPV's including processes for identifying, assessing, and managing climate related risks. The Company maintains a formal risk matrix that is reviewed and approved by the Manager on an annual basis. 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 Manager in the approval process of any new investment.

Metrics

The Manager monitors a range of metrics related to climate risks and opportunities. Waste wood fuelled biomass power plants reduce carbon dioxide emissions compared to a (marginal) gas fired power plant on a net basis at a rate of approximately 0.4t CO2 per MWh. Given the size of the Company's investment on 31 December 2020, the asset's CO2 emission reductions are approximately 99,516 tonnes per annum. The asset is also generating sufficient electricity to power 85 thousand homes per annum, at 2.9MWh per home.

Employees and Officers of the Company

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

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company and its SPV's, and an explanation of how they are managed, are set out below.

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.

Strategic Report

Principal Risks and Uncertainties continued

Regulation

If a change in Government renewable energy policy was applied retrospectively to current operating projects including the Company's investment, 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 existing projects as it understands the need to ensure investors can trust regulation.

Financing Risk

The Company has financed its investments through loans provided by the LPs. The Company has received confirmation from the LPs that it will not demand repayment of these loans for at least 12 months from the date of these financial statements unless the Company has sufficient cash to finance its ongoing obligations.

Electricity Prices

The wholesale power price received for electricity generated is an important revenue stream. Approximately 43% of the SPVs' revenue is exposed to power prices. Future cashflows have been modelled using a conservative forecast of power prices published by independent market experts. A fall in the achieved price below these forecasts would have a negative impact on the Company.

Fuel Availability and Prices

100% of the fuel required for the plant is secured under a long-term contract with Stobart Energy, the leading waste wood biomass supplier in the UK, with a fixed price escalated in accordance with published inflation indices. This contract is underwritten by suitable guarantees and securities from Stobart Energy's parent company. A fall in the creditworthiness of Stobart Energy or its parent could have a negative impact on the Company.

During 2020 the availability of waste wood fuel was negatively impacted by the lockdown restrictions and associated downturn in economic activity. The plant continued to operate throughout this, albeit at reduced load, and waste wood arisings have since recovered to close to pre-pandemic levels. Further lockdowns affecting the construction industry or a material downturn in economic activity which has a corresponding impact on waste wood arisings could have a negative impact on the Company.

Availability and Operating Performance

The availability and operating performance of the equipment used on biomass power plants may be impacted by accidents, mechanical failure, grid availability or damage which will directly impact on the revenues and profitability of that plant. 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, if there is exposure to one manufacturer.

The investment underwent significant due diligence prior to acquisition. Operating and maintenance agreements and asset management agreements are put in place to monitor the investment on a daily basis, which is overseen by the Manager. Insurance coverage is put in place for material damage and business interruption.

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Strategic Report

Asset Life

In the event that the underlying investment does 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 SPV's.

The Manager performs regular reviews and ensures that appropriate maintenance is performed. 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 the underlying investment 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 SPV's 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.

Outlook

Waste wood arisings have recovered over the course of 2020 to approximately 90% of equivalent seasonal pre-pandemic levels. The wood recycling industry is cautiously optimistic that the worst effects of the pandemic and lockdowns have passed and therefore waste wood availability should continue to improve.

The key value driver affecting operating UK renewable energy generators is the wholesale power price. The long-term power price forecast is updated each quarter and reflected in the reported NAV.

The Company does not expect any material change to its business as a result of the UK exiting the EU. Being solely UK focused and deliberately low risk, the Company's assets and liabilities are within the UK and sterling denominated. In addition, the regulatory regime under which the assets operate is robust, longstanding and enshrined in UK legislation. A significant change in exchange rates could impact the power price. Further, the nature of the UK's electricity market and relationship with that of the EU remains unclear.

In general, the outlook for the Company is positive, with proven operational and financial performance from the existing investment.

DocuSigned by:
Minal Patel
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By order of the Board
Minal Patel
Director
24 June 2021

Directors' Report

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

Directors

Details of the Directors who held office during the period 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 16 to the financial statements.

Independent Auditor

BDO LLP (the "Auditor") was appointed this period and 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 shareholders 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 period are set out in the Statement of Comprehensive Income.

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

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Directors' Report

Going Concern

At the balance sheet date, the Company had net liabilities of £43,268,681. The Company continues to meet its day-to-day liquidity requirements through its cash resources and the ongoing financial support provided by the LP's. As at 31 December 2020, the Company had a cash balance of £14,099 and owed the LPs £326,947,816 as disclosed in notes 9 and 10.

The Company has received confirmation from the LP's that it will not demand repayment of these loans or seek repayment of interest on these loans for at least a 12-month period unless the Company has sufficient cash to finance its ongoing obligations.

