ORIT UK Acquisitions Limited

ANNUAL REPORT

For the year ended 31 December 2021

Contents

Company Overview

Directors	C Gaydon L Halstead T Rosser
Company secretary	Octopus Company Secretarial Services Limited
Registered number	12472717
Registered office	6th floor 33 Holborn London England EC1N 2HT
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ

Strategic Report

The Directors present their strategic report for ORIT UK Acquisitions Limited (the "Company") for the year ended 31 December 2021.

Review of the Business

The Company is an investment holding company and invests in a diversified portfolio of renewable energy assets. The principal activity of its subsidiary undertakings is the construction and operation of renewable energy assets to generate electricity.

The financial statements of the Company for the year ended 31 December 2021 are set out on pages 12 to 33. These financial statements have been prepared in accordance with UK-adopted international accounting standards and the applicable legal requirements of the Companies Act 2006. On 31 December 2020, IFRSs as adopted by the European Union at that date were brought into UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK-adopted international accounting standards in its financial statements on 1 January 2021. There was no impact or change in accounting policies from the transition.

Results and performance

The Company's results for the year under review, as set out on pages 12 and 13, show a profit before taxation of £11.7m (2020: £4.0m) and total shareholders' funds of £38.0m (2020: £34.3m).

At 31 December 2021, the Company's investments, being a combination of equity and shareholder loan notes, are measured at fair value in accordance IFRS 10 and Investment Entities: Amendments to IFRS 10, IFRS 12 and IAS 28. As at 31 December 2021, the fair value of Company's investments was £171.6m (2020: £142.4m).

The Company's performance over the year has been strong, with its portfolio of assets generating revenues in excess of £14.2m (2020: £13.4m) and distributing cash back to the Company by way of dividends, interest and capital repayments, of £8.1m (2020: £11.9m). As at 31 December 2021, the Company's portfolio spans 8 assets across 2 countries and includes onshore wind and solar, construction and operational sites, and a blend of government backed subsidies, power purchase agreements and uncontracted sale strategies.

Strategy

The Company, through its subsidiaries, seeks to invest in renewable energy assets in Europe and Australia, comprising (i) predominantly assets which generate electricity from renewable energy sources, with a particular focus on onshore wind farms and photovoltaic solar ("solar PV") parks, and (ii) non-generation renewable energy related assets, and businesses (together "Renewable Energy Assets").

The Company's investment strategy seeks to help accelerate the world towards a net zero future while delivering attractive yield and growth to its shareholder. The Company's ability to invest in assets across numerous countries and technologies provides a number of advantages, including reducing correlations in power prices, diversifying the influence of weather patterns and reducing the reliance on any single regulatory regime.

Key performance indicators ("KPIs")

The Board monitors the progress of the Company and its investments by reference to the following KPIs:

KPI's	2021	Commentary
Company profit before tax	**£11.7m** *2020: £4.0m*	Strong performance for the Company's second period of trading, delivering yield and growth to its shareholder. The operational assets' technical performance was slightly above expectations over the year but they have significantly exceeded financial expectations for the year.
Strong operational cashflows from investments	**£17.3m EBITDA** from operational assets *2020: £9.5m EBITDA*	The operational assets have performed in line with expectations for the period. Strong operational cashflows from investments lead to a sustainable level of income returns to shareholders.
Investment valuation	**£171.6m** *2020: £142.4m*	Another strong portfolio valuation (after distributions payable in the period) in the Company's first period. This KPI helps the directors to track the capital growth to its shareholder.

Impact Objectives

The Group's core impact objective is to accelerate the transition to net zero through our investments, building and operating a diversified portfolio of renewable energy assets to help facilitate the transition to a more sustainable future. The Company's investments are long term and therefore require a long term view to be taken both in the initial investment decisions and in the subsequent asset management, adopting long term and sustainable business practices.

Impact KPI's	2021	Commentary
Potential annual renewable energy generation	**110GWh** *2020: 113GWh*	**Performance** – this renewable energy generated supports the transition to net zero by replacing unsustainable energy sources with clean power.
Estimated tonnes of carbon avoided	**39k**[1] *2020: 40k*	**Planet** - renewable energy plays a fundamental role in meeting net zero emissions targets, with an inherently positive impact on the environment.
No. of RIDDORs relating to injuries on people	**0** *2020: 0*	**People** – the Company recognises its health and safety responsibilities and keeping people safe remains its highest priority.

Principal risks and uncertainties

The Company and its subsidiaries adopt the Group risk management framework and policies as set out by its ultimate parent company, Octopus Renewables Infrastructure Trust plc ("ORIT plc"). The purpose of the risk management framework and policies is to identify risks and respond with mitigating actions to reduce the potential impacts should the risk materialise.

The principal risks affecting the Company relate to operational and financial risks impacting the performance of the Company's investments. These include fluctuations in the prevailing market prices of electricity, construction and development risks and other asset specific risks including health and safety, equipment failures and environmental risks.

In addition, the Company is exposed to financial risks arising primarily from the investments that it holds. These risks are discussed in Note 16 to the financial statements.

For the full list of the principal risks faced by the Company and its subsidiaries, along with the potential impact of these risks and the steps taken to mitigate them, please refer to the "Risks and risk management" section of ORIT plc's financial statements, which are available on its website www.octopusrenewablesinfrastructure.com.

COVID-19

Despite the coronavirus pandemic continuing to disrupt the global economy throughout the year, there has been only a very limited impact on the Company's assets. Power prices which fell in the early stages of the pandemic have largely recovered whereas asset valuations have been robust as investor demand for the sector has increased. While supply chains have been materially affected, close cooperation with construction partners and turbine suppliers has ensured that the construction of the Ljungbyholm Wind Farm was completed during the year, and with no significant effects noted during the construction of the Cumberhead Wind Farm.

