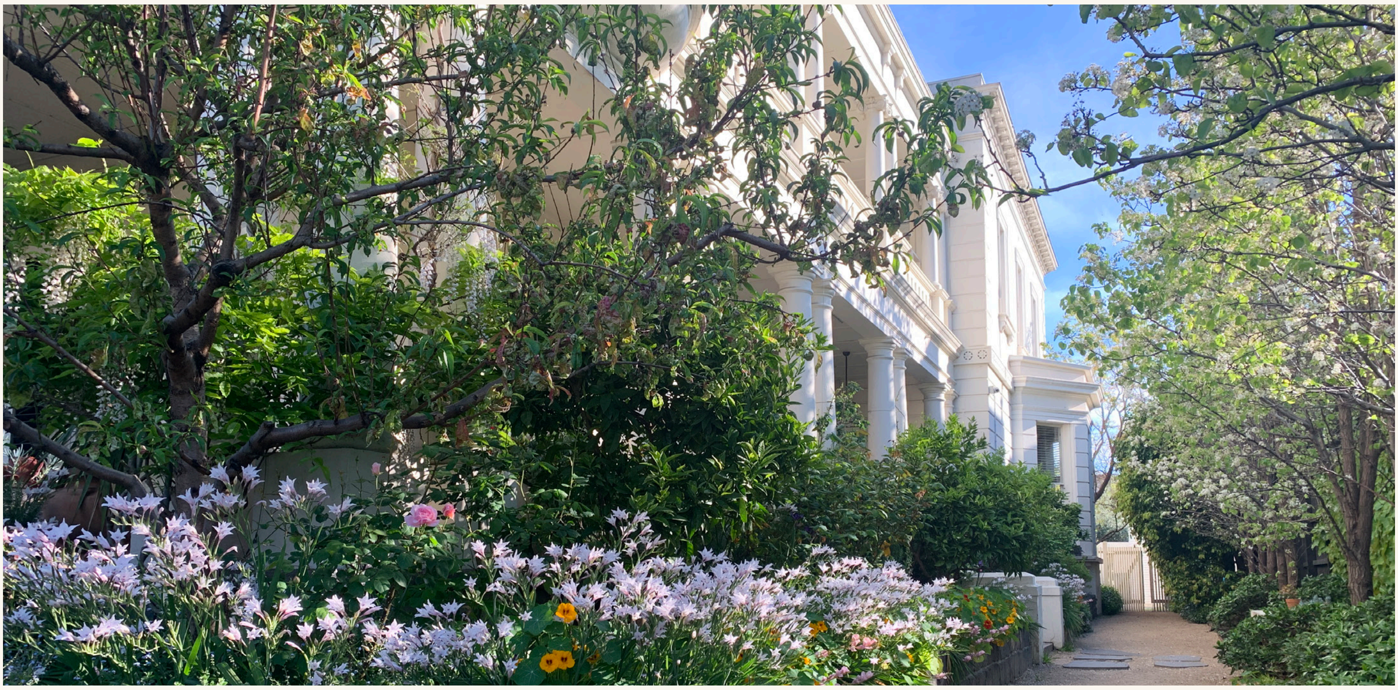
IMPACT INVESTMENT GROUP

IIG Solar Asset Trust

Annual Report FY20

ABN: 59 180 929 007

Contents



From The CEO

In September 2020, it's hard to put yourself in the mindset of July 1 2019. It seems like each month since then has imparted a year's worth of experience. Even so, it's worthwhile taking a look over our shoulders.

Although the IIG team, in managing your investment, has had to adjust to radical societal and economic changes, and readjust again, the mission and purpose have held true.

It feels remarkable to remember that the Australian bushfires started in September 2019 – just three months into this financial year. By November, when the impact investing community gathered in Sydney, the very act of breathing the air and smelling the smoke underlined the urgency of climate action. The news of lost homes and livelihoods emphasised how important it was to support a resilient society, even then. All through spring and summer, our community had conversations along similar lines: From superannuation account holders to the most sophisticated wholesale investor, people were taking much more interest in the social and environmental impact of their capital. After all, this fire season showed we are in a climate crisis with real and immediate social effects.

Then, in mid-March, it became dreadfully apparent what a crisis response looks like when the consensus is even more widespread. For our part at IIG, we effectively re-organised the company and our processes. We had three main concerns: to understand the radically-changed operating environment for the investments we manage on your behalf; to make sure our team was safe and could take care of your investments – even the ones that were best positioned; and then to plan for the kinds of impact investments that would be possible and valuable on the other side.

I'm grateful to our team for the agility, resilience, and diligence of their response. It is evidence of their commitment to our clients and our company's purpose.

We have seen that IIG's mission and our values are as relevant as ever, and that, along with you - our investors, we're part of a deeply committed and purposeful community. So, even during this public health and economic crisis, our team and our community remain motivated to take climate action, and support inclusive, healthy communities.

I believe that investors in Solar Asset Trust can be very proud of their decision to invest. The Fund has held up reasonably well financially in a challenging market. As well, you have played your part in funding new renewable energy generation. A clean energy system, with its environmental, health and social benefits, is critical element to counter the challenges of the past year.

FY19/20 and its following months have been difficult for many people in many ways. In the face of that, we thank you for being part of our business, and look forward to being good custodians of your investments this year and in the years to come.

Daniel Madhavan
Chief Executive Officer

Impact Report

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

3 GOOD HEALTH AND WELL-BEING

The Solar Asset Trust (SAF or the Fund) has invested in the development and ongoing operations of three solar farms. As a result, Australians can benefit from increased renewable energy supply and a cleaner healthier environment. The Fund helps change Australia's energy mix to a less carbon intensive supply and ultimately helps reduce the emissions associated with climate change and adverse health outcomes.

80 GWh clean energy

generated in FY20, equivalent of 13,995 average Australian homes' yearly electricity use[1].

