UIL LIMITED

2019

REPORT AND ACCOUNTS

MANAGED BY ICM

A DIVERSE PORTFOLIO BY GEOGRAPHY AND SECTOR

To maximise shareholder returns by identifying and investing in compelling long-term investments worldwide, where the underlying value is not reflected in the market share price.

IN THE YEAR TO 30 JUNE 2019

REVENUE EARNINGS PER ORDINARY SHARE	DIVIDENDS PER ORDINARY SHARE	NET ASSET VALUE ("NAV") TOTAL RETURN PER ORDINARY SHARE*	SHARE PRICE TOTAL RETURN PER ORDINARY SHARE*
7.63p	7.50p	29.7%	18.8%

*See Alternative Performance Measures on page 98.

UIL LIMITED

CONTENTS

NATURE OF THE COMPANY

The business of UIL Limited ("UIL" or the "Company") consists of investing the pooled funds of its shareholders in accordance with its investment objective and policy, generating a return for shareholders and spreading the investment risk. The Company has borrowings and gearing is also provided by zero dividend preference ("ZDP") shares, issued by its wholly owned subsidiary UIL Finance Limited ("UIL Finance"). The joint portfolio managers of the Company are ICM Investment Management Limited ("ICMIM") and ICM Limited ("ICM"), together referred to as the "Investment Managers".

FINANCIAL CALENDAR

Year End
30 June

Annual General Meeting ("AGM")
7 November 2019

Half Year
31 December

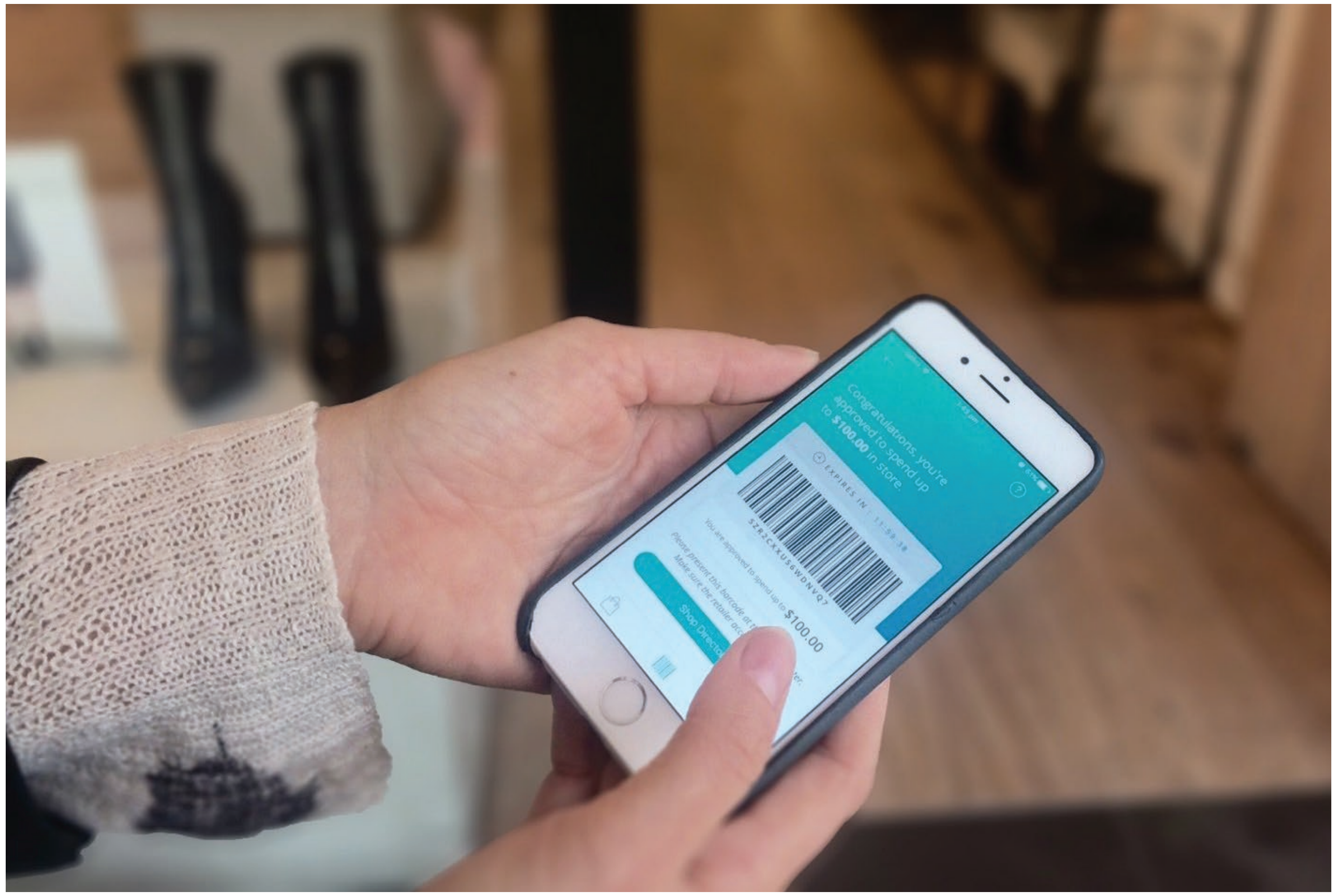
Dividends Payable
September, December, March and June

FORWARD-LOOKING STATEMENTS

This report and accounts may contain "forward-looking statements" with respect to the financial condition, results of operations and business of the Company. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors' current view and on information known to them as at the date of this report. Nothing in this publication should be construed as a profit forecast.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested.

WHY UIL LIMITED?



Stock selection remains our focus and ICM's proven bottom-up long-term approach should benefit UIL in changing times.