Following the outbreak of COVID-19, the wellbeing and safe working practices of the employees of the operation and maintenance service providers, asset managers and the local communities in which the investee company plant is based is a high priority of the Company. The COVID-19 situation and Government's response to it continues to be monitored and assessed. The Manager is working closely with relevant industry bodies and actively engaging stakeholders on risk management strategies. In line with Government guidance, changes to work procedures and certain work restrictions were applied across the portfolio of assets managed by Greencoat. Operations and maintenance have continued with social distancing and personal protective equipment has been used where social distancing has not been possible.

The Company's underlying asset has a power purchase agreement in place with a large and reputable provider of electricity to the market. The provider has been contacted by the Investment Manager to discuss their response to COVID-19 and business continuity plans. Wholesale power prices in March-August were lower than forecast due to the impact of the first Covid-19 related lockdown, prices have since recovered and the Investment Manager does not anticipate a threat to the Company's revenue. Therefore, no allowance for any expected counterparty credit losses at investee company level has been made.

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 a material uncertainty over the assessment of the Company as a going concern.

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 SPV's 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 18.

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Directors' Report

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

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Minal Patel
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Minal Patel
Director
24 June 2021

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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:
Minal Patel
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Minal Patel
Director
24 June 2021

Independent Auditor's Report

Independent Auditor's Report to THE MEMBERS of GREENCOAT MERMAID 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 period 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 Mermaid Limited ("the Company") for the period 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.

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

Independent Auditor's Report

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 period 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.

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.

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Independent Auditor's Report

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 by the 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;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and

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.

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

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Independent Auditor's Report

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.

DocuSigned by:
Elizabeth Hooper
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Elizabeth Hooper (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, United Kingdom,
Date: 24 June 2021
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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Statement of Comprehensive Income

	Note	For the period ended 31 December 2020 £
Income		
Unrealised (losses)/gains on investments held at fair value through profit or loss		(34,351,290)
Investment income	3	24,287,825
Total loss	4	**(10,063,465)**
Acquisition costs		(3,101,096)
Operating expenses	5	(64,538)
Operating loss for the period		**(13,229,099)**
Interest on shareholder loan		(30,039,682)
Loss on ordinary activities before tax		**(43,268,781)**
Taxation	6	-
Loss on ordinary activities after tax		
Total comprehensive loss attributable to the shareholders of the Company		**(43,268,781)**

The accompanying notes on pages 18 to 27 form an integral part of these financial statements.

Statement of Financial Position

	Note	As at 31 December 2020 £
Non-current assets		
Investments	7	292,998,725
Total non-current assets		**292,998,725**
Current assets		
Shareholder loan interest receivable		1,561,463
Other receivables	8	10,901,850
Cash and cash equivalents		14,099
Total current assets		**12,477,411**
Total assets		**305,476,137**
Current liabilities		
Payables	9	(21,797,002)
Total current liabilities		**(21,797,002)**
Non-current liabilities		
Loans and borrowings	10	(326,947,816)
Total non-current liabilities		**(326,947,816)**
Total liabilities		**(348,744,818)**
Net assets		**(43,268,681)**
Capital and reserves		
Share capital	11	100
Share premium		-
Retained earnings		(43,268,781)
Shareholders' funds		**(43,268,681)**

The financial statements were approved by the Board of Directors and authorised for issue on 24 June 2021 and signed on its behalf by:

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Minal Patel
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Minal Patel
Director

Company registration number 12247225

The accompanying notes on pages 18 to 27 form an integral part of these financial statements.

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Statement of Changes in Equity

	Share capital	Share premium	Retained earnings	Total
	£	£	£	£
Balance at 07 October 2019				
Capital contributions	100	-	-	100
Total comprehensive loss for the period	-	-	(43,268,781)	**(43,268,781)**
Balance at 31 December 2020	**100**	**-**	**(43,268,781)**	**(43,268,681)**

The accompanying notes on pages 18 to 27 form an integral part of these financial statements.

Statement of Cash Flows

	Note	For the period ended 31-December-20 £
Net cash from operating activities	15	10,880,534
Net cash generated from operating activities		**10,880,534**
Cash flows from investing activities		
Acquisition of investments	7	(292,998,725)
Acquisition costs		(3,101,096)
Interest received		22,676,443
Unrealised gain/(loss) on investments		(34,351,290)
Net cash used in investing activities		**(307,774,668)**
Cash flows from financing activities		
Loan contributions		323,696,062
Loan repaid		(12,051,545)
Loan interest repaid		(14,736,384)
Capital contributions		100
Net cash generated from financing activities		**296,908,233**
Net increase in cash and cash equivalents during the period		**14,099**
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		**14,099**

The accompanying notes on pages 18 to 27 form an integral part of these financial statements.

