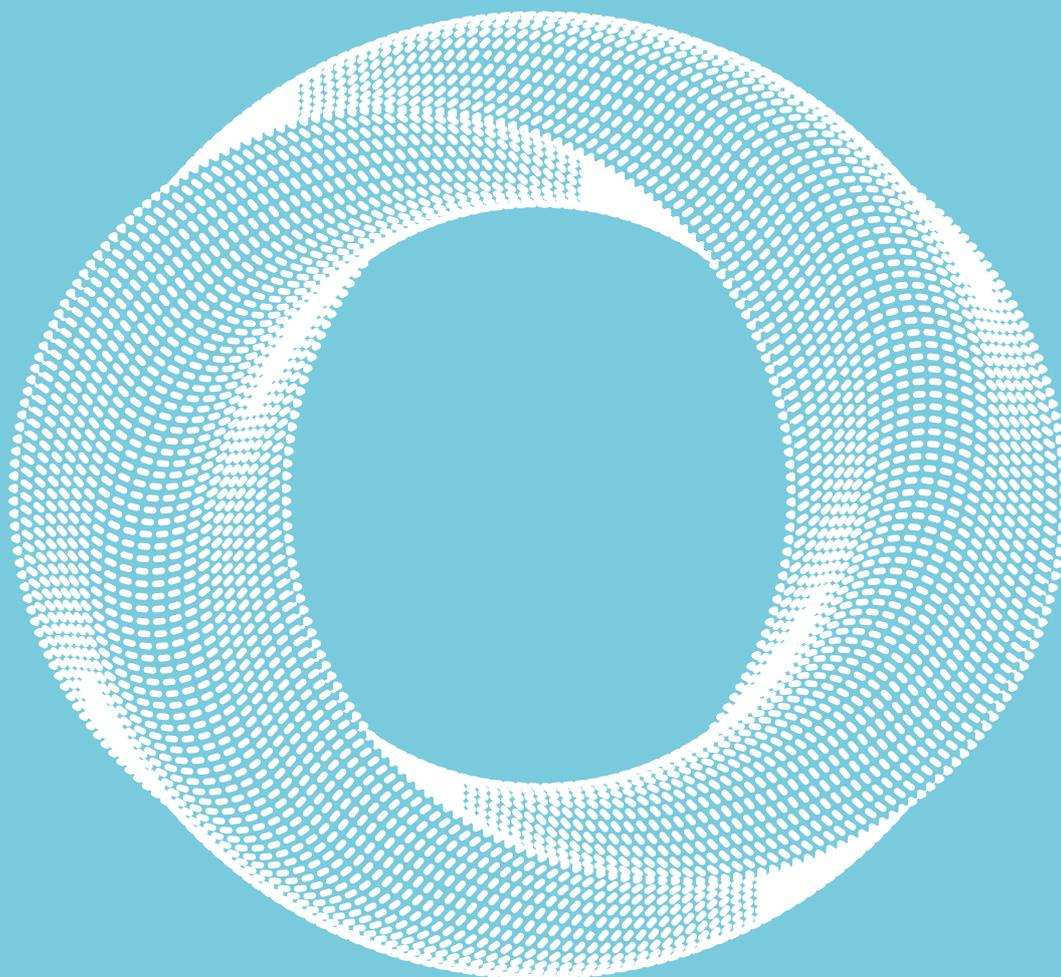


ANNUAL REPORT
AND FINANCIAL STATEMENTS

2016

STRATEGIC
REPORT



THRIVE
RENEWABLES

WWW.THRIVERENEWABLES.CO.UK

STRATEGIC REPORT

ABOUT US

Thrive Renewables connects people to sustainable energy. We offer accessible opportunities for individuals and businesses to invest in clean energy projects that deliver financial, social and environmental rewards. Thanks to our 5,585 shareholders – large and small – we've been building and operating renewable energy projects in the UK since 1994. By investing in Thrive, you have joined the growing movement of people working together to create a sustainable energy system for generations to come.

OUR VISION

We believe in a clean, smart energy system that is powered by the investment of many.

“Our mission is to power the transition to a sustainable energy future by helping people meaningfully connect with clean energy projects.” Matthew Clayton, Managing Director, Thrive Renewables.

OUR VALUES

Sustainable at heart

The principles of sustainability have guided us for over two decades, from the projects we invest in to how we run our business. To generate clean energy that can meet the needs of today's world and future generations, we only ever invest in sustainable projects, in a sustainable way.

Rewarding connection

We make decisions based on the interests of our investors. That means we invest in real projects, that are supported by real people, and that create real rewards – financial, environmental and social. We always communicate these impacts clearly and transparently.

Movement for change

We play an active and committed role in the clean energy movement: a growing community of people and businesses who are committed to making change happen. We share our knowledge and insight to catalyse change, and we're passionate and excited about what is possible.

OUR GOALS AND OBJECTIVES

“Renewables' share of total UK electricity generation was 24.4% in 2016. This is more than twice the contribution made by coal power and more than nuclear power³. The speed of deployment and contribution being made by renewable electricity generation in the UK is a huge success; renewables is no longer 'alternative' energy. Our shareholders are directly contributing to this revolution. Together, we will play our part in the transition to a cleaner, smarter, renewables-based system.”

Matthew Clayton, Managing Director, Thrive Renewables.

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/604690/Energy_Trends_March_2017.pdf



“ Our mission is to power the transition to a sustainable energy future by helping people meaningfully connect with clean energy projects. ”

Matthew Clayton, Managing Director,
Thrive Renewables

We are making good progress towards our 2020 growth targets of contributing to 125MW of renewable projects, and uniting a community of 10,000 investors. Over the last 12 months up until March 2017 we have invested in four projects, three new wind farms and a solar PV project. We have contributed to a total portfolio of 95.6MW, of which two wind farms (10.6MW) are in construction. We have grown our investor base from 5,700 in 2015, to 6,265⁴.

WE HAVE GROWN OUR INVESTOR BASE FROM 5,700 IN 2015, TO



Our objectives for the coming 12 months include:

- To continue to deliver healthy returns to shareholders, both via dividends and capital appreciation. We will achieve this through improvements in operational performance, lowering the Group's cost of debt and by continued growth of our portfolio, delivering greater impact and diversifying income.

- To continue to improve the portfolio's operational performance in terms of health, safety and productivity. We will focus on increasing the availability and productivity of our 50 turbines, and enhancing the electricity sale arrangements.
- To increase awareness of Thrive Renewables and further enhance the profile of shares on the secondary market to support our growth.

INVESTMENT STRATEGY

While the support mechanisms for growth in renewables remain uncertain, the foundations continue to strengthen.

The urgent need to decarbonise the energy sector was globally validated by the Paris Agreement in 2015, now ratified by the UK Government. The economic case is becoming clearer, visible as both reductions in the upfront cost of renewable technologies, and the non-reliance on fossil fuels and the associated price volatility. Demand for renewable electricity is forecast to grow, as more coal plants are retired and demand from heating and transport increases.

⁴ Combining 5,585 shareholders and 680 new bondholders.





Thrive Renewables will continue to generate renewable electricity from its existing portfolio, whilst also giving attention to the following areas:

1. ACQUIRING NEW RENEWABLE ENERGY GENERATION SITES

We will add new renewable generation to the UK's energy system. In the immediate future we will continue to work with projects that qualify via grace periods for financial support. However, because these opportunities will become increasingly scarce in the coming months, we are working with developers to establish renewable projects on a subsidy-free basis, which will demonstrate true sustainability. The first examples of these subsidy free projects are likely to involve direct supply to industrial and commercial consumers, similar to our merchant projects at March, Dunfermline and Eye.

2. COMMUNITY OWNERSHIP

The changes in regulatory support for renewable energy projects has led to some projects being developed and constructed very quickly. As a result, some communities interested in participating in local projects have missed the opportunity to get involved. Thrive Renewables is working with community renewable groups to support the migration of ownership of projects from utilities and mainstream developers to local communities.

We are able to generate mutual benefits alongside the community groups, bringing bridging facilities, co-funding and investment, and sharing our investment and operational expertise.

3. LIFE EXTENSION AND RE-POWERING OF EXISTING SITES

We are reviewing the potential for life extension and repowering (replacing existing equipment with more modern equivalents) at sites that have been operating for over 15 years. Operational life extension beyond 20 years involves both technical and contractual elements. We are also considering repowering opportunities at any sites that could yield materially greater power with a generation and control system update.