UIL'S OBJECTIVE IS:

- To maximise shareholder returns by identifying and investing in compelling long-term investments worldwide, where the underlying long-term value is not reflected in the market share price

UIL OFFERS ORDINARY SHAREHOLDERS:

- A high conviction portfolio
- Attractive quarterly dividends
- Diversified mix of investments
- Opportunity to currently buy UIL shares on the market at a significant discount to NAV

HISTORICALLY:

- Shareholders have received very attractive total returns
- NAV total return performance over the last three years has increased 65.6%, compared to an increase of 29.5% in the FTSE All-Share total return

UIL'S INVESTMENT MANAGER

- ICM Limited has been UIL's investment manager since inception (14 August 2003) and prides itself in identifying compelling investment opportunities and working pro-actively with investee companies to improve the economic value of identified investments

CURRENT YEAR PERFORMANCE

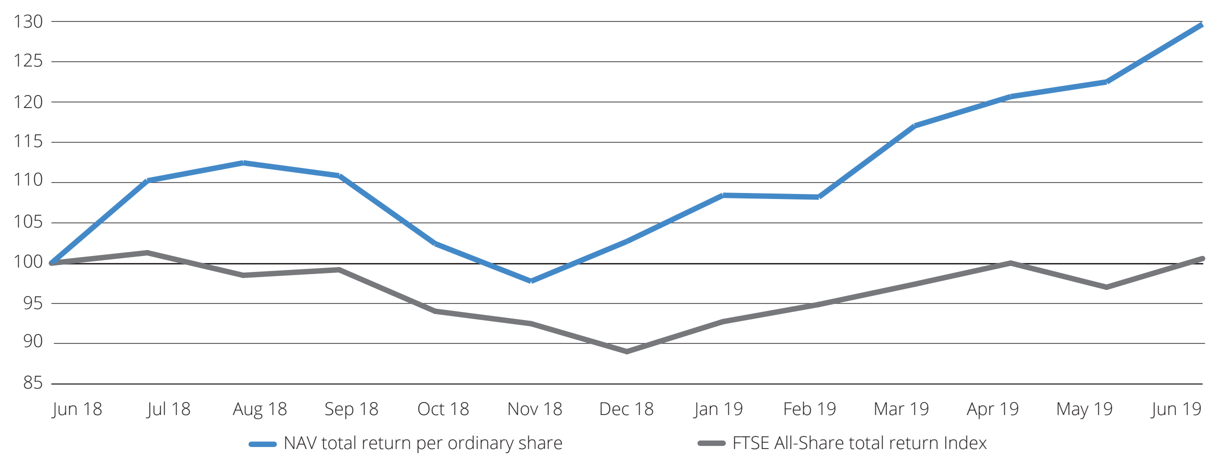
NAV TOTAL RETURN PER ORDINARY SHARE*	SHARE PRICE TOTAL RETURN PER ORDINARY SHARE*	NAV DISCOUNT AS AT 30 JUNE 2019*	GEARING*
29.7%	18.8%	46.2%	64.6%

REVENUE EARNINGS PER ORDINARY SHARE	DIVIDENDS PER ORDINARY SHARE	REVENUE YIELD*	DIVIDEND YIELD*
7.63p	7.50p	2.2%	3.8%

ORDINARY SHARES BOUGHT BACK	AVERAGE PRICE OF ORDINARY SHARES BOUGHT BACK	ONGOING CHARGES EXCLUDING PERFORMANCE FEES*	ONGOING CHARGES INCLUDING PERFORMANCE FEES*
1.2m	180.40p	2.1%	5.1%

*See Alternative Performance Measures on pages 98 to 99.

TOTAL RETURN COMPARATIVE PERFORMANCE† (pence)
from June 2018 to June 2019



† Rebased to 100 as at 30 June 2018

Source: ICM and Bloomberg

GEOGRAPHICAL INVESTMENT EXPOSURE

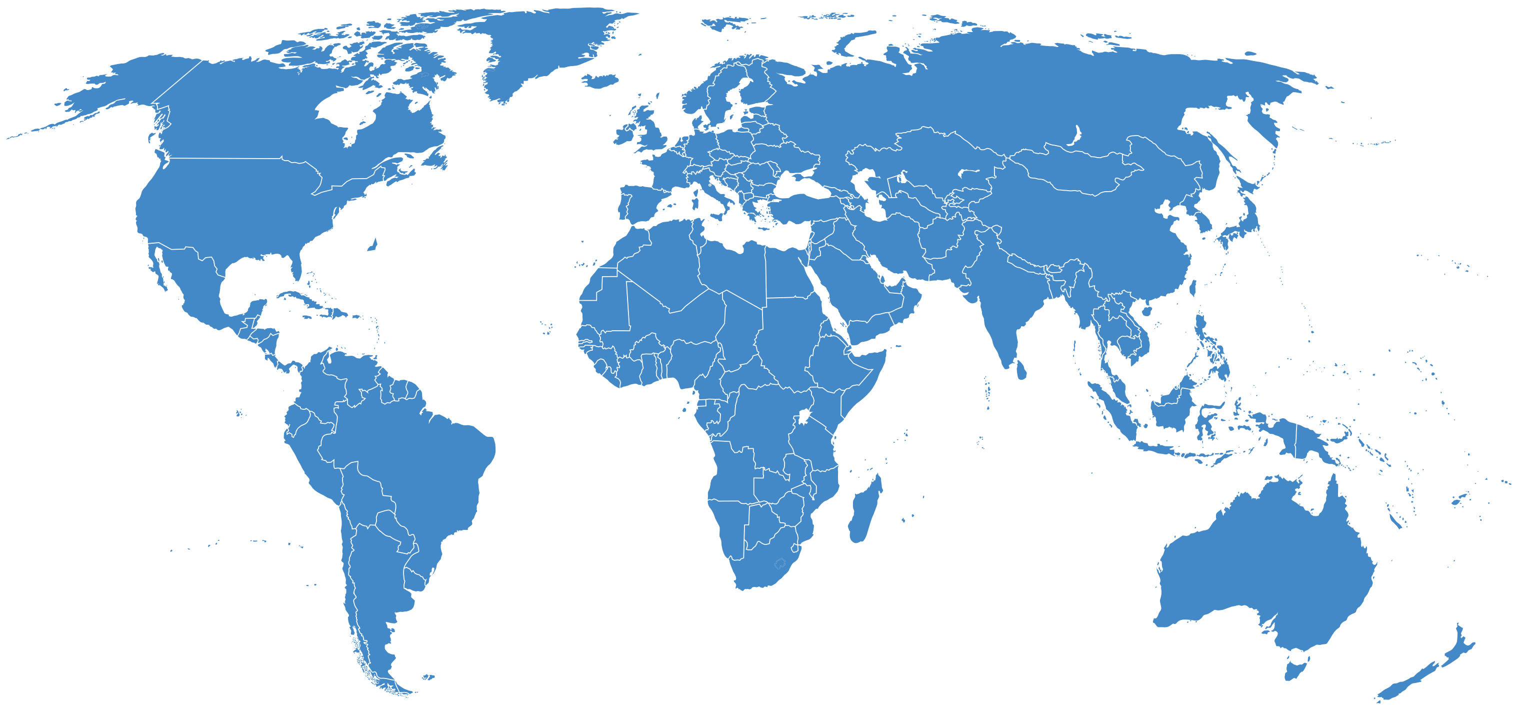
(% OF TOTAL INVESTMENTS ON A LOOK THROUGH BASIS)