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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 period.

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 liabilities of £43,268,681. The Company continues to meet its day-to-day liquidity requirements through its cash resources and the ongoing financial support provided by the LP's. As at 31 December 2020, the Company had a cash balance of £14,099 and owed the LP £326,947,816 as disclosed in notes 9 and 10.

The Company has received confirmation from the LPs that they will not demand repayment of these loans or seek repayment of interest on these loans for a period of at least 12 months from the date of these financial statements unless the Company has sufficient cash to finance its ongoing obligations.

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 signature of these financial statements.

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.

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Notes to the Financial Statements continued

1. Accounting policies continued

Investment income

Dividend income is accounted for when the right to receive the dividend is established. Interest income on shareholder loan investments is accounted for on an accrual basis using the effective interest rate method. Income in respect of the provision of management services to the SPVs is recognised on an accrual 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 accrual 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 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.

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 period end are recognised at the undiscounted amount receivable. All debtor balances are held at the undiscounted amount at 31 December 2020.

Fair value through profit or loss

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 is calculated on an unlevered, discounted cashflow basis.

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Notes to the Financial Statements continued

1. **Accounting policies** continued

Financial instruments *continued*

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 period-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 accrual basis.

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 period comprises current tax.

Current tax is the expected tax payable on the taxable income for the period, 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.

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Notes to the Financial Statements continued

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 are 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, and the amount of electricity the assets are expected to produce and the price and volume of feedstock.

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.

The price at which the output from the generating assets is sold is usually a factor of both wholesale electricity prices and the revenue received from a specific Government support regime, if applicable. Future power prices and the future price associated with green benefits are estimated using external third-party forecasts which take the form of specialist consultancy reports. 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.

The volume of electricity produced depends on the capacity factor of the power plant, which is a product of the generation capacity and the availability of the plant. The capacity factor is tested at the commencement of operations and the availability forecast is provided by specialist technical consultants. The volume of electricity produced per year is generally guaranteed by the operator of the plant as part of a long-term operation and maintenance ("O&M") contract. However, residual risks remain with the project owner such as in relation to unexpected breakdown of major items of equipment or non-supply of fuel.

The volume and price of feedstock in the Templeborough Biomass asset is guaranteed by the fuel supplier. Residual risk remains with the Company in the case of 'force majeure' events which may affect feedstock supply, such as the interruption of supply during the initial Covid-19 lockdown.

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.

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Notes to the Financial Statements continued

Critical accounting estimates and judgements continued

Valuation of investments continued

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. Investment income

	For the period ended 31 December 2020 £
Investment interest income	24,237,904
Other income [1]	49,921
Total	**24,287,825**

[1] Other income comprises income in respect of the provision of management services to the investee companies, as disclosed in note 14.

4. Operating profit

The operating profit is stated after:

	For the period ended 31 December 2020 £
Movement in fair value of investments	(34,351,290)
Total	**(34,351,290)**

5. Operating expenses

	For the period ended 31 December 2020 £
Audit fees	(8,000)
Other general expenses	(56,538)
Total	**(64,538)**

6. Taxation

	For the period ended 31 December 2020 £
UK Corporation tax	-

Notes to the Financial Statements continued

6. Taxation continued

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. The differences are explained below:

	For the period ended 31 December 2020 £
Loss for the period before tax	(43,268,782)
Tax on loss at standard UK tax rate of 19%	(8,221,069)
Effects of:	
Effects of group relief	(36,393)
Non-deductible expenditure	7,115,954
Transfer pricing adjustments	1,141,508
Tax charge for the period	-

A deferred tax asset of £nil has not been recognised as it is not considered probable that future taxable profit will be available against which it can be realised.

7. Investments

	Loans £	Equity investments £	Total £
Opening balance at 07 October 2019	-	-	**-**
Additions	204,129,244	126,666,409	**330,795,653**
Repayment	(3,445,638)	-	**(3,445,638)**
Unrealised movement in fair value of investments	-	(34,351,290)	**(34,351,290)**
Closing balance at 31 December 2020	**200,683,606**	**92,315,119**	**292,998,725**

The shareholder loans and the equity investments are carried at fair value. The Company recognised a deferred consideration payable totalling £10.89m to Copenhagen Infrastructure Partners (previous owner of the underlying asset) during the year,

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,

Notes to the Financial Statements continued

7. Investments continued

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 period 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 as at 31 December 2020.