4. INVESTING IN FLEXIBLE ENERGY

The electricity system must evolve and become more flexible to accommodate greater proportions of renewable energy. The National Grid operates auction processes for the provision of flexibility (short bursts of electricity to help balance the grid). We are assessing the viability of integrating electricity storage assets into our industrial sites, allowing the renewable electricity generated to offset the most carbon intensive and expensive electricity from the grid system. We are also evaluating the opportunity to invest in stand-alone assets that can provide the grid flexibility and battery storage systems integrated into our existing projects.

Both stand-alone and integrated storage will help the grid system use higher volumes of renewable electricity, while also creating additional revenue streams for our business.

5. ENERGY EFFICIENCY

Reducing the amount of energy we consume is one of the best solutions to our energy and environmental challenge. Thrive Renewables continues to seek and evaluate energy efficiency investment opportunities that meet our risk and return profile.

STRATEGIC REPORT

GENERATION IN 2016

Thrive Renewables' owned operational generating capacity remained stable at 64.1MW in 2016, although investment in Green Breeze Energy represents growth of 5% to 67.1MW when it becomes operational in 2017.

Additionally, we provided a £2.7m mezzanine debt facility to Renewable Energy Ventures (Gevens) Limited in 2015. This enabled the developer to build its three-turbine 6.9MW wind project located in Fife, Scotland, which was commissioned in September 2016.

In the first quarter of 2017, Thrive Renewables provided two further mezzanine debt facilities: £1.48m to Renewable Energy Ventures (Brotherton) Limited for a 4.6MW wind farm now under construction in Aberdeenshire, Scotland; and £1.7m to a Community Interest Company that owns the Sheriffhales 3.174MWp solar PV farm in Shropshire, England. We made the Sheriffhales investment to allow the purchase of the solar project with a view to migrating its ownership to community investors.

The full-year generation of the three new wind projects commissioned during 2015 (Boardinghouse, Auchtygills and Clayfords) was forecast to deliver 6% growth in 2016. However, poor wind resources (the lowest since 2010) led to reduced generation on all wind sites from 2015 on a like-for-like basis. Therefore, total generation for Thrive Renewables' owned portfolio⁵ was 147,778 MWh, 13% less than the 169,485 MWh generated in 2015. In 2016, generation was equivalent to satisfying the electricity demand of 37,000⁶ UK homes (41,187: 2015). The generation from the total portfolio of projects we contributed to was 174,412 MWh – the equivalent of 43,668 homes.

BECOMING 'THRIVE RENEWABLES'

On the 26 February 2016, we convened a General Meeting (GM) of the Company to consider becoming independent of the Triodos Bank Group. The three elements considered by you, our shareholders were:



- the purchase by Thrive from Stichting Triodos Holdings of the 'A' share and associated rights,
- the change of the Company's name from Triodos Renewables to Thrive Renewables,
- the adoption of new Articles of Association.

Shareholders voted in favour of the changes which simplify the Company's structure and regulatory treatment. Since the GM, we have successfully transitioned from Triodos Renewables to Thrive Renewables - or Thrive, for short. Thrive maintains its longstanding core values and ethos, uniting a community of investors in contributing to and being rewarded by cleaning up the UK's energy system.

As intended, the change has increased the resource available and delivered management cost savings. Thrive Renewables now directly employs the core management team, and recruited a Communications Manager in May 2016 and a Commercial Accountant in February 2017.

⁵ Thrive Renewables does not own 100% of all the projects in the portfolio, so we report the generation and impact figures on a pro-rata basis in line with the Group's shareholding and also for the entire invested portfolio. Thrive Renewables has contributed to a portfolio of 19 projects with a total capacity of 95.6MW. However, Thrive Renewables has achieved this via joint ventures and the provision of mezzanine debt. Once adjusted for the proportion of Thrive Renewables ownership, the total capacity is 67.2MW.

⁶ BEIS, Department for Business, Energy & Industrial Strategy. 3.994kWh/home

Since the transition, Thrive has welcomed Triodos Bank as a shareholder. Triodos Bank purchased 560,241 shares from the secondary shares market (Matched Bargain Market) and an additional 433,010 newly allotted shares at £2.27 (the Directors' Recommended Share Price at the time of purchase). This investment of £982,932 contributed to growing the portfolio of projects in 2016. Triodos Bank is now Thrive's second largest shareholder, owning 5% of the Company. This vote of confidence from Triodos is welcomed and reflects the spirit of the transition.

OUR BOND OFFERS

We successfully raised debt by issuing two bonds in 2016 rather than using bank debt. This provides our shareholders and other investors with the opportunity to benefit from interest payments in exchange for lending money to fund the growth of the portfolio. It is the Directors' intention that all shareholders benefit from the bonds, not only those who have invested in them. The bonds lower the cost of debt to the Group and we plan to use the £13m raised to fund further growth in our portfolio of renewable energy projects, increasing diversity and sources of revenue. The Directors intend that the shareholder returns, both financial and impact, will be improved by the deployment of the money raised by the bonds.

Thrive Buchan bond in May

The Thrive Renewables (Buchan) Ltd bond issue was launched on 9 May 2016. The bond offers bondholders 5.5% interest per annum over five years and is secured over the assets of Thrive Renewables (Buchan) Ltd which includes Thrive Renewables (Clayfords) Ltd and Thrive Renewables (Auchtygills) Ltd, which each operate 0.8MW wind farms in Aberdeenshire, Scotland. The bond raised the targeted £3m in less than five weeks, with 10% of investment coming from investors new to the Group.

THE BOND
RAISED THE
TARGETED
£3_M
IN LESS THAN
FIVE WEEKS



Thrive Plc bond in November

A further bond was issued by Thrive Renewables Plc in November 2016. The Thrive Renewables Plc bond offers bondholders 5% interest per annum over seven years. Thrive Renewables has an option to repay after five years. Bondholders were able to invest online from as little as £5. This bond was one of the first in which bondholders could benefit from investing via their Innovative Finance ISA account (IFISA), providing a tax efficient way of investing. By the first close on 9 December 2016, the bond had raised £7,722,190.27. At its close in March 2017, a further £2,240,000.00 had been invested, bringing the total to £9,962,190.27. The bond attracted 940 individuals, four institutions and two foundations, further diversifying the investor base of Thrive Renewables.

BONDHOLDERS
WERE ABLE TO
INVEST ONLINE
FROM AS
LITTLE AS



SECONDARY SHARES MARKET

In response to shareholder feedback, the Directors appointed a new operator for the secondary shares market (also known as the Matched Bargain Market), James Sharp & Co. in December 2015. The first auction of shares took place in February 2016 and auctions continue to run every month. The secondary shares market aims to enhance the transparency and liquidity of the trading of our shares. There is more information on buying and selling shares, as well as the results of the monthly share auctions, on our website at www.thriverenewables.co.uk/investors

In the first 12 months since the introduction of the monthly auction 836,497 shares have traded at an average price of £2.22, representing a 3.8% turnover in shares in the Company. This level of trading and price indicates that the monthly auction process introduced in 2016 has improved the secondary share market.

We continue to take steps to improve the secondary market such as Thrive Renewables now being present on the Social Stock Exchange⁷ and Ethex⁸ platforms which promote businesses with an environmental and social mission. We expect this exposure, combined with our increased communication activities, to stimulate more interest in shares in Thrive Renewables and thus contribute to a healthy secondary market for shares.

DIRECTORS' RECOMMENDED SHARE PRICE

With the intention of providing a transparent indication of the value of the Company to our diverse shareholder base the Directors provide a valuation of the Company as guidance for shareholders in valuing their shares. This is called the Directors' Recommended Share Price (DRSP). The DRSP is reviewed when material events occur, such as the addition of a new renewable project, change in regulation or movement in wholesale electricity market prices⁹.

RECOMMENDED DIVIDEND

The approved dividend for 2015 of 4p per share was paid in July 2016.

For 2016, the Directors recommend the payment of a 4p dividend to be paid in July 2017, which will be subject to approval by the shareholders at the AGM on 30 June 2017. A dividend is recommended for 2016 despite a year of disappointing results as the Directors consider that retained reserves built up in previous years are sufficient to allow a dividend to be paid.