133 GWh total since inception FY19

80,723 tCO2-e

of emissions avoided in FY20[2]

138,029 tonnes total since inception FY19

923 illnesses avoided

Related to pollution in FY20[3]

1,360 total since inception FY19

2 deaths avoided

Related to pullution in FY20[4]

3 total since inception FY19

330 million litres water

saved in FY20[5]

518 million total since inception FY19

$3.6 million

Avoided health & environmental damage FY20[6]

$5.7 million total since inception FY

Biodiversity at Brigalow: The Condamine Earless Dragon

An emerging opportunity in solar farm development is to explore how land use changes may lead to improvements in biodiversity and support conservation measures. By changing land use from intensive agriculture practices that may involve topsoil disturbances (from ploughing and livestock, for example), to allowing the land to regenerate through more passive land use from solar farming, native vegetation may have a chance to become re-established, potentially supporting native fauna.

Brigalow solar farm was constructed on low quality land that had been highly modified and disturbed in its prior use: intensive agricultural farming. In this region of Queensland, such land practices and vegetation clearing, undertaken en-masse, has driven the small locally-endemic lizard, the Condamine Earless Dragon, to be classified as endangered.

At Brigalow, an extensive landscape buffer has been established around the site, consistent with the bioregion of the area. The buffer has been established with plantings of mature and seeded native trees and grasses, chosen specifically to regenerate the site and encourage the Condamine Earless Dragon back onto the land, should they still inhabit surrounding areas.

IIG's Queensland solar farms are vegetated with low-maintenance, low-height native seed mixes that seek to regenerate landscapes. – *Venetia Roberts, Development Manager*

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1 Australia's current energy mix is estimated at 85% coal and gas reliance for electricity generation as of 30 June 2020; https://www.energy.gov.au/government-priorities/energy-supply. Based on average household use of 5.689 MWh per annum. Ref: Australian Energy Regulator

2 Full cycle carbon intensity factors applied according to regional location of the asset in accordance with the National Greenhouse Accounts July 2019. https://www.industry.gov.au/data-and-publications/national-greenhouse-accounts-factors-august-2019

3 Ref: The Lancet (15 – 21 September 2007): 370, 9591 "Energy and Health 2: Electricity Generation and Health", by A. Markandya & P. Wilkinson.)

4 Ref: The Lancet (15 – 21 September 2007): 370, 9591 "Energy and Health 2: Electricity Generation and Health", by A. Markandya & P. Wilkinson.)

5 Based on consumptive water use through lifecycle assessment. Ref: The Conversation, G Bilotta. Energy sector is one of the largest consumers of water in a drought-threatened world. Published online 9 June 2016.

6 Ref: American Economic Review 101 (August 2011): 1649-1675, "Environmental Accounting for Pollution in the United States Economy", by N.Z. Muller, R. Mendelsohn & W. Nordhaus.

Contributed To Solutions*

The Five Dimensions of Impact

WHAT

What outcome occurred in the year, and how important was it?
Contributing toward increasing the share of renewable energy available to Australians and associated climate and health benefits.

WHO

Who (or what) experienced the outcome and how underserved are they with regard to the outcome?
Renewable energy generation benefits the planet by reducing pollution and emissions and has flow-on effects that support health outcomes for people and communities through reduced pollution-related illnesses, deaths and reduced environmental damage.

HOW MUCH

How much of the outcome occurred, across scale, depth & duration?
The clean energy generated is estimated to be equivalent to powering 13,995 homes, providing electricity to 35,689 people each year[7]. In the most recent financial year, SAF has contributed to 1.4% of Australia's medium and large-scale solar energy generation[8], paving the way for others.

CONTRIBUTION

Would the change likely have occurred anyway?
The Fund has played a catalytic role in demonstrating how to finance clean energy assets while managing different types of risk, including merchant risk. In addition, the Fund has begun to engage the Traditional Owners of the land and identify how to manage sensitive biodiversity issues.

RISK

What is the risk to people and the planet that impact does not occur as expected?
We do not believe there are significant impact risks or adverse effects as a result of the Fund's investments.

* We have assessed the Solar Asset Trust as having 'Contributed to Solutions' according to the Impact Management Project's impact classification matrix. For more information: https://impactmanagementproject.com/investor-impact-matrix/
7 2.55 persons per dwelling is the average household size in Australia (as of 2016 census) https://profile.id.com.au/australia/household-size
8 Reference data is available only for calendar year 2019 and has referenced p.9 of the Clean Energy Council report for 5,141 GWh large-scale solar in 2019 and 716 GWh medium-scale solar in 2019. https://www.cleanenergycouncil.org.au/resources/resources-hub/clean-energy-australia-report

IIG Solar Asset Trust
FY20 Financial Report

Trustee's Report

For the Year Ended 30 June 2020

The Directors of the Trustee, IIG Solar Assets Pty Ltd, present their report on the consolidated group of IIG Solar Asset Trust ("the Fund") and the entities it controlled for the year ended 30 June 2020. Throughout the report, the consolidated entity is referred to as the Group.

1. Directors

The names of the Directors of the Trustee in office at any time during or since the end of the year are:

- Chloe Munro (Chair)
- Janine Hoey
- Brett Lazarides
- Lane Crockett
- Paul Belcher

2. Principal Activities

The sole activity of the Group is to invest in Australian solar infrastructure, through ownership of three solar assets ("the Assets") from the start of the development phase to completion and operation in order derive income over the assets life:

- Swan Hill Solar Farm, VIC
- Chinchilla Solar Farm, QLD
- Brigalow Solar Farm, QLD

3. Operating Results

The net loss of the Group for the year ending 30 June 2020 was $3,873,092 (Net profit 2019: $931,860). This loss includes depreciation of $7,248,705 (2019: $5,462,406) on the Solar Farm Assets.

4. Distributions/Return of Capital

As a result of the Fund being classified as a "trading trust", and therefore taxed as a company, distributions to unit holders which are made out of taxable profits will be characterised as dividends. Any other payments represent a return of capital. While the Fund has generated positive cash flow, by virtue of the depreciation charges the Fund has not made a taxable profit.