NORTH AMERICA	
June 2019	6.1%
June 2018	1.9%

UK AND CHANNEL ISLANDS	
June 2019	11.8%
June 2018	16.7%

EUROPE (EXCLUDING UK)	
June 2019	10.9%
June 2018	4.8%

ASIA	
June 2019	7.4%
June 2018	6.3%



LATIN AMERICA	
June 2019	6.5%
June 2018	5.9%

AFRICA	
June 2019	5.1%
June 2018	1.5%

BERMUDA	
June 2019	15.4%
June 2018	13.0%

AUSTRALIA	
June 2019	20.6%
June 2018	32.4%

NEW ZEALAND	
June 2019	1.2%
June 2018	1.9%

GOLD MINING	
June 2019	15.0%
June 2018	15.6%

Source: ICM

GROUP PERFORMANCE SUMMARY

	30 June 2019	30 June 2018	% change 2019/18
NAV total return per ordinary share (1) (for the year) (%)	29.7	18.7	n/a
Share price total return per ordinary share (1) (for the year) (%)	18.8	11.3	n/a
Annual compound NAV total return (1) (since inception (2)) (%)	13.4	12.4	n/a
NAV per ordinary share (pence)	369.57	291.79	26.7
Ordinary share price (pence)	199.00	174.50	14.0
Discount (1) (%)	46.2	40.2	n/a
Returns and dividends (pence)			
Revenue return per ordinary share	7.63	6.67	14.4
Capital return per ordinary share	75.34	38.96	93.4
Total return per ordinary share	82.97	45.63	81.8
Dividends per ordinary share	7.50	7.50	0.0
FTSE All-Share total return Index	7,431	7,389	0.6
Equity holders' funds (£m)			
Gross assets (3)	537.2	488.3	10.0
Bank debt	51.0	27.8	83.5
ZDP shares	159.9	199.4	(19.8)
Equity holders' funds	326.3	261.1	25.0
Revenue account (£m)			
Income	11.2	10.6	5.7
Costs (management and other expenses)	2.8	2.8	0.0
Finance costs	1.6	1.6	0.0
Financial ratios of the Group (%)			
Ongoing charges figure excluding performance fees (1)	2.1	2.2	n/a
Ongoing charges figure including performance fees (1)	5.1	4.4	n/a
Gearing (1)	64.6	87.3	n/a

(1) See Alternative Performance Measures on pages 98 and 99
(2) All performance data relating to periods prior to 20 June 2007 are in respect of Utilico Investment Trust plc, UIL's predecessor.
(3) Gross assets less current liabilities excluding loans and ZDP shares

UIL delivered a strong NAV total return per ordinary share.

PERFORMANCE SINCE INCEPTION

ANNUAL COMPOUND NAV TOTAL RETURN *	NAV TOTAL RETURN PER ORDINARY SHARE *	ANNUAL COMPOUND SHARE PRICE TOTAL RETURN *	SHARE PRICE TOTAL RETURN PER ORDINARY SHARE *
13.4%	637.1%	11.2%	443.0%

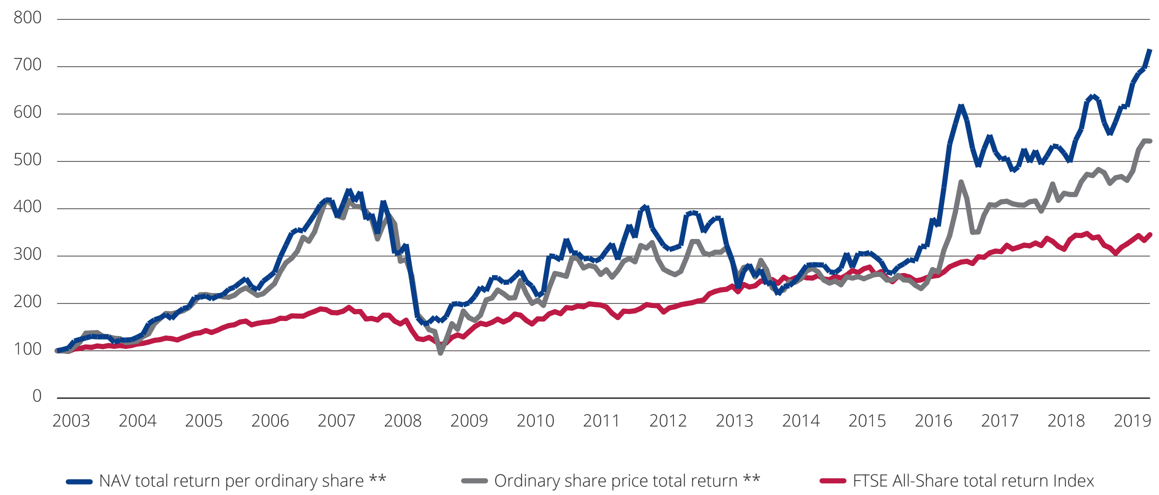
REVENUE EARNINGS PER ORDINARY SHARE	DIVIDENDS PER ORDINARY SHARE	DIVIDENDS PER ORDINARY SHARE COVER *	REVENUE RESERVES PER ORDINARY SHARE CARRIED FORWARD *
96.36p	74.95p	1.4x	10.30p