KEY PERFORMANCE INDICATORS

We have developed key performance indicators (KPIs) to monitor and review our 'health and impact.' These cover the corporate, financial, operational and growth aspects of the business. The Directors routinely monitor KPIs including those summarised in the following table:-

⁷ <http://socialstockexchange.com/>

⁸ <https://www.ethex.org.uk/>

⁹ For more information on the Directors' Recommended Share Price visit <http://www.thriverenewables.co.uk/for-investors/buying-and-selling-shares/recommended-share-price/>



KPI's	2016	2015
Turnover	£13.54m	£15.16m
Operating Profit	£2.74m	£5.13m
(Loss)/Profit (after tax and minority interests)	£(0.40)m	£2.37m
Total investors	6,265	5,700
Directors' Recommended Share Price	£2.35	£2.18
Dividend proposed/paid	4p	4p
Health and safety incidents	0	0
Homes Equivalent of renewable electricity generated ¹⁰	37,000	41,187

¹⁰ Calculated using the most recent statistics from the Department of Business, Energy and Industrial Strategy (BEIS) showing that annual UK average domestic household electricity consumption is 3,994kWh.

The growth of the portfolio is also monitored with the target of achieving 125MW by 2020. We were below target in 2016, but in line by February 2017. We are maintaining safe operations, constructive community engagement, and acceptable levels of complaints.

Our performance against last year and budget suffered mainly because of the lower than forecast wind resources, although technical issues in the portfolio also contributed to the shortfall. Managing operating costs, reducing debt costs and enhancing the electricity prices received did not compensate for the 19% shortfall in generation. We continue to make progress towards growing our portfolio and investor community.

MARKET OUTLOOK

Earth's 2016 surface temperatures were the warmest since modern record keeping began in 1880, according to independent analyses by NASA and the National Oceanic and Atmospheric Administration (NOAA). 15 of the warmest 16 years on record have now occurred since 2001¹¹.

Globally-averaged temperatures in 2016 were 0.99 degrees Celsius warmer than the mid-20th century mean. This makes 2016 the third year in a row to set a new record for global average surface temperatures.

15
OF THE WARMEST 16
YEARS ON RECORD
HAVE NOW OCCURRED
SINCE 2001



¹¹ <http://www.bbc.co.uk/news/science-environment-38652746>

¹² <https://www.nasa.gov/press-release/nasa-noaa-data-show-2016-warmest-year-on-record-globally>

¹³ http://unfccc.int/paris_agreement/items/9444.php
144 countries as at 5th May 2017

¹⁴ https://www.theccc.org.uk/wp-content/uploads/2015/11/Fifth-Carbon-Budget_Executive-Summary.pdf

“ 2016 is remarkably the third record year in a row in this series. We don't expect record years every year, but the ongoing long-term warming trend is clear. ”

Gavin Schmidt, Director
Goddard Institute for Space Studies

The planet's average surface temperature has risen about 1.1 degrees Celsius since the late 19th century, a change driven largely by increased carbon dioxide and other human-made emissions into the atmosphere¹².

The fight against climate change gained significant political traction with the ratification of the Paris Agreement in November 2016. In total 144 of the world's 197¹³ countries committed to a long-term goal of keeping the increase in global average temperature to well below 2°C (above pre-industrial levels), and to strive to limit the increase to 1.5°C.

Reassuringly, the UK is one of those 144 countries that ratified the Agreement. Additionally, the Climate Change Act requires the UK's greenhouse gas (GHG) emissions in 2050 to be 80% lower than 1990 levels. And we're making progress, with a 36% reduction by 2014 (compared to 1990's levels).

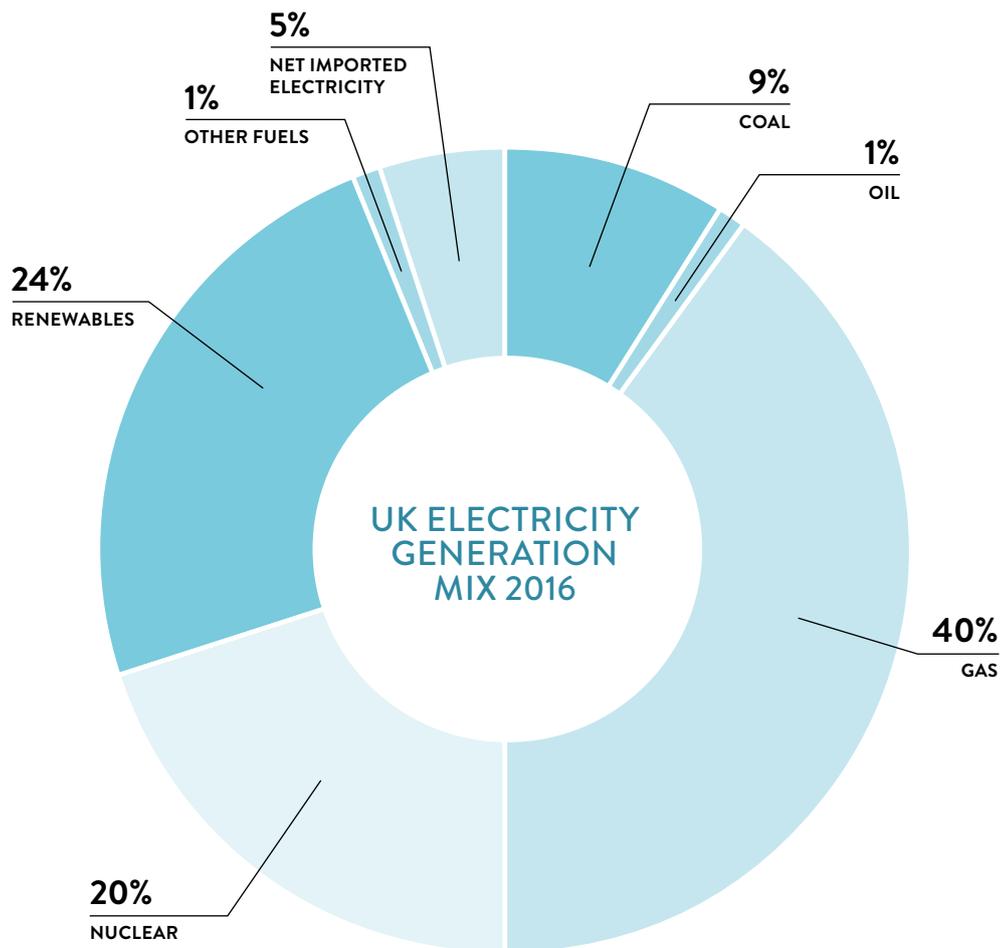
The UK's Fifth Carbon Budget, adopted at the end of June 2016, sets out a cost-effective pathway to achieve a 57% decrease in GHG emissions against 1990 levels by 2030¹⁴. The Paris Agreement and the Fifth Carbon Budget look set to progress despite political events that might suggest otherwise – such as the change in the UK's Prime Minister, the Brexit referendum and the election of Donald Trump as President of the USA. Climate change has been acknowledged as an issue, and the UK government is committed to contribute to addressing it.

UK ENERGY AND REDUCING GHG EMISSIONS

In the context of GHG emission reductions related to energy, the UK government's plan includes addressing electricity generation, carbon capture and storage, sources of heat, energy efficiency and transport.

“Progress towards cleaner electricity generation has been good, with a reduction in the consumption of coal and an increase in generation from renewable sources from 5.5%¹⁵ in 2008 to 24% in 2016 as shown in the chart below. Shareholders in Thrive Renewables are contributing to this revolution.”

Matthew Clayton, Managing Director, Thrive Renewables

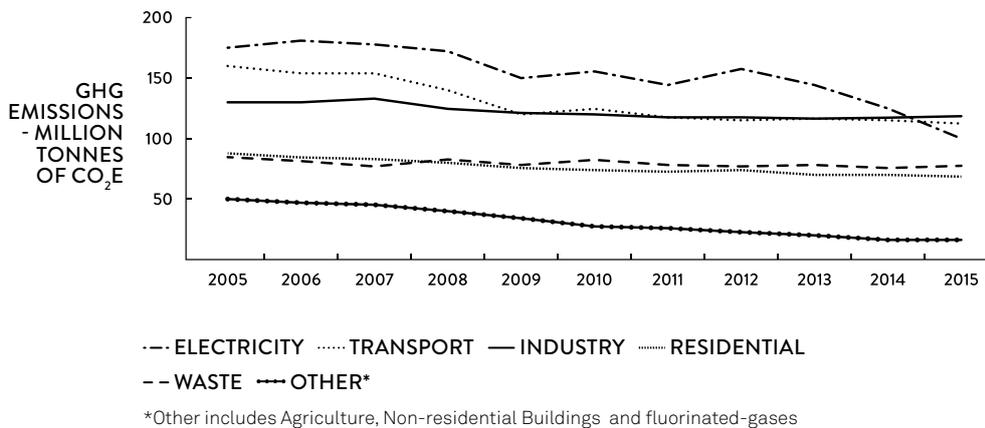


¹⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/65896/1_20090729135638_e____dukes60.pdf

However, progress in other areas has been relatively slow. As illustrated in the chart below, transport, energy efficiency and heat have delivered little change towards a less carbon intensive future.