During the year ended 30 June 2020 a capital return of $1,100,000 (2019: $1,908,000) was declared and paid. The distribution equated to 1.36 (2019: 2.35) cents per unit or 1.3% on initial equity invested.

	2020 $	**Cents per unit**	2019 $	Cents per unit
September quarter	**500,000**	**0.62**	-	-
December quarter	**600,000**	**0.74**	-	-
March quarter	-	-	-	-
June quarter	-	-	1,908,000	2.35
	1,100,000	**1.36**	1,908,000	2.35

Trustee's Report (continued)

For the Year Ended 30 June 2020

5. Review of Operations

The performance of the Fund's assets for the year was impacted by the following (in order of significance);

- Delays in commissioning of the Brigalow Solar Farm;
- Significantly lower electricity prices in Queensland & Victoria;
- The prices of large-scale generation certificates (LGCs) lower than expected in the IM;
- Restructure of the debt facilities in June 2020;
- 2 year Chinchilla Power Purchase Agreement (PPA) effective 1 January 2020; and
- The Trust continued to successfully navigate the bankruptcy of RCR, a significant contractor to the Swan Hill Solar Farm.

Further details of the above items are included in the paragraphs below.

The Fund declared a capital distribution for the year of 1.36 cents per unit (1.4% cash yield) in comparison to an expected cash yield of 10.4% set out in the Information Memorandum. The lower cash yield to investors was predominately due to project delays, lower merchant prices, lower LGC prices and restructure of the debt facilities which are explained in more detail below.

Electricity Generation

Solar Farm	Generation vs expected generation	Generation (MWh)	Average Australian Homes' Use Provided For	Budgeted Generation (MWh)
Swan Hill	-8%	35,139	6,177	38,359
Chinchilla	-4%	39,916	7,016	41,479
Brigalow	-71%[1]	4,565	802	15,643[2]
Combined	**-17%**	**79,620**	**13,995**	**95,481**

[1] The Brigalow Solar Farm began producing electricity from November 2019. However, due to unexpected delays in commissioning, generation was constrained.
[2] The budgeted generation did not cover a full year. The expected generation for the first full year (FY22) of operation is approximately 64,600MWh.

COVID-19 Impact

The COVID-19 pandemic had negligible impact on operation and maintenance activities at the three solar farms during the year. The Maintenance Contractors at each of the solar farms were able to fulfil their contractual obligations and continue to carry out both essential and non-essential maintenance. The pandemic also contributed to reduced demand for electricity lowering wholesale prices.

Brigalow Construction

The construction of the Brigalow Solar Farm was delayed by a later-than-expected financial close. Further delays in obtaining testing approvals from the Australia Energy Market Operator (AEMO) have delayed commissioning of the farm to full capacity. In early June, Brigalow received an interim approval from AEMO, allowing the asset to generate up to 15MW continuously.

The overall result is that the revenue for Brigalow was below that forecast in the IM.

Trustee’s Report (continued)

For the Year Ended 30 June 2020

5. Review of Operations (continued)

Wholesale Electricity Market

Through the financial year, the wholesale prices of electricity across the states were below forecast and are currently the lowest since 2015. This is due to a confluence of issues including reduced demand due to the COVID-19 pandemic, lower gas and black coal prices (particularly in QLD), increased hydro output and new renewable supply coming online (including rooftop solar).

The overall result is that the revenue was below that forecast in the IM.

LGC Market

The price of LGCs fluctuated through the year. The solar farms sell, at market prices, the LGCs registered under the Federal Government's Renewable Energy Target (RET) scheme for generating electricity from renewable sources. Prices for LGCs were at $42 in July 2019, increasing to $50 in November 2019, dropping to a low of $28 in April 2020, before recovering to a high of $42 in June 2020. The Fund's IM expected a higher price, based on independent price forecasts published by Green Energy Markets.

The Fund, in FY20, earned approximately 38% of its revenue from selling LGCs. Over the life of the RET, the sale of LGCs is anticipated to be approximately 14% of total revenue of the Fund’s three assets.

The causes of LGC prices are complex, but a major factor in their decline is that more renewable electricity generators are coming to market than is necessary to meet the Federal Government's 2020 target.

Debt Restructuring

On 19 June 2020, the three asset-level debt facilities were aggregated and restructured. The restructuring included a small increase in the overall facility to $34 million and amended the amortisation profile to better reflect current market conditions, repricing the fixed rate to 1.84% and extending the tenor to September 2025.

Chinchilla Power Purchase Agreement (PPA)

In August 2019, the Trust entered a PPA which locks in forward electricity prices for a portion (~67%) of the Chinchilla Solar Farm’s generation. Under the two-year PPA, Diamond Energy will buy the first 8MW of the solar farm’s capacity, at a price above that forecast in the Fund IM. The agreement was effective as of 1 January 2020. The decision to enter this PPA has partially mitigated the impact of lower electricity prices, mentioned above, as Chinchilla’s PPA price was significantly above the market electricity price during the financial year.

RCR Bankruptcy

RCR, the company that built the Swan Hill Solar Farm and performed the Operations and Maintenance (O&M) of the asset, went into administration on 21 November 2018 and then into liquidation on 26 March 2019. The Trust called, in December 2018, on the full value of the performance bond in December 2018 that was held to cover due and proper performance of the agreement during the defects liability period thereby protecting the Fund from the majority of its financial exposure.

On 14 July 2020 the Trust executed a Settlement Deed with the RCR liquidators to resolve all outstanding claims between Swan Hill and RCR and returned the balance of the unused funds from the performance bond.

Trustee's Report (continued)

For the Year Ended 30 June 2020

6. Significant Changes in State of Affairs

Apart from those matters referred to in the previous sections of this report, there have been no other significant changes to the state of affairs of the Group during the financial year.