8. Other receivables

	As at 31 December 2020 £
Prepayments and Accrued Income	10,000
Other Receivables	1,850
Due from Related Parties	10,890,000
Total	**10,901,850**

9. Payables

	As at 31 December 2020 £
Accruals and deferred income	(10,902,440)
Other creditors	(10,894,562)
Total	**(21,797,002)**

10. Loans and borrowings

	As at 31 December 2020 £
Opening balance	-
Loans drawn down in the period	(326,947,816)
Closing Balance	**(326,947,816)**

As disclosed in note 14, the Company has received shareholder loans from the LP's which are repayable on demand or on the termination date of 22 November 2044, whichever is earlier, and bears interest at a rate of 7.5 percent per annum. Interest is payable quarterly, on 31 March, 30 June, 30 September and 31 December each year. As at 31 December 2020, the loan balance was £326,947,816 and loan interest outstanding was £nil

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.

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Notes to the Financial Statements continued

11. Share capital

Issued and fully paid	Number of shares issued	Share capital	Total
		£	£
Opening balance - 07 October 2019		-	**-**
Movement in the period	10,000 @ £0.01	100	**100**
Closing balance - 31 December 2020		**100**	**100**

12. Financial instruments

	Note	Measured at amortised cost	Measured at fair value	Total
		£	£	£
Financial assets as at 31 December 2020				
Investments - Equity	7	-	92,315,119	**92,315,119**
Investments - Loans	7	-	200,683,606	**200,683,606**
Loan due from Related Parties		10,890,000		**10,890,000**
Shareholder loan interest receivable		1,561,461	-	**1,561,461**
Other receivables	8	1,850	-	**1,850**
Cash and cash equivalents		14,099	-	**14,099**
		12,477,410	**292,998,725**	**305,476,135**

	Note	Measured at amortised cost	Measured at fair value	Total
		£	£	£
Financial liabilities as at 31 December 2020				
Payables	9	(21,797,002)	-	**(21,797,002)**
Loans and borrowings	10	(326,947,816)	-	**(326,947,816)**
		(348,744,818)	**-**	**(348,744,818)**

13. 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
Greencoat Mermaid II Limited	11776098	100%
Greencoat Mermaid I Limited	11776057	100%
Templeborough Biomass Power Plant Limited	07239700	100%
Templeborough Biomass Power Plant Opco Limited	12550048	100%

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Notes to the Financial Statements continued

14. Related party transactions

The Company has a Management Service Agreement with its fully owned operational asset, for which it receives £40,000 per annum rising with RPI, in relation to management services. During the year, an amount of £34,348 was received by the Company in respect of these agreements. As at 31 December 2020, £10,000 was outstanding from the underlying investment in respect of this agreement.

The Company has received shareholder loans from the LP's which are repayable on demand or on the termination date of 22 November 2044, whichever is earlier, and bears interest at a rate of 7.5 per cent per annum. Interest is payable quarterly, on 31 March, 30 June, 30 September and 31 December each year and any unpaid interest is capitalised on these dates. Total interest payable during the year was £30,039,682 of which £15,303,298 was capitalised and £14,736,384 was paid. As at 31 December 2020, the loan balance was £326,947,816 and loan interest outstanding was £nil.

During the year, the Company provided shareholder loans to its investee company totalling £204,129,244. These loans are repayable on demand and bear interest at a rate of 10.8 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.

The Company has recognised an asset of £10.89m. This will be received via loans from the LP's. this will be used to make a deferred consideration payment totalling £10.89m to Copenhagen Infrastructure Partners (previous owner of the underlying asset).

15. Reconciliation of cash flows from operating activities

	Note	For the period ended 31 December 2020 £
Operating loss for the period		(43,268,781)
Adjustments for:		
Movement in fair value of investments	4	34,351,290
Acquisition Costs		3,101,096
Investment income		(24,237,904)
Interest expense		30,039,682
Movement in receivables	8	(10,901,850)
Movement in payables	9,10	21,797,001
Net cash flows generated from operating activities		**10,880,534**

16. 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 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,

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Notes to the Financial Statements continued

17. Financial risk management continued

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 £12,231,000. Conversely, a discount rate decrease of 50bp yields an upward adjustment to the fair value of investments of £13,220,000. 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 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.

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. At the balance sheet date, there are no balances which were past due or impaired. Hence, no separate maximum exposure to credit risk disclosure is provided for these instruments.

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 loans from the LP's that are repayable on demand, however, has received letters of support from the LP's confirming that this will not be recalled within the next 12 months.

18. Controlling party

The directors consider that there is no ultimate controlling party.

19. Events after the end of the reporting period

On 11 January 2021, the Company received further contributions from the LP's totalling £10.89m, which was subsequently used to fund a deferred consideration payment to Copenhagen Infrastructure Partners (previous owner of the underlying asset)

On 13 January 2021, the Company acquired 100 percent of the shares of Templeborough Biomass Power Plant from its subsidiary, Greencoat Mermaid I Limited, through a dividend in specie.

On 3 March 2021, the Government announced its intention to increase the rate of corporation tax 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.