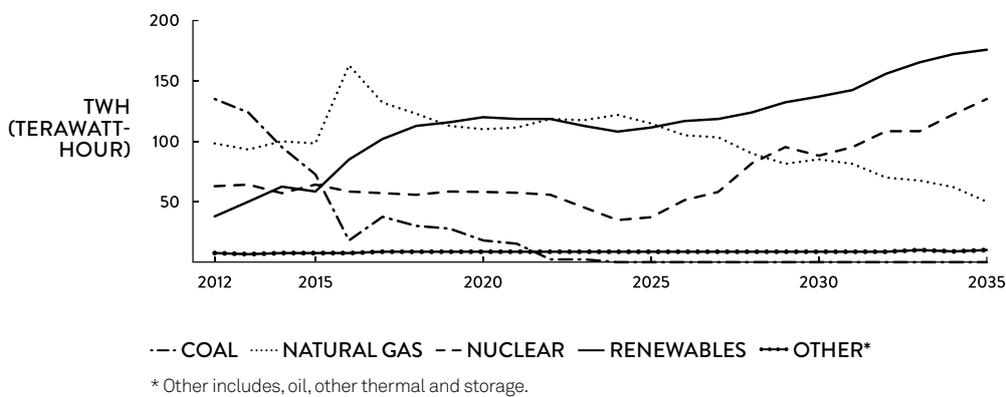
Looking ahead, low carbon electricity will be key to meeting heat (air and ground source heat pumps) and transport (electrification of railways and electric vehicles) emission reductions. It is therefore crucial that we continue the transition towards a cleaner electricity system.

UK GHG EMISSIONS BY SECTOR (2005-2015)¹⁶



The UK government's projected transition to a low carbon energy mix between now and 2035 involves a doubling of renewable electricity generation with an accompanying 60%+ reduction in gas generation and the retirement of conventional coal by 2022.

PROJECTION OF ELECTRICITY GENERATION (TWH)¹⁷



¹⁶ BEIS (2016): Provisional GHG statistics for 2015; BEIS (2016): Final GHG statistics for 1990-2014; CCC calculations

¹⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/599539/Updated_energy_and_emissions_projections_2016.pdf

RAPID GROWTH IN RENEWABLES

The early closure of the Renewables Obligation for new projects may appear to counter the objective of doubling the contribution made by renewable generation. The removal of support for onshore wind, solar PV and hydro demonstrates the success of these technologies, but to a certain extent is unhelpful for their continued growth and deployment (which represent some of the cheapest means of generating electricity available). However, progress in the cost reduction of generation from renewable sources has been rapid. The speed of deployment, the falling costs of equipment and installation, the electricity grid reinforcement (largely paid for by renewable projects), and the movement from a centralised generation system to distributed generation have been the great achievements of the renewable energy sector over the last 20 years. With renewables generating 24%¹⁸ of the UK's electricity in 2016, the contribution is clear.

WITH RENEWABLES GENERATING



MOVING BEYOND SUBSIDIES

As a result of this success, the race is on globally to deliver renewable electricity to the grid without subsidy, at parity with the cost of 'conventional' generation. The cut in benefits for new projects may be two or three years premature, but is perhaps the catalyst required to break through cost parity and enable renewable electricity to

become the cheapest source of electricity available. The recognition of renewable electricity achieving parity would be accelerated if the support mechanism playing field throughout the energy sector was levelled. At the moment, policy is biased towards certain technologies. For example, the price of £100 MWh¹⁹ (plus inflation) being offered to Hinkley Point C nuclear power station, appears somewhat high relative to the cost of renewables. Also the tax breaks and subsidies offered to the fossil fuel sector have been estimated by the International Monetary Fund to be six times the level of support offered to renewables²⁰.

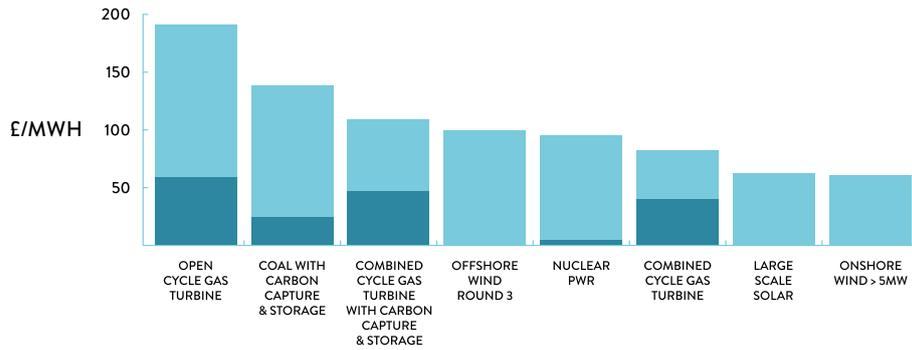


¹⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/604690/Energy_Trends_March_2017.pdf

¹⁹ Feed in Tariff Strike price of £92.50 in 2012 prices indexed with RPI to £100.28.

²⁰ <http://www.imf.org/external/pubs/cat/longres.aspx?sk=42940.0>

GENERATION COST ESTIMATES 2025²¹



■ DEVELOPMENT, OPERATION AND DECOMMISSIONING COSTS ■ FUEL COSTS

GENERATION SUPPLY AND DEMAND

The generation cost estimates illustrated in the chart above clearly show that solar and wind will soon be the cheapest options available. They will soon undercut gas fuelled generation, and offshore wind can already compete directly with nuclear. While wind and solar are becoming the lowest cost options, demand for electricity isn't tied to wind, sun or full reservoirs. We need a responsive electricity supply that can perfectly synchronise demand and supply every second of every day. We have made much progress in how we source our power (less coal, nuclear, gas and oil, and more wind, sunlight and rainfall), which we now must match by addressing the challenge of variable supply and flexible demand.

In the immediate term, the required flexibility is being provided by more conventional sources of electricity. However, in the coming years, this picture will evolve in two ways.

- First, the integration of storage into the electricity system will allow the fine balance of demand and supply to be better managed. The system will be able to make the most of periods of abundant renewable energy generation, storing surplus power and releasing it back to the grid when demand is greater than supply.

- The second material change is to encourage more flexibility on the demand side. Major industrial consumers are already incentivised by price to reduce demand when the grid is close to capacity and increase demand when surpluses arise (ie. when natural resources are particularly abundant).

The idea of smarter consumption is to manipulate demand for power to avoid expensive and carbon intensive spikes. By reducing these extremes of demand, the system requires less electricity generation capacity (the peaks in demand will be shaved off), less contingency in the grid and network infrastructure, and ultimately greater utilisation of lower cost and clean renewable energy resources.

Although we – as conscious consumers – can 'manually' manipulate demand by aligning our energy use to off peak times, it is important this flexibility gets built into the system. These simple improvements will optimise everyone's use of renewables to deliver the majority of power to the grid more often, therefore reducing the environmental and financial cost of our demand for electricity.

WITH OR WITHOUT GOVERNMENT SUPPORT

Despite the changes introduced, initially reducing and now removing the benefits for onshore wind, hydro and solar PV, the government continues to honour the commitments made to those projects which have already qualified for support.

²¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/566567/BEIS_Electricity_Generation_Cost_Report.pdf

Therefore our Directors are confident that the 17 operational projects in our portfolio will continue to benefit from the support for which they have qualified. They are also confident the 2 projects currently under construction will receive the support for which they are pre-accredited; they qualify for grace periods as a result of the timing and circumstances of their development. Going forwards, Thrive Renewables will invest in projects that either qualify for support because of a grace period, or in projects whose feasibility is not contingent on government support.

The planned replacement support mechanism for low carbon electricity generation is called Feed in Tariff Contracts for Difference (FiT CfD). These offer generators long-term price certainty once they are built. However, presently, the FiT CfD auction processes have had unpredictable timetables, and have focused on a narrow group of technologies, rather than seeking the least cost solutions. This has made it challenging for

proven technologies - such as onshore wind, solar PV and hydro - to participate.