7. Subsequent Events

On 17 July 2020 the Group executed a Settlement Deed with the RCR liquidators to resolve all outstanding claims between Swan Hill and RCR and returned the balance of the unused funds from the performance bond.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

8. Future Developments

The Fund will continue with its current investment objectives and strategy as set out in the Information Memorandum dated 16 May 2018.

9. Environmental Issues

The Group complied with all environmental regulations during the course of the financial period. As outlined in the Fund's Information Memorandum the assets of the Group will generate significant environmental benefits. These will be reported on in future years when assets are fully operational.

10. Fees, Commissions or other charges by the Trustee or Related Parties of the Trustee

For the year ending 30 June 2020 the Trustee and its related parties were remunerated as follows:

	2020 $	2019 $
Trustee & management fees	**739,835**	612,450
Developer fees	**415,970**	1,093,321
Equity Raise Underwrite fee	-	734,573

In the prior year, the parent of the Trustee received a fee for underwriting the capital raise of the Fund.

Trustee's Report (continued)

For the Year Ended 30 June 2020

11. Units held by the Trustee or Related Parties of the Trustee

At 30 June 2020, the Trustee and its related parties held 14,227,099 units (2018: 14,227,099) in the Fund.

12. Interests Issued in the Fund

At 30 June 2020, the number of units on issue in the Fund was 81,563,545 units (2019: 81,563,545 units). No units have been issued subsequent to the reporting period.

13. Buy Back Arrangements

As detailed in the Fund Constitution the Trustee is not under any obligation to buy back, purchase or redeem units from Unit Holders. Consequently, no units were redeemed by the Trustee during the reporting period.

14. Value of Scheme Assets

The total value of the Fund's assets at the end of the reporting period is $112,990,587 (2019: $113,830,552).

The methodology utilised in valuing the assets is detailed in Note 2 to the Financial Statements.

Signed in accordance with a resolution of the Board of Directors of IIG Solar Assets Pty Ltd by:

Chloe Munro AO

Chair

Date: 18 September 2020

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2020

	Notes	2020 $	2019 $
Revenue and Other Income			
Operational Revenue	3	**7,844,941**	8,238,297
Interest and other income	4	**270,252**	558,701
Total Revenue and Other Income		**8,115,193**	8,796,998
Expenses			
Operational expenses	5	**(1,519,698)**	(1,082,289)
Borrowing Costs	6	**(1,225,169)**	(1,282,605)
Administration expenses			
- Director fees	7	**(132,796)**	(130,431)
- Management fees	8	**(739,835)**	(612,451)
Depreciation	12,13	**(7,284,789)**	(5,462,406)
Total Expenses		**(10,902,287)**	(8,570,182)
Net Profit/(Loss) for the Year		**(2,787,094)**	226,816
Income tax (expense)/credit	9	**(1,085,998)**	705,044
Profit/(Loss) attributable to Unit Holders		**(3,873,092)**	931,860
Other comprehensive income		**-**	-
Total Comprehensive Income/(Loss) for the Year Attributable to Unit Holders		**(3,873,092)**	931,860

The Statement of Comprehensive Income above should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	2020 $	2019 $
Current Assets			
Cash and cash equivalents	10	**11,713,534**	25,232,257
Trade and other receivables	11	**270,340**	511,458
Other assets - energy certificates		**276,728**	143,149
Total Current Assets		**12,260,602**	25,886,864
Non-Current Assets			
Solar Assets	12	**98,188,129**	87,064,356
Other receivables		**127,602**	127,602
Right-of-use assets	13	**2,414,254**	-
Deferred tax asset	9	**-**	751,730
Total Non-Current Assets		**100,729,985**	87,943,688
Total Assets		**112,990,587**	113,830,552
Current Liabilities			
Trade and other payables	14	**1,898,921**	6,574,598
Lease liabilities	13	**53,267**	-
Interest-bearing liabilities	15	**2,431,884**	4,171,359
Total Current Liabilities		**4,384,072**	10,745,957
Non-Current Liabilities			
Interest-bearing liabilities	15	**29,648,071**	22,300,497
Lease liabilities	13	**2,482,150**	-
Deferred tax liability	9	**336,481**	2,213
Provisions	12	**338,220**	-
Total Non-Current Liabilities		**32,804,922**	22,302,710
Total Liabilities		**37,188,994**	33,048,667
Net Assets		**75,801,593**	80,781,885
Equity			
Issued capital	16	**79,997,280**	81,097,280
Fund establishment costs	16	**(1,253,655)**	(1,246,455)
Retained earnings/(losses)		**(2,942,032)**	931,060
Total Equity		**75,801,593**	80,781,885

The Consolidated Statement of Financial Position above should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Issued capital $	Fund establishment costs $	Retained earnings/(losses) $	Total equity $
Equity at 1 July 2019	**81,097,280**	**(1,246,455)**	**931,060**	**80,781,885**
Net loss for the year	**-**	**-**	**(3,873,092)**	**(3,873,092)**
Total comprehensive income for the year	**-**	**-**	**(3,873,092)**	**(3,873,092)**
Transactions with Unit Holders in their capacity as Unit Holders:				
Fund establishment costs	**-**	**(7,200)**	**-**	**(7,200)**
Return of capital	**(1,100,000)**	**-**	**-**	**(1,100,000)**
Equity at 30 June 2020	**79,997,280**	**(1,253,655)**	**(2,942,032)**	**75,801,593**
Equity at 1 July 2018	**47,605,000**	**(442,757)**	**(800)**	**47,161,443**
Net loss for the period	**-**	**-**	931,860	931,860
Total comprehensive income for the period	-	-	931,860	931,860
Transactions with Unit Holders in their capacity as Unit Holders:				
Issue of units	35,400,280	-	-	35,400,280
Fund establishment costs	-	(803,698)	-	(803,698)
Return of capital	(1,908,000)	-	-	(1,908,000)
Equity at 30 June 2019	**81,097,280**	**(1,246,455)**	**931,060**	**80,781,885**