*See Alternative Performance Measures on pages 98 to 99.

DIVIDENDS PAID OUT	VALUE OF ORDINARY SHARES BOUGHT BACK	ZDP SHARES ISSUED	ZDP SHARES REDEEMED
£68.3m	£26.1m	£373.6m	£326.1m

HISTORIC TOTAL RETURN PERFORMANCE † (pence)

Since inception to 30 June 2019

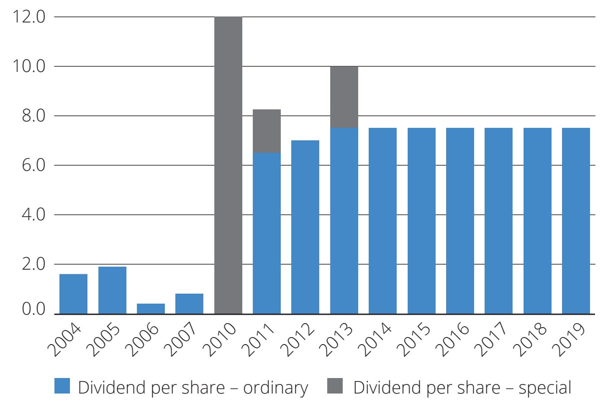


† Rebased to 100 as at 14 August 2003
** Adjusted for the exercise of warrants and convertibles

Source: ICM

DIVIDENDS PER ORDINARY SHARE (pence)

from June 2004 to June 2019

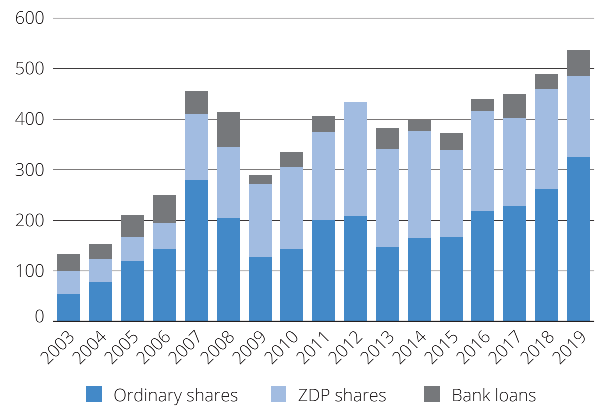


No dividends were paid between 2007 and 2010
2010 refers to a cash distribution

Source: ICM

ALLOCATION OF GROSS ASSETS (£m)

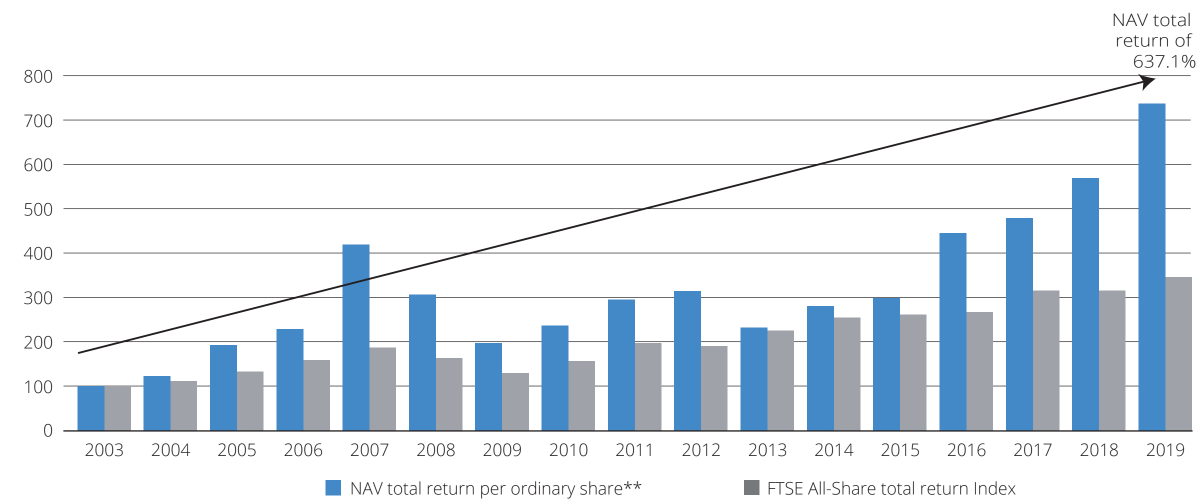
from August 2003 to June 2019



Source: ICM

CUMULATIVE TOTAL RETURN COMPARATIVE PERFORMANCE (pence)

from August 2003 to June 2019 (Rebased to 100 as at 14 August 2003*)



*Inception of Utilico Investment Trust PLC
**Adjusted for the exercise of warrants and convertibles

Source: ICM

We remain bottom up investors looking for compelling value.