Conflict in Ukraine

The invasion of Ukraine by Russia has shocked the world, and is causing terrible human suffering. The Directors have reviewed all counterparties and asset service providers to assess exposure to the new sanctions introduced in response to the Russian invasion, and there is no such exposure.

The company does not have any investments in Ukraine, Russia or Belarus, nor does it have inventory or warehousing in those countries, nor supply chain, logistics or suppliers dependent on those countries. All of the company's physical assets are located in EU or NATO countries, therefore it is not anticipated that the conflict will have a direct impact on the Company's investments.

The war has impacted on gas and other fuel commodity prices including power prices, which have become increasingly volatile. At the time of writing, we have not seen any sign of M&A activity for renewable assets slowing, or of any shift in demand or discount rates for assets in countries where the company has investments.

Various announcements by the EU, the IEA and the UK government have supported renewable generation as a way to prevent European dependence on Russian gas, and more detailed measures to accelerate the rate at which new projects can be permitted are expected.

Future developments in the business

Looking to 2022, there are fresh challenges for investors, with inflation rising and interest rates being increased in response. Whilst the portfolio benefits from significant inflation protection via index-linked revenues, the Directors are mindful of the need to monitor discount rates to ensure risk premia remain appropriate.

The deplorable invasion of Ukraine by Russia also brings a great deal of uncertainty. Whilst the Company's projects have not been directly affected, at this time it is unclear how the conflict could spread. What is clear is that the desire to avoid purchases of Russian oil and gas has led governments across Europe and beyond to seek ways to accelerate the deployment of new renewable capacity.

With the need for new renewable generation therefore as urgent as ever, and the strong pipeline of investment opportunities identified by the parent company, the Company is very well positioned to continue growing, providing genuine positive impact by bringing additional generation capacity into operation, whilst delivering attractive returns to investors.

As such, the Directors expect the activity and performance of the Company to be satisfactory in the forthcoming year and are not aware of any potential circumstance that would adversely affect operations.

Section 172(1) Statement

The Company is an intermediate holding company, has no employees, customers or suppliers and as such the Directors primarily consider the interests of the ultimate parent company, ORIT plc, with regard to performing their duties on matters set out under Section 172 of the Companies Act 2006. Please see the table below for a reference to where specific details this information can be found.

ORIT plc's Annual Report and Impact Strategy are available on its website www.octopusrenewablesinfrastructure.com.

Section 172 (1) Statement Area Reference	Reference
a) The likely consequences of any decision in the long term	See ORIT plc's Annual Report - Objectives section on page 12 and Stakeholder Engagement section on page 102
b) The interests of the Company's employees	As an investment company, the Company has no employees.
c) The need to foster the Company's business relationships with suppliers, customers and others	See ORIT plc's Annual Report - Stakeholder Engagement section on page 102 and People section of the Impact Report on page 39.
d) The impact of the Company's operations of the community and environment	See ORIT plc's Annual Report - Planet and People section of the Impact Report on pages 31 and 39 respectively.
e) The desirability of the Company maintaining a reputation for high standards of business conduct	See ORIT plc's Annual Report - Stakeholder Engagement section on page 102.
f) The need to act fairly as between members of the Company	See ORIT plc's Annual Report - Stakeholder Engagement section on page 102 and Corporate Governance Statement on page 118.

On behalf of the board

DocuSigned by:

Thomas Rosser

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T Rosser

Director

29 September 2022

Directors' Report

The Directors present their report and audited financial statements for the year ended 31 December 2021.

Principal activities

The Company is an investment holding company and invests in a diversified portfolio of renewable energy assets. The principal activity of its subsidiary undertakings is the construction and operation of renewable energy assets to generate electricity.

Strategic report

The Directors' Report should be read in conjunction with the Strategic Report on pages 2 to 5.

Results and dividends

The results for the year are set out in the Statement of Comprehensive Income set out on page 12.

During the year, the Company declared and paid a dividend of £8.0 million (period ending 31 December 2020: £5.8 million).

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

C Gaydon
L Halstead
T Rosser

The Directors did not receive any remuneration in respect of their services to the Company during the current year or prior period.

Donations

The Company made no political donations during the current year or prior period.

Going concern review

The Directors, in their consideration of going concern, have reviewed comprehensive cash flow forecasts of the Company and its investments which are based on prudent market data and believe, based on those forecasts, the assessment of the Company's banking facilities and the assessment of the principal risks described in this report, including those related to COVID-19, that it is appropriate to prepare the financial statements of the Company on the going concern basis.

In arriving at their conclusion that the Company has adequate financial resources, the Directors were mindful that the Company had unrestricted cash of £1.03 million (2020: £0.20 million) as at 31 December 2021. The Company's net assets at 31 December 2021 were £38.0 million (2020: £34.3 million) and total operating expenses (excluding transaction costs) for the period ended 31 December 2021 were £256k (2020: £12k). Total net interest payment liabilities were £1.2 million comparison of £5.6 million of interest payable and £4.5 million of interest receivable derived from the group shareholder loan arrangement. At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover.

The Company receives revenue in the form of dividends and interest from its portfolio of assets. These revenues are derived from the sale of electricity through power purchase agreements in place with large and reputable providers of electricity to the market. A prolonged and deep market decline could lead to falling values to the underlying business or interruptions to cashflow, however the Directors do not foresee any immediate material risk to the Company's investment portfolio and income from underlying assets. The Directors are also satisfied and are comfortable that the Company would continue to remain viable under downside scenarios, including decreasing government regulated tariffs and a decline in long term power price forecasts.

In instances where underlying investments have external debt finance, the covenants associated with these facilities have been tested and are not expected to be breached, even in downside scenarios.

Having performed the assessment of going concern, the Directors considered it appropriate to prepare the financial statements of the Company on a going concern basis. The Company has sufficient financial resources and liquidity and is well placed to manage business risks in the current economic environment and can continue operations for a period of at least 12 months from the date of these financial statements.