The Consolidated Statement of Changes in Equity above should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash Flows from Operating Activities			
Receipts from customers		**8,396,656**	8,617,023
Payments to suppliers		**(3,272,886)**	(1,823,865)
Insurance bond proceeds		**-**	1,372,236
Interest paid		**(888,909)**	(1,008,197)
Interest received		**80,890**	93,998
Net Cash Flows from Operating Activities		**4,315,751**	7,251,195
Cash Flows from Investing Activities			
Construction payments		**(20,203,019)**	(37,017,948)
Net Cash Flows from Investing Activities		**(20,203,019)**	(37,017,948)
Cash Flows from Financing Activities			
Proceeds of borrowings (net of transaction costs)		**9,027,147**	13,825,282
Repayment of borrowings		**(3,643,402)**	(7,139,251)
Establishment costs		**(7,200)**	(1,246,455)
Capital returned		**(3,008,000)**	-
Proceeds from issue of units		**-**	36,680,280
Net Cash Flows from Financing Activities		**2,368,545**	42,119,856
Net Increase/(Decrease) in Cash Held		**(13,518,723)**	12,353,103
Cash and cash equivalents at the beginning of the period		**25,232,257**	12,879,154
Cash and Cash Equivalents at End of the year	10	**11,713,534**	25,232,257

The Consolidated Statement of Cash Flows above should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the Year Ended 30 June 2020

Note 1: General Information

The special purpose Financial Statements are for the consolidated IIG Solar Asset Trust Group ("the Group") consisting of IIG Solar Asset Trust ("the Fund") and its controlled entities (note 17). The Trustee of the Fund is IIG Solar Asset Pty Ltd. The Trustee's registered office is 11 Princes Street St Kilda, Victoria 3182.

These financial statements were authorised for issue by the directors of the Trustee on 18 September 2020. The directors of the Trustee have the power to amend and reissue the financial statements.

Note 2: Summary of Significant Accounting Policies

(i) Basis of preparation

The Financial Statements cover the year ended 30 June 2020. The comparatives presented cover the period from 1 July 2018 to 30 June 2019.

The Trustee has prepared the Financial Statements on the basis that the Group is a non-reporting entity because there are no users dependent on general purpose Financial Statements. The Financial Statements are therefore special purpose Financial Statements have been prepared in order to meet the needs of the stakeholders.

The Financial Statements have been prepared in accordance with the significant accounting policies disclosed below, which the Trustee has determined are appropriate to meet the needs of the stakeholders.

The Financial Statements have been prepared on an accruals basis and on the historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The functional and presentation currency of the Group is Australian dollars.

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

(ii) Principles of Consolidation

The consolidated Financial Statements incorporate all of the assets, liabilities and results of the parent (IIG Solar Asset Trust) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 17.

The assets, liabilities and results of all subsidiaries are fully consolidated into the Financial Statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(iii) New and amended standards adopted by the Fund

The Group has applied the key recognition criteria for the first time in the financial year beginning 1 July 2019:

- AASB 16 Leases became effective for annual periods beginning on or after 1 January 2019. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model like the accounting for finance leases under AASB 117. The Group leases the land that the Chinchilla and Brigalow Solar Farms operate on. These leases were previously treated as operating leases. Under the new standard the lease is recognised on the balance sheet of the Group. The Group has not restated comparatives for the previous reporting period, as permitted under the specific transitional provisions in the standard.

Notes to the Financial Statements

(Continued)
For the year ended 30 June 2020

Note 2: Summary of Significant Accounting Policies (continued)

(iii) New and amended standards adopted by the Fund (continued)

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2019 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(iv) New standards, amendments and interpretations not yet adopted

A number of other new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and have not been early adopted in preparing these financial statements. None of these new standards are anticipated to have a material effect on the financial statements of the Group.

(a) Solar assets

Solar assets are solar power installations which generate income from the sale of electricity to third parties, which in the case of these solar assets is through the sale of electricity and renewables certificates on a merchant basis (ie. into the wholesale spot market).

Solar assets are carried at cost and depreciated over their useful lives (ranging between 2-20 years) based on the diminishing balance method. This results in a rapid decrease in carrying value which does not reflect the market value of these assets.

(b) Revenue

Merchant Revenue from the generation of electricity is recognised on an accruals basis.

LGC Income is recognised at fair value reflecting the consideration expected to be received.

Interest income is recognised in profit or loss on a time basis using the effective interest rate method.

All income is stated net of the amount of goods and services tax (GST).

(c) Large-scale Generation Certificates

Large-scale generation certificates (LGCs) are held for trading purposes and are measured at fair value at the end of the financial year, adjusted for known market forces with changes in fair value recognised in the statement of profit and loss and other comprehensive income. LGCs are disclosed in the financial statements as other assets. LGCs are valued using a combination of data sources including trades executed by the Company and other market intelligence. The Company has sufficient market information to reliably measure the value of these certificates in accordance with the requirements of Australian Accounting Standards.

Notes to the Financial Statements

(Continued)
For the year ended 30 June 2020

Note 2: Summary of Significant Accounting Policies (continued)

(d) Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

• fixed payments

The lease payments are discounted using an incremental borrowing rate, being the rate that the Fund would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

• the amount of the initial measurement of lease liability;

• any lease payments made at or before the commencement date; and

• decommissioning costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(e) Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognised on trade-date – the date on which the Group commits to sell or purchase the asset. Financial assets are derecognised when the right to receive cash flows from the financial asset have expired or have been transferred and the Group has transferred substantially the risks and rewards of ownership. Financial instruments are designated on initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost less expected credit losses. They are classified as current assets except where the maturity is greater than 12 months after the reporting date, in which case they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost less expected credit losses. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Notes to the Financial Statements

(Continued)
For the year ended 30 June 2020

Note 2: Summary of Significant Accounting Policies (continued)

Trade and other payables

These represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. Trade and other payables are recognised initially at fair value and subsequently at amortised cost.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

The accounting policies adopted for specific financial liabilities and equity instruments are set out below:

Issued units

The Fund issues units that have a limited life under the Fund's constitution and are classified as equity.

