



THRIVE
RENEWABLES



THRIVE RENEWABLES PLC HALF-YEAR REPORT | TO 30 JUNE 2016



We are pleased to present our half year 2016 operational update for the Group¹ for the half year ended 30 June 2016.

“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

LOCAL RESIDENTS VISITING THE THRIVE WIND FARM OPEN DAY IN MARCH, CAMBS

¹ Thrive Renewables Plc Group of Companies

SUMMARY

WE BECAME THRIVE RENEWABLES IN FEBRUARY 2016

The transition from Triodos Renewables to Thrive Renewables took place at the end of February 2016 following a General Meeting where our shareholders voted in favour of becoming independent from the Triodos Bank group. Since then, progress has been made with the direct employment by Thrive Renewables of the executive team, launching Thrive's own website and producing regular newsletters. Please visit our new look website www.thriverenewables.co.uk which contains a lot of useful information and is now easier to navigate. On our website you can sign up to the newsletters to be kept informed of our latest share and bond offers, renewable projects, the company and commentary on the energy sector.



SINCE COMPLETING THE TRANSITION

to Thrive Renewables, we have welcomed Triodos Bank's decision to purchase shares in the Company. Triodos Bank's investment has provided liquidity for the secondary market for shares and, by purchasing £983,000 worth of new shares (at £2.27 per share²), has also directly contributed to the continued growth of Thrive Renewables. Triodos Bank is now our second largest shareholder. Its investment demonstrates a sustained alignment of the ethos of the two companies and Triodos' continuing confidence in Thrive Renewables as a rewarding investment.

WE HOSTED OUR ANNUAL GENERAL MEETING (AGM) in March, Cambridgeshire this year.

This provided shareholders with the opportunity to visit Boardinghouse Wind farm and see both the Ransonmoor and Greenvale projects. The shareholders enjoyed seeing the result of their collective investment. Amongst a number of other resolutions, it was agreed at the AGM to pay a 4p dividend per share to shareholders, reflecting the healthy financial and operational performance of Thrive Renewables in 2015.



² The Directors Recommended Share Price



THRIVE RENEWABLES (BUCHAN) BOND

A great success!

The Thrive Renewables (Buchan) Bond offer launched in May 2016. We are delighted that over 300 Thrive Renewables' shareholders took the opportunity to invest in the bond. Also we welcomed a further 100 investors to the Thrive Renewables group, growing our community to over 5,700 individuals. As planned, the majority of the £3million raised via the bond has been allocated to the acquisition and procurement of Drumduff wind farm, making a direct contribution to growth in the portfolio. Following the success of the Bond which was fully subscribed in four weeks, we are planning to launch another Bond in Winter 2016.

£3M

RAISED VIA THE BOND

5,700

INDIVIDUALS NOW INVEST IN THRIVE RENEWABLES PROJECTS

4 WEEKS

WAS ALL IT TOOK TO COMPLETE THE SUBSCRIPTION

SUMMARY OF OPERATIONS

Thrive Renewables portfolio of 15 operational renewable energy projects generated 89,823MWh in the first 6 months of 2016 (2015 – 90,525MWh). Thrive co-owns 3 of the sites with developers, landlords and co-investors. Following an adjustment to reflect our proportion of ownership, generation was 76,839MWh by the end of June (2015 – 79,321MWh). This is equivalent to the electricity demand of 39,000³ UK homes. Generation is 7% below the same point in 2015 despite having the benefit of the three new sites, Boardinghouse, Auchtygills and Clayfords. The reduction in generation in the first half of 2016 relative to the same period in 2015 was attributable to:

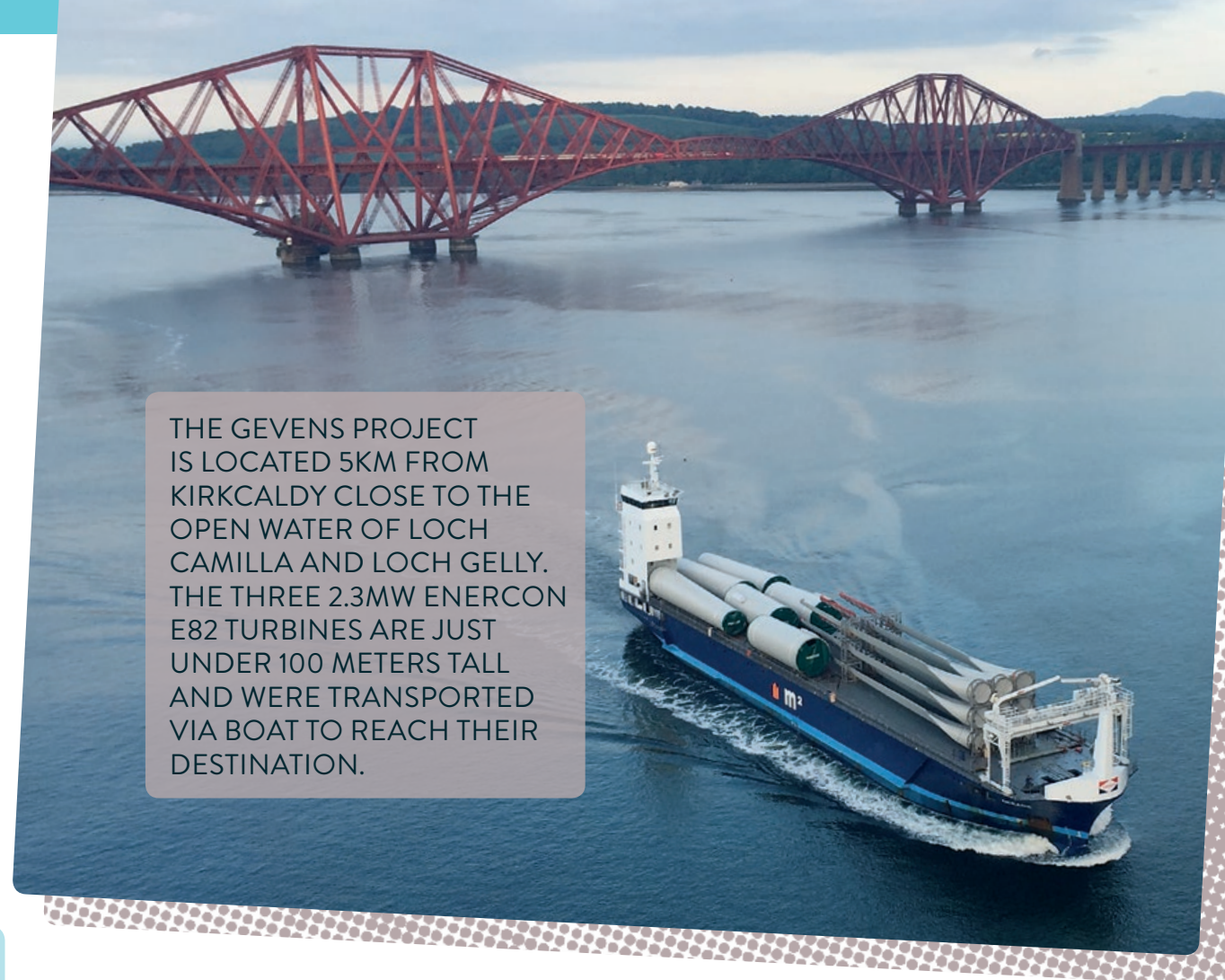
- lower than usual wind resources in March, May and June, particularly in the North of the UK,
- Caton Moor wind farm's generation being affected by grid interruptions whilst repairs took place following damage caused to the regional electricity network by the flooding experienced in Lancashire in December 2015,
- a protracted stoppage at Ness Point wind turbine in Suffolk while the generator was replaced and the converter repaired, and
- a pipe rupture at our Beochlich hydro project in Scotland.

The first half year operating results are as follows:

CONSOLIDATED OPERATING STATEMENT HALF YEAR ENDED 30 JUNE 2016

	Half year to 30 June 2016 £	Half year to 30 June 2015 £	Full year to 31 Dec 2015 £	Half year to 30 June 2014 £	Full year to 31 Dec 2014 £
Turnover	7,085,618	7,396,374	15,157,793	6,565,454	12,433,110
Cost of sales	(3,613,020)	(3,406,654)	(7,217,081)	(3,052,689)	(5,863,600)
Gross profit	3,472,598	3,989,719	7,940,712	3,512,765	6,569,510
Administrative expenses	(1,379,436)	(1,314,827)	(2,814,491)	(1,135,987)	(2,371,992)
Operating profit	2,093,162	2,674,893	5,126,221	2,376,779	4,197,518
Operating profit %	29.5%	36.2%	33.8%	36.2%	33.8%

³ BEIS, 2016, Annual average UK household consumption of 3.938MWh p.a.