PETER BURROWS
Chairman

It is pleasing to report UIL delivered another strong NAV total return per ordinary share performance of 29.7% for the year to 30 June 2019. This once again outperformed the FTSE All-Share total return Index over the same period, which was only up by 0.6%. UIL has achieved growth in NAV over each of the last six years and has paid dividends in each of those years.

Since inception in August 2003, UIL has distributed £68.3m in dividends, invested £26.1m in ordinary share buybacks and made net gains of some £271.0m for a total return of 637.1% (adjusted for the exercise of warrants and convertibles). This represents an average annual compound NAV total return since inception of 13.4%. The FTSE All-Share total return Index average annual compound total return for the same period was 8.1%.

At the half-year, we referred to the commitment by the Board and Investment Managers in the 2014 annual report to reduce the absolute debt for UIL, which stood at £235.9m as at 30 June 2013 and improve gearing. Debt and gearing have reduced every year since this statement was made and I am pleased to note continued progress in the current full year. Gearing reduced from 160.4% as at 30 June 2013 to stand at a record low for UIL of 64.6% as at 30 June 2019 and absolute debt now stands at £210.9m. Gearing is now well inside the target of 100.0% set in 2014 and no further reduction in absolute debt is expected. In addition, in 2014 the Board resolved to pay a quarterly dividend. Pleasingly over the last six years dividends paid have been at 7.50p each year (1.875p a quarter) and as at 30 June 2019, based on a share price of 199.00p, the dividend yield was 3.8%.

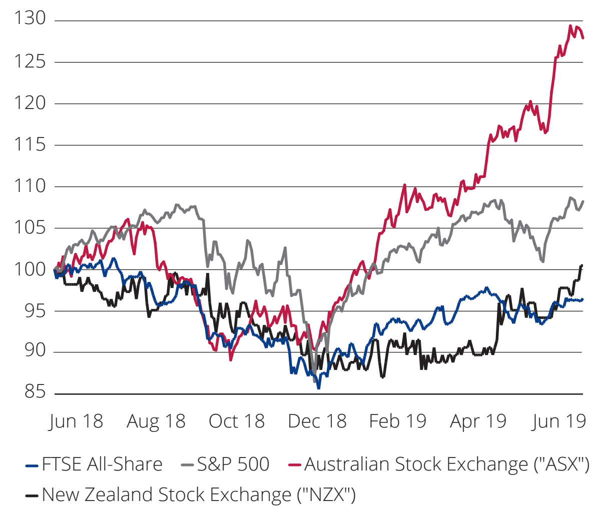
The sustainability of these dividends should provide shareholders with added confidence in UIL.

Once again, the discount factor encouraged the Investment Managers, supported by the Board, to continue to buy back shares. This year UIL bought back 1.2m ordinary shares (1.4%) at an average price of 180.40p, which represented a discount of 51.2% to the closing NAV. These buybacks were accretive to both UIL's NAV per share and earnings per share ("EPS").

The share price total return for the year was 18.8%. The Board is frustrated to see the ordinary shares trade at their widest ever year end discount of 46.2% – despite the strong NAV gains, the continued reduction in absolute debt, lower gearing and attractive dividends payments. As with the gearing targets set six years ago the Board has determined, in agreement with the Investment Managers and the major shareholder, to target a lower discount level of 20.0% in the medium term. To do this UIL will step up its marketing, as well as continuing to buy back ordinary shares. UIL announced on 26 July 2019 that, partly as a result of buy backs, UIL shares held in public hands reduced to 25.0%, the minimum level required to stay listed on the Premium Segment of the Main Market. To enable further buybacks the Board expects shortly to be sending proposals to shareholders to transfer the listing of UIL's ordinary shares from the Premium Segment to the Specialist Fund Segment of the Main Market of the London Stock Exchange. Further details will be set out in that circular.

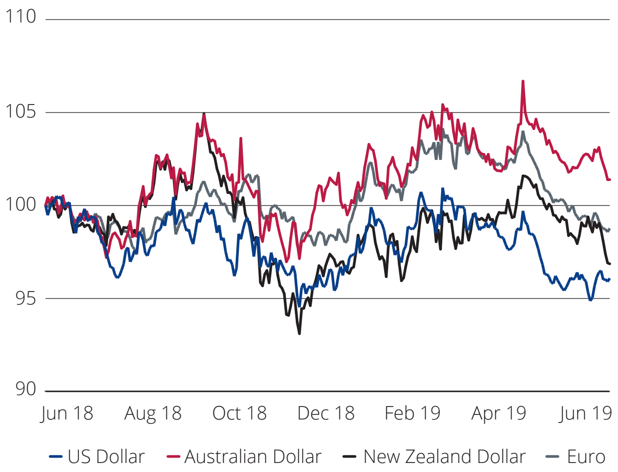
As noted in the half-yearly report there are two opposing forces at work in global markets at the moment: populist leadership and Central Bank activity. Populist leaders have been elected to challenge the existing "political establishment" while Central Banks have been seeking to move policies back to a more "normal" setting. As the world's economies currently slow down, the Central Banks are in retreat. Most developed economies are seeing interest rates

INDICES MOVEMENTS
from June 2018 to June 2019



Rebased to 100 as at 30 June 2018 Source: Bloomberg

CURRENCY MOVEMENTS vs STERLING
from June 2018 to June 2019



Rebased to 100 as at 30 June 2018 Source: Bloomberg

reducing while this should at some point result in inflationary pressures, there is little sign of this today. The populists are looking to deliver policy changes with little regard for more traditional economic forces.

Given that the US Dollar is still the world's reserve currency, the contraction in US Dollars in circulation leads to broad global economic contraction. This has put pressure on other global economies, as has the challenge posed by the emergence of disruptive technology businesses, which dominate local and global markets. Much of the equity market growth has been driven by higher earnings, but higher debt levels across the world's economies have contributed as well. These three factors add to market volatility.