Borrowings

Interest-bearing loans and overdrafts are initially measured at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest rate method. Fees paid for establishing loan facilities are capitalised as prepayments for liquidity services and amortised over the period to which the facility relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Impairment of financial assets

The Fund assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired.

For financial assets measured at amortised cost, contract assets and debt investments at Fair Value through other Comprehensive Income an 'expected credit loss' ("ECL") model is used.

The Fund measures loss allowances at an amount equal to 12 month ECLs as the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition except for all trade receivables and contract assets which the Fund applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes analysis based on the Fund's historical experience and forward-looking information.

(f) Expenses

All expenses, including Trustee fees are recognised in profit and loss on an accruals basis.

(g) Finance costs

Finance costs are recognised using the effective interest rate applicable to the financial liability.

Notes to the Financial Statements

(Continued)
For the year ended 30 June 2020

Note 2: Summary of Significant Accounting Policies (continued)

(h) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(i) Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the Trustee's best estimate of the expenditure required to settle the present obligation at the balance date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

Provision for decommissioning

The Group recognises decommissioning provisions for the expected cost of dismantling the solar farm and clearing the site. A decommissioning provision is estimated by discounting the future decommissioning expenditure to its present value. A discount rate that considers the current market rates, adjusted for the uncertainty of the expenditure is used. The provision is offset against the expected salvage value of the farm. The provision is reviewed, and adjusted where necessary, at the end of each financial year.

(j) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that it is required to completed and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they occur.

(k) Income tax

The Fund and its controlled entities are considered trading Funds for income tax purposes and are accordingly treated as a corporate tax payer.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Notes to the Financial Statements

(Continued)
For the year ended 30 June 2020

Note 2: Summary of Significant Accounting Policies (continued)

(k) Income tax (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable the future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax Consolidation Legislation

The Fund and its wholly owned Australian controlled entities (the Group) formed a tax consolidated group on 1 July 2019. The Group has implemented the tax consolidation legislation. As a consequence, all the entities in the Group are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

The head entity IIG Solar Asset Trust, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as it each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to the its own current and deferred tax amounts, IIG Solar Asset Trust also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

All current tax balances are transferred from the controlled entities in the Group to IIG Solar Asset Trust. The current tax receivable or payable is transferred from each controlled entity to IIG Solar Asset Trust through an intercompany loan account.

(l) Distributions

Distributions are determined and provided by the Trustee on a quarterly basis. Distributions approved the Trustee but not yet paid are recognised as a provision.

(m) Critical judgements and significant accounting estimates

The preparation of Financial Statements requires the Directors of the Trustee 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 assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes to the Financial Statements

(Continued)
For the Year Ended 30 June 2020

	2020 $	2019 $
Note 3: Operational Revenue		
Swan Hill Solar Farm - LGC	**1,344,319**	1,538,640
Swan Hill Solar Farm - Electricity	**2,653,761**	4,826,065
Chinchilla Solar Farm - LGC	**1,534,480**	626,674
Chinchilla Solar Farm - Electricity	**2,056,981**	1,246,918
Brigalow Solar Farm - LGC	**166,176**	-
Brigalow Solar Farm - Electricity	**89,224**	-
	7,844,941	8,238,297

Operational Revenue includes electricity generation revenue as well as revenue from the generation and sale of Large-Scale Generation Certificates.

	2020 $	2019 $
Note 4: Interest and Other Income		
Bank interest	**80,890**	93,998
Swan Hill Solar Farm - Other	**189,362**	464,703
	270,252	558,701

'Swan Hill Solar Farm – Other' represents proceeds from the RCR performance bond. These proceeds have been used to offset expenditure incurred by Swan Hill that otherwise would have been performed by RCR under the EPC contract.

	2020 $	2019 $
Note 5: Operational expenses		
Operational & maintenance	**495,166**	278,120
Repairs & maintenance	**107,847**	135,127
Insurance	**152,987**	72,916
Consulting & Accounting	**173,060**	185,589
Statutory expenses	**123,299**	78,866
Network fees	**319,555**	153,051
Rent	**249**	26,994
Legal fees	**65,764**	79,220
Other	**81,771**	72,406
	1,519,698	1,082,289

Rent expenses are now recognised in Borrowing costs (note 6) and Depreciation under the terms of AASB 16.

Notes to the Financial Statements

(Continued)
For the Year Ended 30 June 2020

	2020 $	2019 $
Note 6: Borrowing costs		
Interest paid or payable	**872,099**	1,025,006
Interest charges paid/payable for lease liabilities	**51,552**	-
Amortisation of capitalised borrowing costs (note 15)	**301,518**	257,599
	1,225,169	1,282,605

On 19 June 2020, the Fund restructured the 3 asset-level facilities. Refer to note 15 for further details of the restructure and facilities.

Interest paid or payable represents interest associated with the Swan Hill, Chinchilla & Brigalow Infradebt facilities to 30 June 2020.

Capitalised borrowing costs represent costs associated with the establishment of the three asset-level facilities and the restructure. Capitalised costs are amortised over the life of the facility. Refer to note 15 for further details of the refinancing and facilities.

Interest charges paid/payable for lease liabilities are charges in respect of the leases the Fund holds over the land on which the Solar Farms have been constructed. These charges have been recognised for the first time in 2020 as the new leasing standard has been adopted by the Fund. Refer to Note 2d.

Note 7: Director Fees		
Director Fees paid or payable	**132,796**	130,431
	132,796	130,431

Note 8: Management Fees		
Management fees payable to IIG Solar Asset Pty Ltd	**739,835**	612,451
	739,835	612,451

The management fee represents consideration for the services provided by the Trustee, including on-going fund and asset management services. The increase in fees from the prior year is due to Brigalow only being owned for part of the prior year. Brigalow was acquired by the Trust in November 2018.