Disclosure of information to the auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and that each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditors

The Company's auditors, PwC, having expressed their willingness to continue in office as auditors for the forthcoming year.

Subsequent events

Events after the balance sheet date to be disclosed in Note 18 to the financial statements.

Strategic report

The following information has been disclosed in the strategic report:

- Business review
- Principal risks and uncertainties
- Key performance indicators
- Financial risk management
- Future developments in the business

On behalf of the Board

DocuSigned by:
Thomas Rosser
C5B5209S4988424...

T Rosser
Director
29 September 2022

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the 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 auditors are aware of that information.

On behalf of the Board

DocuSigned by:
Thomas Rosser
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T. Rosser
Director
29 September 2022

Independent auditors' report to the members of ORIT UK Acquisitions Limited

Report on the audit of the financial statements

Opinion

In our opinion, ORIT UK Acquisitions Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Statement of Financial Position as at 31 December 2021; the Statement of Comprehensive Income; the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Director's report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Director's report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Director's report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Director's report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of director's responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK Tax Legislation and Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to overstate profit. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of board minutes;
- Review of legal expenditure in the year to identify potential non-compliance with laws and regulation;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Jonathan Greenaway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
29 September 2022

Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	For the year ended December 2021 £'000	For the period from incorporation on 19 February 2020 to 31 December 2020 £'000
Investment income	4	4,470	4,316
Movement in fair value of investments		13,501	5,694
Total operating income		**17,971**	**10,011**
Operating expenses	5	(645)	(529)
Profit before interest and taxation		**17,326**	**9,482**
Finance costs	6	(5,628)	(5,477)
Profit before taxation		**11,698**	**4,005**
Taxation	7	-	-
Profit and total comprehensive income for the period		**11,698**	**4,005**

All items in the above statement derive from continuing operations.

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

Statement of Financial Position

As at 31 December 2021

	Note	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Non-current assets			
Investments at fair value through profit and loss	9	171,588	142,410
Current assets			
Trade and other receivables		-	-
Cash and cash equivalents		1,029	202
		1,029	**202**
Current liabilities			
Trade and other payables	10	(7,620)	(886)
Net current liabilities		**(6,591)**	**(684)**
Total assets less current liabilities		**164,997**	**141,726**
Creditors: amounts falling due greater than one year			
Amounts owed to Group undertakings	11	(126,997)	(107,424)
Net assets		**38,000**	**34,302**
Capital and reserves			
Share capital	12	361	361
Special reserve	13	35,736	35,736
Retained earnings/(accumulated losses)		1,903	(1,795)
Total Shareholders' funds		**38,000**	**34,302**

The financial statements on pages 12 to 33 were approved by the Board of Directors on 29 September 2022 and signed on its behalf by:

DocuSigned by:
Thomas Rosser
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T Rosser
Director
29 September 2022

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

Incorporated in England and Wales with registered number 12672717

Statement of Changes in Equity

For the year ended 31 December 2021

	Note	Share capital £'000	Special reserve £'000	Retained earnings £'000	Total £'000
Opening equity as at 1 January 2021		361	35,736	(1,795)	**34,302**
Profit for the period		-	-	11,698	**11,698**
Dividends paid	8	-	-	(8,000)	**(8,000)**
Closing equity as at 31 December 2021		**361**	**35,736**	**1,903**	**38,000**

For the period from incorporation on 19 February 2020 to 31 December 2020

	Note	Share capital £'000	Share premium account £'000	Special reserve £'000	Accumulated losses £'000	Total £'000
Opening equity as at 15 June 2020		-	-	-	-	-
Shares issued in the period	12	361	35,736	-	-	36,097
Transfer to special reserve		-	(35,736)	35,736	-	-
Profit for the period		-	-	-	4,005	4,005
Dividends paid	8	-	-	-	(5,800)	(5,800)
Closing equity as at 31 December 2020		**361**	**-**	**35,736**	**(1,795)**	**34,302**

The Company's distributable reserve consists of the special reserve and accumulated losses.

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

Statement of Cash Flows

For the year ended 31 December 2021

	Notes	For the year ended 31 December 2021 £'000	For the period from incorporation on 19 February 2020 to 31 December 2020 £'000
Operating activities cash flows			
Profit before taxation		11,698	4,005
Adjustments for:			
Movement in fair value of investments	9	(13,501)	(5,694)
Investment income from investments	4	(4,470)	(4,316)
Finance costs	6	5,628	5,477
Operating cash flow before movements in working capital		**(645)**	**(529)**
Changes in working capital:			
Increase in trade and other payables	10	1,104	122
Distributions from investments	9	8,100	11,861
Net cash flow from operating activities		**8,559**	**11,454**
Investing activities cash flows			
Portfolio of assets acquired	9	(19,307)	(144,259)
Finance costs paid		-	(4,219)
Net cash flow used in investing activities		**(19,307)**	**(148,478)**
Financing activities cash flows			
Dividends paid to Ordinary Shareholders	8	(8,000)	(5,800)
Proceeds from issue of share capital during the period	12	-	36,097
Shareholder loan principal received		19,575	144,777
Shareholder loan principal repaid		-	(37,847)
Net cash flow from financing activities		**11,575**	**137,226**
Net increase in cash and cash equivalents		**827**	**202**
Cash and cash equivalents at start of period		202	-
Cash and Cash equivalents at end of period		**1,029**	**202**

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

Notes to the Financial Statements

For the year ended 31 December 2021

1. General Information

ORIT UK Acquisitions Limited (the "Company") is a private company, limited by shares, incorporated and domiciled in England, United Kingdom with registration number 12472717. The registered office is 6th Floor, 33 Holborn, London, EC1N 2HT.