In my statement in last year's report and accounts, I noted that there had been a sharp increase in volatility, and we expect this to continue, driven by the issues outlined above. While market volatility was anticipated, the extent of the market weakness that we have seen in the first half was not. In the six months to 31 December 2018 the China A Share market was down 12.4%, the FTSE All-Share down 11.0% and the US S&P down 7.8%. Since then markets have rebounded in the second half to close largely in positive territory.

In the UK, Brexit has continued to crowd out discussions on most topics as exit concerns have risen. Unsurprisingly, over the year to 30 June 2019, Sterling weakened 3.6% against the US Dollar and 1.2% against the Euro. The Australian economy has also weakened and the Australian Dollar declined 1.5% against Sterling. In the face of weakening demand and over-supply, the oil price has seen a dramatic decrease from USD 79.44 to USD 66.55 per barrel, a decline of 16.2%. Gold rose by 12.5% over the year to 30 June 2019 ending the year at USD 1,409/oz. It is worth noting that, in AUD terms, gold ended at near all-time highs of AUD 2,005/oz, up 18.5% in the year to 30 June 2019. In response to lower interest rates globally and rising political and geopolitical tension we expect gold to go higher.

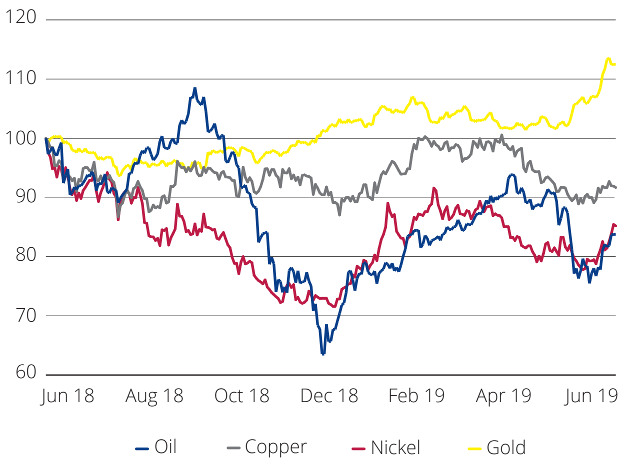
In October 2018, UIL Finance redeemed the outstanding 2018 ZDP shares in full at a redemption cost of £51.2m. In addition, UIL cancelled 20.0m 2024 ZDP shares it was holding on its balance sheet as standby for the 2018 ZDP redemption.

In April 2018, UIL Finance issued 25.0m 2026 ZDP shares, of which UIL held 13.4m, with a view to extending the ZDP redemption profile and lowering its cost of debt. As at 30 June 2019, the aggregate ZDP liability was £159.9m. Since this liability is across four issues it will reduce the significance of each redemption.

UIL is well placed with gearing reduced to 64.6% as at 30 June 2019 from 87.3% as at 30 June 2018, the debt

COMMODITIES MOVEMENTS

from June 2018 to June 2019



Rebased to 100 as at 30 June 2018

Source: Bloomberg

profile extended to 2026 and the Company's average funding costs as at 30 June 2019 reduced further to 5.5%.

It is pleasing to see our four issues of ZDP shares trading at much tighter gross redemption yields than last year and that the ZDP share market remains relatively buoyant. As a result of UIL's investment performance the cover for the ZDP shares has improved considerably and as at the year-end the 2026 ZDP cover was over 2.0 times.

The Board is considering proposals in relation to the redemption of the 2020 ZDP shares on 31 October 2020 and will publish further details in due course.

Revenue return for the year to 30 June 2019 was £6.8m, ahead of the prior year of £6.0m, an increase of 13.6%. This resulted in revenue return EPS of 7.63p versus the prior year's 6.67p, an increase of 14.4% and the dividend being covered by earnings for the first time in six years.

The capital return for the year ended 30 June 2019 was £67.2m.

The Board maintained total dividends for the year to 30 June 2019 at 7.50p per share which represents a yield on the closing share price of 199.00p of 3.8%. Looking forward, the Board expects to maintain the current dividend profile. Undistributed revenue reserves carried forward increased from £9.0m to £9.1m equal to some 10.30p per share.

With effect from 1 July 2018 the provision of administration services to UIL was moved from F&C Management Limited to JP Morgan Chase Bank N.A. (in relation to fund accounting, fund valuation and reporting administration services) and through ICMIM, to Waverton Investment Management (in relation to middle office and market dealing services). JPMorgan Chase Bank N.A remains UIL's custodian and J.P. Morgan Europe Limited remain as depositary. I am pleased to note these arrangements are operating as expected.

Finally, in line with the announcement in June, Eric Stobart and Warren McLeland will be stepping down from the Board on 30 September 2019. On behalf of the Board I would like to thank Eric, for his wise counsel and valuable contribution since his appointment as a non-executive director of the Company in 2007 and as chair of the Audit & Risk Committee; and Mr McLeland, for his insightful guidance and expertise since his appointment in 2013 and in supporting Somers Limited ("Somers") as chairman, UIL's largest investment. The Board expects to announce soon the appointment of a new non-executive director who will also chair the Audit & Risk Committee. Following that appointment, the Board will comprise five directors.

OUTLOOK

The world's economies are slowing as reported by the International Monetary Fund. In addition, trade friction is rising as America First, China 2025 and Brexit drive changes in global relationships. All this leaves the Board cautious about the outlook for the markets.

Against the above backdrop, stock selection is of increasing importance. The Investment Managers' relentless bottom up approach to investment should benefit UIL's portfolio.