THE GEVENS PROJECT IS LOCATED 5KM FROM KIRKCALDY CLOSE TO THE OPEN WATER OF LOCH CAMILLA AND LOCH GELLY. THE THREE 2.3MW ENERCON E82 TURBINES ARE JUST UNDER 100 METERS TALL AND WERE TRANSPORTED VIA BOAT TO REACH THEIR DESTINATION.

These operational issues have been addressed since June, and following more 'normal' wind resources in July and August, the total portfolio has now generated 111,929MWh (2015 – 111,255MWh) in the year to date with our owned share of the generation being 97,100MWh (2015 – 97,975MWh).

The Group achieved a half year operating profit of £2.09million on turnover of £7.1million compared to an operating profit of £2.67million on turnover of £7.4million in the first half of 2015. The reduction in operating profit is due to the low wind resource and operational issues mentioned on previous page. The turnover was also

impacted by the low wholesale electricity prices which have persisted since the oil price crash in winter of 2015/16. However, we have seen a modest increase of 14% in year ahead wholesale electricity prices since May, which the portfolio will benefit from in the coming months. Insurance claims relating to the lost income and cost of repairs at Caton Moor and Ness Point are being prepared.

Importantly, there have been no reportable health, safety and environment incidents in 2016, with appropriate learning being achieved from the reporting of near miss incidents.



“THRIVE SATISFIES SEVERAL OF MY INVESTMENT CRITERIA - IT IS A COMPANY WHICH BENEFITS THE ENVIRONMENT, IS SOCIALLY CONSCIOUS AND, LAST BUT NOT LEAST, REPRESENTS A FINANCIALLY ATTRACTIVE INVESTMENT OPPORTUNITY.”

THRIVE INVESTORS
MR AND MRS FAGANDINI

MARKET UPDATE

BREXIT

The decision for Britain to leave the EU creates uncertainty at all levels, however, our primary resources, the wind, the rain and the sun are fortunately unlikely to be affected.

The immediate impacts of Brexit which we have observed relate mostly to the weakening value of the pound versus the US dollar and Euro. Unfortunately, the weak pound increases the cost of the wind turbines we plan to procure for our new project in West Lothian. However, since the Brexit referendum and largely due to exchange rate changes we have observed season ahead wholesale electricity prices at their highest levels for more than a year. Additional upward pressure on the wholesale electricity price is coming from the price of oil which has increased by over 60% this year⁴. This benefits the company as we

generate and sell electricity which can now achieve higher prices. Since the referendum, debt rates have decreased. However, as the majority of our existing debt is at fixed rates to protect us from volatility in interest rates, we will not benefit from the reduction in rates, save for the new debt we plan to secure to fund the balance of the Drumduff project. It is likely that the momentum of Brexit will increase the interest in Britain being self-sufficient with home grown energy which we consider to be good news for renewables which can make a significant contribution here.

POLICY

The UK Government has reinforced their commitment to addressing climate change in the fifth carbon budget by increasing the UK's Greenhouse Gas (ghg) emission reduction target to 57% and 80% compared with 1990 levels by 2030 and 2050 respectively. In 2015 the UK's ghg emissions were 38% below 1990 levels⁵, a real achievement. But the task in hand remains ambitious and challenging.

INVESTMENTS

In December 2015 Thrive contributed £2.7m of debt towards the construction of Gevens wind farm, a 6.9MW project in Fife, Scotland. The project has been constructed on schedule with the turbines arriving on site in June 2016 and final energisation currently taking place.

In July 2016 Thrive acquired 50% of Green Breeze Energy Ltd, a company with the rights to build a 6MW wind farm in West Lothian, Scotland. We have co-invested alongside an experienced Scottish renewable project developer called GreenPower. The project had been developed by a family owned enterprise which

needed additional financial resources to complete the project. Following delays in the development process resulting from the lack of clarity from the Government's early closure of the Renewables Obligation (RO), the project is now scheduled to be operational in the first half of 2017 and will therefore qualify fully for the RO via the grace period rules.

The combination of investment into Gevens and Green Breeze will result in Thrive Renewables contributing to a further 8,800 UK homes equivalent of renewable electricity generation. With the continued growth of the portfolio, together we have contributed to the construction of 82MW of renewable electricity projects.