The Company is an investment holding company and invests in a diversified portfolio of renewable energy assets. The principal activity of its subsidiary undertakings is the construction and operation of renewable energy assets to generate electricity.

The audited financial statements of the Company are for the year ended 31 December 2021 and comprise only the results of the Company, as all of its subsidiaries are measured at fair value following the amendment to IFRS 10 as disclosed in Note 2.

2. Basis of Preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards and the applicable legal requirements of the Companies Act 2006. On 31 December 2020, IFRSs as adopted by the European Union at that date were brought into UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK-adopted international accounting standards in its financial statements on 1 January 2021. There was no impact or change in accounting policies from the transition.

The financial statements are prepared on the historical cost basis, except for the revaluation of certain financial instruments at fair value through profit or loss. The principal accounting policies adopted are set out below. These policies are consistently applied.

The financial statements are presented in Sterling, which is the Company's functional currency and are rounded to the nearest thousand, unless otherwise stated. They have been prepared on the basis of the accounting policies, significant judgements, key assumptions and estimates as set out below.

Going concern

As detailed on page 6 of the Directors' Report, the Directors are satisfied that the Company has sufficient resources to continue to operate for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed regularly on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Significant estimates, judgements and assumptions for the period are set out as follows:

2. Basis of Preparation *(continued)*

Key estimation and uncertainty: Fair value estimation for investments at fair value

The Company's investments at fair value are not traded in active markets. Fair value is calculated by discounting at an appropriate discount rate future cash flows expected to be received by the Company's intermediate holdings, from investments in both equity (dividends) and shareholder loans (interest and repayments). The discounted cashflow models use observable data, to the extent practicable. However, the key inputs require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of investments.

The discount rates used in the valuation exercise represent the Directors' assessment of the rate of return in the market for assets with similar characteristics and risk profile. The discount rates are reviewed quarterly and updated, where appropriate, to reflect changes in the market and in the project risk characteristics.

Unless fixed under PPAs or otherwise hedged, the power prices used in the valuations are based on market forward prices in the near term, followed by an equal blend of up to three independent and widely used market consultants' technology-specific capture price forecasts for each asset. Power prices are updated quarterly in line with the release of updated forecasts. There is an inherent uncertainty in future wholesale electricity price projection.

Electricity output is based on specifically commissioned yield assessments prepared by technical advisors. Each asset's valuation assumes a "P50" level of electricity output, which is the estimated annual amount of electricity generation that has a 50% probability of being exceeded - both in any single year and over the long term - and a 50% probability of being underachieved. The P50 provides an expected level of generation over the long term.

Short to medium term inflation assumptions used in the valuations are based on third party forecasts. In the longer term, an assumption is made that inflation will increase at a long-term rate. The estimates and assumptions that are used in the calculation of the fair value of investments is disclosed in Note 9. Further considerations on currency risks, interest rate risks, power price risks, credit risks, and liquidity risks are detailed in Note 16.

Key judgement: Equity and debt investment in ORIT Holdings Limited and ORIT UK Acquisitions Limited

The Company classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of assets is managed, and performance is evaluated on a fair value basis.

The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Company's debt securities are solely principal and interest, however, these securities are not held for the purpose of collecting contractual cash flows. The collection of contractual cash flows is only incidental to achieving the Company's business model's objective. Consequently, all investments are measured at fair value through profit or loss.
The evaluation of the performance of the Company's investments is done for the entire portfolio on a fair value basis, as is the reporting to the key management personnel and to the investors. In this case, all equity, derivatives and debt investments form part of the same portfolio for which the performance is evaluated on a fair value basis together and reported to the key management personnel in its entirety.

2. Basis of Preparation *(continued)*

Key judgement: Basis of non-consolidation:

The Company has adopted the amendments to IFRS 10 which states that investment entities should measure all of their subsidiaries that are themselves investment entities at fair value (in accordance with IFRS 9 Financial Instruments: Recognition and Measurement, and IFRS 13 Fair Value Measurement).

Under the definition of an investment entity, the Company should satisfy all three of the following tests:

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

In assessing whether the Company meet the definition of an investment entity set out in IFRS 10 the Directors note that:

i. the Company has multiple investors and obtains funds from a diverse group of shareholders who would otherwise not have access individually to investing in renewable energy infrastructure investments due to high barriers to entry and capital requirements;
ii. the Company intends to hold its investments for the remainder of their useful lives for the purpose of capital appreciation and investment income. The portfolio of assets are expected to generate renewable energy output for 30 to 40 years from their relevant commercial operation date and the Directors believe the Company is able to generate returns to the investors during that period; and
iii. the Company measures and evaluates the performance of all of its investments on a fair value basis which is the most relevant for investors in the Company. Management use fair value information as a primary measurement to evaluate the performance of all of the investments and in decision making.

The Directors are of the opinion that the Company meets all the typical characteristics of an investment entity and therefore meets the definition set out in IFRS 10. The Directors are satisfied that investment entity accounting treatment appropriately reflects the Company's activities as an investment trust.

The Directors have also satisfied themselves that the Company's wholly owned direct subsidiaries, ORIT Holdings Limited and ORIT UK Acquisitions Limited, meets the characteristics of an investment entity. Both companies have one investor, ORIT UK Acquisitions Limited, however, in substance ORIT Holdings Limited and ORIT UK Acquisitions Limited are investing the funds of the investors of ORIT UK Acquisitions Limited on its behalf and is effectively performing investment management services on behalf of many unrelated beneficiary investors.

Being investment entities, ORIT UK Acquisitions Limited and its wholly owned direct subsidiaries, ORIT Holdings Limited and ORIT UK Acquisitions are measured at fair value as opposed to being consolidated on a line-by-line basis, meaning their cash, debt and working capital balances are included in the fair value of investments rather than the Group's current assets. The Directors believe the treatment outlined above provides the most relevant information to investors.