BREXIT IMPLICATIONS

The BREXIT referendum in June 2016 created much speculation about the likely impacts on the UK economy. Despite the triggering of Article 50, there is still little clarity on what the UK's relationship with Europe will look like in the years ahead. However, the Directors remain confident in a healthy future for Thrive Renewables.

- The underlying purpose of Thrive Renewables is to contribute to the challenge of addressing climate change. The UK ratified the Paris Agreement in November 2016 and further committed to the Fifth Carbon Budget in June 2016, both demonstrating a clear commitment to continued reductions in the emission of greenhouse gases (GHG). The transition to a smart energy system underpinned by renewable energy continues to represent one of the fastest and cheapest ways to deliver GHG emission reductions.



- Our portfolio relies on wind, rain and solar radiation to generate electricity; BREXIT will not impact the availability of these resources.
- Our revenues are derived from the generation and sale of electricity. The Group receives support under the Feed in Tariff (FiT) and sale of Renewable Obligation (RO) Certificates in addition to the wholesale electricity price in exchange for the electricity generated. The split between support and wholesale income is 52:48. The government continues to honour their commitments under the FiT and RO. International oil and gas prices have an impact on the wholesale electricity price, with over 40% of the UK's electricity being generated using gas. Almost 5% of the UK's power was imported from Europe via subsea interconnectors in 2016. The combination of gas being traded in, and imported electricity being priced in Euros means that the wholesale electricity price is influenced by the Sterling/Euro exchange rate.

In the 3 months following the referendum in 2016, when the Pound was weak against the Euro, electricity prices increased by 15% against the previous 3 months²², which was largely attributable to exchange rate movements²³. The BREXIT process and other world events will continue to have an impact on the currency exchange rates, and therefore wholesale electricity prices. Thrive mitigates wholesale electricity price risk through power sales agreements which benefit from price floors, fixed pricing and indexation.

- It has been speculated that long-term borrowing rates could be more volatile as a result of the BREXIT process. At the end of 2016, Thrive Renewables had £63.4m of debt within the Group. The Group's companies routinely mitigate exposure to interest rate movements. 88% of the Group's debt interest rate exposure is fixed through hedging.

²² Ofgem

²³ Poyry Independent Market Report Q1 2017



- We may have issues with technology availability and access to suitably qualified and competent contractors. The majority of the Group's electricity generation equipment has been supplied by European companies. The major components are manufactured and sourced from the global equipment markets. As the UK's renewable sector continues to grow, expertise is increasingly locally available for the operation and maintenance of equipment.
- There is an increased exchange rate risk. In addition to the impact of exchange rate on electricity prices described above, much of Thrive's capital equipment (generation equipment) is purchased in Euros. When entering the procurement agreements for this equipment, Thrive hedges its exposure to exchange rate movements.
- In the context of BREXIT, a move to greater energy independence and security of supply may be considered attractive. Renewables can be deployed quickly, do not require imported fuels, and represents some of our lowest cost energy, all of which are attractive attributes in the context of a more independent Britain.

While the uncertainty created by the BREXIT process is unhelpful, the Directors do not presently see any additional material risks to Thrive.

MEASURING OUR IMPACT

We measure the environmental and social impact of our renewable energy projects alongside their financial performance because it is crucial that we generate positive impact as well as financial rewards.

As well as knowing their investment is good for the environment and helping to support communities close to our sites, Thrive investors, and their families, can engage and be part of our impact.

Your Thrive shares make a difference

Our website now includes an impact calculator so you can quickly see the environmental impact of your shareholding. Visit www.thriverenewables.co.uk/calculator and enter the number of shares you own to calculate your impact.

²⁴ Method used for calculations:

CO₂e saved

CO₂e, or carbon dioxide equivalent, is a standard unit for measuring carbon footprints. The idea is to express the impact of each different greenhouse gas in terms of the amount of CO₂ that would create the same amount of warming.

<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2016>

CO₂ Reductions (p.a.) in Tonnes

CO₂ Reductions (p.a.) in Tonnes BEIS's carbon saving figure (Conversion factors 2016) of 412.05g/kWh. Carbon reduction is calculated by multiplying the installed wind energy capacity in megawatts by the average (onshore + offshore) load factor as a fractional percentage of 1 (e.g. 0.2842), multiplied by the number of hours in the year (8760), multiplied by the number of grammes of CO₂ saved per kilowatt hour, divided by 1000 (to align the units, as grammes of CO₂ is expressed in kWh). So for a generic 2MW turbine: $2 \times 0.2842 \times 8760 \times 412.05 / 1,000 = 2,051.67$ tonnes of CO₂ per year, assuming an average load factor (onshore + offshore) of 28.42%. See more at:

<http://www.renewableuk.com/page/UKWEExplained>

Homes Powered Equivalent

Homes Powered Equivalent (per annum) <http://www.renewableuk.com/page/UKWEExplained>

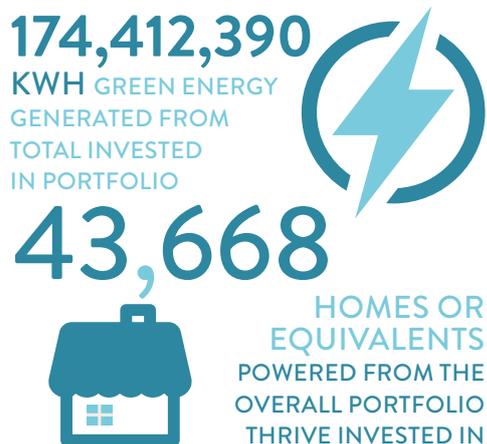
Calculated using the most recent statistics from the Department of Business, Energy and Industrial Strategy (BEIS) showing that annual UK average domestic household consumption is 3,994kWh.

²⁵ Calculated using the entire invested portfolio (including the projects in which Thrive has partial share or provided the mezzanine loans).



OUR ENVIRONMENTAL IMPACT²⁴

During 2016, our renewable energy portfolio generated 147,778MWh. Our total invested portfolio (ie. including projects we part own or have helped fund) generated 174,412MWh. This is equal to avoiding the emissions of approximately 60,892 tonnes of CO₂e from the owned portfolio (2015: 72,876 tonnes) and 71,866 tonnes of CO₂e from the total invested portfolio. This translates to 12.83²⁵ tonnes of CO₂e saving per year per average shareholder (based on 3,940 shares). The UK national average of CO₂e emissions generated per person is 7.1 tonnes.



OUR EDUCATIONAL IMPACT

We believe it is essential to engage with communities around our projects, helping groups and individuals to learn more about renewable energy and the sites they live close to.

THRIVE WIND FARM OPEN DAY

During 2016 we welcomed over 200 local residents and Thrive investors to the Ransonmoor wind farm site in Cambridgeshire. Our open days are aimed at families with fun, educational activities ranging from The Wind Farm Game (@WindFarmGame) and ExplorerDome (@ExplorerDome) to face painting, wind farm crazy golf and local organic ice cream and refreshments. Our public events enable adults and children to ask questions directly to our team and to dispel common myths about renewable energy. Thrive investors and local residents speak about the day:



“Very informative and answered all of our questions. I’ve a lot more of an idea of how it all works. It’s nice to talk to someone one-to-one.” The Herring family.

“For us it’s all about investing for the future in the right way. It’s making a contribution to sustainability and it’s all about the future.” Clare Henry - Investor with partner Jack Easton.

Visit our website news section to learn more and see some pictures from the day.

THE EXPLORERDOME SHOW

ExplorerDome delivers a mobile, inflatable planetarium show commissioned by Thrive. It offers a free educational experience about the environment and renewable energy - with a focus on local wind farms. Each year, the ExplorerDome team travels from Bristol to visit primary schools close to our sites around the country.

In May 2016, they went to Strichen School, Aberdeenshire, Scotland and facilitated a full day of renewable energy shows for the children. This event came just after operations started on nearby wind farm sites at Auchtygills and Clayfords during the successful Buchan bond raise.

In September 2016, the ExplorerDome made a visit to the Lionel Walden School in Doddington, Cambridgeshire – close to our Boardinghouse, Ransonmoor and March sites. Again, the team put on a full day of renewable energy shows – here are some thoughts from a few of the children who took part:

“I enjoyed seeing the stars and the wind turbines. We used torches to help us see in the dark. I loved everything about it and would love to do it all again soon!”
- Amber (Year 6)

“It was excellent and made me think a lot about the stars and planets. I learnt about energy-saving and I now know that wind turbines are even more important than I first thought! I would watch it all over again!” - Kira (Year 6)

The day after the Doddington school visit, the ExplorerDome supported our annual open day at the nearby Ransonmoor site. The day helped to raise awareness of renewable energy and provided information and education on the benefits and efficiencies of wind power.