Peter Burrows AO
Chairman

13 September 2019

INVESTMENT MANAGERS' REPORT

CHARLES JILLINGS
Investment Manager

UIL's NAV total return of 29.7% for the twelve months to 30 June 2019 was a rewarding result given the market volatility in 2019. This builds on UIL's recent significant gains. Since inception, UIL's NAV total return was 637.1% resulting in an annual compound NAV total return of 13.4%.

As noted in the Chairman's statement, in the year to 30 June 2019, volatility returned to equity, currency, debt and commodity markets. We are conscious that this volatility is impacting all asset classes, with global gross domestic product ("GDP") growth softening and debt continuing to rise across the world's economies. However, regardless of the broader market environment, we remain bottom up investors looking for compelling value. This focus on the individual businesses should, over the longer term, deliver above average returns. However, markets will dictate carrying values in the shorter term.

While the issues outlined above have created a headwind for the broader markets, UIL has seen its investment position continue to improve significantly. This has been driven by positive developments in its investee companies, such as the mining automation investment by Resolute Mining Limited ("Resolute") and through to Afterpay Touch Group Limited's ("Afterpay") expansion into the US market with the addition of 7,500 new customers per day. In addition, three significant transactions have been or are in the process of being concluded: Somers' conditional sale of Bermuda Commercial Bank Limited ("BCB"), Bermuda First Investment Company Limited's ("BFIC") conditional sale of Ascendant Group Limited ("Ascendant") and Zeta Resources Limited's ("Zeta") sale of Bligh Resources Limited ("Bligh"). These sales will provide additional liquidity to UIL at an opportune time for new investments. UIL's NAV is up, gearing,

IN THE YEAR TO 30 JUNE 2019

AUSTRALIA REMAINS UIL'S LARGEST COUNTRY EXPOSURE AT 20.6%	BERMUDA IS UIL'S SECOND LARGEST COUNTRY EXPOSURE AT 15.4%	GOLD REMAINS UIL'S THIRD LARGEST EXPOSURE AT 15.0%
↓ 11.8%	↑ 2.4%	↓ 0.6%
UK IS UIL'S FOURTH LARGEST COUNTRY EXPOSURE AT 11.8%	THE REST OF EUROPE IS UIL'S FIFTH LARGEST EXPOSURE AT 10.9%	ASIA IS UIL'S SIXTH LARGEST EXPOSURE AT 7.4%
↓ 4.9%	↑ 6.1%	↑ 1.1%

Note: decreases/increases refer to the movement in the portolio percentage of the relevant country

SECTOR SPLIT OF INVESTMENTS

Infrastructure Investments 26.5% (2018: 21.7%)	Technology 22.7% (2018: 25.9%)	Financial Services 21.8% (2018: 22.7%)
Gold Mining 15.0% (2018: 15.6%)	Resources 9.4% (2018: 9.4%)	Other 4.6% (2018: 4.7%)

IN THE YEAR TO 30 JUNE 2019

INVESTED	REALISED	TOTAL REVENUE INCOME
£78.5m	£118.4m	£11.2m
LEVEL 1 & 2 INVESTMENTS	LEVEL 3 INVESTMENTS	LEVEL 3 % OF TOTAL PORTFOLIO*
£359.4m	£184.4m	33.9%

*Includes loans to listed companies

Source: ICM

UIL'S GROSS ASSETS (LESS CURRENT LIABILITIES EXCLUDING LOANS AND ZDP SHARES) INCREASED FROM £488.3M TO

£537.2m

IN THE YEAR TO 30 JUNE 2019

including ZDP shares, is down, EPS is up and dividends are being maintained at current levels.

UIL's strong NAV performance are underpinned by these strong fundamentals.

Offsetting the benefits to shareholders of the above is the discount drag that UIL suffers on its platform investments. As at 30 June 2019 discounts to published NAVs amounted to 10.8% for Utilico Emerging Markets Trust plc ("UEM") (some £10.8m) and 9.0% for Somers (some £11.0m), and together this amounts to a discount on these investments of some £21.8m. Adding these discounts back would see UIL's shareholders' funds increase by 6.7% to 394.22p and the UIL discount widen to 49.5%.

INVESTMENT APPROACH

UIL continues to develop its core platform investments, which offer the following benefits:

- Focused strategy. Each platform has a narrow mandate and as such is driven by the objective of finding and making attractive investments within its mandate.
- Dedicated research analysts. The research analysts for each platform are focused on both understanding existing portfolio businesses and identifying compelling new investments.
- Financial support. Ability to draw on UIL's support and financial backing.
- Deep knowledge. Utilising the Investment Managers' knowledge across many jurisdictions to optimise investment opportunities and undertake corporate finance led transactions.

The platforms have been set up to provide a sharper focus, leading to better investment opportunities and decision making by analysts and managers within their defined sectors.

A key driver in shaping the current portfolio is the Investment Managers' three medium-term core views. First, that the world's financial markets are over indebted; second, that technological change offers strong investment upside and third, that emerging markets offer higher GDP growth opportunities than developed markets. UIL's Investment Managers' emphasis is on individual stock selection, remaining fully invested and focusing on finding investments at valuations that do not reflect their true long-term value, while at the same time being a supportive shareholder of investee companies. The Investment Managers are a relentless bottom up investors, drawing on in-depth knowledge and capability.

PORTFOLIO

The technology investments in UIL have been strong contributors to performance with the share price of Afterpay rising 168.1% and Optal Limited ("Optal") rising 60.9%. In addition, the Bermuda investment valuations also rose significantly with BFIC up 77.5% and One Communications Limited ("OneComm") up 51.1%. UEM's performance has been strong with its share price rising 22.8%. Somers share price was weaker, down 5.8% as was Zeta down 11.3%. Resolute was up 4.7%. These are all reviewed in the ten largest holdings section starting on page 19. Overall, the investment portfolio gained £90.4m in value.