Notes to the Financial Statements

(Continued)
For The Year Ended 30 June 2020

	2020 $	2019 $
Note 9: Income tax		
Net profit/(loss) before income tax	**(2,787,094)**	226,816
Prima facie tax payable on profit before income tax at 27.5% (2019: 30%)	**(766,451)**	68,045
Section 40-880 costs	**(75,064)**	(74,481)
Non-deductible	**1,670**	-
Other (deductible)/assessable items	**-**	(162,861)
Adjustment to deferred tax rate to rate in year expected to be realised	**(33,648)**	-
Derecognition of deferred tax assets	**1,916,888**	-
Prior year (over)/under	**42,603**	(535,747)
Total income tax expense/(benefit) recognised in the current year	**1,085,998**	(705,044)

The prior year adjustment arose during the identification of further deductions upon finalisation of the prior year income tax returns.

On entry to the tax consolidation group losses have been derecognised due to the Available Fractions that mean that the Trust will not generate sufficient taxable profit to recover a portion of losses. Available Fractions limit the amount of previous losses that entities bring to a tax consolidated group, that can be claimed in each period that the Trust generates taxable profits.

The Trust has also derecognised deferred tax assets in respect of consolidated tax losses as the Trust is not expected to generate taxable profit to recover these losses in the next 5 years.

Unbooked tax losses at 30 June 2020 total $6,722,185.

The Australian Government has passed legislation which reduces the corporate tax rate for small and medium base rate entities from 27.5% to 26% for the 2020-21 income year and further to 25% for the 2021-22 and later income years. As the Group expects to qualify as a base rate entity with a turnover of less than $50 million and less than 80% of its assessable income being passive income for the foreseeable future, it expects to benefit from the reduced tax rates in future reporting periods.

As a consequence, the Group has remeasured its deferred tax balances based on the effective tax rate (25%) that will apply in the year the temporary differences are expected to reverse. The impact of the change in tax rate has been recognised in tax expense in profit or loss, except to the extent that it relates to items previously recognized outside profit or loss (such as revaluations of property, plant and equipment).

Deferred tax balances are presented in the consolidated statement of financial position as follows:		
Deferred tax assets	**-**	751,730
Deferred tax liabilities	**336,481**	2,213

Notes to the Financial Statements

(Continued)
For The Year Ended 30 June 2020

	2020 $	2019 $
Note 10: Cash and Cash Equivalents		
Cash at bank	**207,763**	21,401,246
Restricted cash	**11,505,771**	3,831,011
	11,713,534	25,232,257

Restricted cash refers to various reserve accounts required under the Infradebt facility, including a Debt Service Reserve ($3,257,002), Brigalow Commissioning Reserve ($268,000) and Brigalow Construction Fund Reserve ($6,335,516). These reserves will be released as the debt amortises and Brigalow construction is completed. There are other reserves, including Brigalow Decommissioning Bond and RCR Bond Proceeds.

	2020 $	2019 $
Note 11: Trade and Other Receivables		
Trade receivables	**-**	-
GST receivable	**5,224**	-
Sundry debtors	**265,116**	511,458
	270,340	511,458

Sundry debtors represent accrued merchant income for Chinchilla, Swan Hill & Brigalow.

	2020 $	2019 $
Note 12: Solar Assets		
Solar Assets are represented by:		
Opening balance at 1 July	**87,064,356**	54,438,312
Assets construction expenditure	**18,372,478**	38,088,450
Less depreciation on Solar Farms	**(7,248,705)**	(5,462,406)
Closing balance at 30 June	**98,188,129**	87,064,356

Included in Solar Assets of Assets construction expenditure is a Development Fee of $415,970 (June 2019: $1,093,321) charged by IIG Solar Assets Pty Ltd as consideration for originating, acquiring and managing the development, construction and commissioning of Swan Hill, Chinchilla and Brigalow Solar Farms.

Notes to the Financial Statements
(Continued)
For The Year Ended 30 June 2020

	2020 $	2019 $
Note 12: Solar Assets (continued)		
Assets under construction commitments		
Commitments for construction of solar farms:		
Commitments due within the next 12 months	**6,335,516**	22,545,995
Commitments due beyond the next 12 months	**-**	-
Total Commitments	**6,335,516**	22,545,995

The 2020 commitments relate to contractual payments due to the relevant EPC Contractors for the Brigalow Solar Farm (Gildemeister). These payments are subject to specific milestones being achieved. The 2019 commitments relate to contractual payments due to the relevant EPC Contractors for the Brigalow Solar Farm (Gildemeister) of $20,114,267 and Chinchilla Solar Farm (Gildemeister) of $2,431,728.

The Group is required to decommission the Fund's solar farms at the end of their useful economic lives. Decommissioning includes removal of solar panels, frames, cabling, and restoration of land.

Decommissioning Provision

A decommissioning provision is estimated by discounting the future decommissioning expenditure to its present value. A discount rate that considers the current market rates, adjusted for the uncertainty of the expenditure is used. The provision is offset against the expected salvage value of the farm. The provision is reviewed, and adjusted where necessary, at the end of each financial year. The provision is recognised as a non-current liability in the consolidated statement of financial position.

	2020 $	2019 $
Decommissioning provision	**338,220**	-

	2020 $	2019 $
Note 13: Leases		
Right-of-use assets		
Land	**2,450,338**	-
Less accumulated depreciation	**(36,084)**	-
	2,414,254	-
Lease liabilities		
Current	**53,267**	-
Non-current	**2,482,150**	-
	2,535,417	-

The Fund leases the land on which the Chinchilla and Brigalow solar farms operate. The leases comprise a "lease series" of three separate leases, each with consecutive terms of ten years, providing a total term of 30 years.

These balances have been recognised for the first time in 2020 as the new leasing standard has been adopted by the Fund. Refer to Note 2d.