As part of our AGM in June 2016, shareholders were able to visit the 10.25MW Boardinghouse wind farm following official business. This was well received and allowed shareholders to see first-hand what their investment can achieve.

OUR SOCIAL IMPACT

COMMUNITY BENEFIT PAYMENTS

In line with the planning consent for a number of our sites, Thrive make annual community benefit payments which are administered locally to support a wide range of valuable initiatives. This year, amongst other things, the community benefit funds have facilitated the installation of two potentially life-saving defibrillators in rural locations, with training for nearby residents on using them. They have also contributed expenses for student participation in worthwhile overseas volunteering, and part-funded an extension to a community meeting space. The community benefit payments have also supported a range of opportunities for young people in sports, art and music.

OUR COMMUNITY BENEFIT PROGRAMME

As a responsible operator, we run an annual Community Benefit Programme for communities close to our sites, which is administered by the national energy charity, Centre for Sustainable Energy (CSE). The Community Benefit Programme exists to facilitate energy improvements to community spaces local to our sites. Building representatives can apply for up to £4,000 to make these improvements, which may include insulation, draught-proofing, thermostat controls and lighting. This decreases energy use, making the community spaces more cost effective to operate. It also makes the buildings more comfortable for users, and more accessible to vulnerable groups who may rely on it. The programme also offers advice on free measures that could be adopted to further improve impact.

The programme was fully committed during 2016. Eight buildings around the UK made a range of improvements, managing their

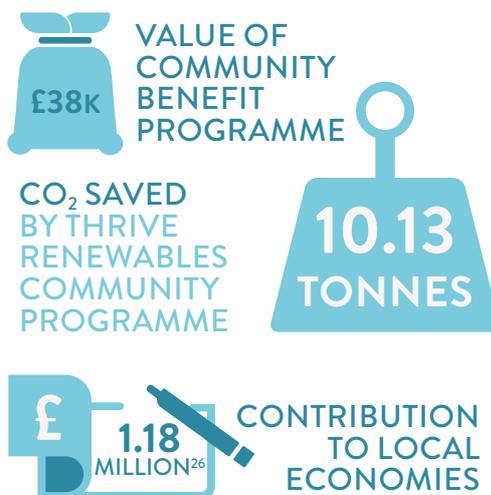
energy costs more effectively and passing on cost savings to local groups that use the spaces. In addition, advice from CSE in the application process, including in enquiries and downloaded material, further enhances energy awareness and facilitates zero-cost measures (such as switching off lights or adjusting heating controls).

A representative of the Victoria Institute in Caton, Lancashire (based near our Caton Moor site) spoke about the improvements to their local hall:

“I must tell you that there is a very real improvement in the warmth and comfort in the Institute without turning up the heating or using additional heaters. Parts of the building are much less draughty and overall feel warmer since the installation of the two doors and window.”

These grants fill a gap between domestic and commercial funding. The impact of this programme is far-reaching, because it provides well-placed information for the local community about both our nearby project and energy-saving measures that could work in their own homes. Because of its success, we have extended the programme into 2017.

News about our events, sites and impact are posted on our website and sent out in a regular email newsletter. You can sign up to receive these newsletters at www.thriverenewables.co.uk/newsletter



²⁶ Includes business rates, land rental and community benefits

OPERATIONS

OPERATIONAL REVIEW

UK OVERVIEW OF RENEWABLE GENERATION

The contribution from renewables remains higher than coal or nuclear powered electricity. The reduction in renewable generation from 83.6TWh to 82.8TWh²⁷ can be attributed to lower than average windiness, rainfall and sun hours, impacting the three main renewable technologies wind, hydro and solar power.

A BELOW AVERAGE WIND YEAR

The wind resources were particularly low in the Autumn of 2016, with average wind speeds 1.7 knots below the 10-year average. We had the calmest October for 16 years. Similarly, there was half as much rainfall in the fourth quarter of 2016 compared to 2015.



The UK's renewables capacity increased by 14% (4,200 MW) during 2016 to a total of 34,700MW. Despite this growth in capacity the proportion of renewable electricity delivered to the UK grid reduced marginally to 24.4% in 2016 from 26.6% in 2015.²⁸

OUR OPERATIONAL RESULTS

The exceptional weather conditions in 2016 had an impact on the amount of electricity generated by the Company's portfolio, producing 147,778MWh in 2016, 12.8% lower than the 169,485MWh generated in 2015.

The impact on the Company's generation of the below average natural resources was exacerbated by a series of outages at our largest project, Caton Moor. This occurred in the winter 2015/16, following the flooding in the north west of England. The flooding damaged the regional electricity distribution infrastructure, which is required for the export of electricity from the site. Additionally, a protracted stoppage at Ness Point wind farm while the generator was replaced also contributed to lower generation in 2016.

The Directors have not changed their long-term view of the productivity of the portfolio and continue to base forecasts on long-term analysis prepared by industry experts.

²⁷ UK statistics in this section taken from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/604690/Energy_Trends_March_2017.pdf

²⁸ 1TWh (Terawatt hour) equals 1,000,000,000 kWh (kilowatt hour)

COMPARISON OF 2016 GENERATION AGAINST 2015

SITE	GENERATION COMMENCED	GENERATION 2016 MWH	GENERATION 2015 MWH	GENERATION CHANGE %	SITE INFORMATION
Beochlich	1998	3,404	3,224	5.6%	Damage to the pipe running between the reservoir and power house interrupted production in June. It coincided with a season of low rainfall and was repaired quickly.
Haverigg II*	1998	3,952	4,417	(10.5)%	The technical "availability" of the turbines (time the turbines are available to generate if the wind is blowing) was 96.9%. The reduced generation was entirely due to lower wind resource.
Sigurd	2001	4,200	4,828	(13.0)%	The fall in generation in 2016 was primarily due to lower than forecast wind resource during the year. However, a recurring fault with the gearbox oil cooling during December also contributed. This needed ongoing investigation at year end.
Caton Moor	2006	36,279	44,274	(18.1)%	Major flooding at the end of 2015 made national news headlines and damaged equipment at the nearby grid operator's sub-station. As well as interrupting the power supply to tens of thousands of local homes the damage interrupted our ability to export reliably until the repairs were made. Unfortunately, this coincided with the best of the wind during a generally low wind yield year.
Ness Point	2005	2,597	6,014	(56.8)%	A fault with the generator at the start of the year, which coincided with the best wind speeds of the year, meant the project could not generate until the fault was addressed.
Wern Ddu	2010	18,985	24,644	(23.0)%	The majority of the difference from previous years was due to low wind resource.
Kessingland	2011	12,281	14,199	(13.5)%	One of the turbines is sited in Africa Alive! wildlife park - a popular tourist attraction. The lower generation in 2016 was largely due to lower wind speeds during the year.

* generation from the site calculated in proportion to Thrive Renewables' ownership and does not include the mezzanine loan investments.

SITE	GENERATION COMMENCED	GENERATION 2016 MWH	GENERATION 2015 MWH	GENERATION CHANGE %	SITE INFORMATION
Dunfermline	2011	2,362	3,241	(27.1)%	Dunfermline is located at the Pitreavie Business Park – an existing industrial area. It directly supplies a local manufacturing company who benefit from rental income and stable electricity price as well as an environmentally friendly electricity supply. The lower generation was due to lower wind speeds.
Eye	2013	11,722	14,093	(16.8)%	Thrive sells electricity from these turbines directly to a long-established family business on the industrial estate. Any excess is exported to the grid. Technical availability was good and the difference is attributed to lower average wind speeds during the year.
Ransonmoor (Fenpower)*	2013	5,062	6,699	(24.4)%	Thrive Renewables owns 24.9% of this project – an investment that allowed the original developer to progress their next project and new capacity in Boardinghouse wind farm. In September 2016 we were delighted to host a public open day at Ransonmoor and welcomed over 200 guests including local families and investors in Thrive Renewables. Technical availability was good and the year on year difference is attributed to lower average wind speeds.
Severn	2013	17,989	21,312	(15.6)%	<p>The site is constructed on a large waste water treatment plant in one of the largest dock areas in Europe. Look out for the project if you are passing Bristol on the M5 motorway. The difference is attributed to lower average wind speeds during the year.</p> <p>A data feed from the project allows live generation to be shown on our new web site at www.thriverenewables.co.uk/avonmouth - a web page that can become addictive on windy days!</p>
March	2014	4,119	4,664	(11.7)%	As another merchant project, Thrive Renewables own and operate this turbine adjacent to the Cambridgeshire facility of Greenvale AP, a supplier and packer of fresh, quality potatoes. The lower generation was due to lower wind speeds.