2. Basis of Preparation *(continued)*

New and amended standards and interpretations

The Interest Rate Benchmark Reform (Phase II) - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 were effective for annual periods beginning on or after 1 January 2021, and provide a number of reliefs, all which apply to all hedging relationships that are directly affected by interest rate benchmark reform. These amendments have had no impact on the financial statements of the Company.

A number of new standards, amendments to standards are effective for the annual periods beginning after 1 January 2022. None of these are expected to have a significant effect on the measurement of the amounts recognised in the financial statements of the Company. The Company intends to adopt the standards and interpretations in the reporting period when they become effective and the Directors do not anticipate that the adoption of these standards and interpretations in future periods will materially impact the Company's financial results in the period of initial application although there may be revised presentations to the financial statements and additional disclosures.

New standards and amendments issued but not yet effective

The relevant new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. These standards are not expected to have a material impact on the entity in future reporting periods and on foreseeable future transactions.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023.

3. Significant Accounting Policies

a) Financial instruments

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred, and the transfer qualifies for derecognition in accordance with IFRS 9 Financial Instruments: Recognition and Measurement.

Financial assets

As an investment entity, the Company is required to measure its investments its wholly owned direct subsidiaries at FVTPL. The Company's policy is to fair value both the equity and debt investment in its subsidiary together. Subsequent to initial recognition, the Company measures its investments on a combined basis at fair value in accordance with IFRS 9 Financial Instruments: Recognition and Measurement and IFRS 13 Fair Value Measurement.

Trade receivables, loans and other receivables that are non-derivative financial assets and that have fixed or determinable payments that are not quoted in an active market are classified as financial assets at amortised cost. These assets are measured at amortised cost using the effective interest method, less allowance for expected credit losses. The Company has assessed IFRS 9's expected credit loss model and does not consider any material impact on these financial statements.

They are included in current assets, except where maturities are greater than 12 months after the year end date in which case they are classified as non-current assets.

Regular purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Financial assets at FVTPL are initially recognised at fair value. Transaction costs are expensed as incurred within the Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value.

Gains and losses arising from changes in the fair value of the 'financial assets at FVTPL' category are presented in the Statement of Comprehensive Income within investment income in the period in which they arise.

Income from financial assets at FVTPL is recognised in the Statement of Comprehensive Income within investment income when the Company's right to receive payments is established.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

The Company's financial liabilities 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.

3. Significant Accounting Policies *(continued)*

b) Taxation

Investment trusts which have approval under Section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains. The Company has successfully applied and has been granted approval as an Investment Trust by HMRC.

Irrecoverable withholding tax is recognised on any overseas income on an accrual basis using the applicable rate of taxation for the country of origin.

The underlying intermediate holding companies and project companies in which the Company invests provide for and pay taxation at the appropriate rates in the countries in which they operate. This is taken into account when assessing the value of the subsidiaries.

c) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment in renewable energy infrastructure assets to generate investment returns whilst preserving capital. The financial information used by the Board to manage the Company presents the business as a single segment.

d) Investment income

Investment income comprises interest income and dividend income received from the Company's subsidiaries. Interest income is recognised in the Statement of Comprehensive Income using the effective interest method. Dividend income is recognised when the Company's entitlement to receive payment is established.

e) Expenses

All expenses are accounted for on an accrual basis.

f) Foreign currency

Functional currency and presentation currency

The financial statements are presented in Pounds Sterling which is the Company's functional and presentation currency. The Directors consider Sterling the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. Sterling is the currency in which the Company measures its performance and reports its results, as well as the currency in which it receives subscriptions from its investors.

Transactions and balances

Transactions denominated in foreign currencies are translated into Sterling at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss to capital or revenue in the Statement of Comprehensive Income as appropriate. Foreign exchange movements on investments are included in the Capital account of the Statement of Comprehensive Income.

3. Significant Accounting Policies *(continued)*

g) Cash and cash equivalents

Cash and Cash Equivalents includes deposits held with banks and other short-term deposits with original maturities of three months or less. It is a highly liquid investment and readily convertible to a known amount of cash, and carries an insignificant risk of changes in value.

h) Dividends payable

Final dividends payable to equity shareholders are recognised in the financial statements when they have been approved by shareholders and become a liability of the Company. Interim dividends payable are recognised in the period in which they are paid.

4. Investment income

	For the year ended 31 December 2021 £'000	For the period from incorporation on 19 February 2020 to 31 December 2020 £'000
Interest income from investments	4,470	4,316
Total investment income	**4,470**	**4,316**

5. Operating expenses

	For the year ended 31 December 2021 £'000	For the period from incorporation on 19 February 2020 to 31 December 2020 £'000
Company's auditors fees:		
- in respect of audit services	4	4
Other operating expenses	641	525
Total operating expenses	**645**	**529**

The Company has no employees. No director received any form of remuneration in lieu of their services to the Company in the current year or prior period.

6. Finance costs

	For the year ended 31 December 2021 £'000	For the period from incorporation on 19 February 2020 to 31 December 2020 £'000
Interest payable on shareholder loan	5,628	5,477
Total finance costs	**5,628**	**5,477**

7. Taxation

(a) Analysis of charge in the year/period

	For the year ended 31 December 2021 £'000	For the period from incorporation on 19 February 2020 to 31 December 2020 £'000
Corporation tax	-	-
Tax charge for the year/period	-	-

(b) Factors affecting total tax charge for the year/period:

The effective UK corporation tax rate applicable to the Company for the period is 19% (2020: 19%). The tax charge can be reconciled to the profit before tax in the profit and loss account as follows:

	For the year ended 31 December 2021 £'000	For the period from incorporation on 19 February 2020 to 31 December 2020 £'000
Profit before taxation	11,698	4,005
Corporation tax at 19%	2,223	761
Effects of:		
Expenses not deductible for tax purposes	(2,476)	(984)
Group relief surrendered	52	-
Remeasurement of deferred tax for changes in tax rates	(135)	-
Movement in deferred tax not recognised	336	223
Total tax charge for the year/period	-	-

8. Dividends paid

During the year the Company paid a dividend of £8 million to its parent company, ORIT Holdings II Limited (2020: £5.8 million).