Notes to the Financial Statements

(Continued)
For The Year Ended 30 June 2020

	2020 $	2019 $
Note 14: Trade and Other Payables		
Unsecured liabilities:		
Trade payables	**186,626**	154,423
GST Payable	**-**	48,917
Return of capital – June quarter	**-**	1,908,000
Income Tax Payable	**-**	46
RCR Insurance Proceeds	**841,294**	1,194,759
Sundry creditors and accruals	**871,001**	3,268,453
	1,898,921	6,574,598

	2020 $	2019 $
Note 15: Interest-Bearing Liabilities		
Current		
Infradebt – Swan Hill	**915,927**	2,312,894
Infradebt – Chinchilla	**622,778**	1,872,164
Infradebt – Brigalow	**1,309,234**	244,000
Amortised borrowing costs	**(416,055)**	(257,699)
	2,431,884	4,171,359
Non-Current		
Infradebt – Swan Hill	**9,957,391**	9,279,231
Infradebt – Chinchilla	**6,770,458**	7,896,460
Infradebt – Brigalow	**14,233,170**	6,256,000
Amortised borrowing costs	**(1,312,948)**	(1,131,194)
	29,648,071	22,300,497
	32,079,955	26,471,856

The restructured Swan Hill Infradebt Loan facility of $10,934,759 expires on 30 September 2025, with interest payable in fixed and floating tranches. The facility was fully drawn as at 30 June 2020 and is secured against the Swan Hill solar farm. The facility is amortising on a quarterly basis with $915,927 payable by 30 June 2021.

The restructured Chinchilla Infradebt Loan facility of $7,435,013 expires on 30 September 2025, with interest payable in fixed and floating tranches. The facility was fully drawn as at 30 June 2020 and is secured against the Chinchilla solar farm. The facility is amortising on a quarterly basis with $622,778 payable by 30 June 2021.

Notes to the Financial Statements

(Continued)

For The Year Ended 30 June 2020

Note 15: Interest-Bearing Liabilities (continued)

The restructured Brigalow Infradebt Loan facility of $15,630,228 expires on 30 September 2025, with interest payable in fixed and floating tranches. The facility was fully drawn as at 30 June 2020 and is secured against the Brigalow solar farm. The facility is amortising on a quarterly basis with $1,309,234 payable by 30 June 2021.

In support of the restructured Infradebt Loan facility the IIG Solar Asset Trust has provided a General Security Agreement (Parent) over all its assets and undertakings.

The entities have been compliant with their debt covenants through the financial period and up to the date of this report.

Capitalised borrowing costs represent costs associated with establishment of the Infradebt facilities. These costs are being amortised over the term of the facilities.

	2020 $	2019 $
Note 16: Equity		
(a) Issued capital		
81,163,545 ordinary units (2018: 47,605,000) fully paid at between $1.00 to $1.10 per unit	**83,005,280**	83,005,280
Return of capital – FY19 ($0.0235 per unit)	**(1,908,000)**	(1,908,000)
Return of capital – FY20 ($0.0136 per unit)	**(1,100,000)**	-
Issued capital	**79,997,280**	81,097,280

As stipulated in the Fund's constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

As a result of the Fund being classified as a "trading trust", and therefore taxed as a company, payments to unit holders which are not made out of taxable profits are treated as a return of capital. While the Fund has generated positive cash flow, by virtue of the depreciation charge the Fund has not made an accounting profit.

	2020 $	2019 $
(b) Fund establishment costs		
Fund establishment costs	**1,253,655**	1,246,455

Costs directly attributable to the establishment of the Fund are recognised in equity.

Notes to the Financial Statements
(Continued)
For The Year Ended 30 June 2020

Note 17: Details of controlled entities

The Group's subsidiaries at 30 June 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group	
		2020	2019
Solar Powerstations Victoria Pty Ltd	Australia	**100%**	100%
Chinchilla Solar Pty Ltd	Australia	**100%**	100%
Maryrorough Solar Pty Ltd	Australia	**100%**	100%

Note 18: Remuneration of Auditors	2020 $	2019 $
ShineWing		
Audit of the Financial Statements	**20,000**	21,500
Taxation services	**26,000**	36,000
	46,000	57,500

Note 19: Contingent Liabilities

There are no material contingent liabilities as at 30 June 2020.

Note 20: Subsequent Events

On 14 July 2020 the Group executed a Settlement Deed with the RCR liquidators to resolve all outstanding claims between Swan Hill and RCR and returned the balance of the unused funds from the performance bond.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

Note 21: Trustee Details

The registered office and the principal place of business of the Trustee is:

11 Princes St
St Kilda VIC 3182
Australia

Directors' Declaration

The Directors of the Trustee have determined that the Group is not a reporting entity and that these special purpose Financial Statements should be prepared in accordance with the accounting policies described in Note 2 to the Financial Statements.

The Directors declare that:

a) The Financial Statements comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying notes, present fairly the Group's financial position as at 30 June 2020 and its performance for the period ended on that date in accordance with the accounting policies described in Note 2 to the Financial Statements; and

b) In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with the resolution of the Board of Directors IIG Solar Assets Pty Ltd and is signed for and on behalf of the Directors by:

Chloe Munro AO

Chair

Date: 18 September 2020

ShineWing AUSTRALIA
Advisors & Accountants

Take the lead

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF IIG SOLAR ASSET TRUST

Opinion

We have audited the financial report of IIG Solar Asset Trust (the Fund) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Trustee directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Group as at 30 June 2020, and its financial performance and its cashflows for the year then ended in accordance with Note 2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Fund meet the requirements of Note 2. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors of the Trustee are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors, Management and Those Charged with Governance for the Financial Report

The directors of the Trustee and management are responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of Note 2 and for such internal control as determined is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Trustee.
- conclude on the appropriateness of the Trustee directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors of the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ShineWing Australia
Chartered Accountants

Rami Eltchelebi
Partner

Melbourne, 18 September 2020