SITE	GENERATION COMMENCED	GENERATION 2016 MWH	GENERATION 2015 MWH	GENERATION CHANGE %	SITE INFORMATION
Auchtygills	April 2015	2,141	1,192	80%**	The Auchtygills and Clayfords sites each have a capacity of 800kW. They are unusual in that Thrive Renewables developed these projects from scratch rather than investing after the initial development work.
Clayfords	April 2015	2,010	1,400	44%**	
Boardinghouse*	May 2015	20,675	15,284	35%**	Thrive Renewables own a 75% stake in this project. Our investment allowed the original developers to stay involved and for the project to benefit from their experience of the development process on into operations.
Total		147,778	169,485	(12.8)%	

* generation from the site calculated in proportion to Thrive Renewables' ownership and does not include the mezzanine loan investments.

** 2015 was not a full year of generation.

HEALTH AND SAFETY

There were no accidents or incidents notifiable to the Health and Safety Executive (HSE) during 2016 on Thrive Renewables' operational or construction sites (2015 – none). Continuous engagement with staff, contractors and workers on site has provided valuable input to improvements in our site rules and safety arrangements. We remain committed to ensuring compliance with regulations and industry good practice.

In March 2016, Thrive Renewables became fully independent of Triodos Bank. We took the opportunity to review our internal health and safety policy to ensure arrangements incorporated elements previously covered by our management services agreement.

MANAGEMENT OF OPERATIONAL ASSETS

A positive impact of recent changes in government support for selected renewables (particularly subsidy mechanisms and planning policy for onshore wind) has been a renewed industry

focus on the efficiency and longevity of operational assets. Thrive Renewables has taken a scalable approach to working with third-party industry specialists for many years – they bring expert technical knowledge and experience to our diverse portfolio. Today we find there is more choice of providers in this field than ever before. External engagements are supported by robust internal procedures and resourcing to support a portfolio that continues to grow, but which is also adapting to current policy with consideration of solar assets, storage and asset life extension.

There is now a live feed of generation from some of our projects onto our new web site – have a look at www.thriverenewables.co.uk/projects

NEW PROJECTS

GEVENS WIND FARM

In November 2015, Thrive agreed a £2.7m mezzanine finance facility with Renewable Energy Ventures (Gevens) Ltd (REVG). REVG have successfully secured all the required rights and permits to build a 6.9MW wind farm in Fife, Scotland, close to Camilla Loch and Loch Gelly. We have provided the

capital to plug the funding gap between the bank debt and the project costs. The project reached financial close in December 2015 and commenced generation on schedule in September 2016.



GREEN BREEZE ENERGY LIMITED

Thrive Renewables has entered a 50:50 joint venture with an experienced Scottish developer called GreenPower. In July 2016 the Company jointly acquired Green Breeze Energy Limited, a company with rights to construct Drumduff Wind Farm. This three-turbine project is located on an old, disused open cast coal mine to the north of Blackridge in West Lothian. Construction has commenced and is due to be completed with the first export to the grid in early summer 2017. The financial close on the project was achieved on 24 January 2017 having agreed the turbine supply agreement, civil and electrical contract and the senior debt funding package from Santander UK.

We are expecting the project to qualify for Renewables Obligation Certificates (ROCs) under the investment grace period. Energisation is planned for summer 2017 ahead of the deadline for ROC qualification in January 2018. Once built, the 6MW project is forecast to generate enough renewable electricity to meet the annual demand of 5,400 UK homes.

BROTHERTON

On 26 January 2017, Thrive Renewables agreed a £1.48m mezzanine finance facility with Renewable Energy Ventures (Brotherton) Ltd (REVB) through its subsidiary Brunel Wind Ltd. REVB have successfully secured all the required rights and permits to build a 4.6MW wind farm located within the Brotherton Estate near Johnshaven in

Aberdeenshire, Scotland. Thrive Renewables has provided the capital required for the project construction in combination with senior debt and the developer's own equity. The project is progressing ahead of schedule and it plans to start delivery of electricity to the grid by end of June 2017. The two 2.3MW Enercon E82 turbines are just under 100 meters tall and when fully operational are expected to generate enough renewable electricity to meet the annual demand of 3,154 UK homes. We are expecting the project to qualify for Renewables Obligation Certificates (ROCs) under the investment grace period. The deadline for the qualification is 31 January 2018.

SHERIFFHALES

In February 2017, Thrive Renewables invested in a solar PV project by providing a £1.7m mezzanine loan to the Community Interest Company (CIC) that owns the operational solar project Sheriffhales, located in Shropshire. This is the first time that Thrive has invested into a CIC structure, which is a new form of legal entity introduced specifically to facilitate community ownership. The CIC is managed by Mongoose Energy and a community share issue is planned to launch within the next 12 months. Banks typically lend 70-80% of project capital costs, with developers or communities still needing to find the remaining 20-30%. Our investment was therefore key for the CIC acquiring this asset, and the community now has time to raise the funds and acquire shares in the project.

Over the coming months, the community will be invited to get involved in the 3.174MWp solar farm and establish a rewarding connection with the site. The site is expected to generate enough renewable electricity to meet the annual demand of 796 UK homes.



FINANCE

FINANCIAL REVIEW

The Group results are a statutory pre-tax loss of £891,000 for the year ended 31 December 2016 compared to a pre-tax profit of £2,310,000 in 2015 (after positive impact of IFRS transition adjustments of £249,000). The statutory results under IFRS include movements on the fair values of financial instruments (loss of £603,000 in 2016 and a gain of £249,000 in 2015). Excluding the impact of market-based financial instrument gains and losses, the underlying pre-tax loss in 2016 was £287,000, decreased from a profit of £2,061,000 in 2015. This result was affected by a number of factors:

- The existing portfolio experienced reduced availability and wind speeds amounting to 34,882MWh of decreased generation compared to 2015 (21%).

- The net impact of the increased capacity and the reduced generation was £1,617,000 reduction in revenues from the previous year due to poor wind speeds.
- Additional costs from the increased capacity were £745,000 direct costs, £25,000 additional administrative cost, £172,000 net interest costs and £20k reduction in share of associated profits. Increased interest receivable from the loans provided to developers was £230,000. This totalled £732,000 additional costs.
- The net impact compared to 2015 was a decrease in pre-tax profit of £2,349,000.

The reduction in output occurred despite the full year addition of Auchtygills, Clayfords and Boardinghouse which was projected to have contributed 13,175MWh (6%) of increased generation.

	2016 £	2015 £	2014 £	2013 £
(Loss)/Profit before tax before adjustments	(287,249)	2,061,394	1,659,446	1,732,256
Fair value adjustments	(603,305)	248,530	(1,755,174)	(144,245)
(Loss)/Profit before Tax under IFRS	(890,554)	2,309,924	(95,728)	1,588,011

The trading results for the financial year and the group's position at the year-end are shown in the attached financial statements and a summary of turnover by operating site is as follows:

TURNOVER SUMMARY BY OPERATING SITE

SITE	DATE ACQUIRED	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Beochlich	1998	288	313	242	342	335	243	207
Haverigg II	1998	364	433	416	375	360	280	208
Ness Point	2005	224	561	605	440	580	485	574
Caton Moor	2006	2,861	3,439	3,604	3,571	3,030	3,790	2,305
Sigurd	2006	365	265	202	189	206	185	172
Wern Ddu	2009	1,551	2,138	1,843	1,946	1,744	2,129	1,010
Kessingland	2010	1,470	1,703	1,680	1,522	1,528	746	-
Dunfermline	2011	411	589	513	494	472	61	-
Eye	2012	1,258	1,446	1,599	1,034	-	-	-
Severn	2012	1,443	1,752	1,634	190	-	-	-
March	2013	661	747	95	-	-	-	-
Auchtygills	2007	268	144	-	-	-	-	-
Clayfords	2007	249	165	-	-	-	-	-
Boardinghouse	2014	2,122	1,457	-	-	-	-	-
Other	N/A	7	6	-	-	-	-	-
		13,541	15,158	12,433	10,103	8,255	7,919	4,476

On 31 December 2016, the Group held £18,566,000 of cash compared to £8,229,000 in 2015. This is an increase on the previous year as a Company bond closed in December 2016 and investments were then made in 2017 (see post Balance Sheet Events note). Cash reserves are held in the business for working capital requirements and debt service reserves. The Group's net debt at 31 December 2016 was £44,798,000 (2015: £47,853,000), a decrease of £3,055,000 over the previous year as a result of repayments of debt financing and cash generated from renewable assets. The ratio of net debt to fixed assets at 31 December 2016 was 52% compared to 54% in 2015.