9. Investments at fair value through profit or loss

As set out in Note 2, the Company accounts for its interest in its wholly owned direct subsidiaries as an investment at fair value through profit or loss.

	For the year ended 31 December 2021 £'000	**For the period from incorporation on 19 February 2020 to 31 December 2020 £'000**
a) Summary of valuation		
Opening balance	142,410	-
Portfolio of assets acquired	19,307	144,259
Distributions received from investments	(8,100)	(11,861)
Investment income	4,470	4,317
Fair value movement	13,501	5,695
Total investments as at the end of the year/period	**171,588**	**142,410**

Portfolio of assets acquired
During the year the company invested a further £1.7 million in the UK solar asset and also acquired a wind development project in Scotland for £10.6m, investing a further £7.1m in its construction before the year end.

(c) Investment gains/(losses) in the period	**Year ended 31 December 2021 £'000**	**For the period from incorporation on 19 February 2020 to 31 December 2020 £'000**
Movement in fair value of investments	13,501	5,695
Movement in fair value investments	**13,501**	**5,695**

Fair value of portfolio of assets
The Directors have satisfied themselves as to the methodology used, the discount rates applied and the valuation. All investments are in renewable energy assets and are valued using a discounted cash flow methodology. The Company's holding of an investment represents its interest in both the equity and debt instruments of the investment. The equity and debt instruments are valued as a whole using a blended discount rate and the value attributed to the equity instruments represents the fair value of future dividends and equity redemptions in addition to any value enhancements arising from the timing of loan principal and interest receipts from the debt instruments, while the value attributed to the debt instruments represents the principal outstanding and interest due on the loan at the valuation date.

The weighted average cost of capital applied to the portfolio of assets ranges from 3.16% to 8.61%

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

	As at 31 December 2021	As at 31 December 2020
UK – long-term inflation rate	3.00% to April 2030; 2.25% thereafter	2.75%
UK – corporation tax rate	19.00% to April 2023; 25.00% for next three years; and then reducing by 1.00% annually until 19.00%	19.00%

Power Price Forecasts
The power price forecasts used in the valuations are based on market forward prices in the near-term, followed by an equal blend of up to three independent and widely-used market expert consultants' relevant technology-specific capture price forecasts for each asset.

Asset Lives
The length of the period of operations assumed in the valuation is determined on an asset-by-asset basis taking into account the lease agreements, permits or planning permissions in place as well as any extension rights, renewal regimes or wider policy considerations, together with the technical characteristics of the asset.

Fair value of intermediate holding companies

The assets in the intermediate holding companies substantially comprise working capital balances, therefore the Directors consider the fair value to be equal to the book values.

10. Trade and other payables

	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Trade creditors	12	-
Accrued interest payable	6,394	764
Accrued expenses	178	4
Other creditors	1,036	118
Total	**7,620**	**886**

11. Amounts owed to Group undertakings

Amounts owed to Group undertakings represent a shareholder loan due to the Company's parent company, ORIT Holdings II Limited. The loan bears interest at 5% (2020: 5%).

	As at 31 December 2021			
	Less than 1 year £'000	**1-5 years £'000**	**More than 5 years £'000**	**Total £'000**
Financial assets				
Amounts owed to Group companies	-	-	126,997	126,997
Total financial assets	-	-	126,997	126,997

12. Share Capital

Allotted, issued and fully paid:	**Number of shares**	**Nominal value of shares (£)**
Allotted on incorporation		
Ordinary Shares of 1p each	100	1
Allotted on 30 October 2020		
Ordinary Shares of 1p each	36,097,414	360,974
Ordinary Shares at 31 December 2020 and 31 December 2021	**36,097,514**	**360,975**

13. Special reserve

As stated by the Institute of Chartered Accountants in England and Wales ("ICAEW") and the Institute of Chartered Accountants in Scotland ("ICAS") in the technical release TECH 02/17BL, The Companies (Reduction of Share Capital) Order 2008 SI 2008/1915 ("the Order") specifies the cases in which a reserve arising from a reduction in a company's capital (i.e., share capital, share premium account, capital redemption reserve or redenomination reserve) is to be treated as a realised profit as a matter of law. The Order also disapplies the general prohibition in section 654 on the distribution of a reserve arising from a reduction of capital. The Order provides that if a private company limited by shares reduces its capital and the reduction is supported by a solvency statement but has not been subject to an application to the court for an order confirming it, the reserve arising from the reduction is treated as a realised profit.

The amount of the share premium account cancelled and credited to the Company's Special reserve is £nil (2020: £35,736,000), which can be utilised to fund distributions by way of dividends to the Company's shareholder.

14. Financial instruments by category

IFRS 13 requires the Company to classify its investments in a fair value hierarchy that reflects the significance of the *inputs used in making the measurements. IFRS 13 establishes a fair value hierarchy that prioritises the inputs to valuation* techniques used to measure fair value. The three levels of fair value hierarchy under IFRS 13 are as follows:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: fair value measurements are those derived from valuation techniques that include inputs to the asset or liability that are not based on observable market data (unobservable inputs)

The tables on the follow page set out the classifications of the carrying amounts of the Company's financial assets and financial liabilities into categories of financial instruments. There are no non-recurring fair value measurements. In these tables, financial instruments are held at carrying value as an approximation to fair value unless stated otherwise.