£10,000

IN GRANTS HAS BEEN AWARDED
SO FAR AS PART OF THE
COMMUNITY ENERGY PROGRAMME

⁴ http://www.bbc.co.uk/news/business/market_data/commodities/143908/twelve_month.stm



82MW

OF RENEWABLE ELECTRICITY
PROJECTS ARE SUPPORTED
BY THRIVE RENEWABLES

⁵ <https://www.theccc.org.uk/2016/06/30/ccc-welcomes-government-backing-for-fifth-carbon-budget-and-continued-ambition-to-meet-2050-target/>

The Government's commitment to reducing ghg emissions and the importance of the energy sector in achieving this is clear. The Directors remain confident that the current portfolio will continue to benefit from the support mechanisms for which they are already qualified.

Looking forward the details of how energy policy will evolve to achieve the targeted ghg emission reductions remains unclear, with little certainty regarding the timing of the next auction for the feed in tariff contract for difference (FiT CfD). With renewables delivering more than 25% of the UK's electricity in 2015 the focus of the sector is moving towards how to use more renewable power, addressing both supply (generation) and demand (consumption) flexibility to allow further decarbonisation of the system. The falling cost of new renewable energy generation, combined with the growing focus on energy efficiency, demand side management, smart network operation, electricity storage and heat provides Thrive Renewables with the confidence that investment opportunities in sustainable energy will continue to be available, and that Thrive Renewables can continue to provide shareholders with a means to contribute directly to creating a truly sustainable UK energy system.

CURRENT OPPORTUNITIES

In the immediate term we see emerging opportunities to invest in energy storage and demand side management solutions. We also continue to identify renewable generation projects which are sufficiently advanced to qualify for the grace periods introduced following the early closure of the

Renewable Obligation. We have established a pipeline of investment opportunities in wind and solar pv for which we will require additional capital to acquire. We are therefore planning on a bond issue in Winter 2016 to release capital from the existing portfolio to fund growth and enhance returns to shareholders. We will of course contact you again with the details of the offer when it is launched. Then next year (2017) we plan a further share issue to fund the further growth of Thrive Renewables and extend its positive impact.

We could not do this without the continued support of our shareholders and we thank you for your involvement.

COMMUNITY ENERGY PROGRAMME

In October 2015 we launched a Community Energy Programme with a view to building relationships with and putting more back into the communities which host Thrive's renewable energy projects. The programmed roll out has been welcomed by many of the communities around our projects, allowing them to improve their community buildings, with expert guidance being delivered for improvements such as the installation of insulation, heating control improvements, automated LED lighting and water saving measures. Already the scheme has awarded 3 grants totalling over £10,000 and there are more applications in the pipeline. We have commissioned, ExplorerDome, the interactive climate change and renewable energy educational experience which continues to be rolled out at schools close to our sites.



"MY GRANDSON LOVES THE TURBINES AND ONE OF HIS FIRST WORDS WAS WINDMILL. IT'S IMPORTANT TO SPREAD THE WORD ABOUT RENEWABLES AND TO EDUCATE THE FUTURE GENERATION."

JAQUI FAIRFAX AND HER TODDLER GRANDSON, GRAYSON

LOCAL RESIDENTS VISITING THE THRIVE WIND FARM OPEN DAY IN MARCH, CAMBS

SECONDARY MARKET FOR SHARES IN THRIVE

In January we changed the operation of the secondary market for shares in Thrive Renewables. The improved Matched Bargain Market service operates as a monthly auction. Since the change in the market more than 745,100 shares have traded at an average price of £2.23 (98% of the directors recommended share price), which has cleared the historic backlog of shares for sale. We are pleased that the new arrangements are providing greater price transparency and the opportunity for existing shareholders to buy and sell shares and for Thrive to connect with additional ethical investors.

APPOINTMENTS

There have been two appointments to the Thrive Renewables team in 2016. Charles Middleton who has served on the Board representing Triodos Bank since 2003 has now joined the Board of Directors in a personal capacity. Also, Rachel Glendinning has joined the management team as Communications Manager. Rachel will be keeping you, our shareholders, informed of what your investment is achieving, and ensuring that Thrive Renewables is recognised as a reliable and ethical investment partner for developers of quality sustainable energy assets.



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