Despite poor financial and operating performance in 2016, the Directors still consider that Thrive Renewables remains in a strong financial position to progress in the future.

GOING CONCERN

Thrive Renewables operates within the electricity industry, which is subject to both high-level regulation and long-term government support. The Group owns operational capital assets and has the benefit of long-term contracted revenues with electricity companies. The Directors

consider that these factors provide confidence over future forecast income streams. In addition, the Directors consider that Thrive and the Group have sufficient cash funds and finance facilities available for their ongoing operations.

After due consideration, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a number of financial risks including price risk, interest rate risk, credit risk, foreign exchange risk, operating risk and changes in government policy. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provides written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

PRICE RISK

Thrive Renewables is reliant on market wholesale electricity prices at its largest three sites, Caton Moor, Boardinghouse and Wern Ddu. To mitigate this risk, we negotiate long-term power price agreements (PPAs) with price fixing mechanism and 'floor' prices to protect our downside risk. Certain aspects of our financing arrangements require the Group to enter into Retail Price Index (RPI) swaps to manage an element of risk relating to changes in the RPI rate built into ROC contracts on the related sites.

INTEREST RATE RISK

Thrive Renewables uses a mixture of debt and equity to finance growth in the portfolio of operating assets. The debt financing potentially exposes the business to interest rate fluctuations. The risk has been minimised by gearing each new project at a level to allow debt repayments to be met with sufficient headroom. In most cases, long-term loans are subject to fixed interest rates that eliminate exposure to interest rate increases. Where long-term loans are not at fixed interest rates, the Group seeks to fix these through the use of interest rate swaps.

CREDIT RISK

In the event of default by a customer, significant financial loss could arise. However, Thrive Renewables will normally only consider entering into power purchase agreements (PPA) for the sale of its electricity with utility companies or government-backed contracts. With merchant projects such as Dunfermline, March and Eye, an industrial host is the primary recipient of production, and therefore the counterparty to the PPA. However, there are also power purchase arrangements in place with reputable utility companies to receive any excess power, and the entire volume in the case of default of the host.

FOREIGN EXCHANGE RISK

Thrive Renewables imports capital equipment for the construction of renewable energy projects direct from suppliers located abroad and is therefore exposed to risk from fluctuations in foreign currency exchange rates. Forward currency contracts are purchased to mitigate foreign currency exposures at the time of entering into any such contract or commitment.

OPERATING RISK

The generation of electricity involves mechanical and electronic processes which may fail under certain conditions, leading to loss of revenues and repair or replacement costs. Thrive Renewables uses tried and tested technologies backed by warranty and service packages. Generally, warranties will guarantee a level of availability for between five and fifteen years and there will normally be a fixed price or index to production for the provision of operations and maintenance. We also buy specialist insurance to seek to mitigate against any losses.

CASH AND LIQUIDITY RISK

Cash and liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The Group has cash resources available to it and prepares, in the operating entities of the Group, forecasts for the forthcoming year which indicate that in the Directors' opinion it will have sufficient resources to fund the continuation of trade.

The Group monitors cash flow forecasts on a 'rolling forecast' basis to ensure it has sufficient cash to meet operational needs while maintaining enough headroom on its undrawn committed borrowing facilities at all times so as not to breach borrowing limits or covenants.

Typically the Group ensures that it has sufficient facilities to meet foreseeable operational expenses. At the year end the group had available facilities of £18.6m (2015: £8.2m).

GOVERNMENT POLICY

The renewable energy industry receives government incentives to encourage the generation of renewable energy. While there have been numerous changes reducing the support and incentives for which new projects are eligible, the schemes for which existing projects have qualified have not been modified. This allows each project to benefit from the original support for a predetermined term. No main political party has proposed any retrospective change.

PAYMENT POLICY

It is Group policy to comply with the terms of payment agreed with each supplier rather than to follow a particular code or standard. Where terms are not negotiated, we endeavour to adhere to the suppliers' standard terms. Trade creditors relate mainly to fixed assets purchased in the year, so no meaningful 'creditor's days' calculation is possible.

Approved by the Board of Directors and signed on behalf of the Board

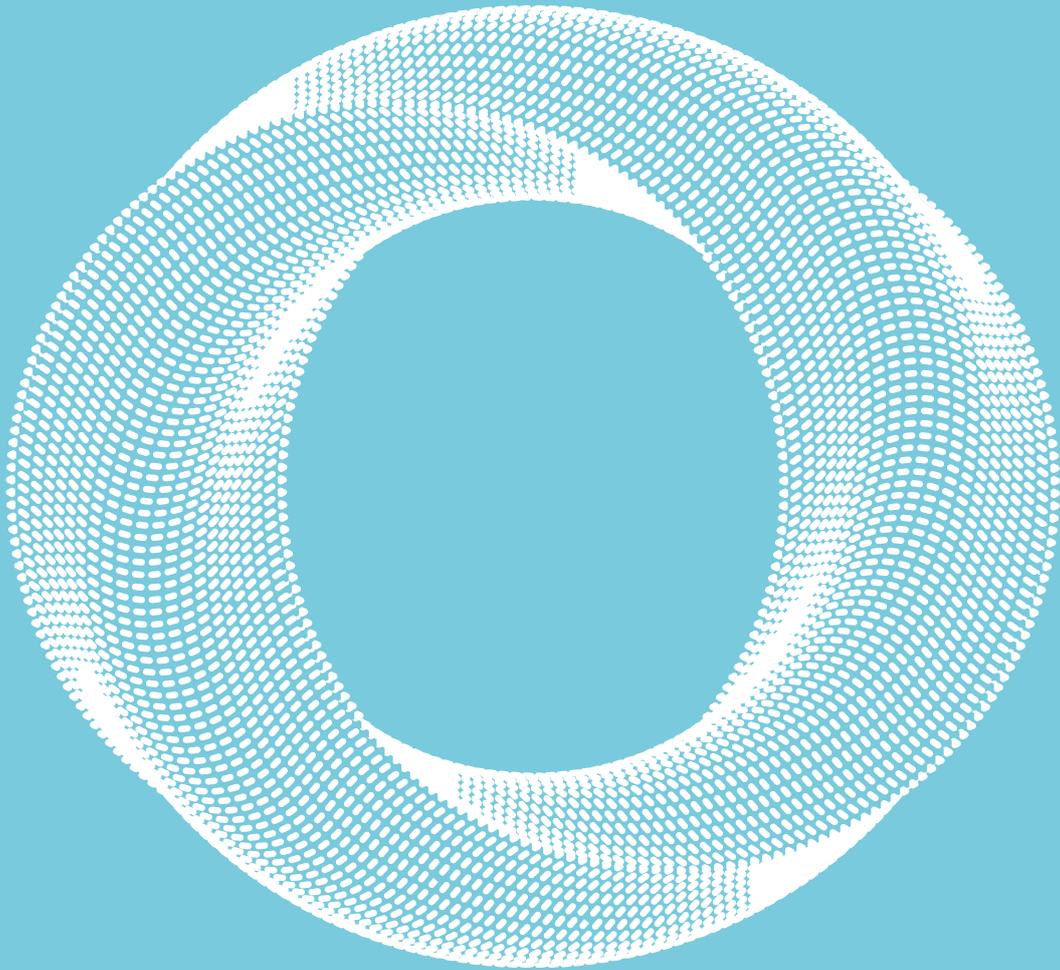


Katrina Cross
 Secretary

Thrive Renewables Plc
Deanery Road
Bristol
BS1 5AS

Tel. 0117 428 1850
info@thrivere Renewables.co.uk

WWW.THRIVERENEWABLES.CO.UK



THRIVE
RENEWABLES

Thrive Renewables plc is a public limited company,
registered in England with registered office at
Deanery Road, Bristol, BS1 5AS
(registered number 02978651)