	31 December 2021				
	Cash and bank balances £'000	**Loans and receivables £'000**	**Financial assets at fair value through profit or loss £'000**	**Financial liabilities at amortised cost £'000**	**Total £'000**
Non-current assets					
Equity investments at fair value through profit or loss	-	-	57,956	-	**57,956**
Loan investments at fair value through profit or loss	-	-	113,632	-	**113,632**
Current assets					
Trade and other receivables	-	-	-	-	-
Cash and cash equivalents	1,029	-	-	-	1,029
Total assets	**1,029**	-	**171,588**	-	**172,617**
Current liabilities					
Trade and other payables	-	-	-	(7,620)	**(7,620)**
Creditors: amounts falling due greater than one year					
Amounts due to Group undertakings	-	-	-	(126,997)	**(126,997)**
Total liabilities	-	-	-	**(134,617)**	**(134,617)**
Net assets	**1,029**	-	**171,588**	**(134,617)**	**38,000**

14. Financial instruments by category *(continued)*

	31 December 2020				
	Cash and bank balances	**Loans and receivables**	**Financial assets at fair value through profit or loss**	**Financial liabilities at amortised cost**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Non-current assets					
Equity investments at fair value through profit or loss	-	-	56,590	-	**56,590**
Loan investments at fair value through profit or loss	-	-	85,820	-	**85,820**
Current assets					
Cash and cash equivalents	202	-	-	-	**202**
Total assets	**202**	**-**	**142,410**	**-**	**142,612**
Current liabilities					
Trade and other payables	-	-	-	(886)	**(886)**
Creditors: amounts falling due greater than one year					
Amounts due to Group undertakings				(107,424)	**(107,424)**
Total liabilities	**-**	**-**	**-**	**(108,310)**	**(108,310)**
Net assets	**202**	**-**	**142,410**	**(108,310)**	**34,302**

	As at 31 December 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets				
Investments at fair value through profit or loss	-	-	171,588	**171,588**
Total financial assets	**-**	**-**	**171,588**	**171,588**

	As at 31 December 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets				
Investments at fair value through profit or loss	-	-	142,210	**142,210**
Total financial assets	**-**	**-**	**142,210**	**142,210**

14. Financial instruments by category *(continued)*

There were no Level 1 or Level 2 assets or liabilities during the period. There were no transfers between Level 1 and 2, Level 1 and 3 or Level 2 and 3 during the period.

Reconciliation of Level 3 fair value measurement of financial assets and liabilities
An analysis of the movement between opening to closing balances of the investments at fair value through profit or loss (all classified as Level 3) is given in Note 9.

The fair value of the investments at fair value through profit or loss includes the use of Level 3 inputs. Refer to Note 9 for details on the valuation methodology.

15. Financial risk management

The Company's activities expose it to a variety of financial risks; including foreign currency risk, interest rate risk, power price risk, credit risk and liquidity risk. The Board of Directors has overall responsibility for overseeing the management of financial risks. Each risk and its management are summarised below.

(i) 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 seeks to minimise the volatility of cash flows in non-GBP currencies over the short to medium term through its foreign exchange hedging policy; which requires a minimum of 50% of all forecasted distributions denominated in foreign currencies to be hedged over 5 years in order to give the Company some certainty over the future cashflows and reduce its exposure to foreign exchange risk. The Company also has the ability to hedge a portion of value thereafter so as to limit volatility of the Company's NAV to foreign exchange risk.

(ii) Interest rate risk

The Company's interest rate risk on interest bearing financial assets is limited to interest earned on cash and loan investments into project companies, which yield interest at a fixed rate. The portfolio's cashflows are continually monitored and reforecast, both over the near future and the long-term, to analyse the cash flow returns from investments.

The Group may use borrowings to finance the acquisition of investments and the forecasts are used to monitor the impact of changes in borrowing rates against cash flow returns from investments as increases in borrowing rates will reduce net interest margins. The Group's policy is to ensure that interest rates are sufficiently hedged to protect the Group's net interest margins from significant fluctuations when entering into material medium/long-term borrowings. This includes engaging in interest rate swaps or other interest rate derivative contracts.

15. Financial risk management *(continued)*

The Company's interest and non-bearing interest assets and liabilities are summarised below:

	As at 31 December 2021		
	Interest bearing	**Non-interest bearing**	**Total**
Assets	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	1,029	-	**1,029**
Trade and other debtors	-	-	**-**
Investments at fair value through profit or loss	113,632	57,956	**171,588**
Total assets	**114,661**	**57,956**	**172,617**
Liabilities			
Trade and other creditors	-	(7,620)	**(7,620)**
Amounts owed to Group companies	(126,997)	-	**(126,997)**
Total liabilities	**(126,997)**	**(7,620)**	**(134,617)**

	As at 31 December 2020		
	Interest bearing	**Non-interest bearing**	**Total**
Assets	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	202	-	**202**
Investments at fair value through profit or loss	85,820	56,590	**142,410**
Total assets	**86,022**	**56,590**	**142,612**
Liabilities			
Trade and other creditors	-	(886)	(886)
Amounts owed to Group companies	(107,424)	-	(107,424)
Total liabilities	**(107,424)**	**(886)**	**(108,310)**

(iii) Power Price risk

The wholesale market price of electricity and gas is volatile and is affected by a variety of factors, including market demand for electricity and gas, the generation mix of power plants, government support for various forms of power generation, as well as fluctuations in the market prices of commodities and foreign exchange. Whilst some of the Company's renewable energy projects benefit from fixed prices, others have revenue which is in part based on wholesale electricity and gas prices. The Investment Manager continually monitors energy price forecast and aims to put in place mitigating strategies, such as hedging arrangements or fixed PPA contracts to reduce the exposure of the Company to this risk.

(iv) Credit risks

Credit risk is the risk that a counterparty of the Group will be unable or unwilling to meet a commitment that it has entered into with the Group. The credit standing of subcontractors is reviewed, and the risk of default estimated for each significant counterparty position. Monitoring is on-going, and year end positions are reported to the Board on a quarterly basis.

15. Financial risk management *(continued)*

The Group's investments enter into Power Price Agreements ("PPA") with a range of providers through which electricity is sold. The largest PPA provider to the portfolio at 31 December 2021 was NPower who provided PPAs to projects in respect of 18% of the portfolio by value (2020: EDF 21%).

Credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. The Company and its subsidiaries mitigate their risk on cash investments and derivative transactions by only transacting with major international financial institutions with high credit ratings assigned by international credit rating agencies.

The Group's commitment in respect of its conditional acquisition is accounted for as a derivative option in ORIT Holdings Limited.

(v) Liquidity risks

Liquidity risk is the risk that the Group may not be able to meet its financial obligations as they fall due. The Directors monitor forecast and undiscounted cashflows from operating, financing, and investing activities to consider payment of dividends, repayment of trade and other payables or funding further investing activities. The Group ensures it maintains adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

Financial assets and liabilities by maturity at the year/period end are shown on the following page:

	31 December 2021			
	Less than 1 year £'000	1-5 years £'000	More than 5 years £'000	Total £'000
Assets				
Investments at fair value through profit or loss	-	-	171,588	171,588
Trade and other receivables	-	-	-	-
Cash and cash equivalents	1,029	-	-	1,029
Liabilities				
Trade and other payables	(7,620)	-	-	(7,620)
Amounts owed to Group companies	-	-	(126,997)	(126,997)
	(6,591)	**-**	**44,591**	**38,000**

	31 December 2020			
	Less than 1 year £'000	1-5 years £'000	More than 5 years £'000	Total £'000
Assets				
Investments at fair value through profit or loss	-	-	142,410	142,410
Cash and cash equivalents	202	-	-	202
Liabilities				
Trade and other payables	(886)	-	-	(886)
Amounts owed to Group companies	-	-	(107,424)	(107,424)
	(684)	**-**	**34,986**	**34,302**

(vi) Capital Management

The Company's capital management objective is to ensure that the Company will be able to continue as a going concern while maximising the return to its ultimate shareholders. The Company's investment objective is to provide investors with an attractive and sustainable level of income returns, with an element of capital growth, by investing in a diversified portfolio of Renewable Energy Assets in the UK, Europe and Australia. The Company considers its capital to comprise ordinary share capital, special reserve and retained earnings. The Company is not subject to any externally imposed capital requirements.

The Company's total share capital and reserves shown in the Statement of Financial Position are £38,000,000 (2020: £34,302,000). The Company has implemented an efficient financing structure that enables it to manage its capital effectively. Capital management is managed on a Group-wide basis. The Group makes prudent use of its leverage. Under ORIT plc's investment policy, short term debt is limited to 25% of the portfolio value, while long term debt is limited to 40% of the portfolio value.

The Directors monitor and reviews the Company's capital on an ongoing basis.

16. Related party transactions

During the period, interest totalling £4.5 million (2020: £4.3 million) was earned, in respect of the long-term interest-bearing loan between the Company and its subsidiaries. At the period end, £Nil (2020: £113k) of interest earned was outstanding and is included within investments.

During the period, interest totalling £5.6 million (2020: £5.5 million) was payable on the shareholder loan to the Company's parent, ORIT Holdings II Limited. As at 31 December 2021, there was £6.4 million (2020: £764k) accrued interest outstanding.

17. Subsidiaries

Details of the Company's subsidiaries and underlying investments are listed below:

Name	Category	Place of business	Registered Office	Ownership interest
Abbots Ripton Solar Energy Limited	Project company	UK	A	100%
Chisbon Solar Farm Limited	Project company	UK	A	100%
Jura Solar Limited	Project company	UK	A	100%
Mingay Farm Limited	Project company	UK	A	100%
NGE Limited	Project company	UK	A	100%
Sun Green Energy Limited	Project company	UK	A	100%
Westerfield Solar Limited	Project company	UK	A	100%
Wincelle Solar Limited	Project company	UK	A	100%
Cumberhead Wind Energy Limited	Project company	UK	A	100%

*Registered offices:
A – 6th Floor, 33 Holborn, London, EC1N 2HT, England

18. Post period end events

On 13 June 2022, the Company acquired a 100% interest in the Breach Solar Farm in Cambridgeshire, UK. The total investment in the 65MW construction ready solar farm was £46.9 million which will be disbursed as the construction progresses.

On 14 June 2022, the Company agreed to acquire a 50% interest in the Woburn Road Battery in Bedfordshire, UK. The Group's share of the total investment in the 12MW battery is expected to be £4.0 million, which will be disbursed as the construction progresses.

On 27 June 2022, the Company declared an interim dividend of £4.3 million payable to it's immediate parent company, Octopus Holdings II Limited.

In August 2022, the Company entered into an agreement to acquire a 51% ownership interest in the Crossdykes Onshore Wind Farm ("Crossdykes"). The remaining 49% is being acquired by another Octopus managed fund. Crossdykes, located in southern Scotland, was developed by Muirhall Energy and has been operational since June 2021. It is amongst the largest unsubsidised wind farms in operation in the UK, with a total installed capacity of 48MW, made up of 10 Nordex turbines each of 4.8MW. The wind farm currently benefits from fixed pricing through its PPA until March 2025. Completion of the acquisition is expected to take place in autumn 2022, subject to receipt of regulatory consents.

19. Controlling party

The Company's immediate parent company is ORIT Holdings II Limited.

The Company's ultimate parent company and controlling party is Octopus Renewables Infrastructure Trust plc, a company incorporated in the United Kingdom whose shares are listed on the London Stock Exchange. Copies of the financial statements of ORIT plc are available from their website www.octopusrenewablesinfrastructure.com.