As at 30 June 2019, the top ten investments accounted for 91.9% of the portfolio compared to 89.2% in the prior year. Concentration risk, however, is significantly reduced owing to each platform holding a number of underlying investments. It should be noted that for both sector and geographic analysis, we continue to present and discuss the portfolio on a look-through basis.

INVESTMENT MANAGERS' REPORT (continued)

PLATFORM INVESTMENTS

UIL currently has five individual platform investments – Somers, UEM, Zeta, BFIC and Allectus Capital Limited ("Allectus"). These investments are all in the top ten portfolio and these five investments account for 58.8% of the total portfolio as at 30 June 2019 (prior year 55.6%). During the year to 30 June 2019, UIL made net withdrawals of £7.7m, (prior year £15.5m) from its platform investments.

These are reviewed under the ten largest holdings section starting on page 19.

The continuing sale of Infratil was completed in the year. Infratil has been a very successful core holding and had been held by UIL and its predecessor companies and was one of the earliest investments made by SUIT. We wish Infratil shareholders continued success.

PORTFOLIO ACTIVITY

During the year to 30 June 2019, UIL invested £78.5m, including net loans of £12.5m to Zeta, £10.3m to Allectus and £6.0m to Somers while UIL realised £118.4m, including £67.5m from Afterpay, £11.2m from Infratil and £3.7m from UEM.

In June 2019 BFIC paid a special dividend to its shareholders, with an option to take shares in OneComm in lieu of the dividend. UIL opted to receive OneComm shares and as a result received a £20.4m investment in OneComm with its investment in BFIC reduced.

On 5 February 2019, Somers announced the conditional sale of its investment in BCB and this is proceeding through the regulatory process. In June 2019, Ascendant announced it had reached agreement for Algonquin Power & Utilities Corp to acquire Ascendant, subject to regulatory and shareholders' approvals. Shareholder consent has now been received and regulatory consent is expected soon. Also, in June 2019, Bligh, a significant investment of Zeta, announced it had been sold to Saracen Mineral Holdings Limited ("Saracen"). These transactions undertaken by Somers, BFIC and Zeta are expected to generate significant cash for UIL as investee company loans are expected to be repaid by each of them to UIL.

DIRECT INVESTMENTS

UIL has five direct investments in its top ten holdings. These include: Resolute, Optal, Afterpay, Vix Tech Pte. Limited ("VixTech") and OneComm.

These are also reviewed under the ten largest holdings section starting on page 19.

GEOGRAPHIC REVIEW

The geographical split of the portfolio, on a look-through basis, shows Australia reducing to 20.6% of total investments (30 June 2018: 32.4%) and Bermuda increasing from 13.0% as at 30 June 2018 to 15.4% as at 30 June 2019. Europe (excluding the UK) increased over the year from 4.8% of the total investments as at 30 June 2018 to 10.9% as at 30 June 2019.

SECTOR REVIEWS

Infrastructure Investments – 26.5% (prior year 21.7%)
UIL has amalgamated the utility sectors into one and this consists of the following; Airports, Renewables, Water & waste, Infrastructure, Toll roads, Ports, Oil & Gas, Telecoms and Electricity.

Technology – 22.7% (prior year 25.9%)
UIL holds a number of investments in the technology sector, both directly and through Allectus (its ninth largest investment). Optal is UIL's fifth largest holding in the portfolio while Afterpay is the sixth largest holding and VixTech is the tenth largest holding. Technology exposure reduced as UIL exited from the Vix Verify investment for AUD 15.2m and sold down 69.9% of its holding in Afterpay. Against this, Afterpay and Optal were amongst UIL's top performers, with share prices up 168.1% and 60.9% respectively.

Financial Services – 21.8% (prior year 22.7%)
UIL's largest investment both in financial services and in the portfolio is Somers, which accounts for 21.8% of UIL's total portfolio as at 30 June 2019 (prior year 22.6%).

Gold Mining – 15.0% (prior year 15.6%)
UIL's largest investment in gold mining is in Resolute, which is held both directly by UIL (12.3% of the total portfolio) and indirectly through Zeta.

Resources (excl. gold mining) – 9.4% (prior year 9.4%)
UIL's largest investment in resources is Zeta, which accounts for 12.7% of the total portfolio as at 30 June 2019 (prior year 12.3%).

LEVEL 3 INVESTMENTS

UIL's investments in level 3 companies increased by 8.3% of the total portfolio in the year under review (2019: 33.9% - 2018: 25.6%) mainly as a result of gains in valuations by Optal, Ascendant and OneComm.

BREXIT

Brexit risks for UIL are considered by the management team and Board of UIL. The strategy pursued over recent years of hedging the UIL ZDP liability in full, should provide resilience in these volatile times. UIL has hedged £173.5m from AUD, USD and Euro into Sterling. This has resulted in a balanced position for UIL's net assets. The FX contracts are spread over six months to reduce any one-month cash call if Sterling weakened significantly. Within UIL's portfolio there are UK businesses which could see an impact from Brexit both in operations and assets. These businesses have taken steps to mitigate the day to day operating impact. We have judged the impact on UIL to be immaterial. However, this is under constant review and consideration. Details of UIL's FX position are set out below and in note 12 to the accounts.

DERIVATIVES

UIL was for the most part inactive in stock market derivatives during the year as the Investment Managers expected the markets to perform well in 2018/9 driven by strong corporate earnings, notwithstanding increased volatility.

During the year to 30 June 2019 there continued to be significant currency hedges in place in the portfolio. As at 30 June 2019, these hedges were higher than average as we aimed to increase the portfolio's exposure to Sterling following the Brexit induced weakness. These hedges included AUD 144.7m, USD 84.8m, EUR 26.0m and NZD 7.4m and in the year generated a loss on the capital account of £6.9m (30 June 2018: gain of £3.3m).

GEARING

We are pleased to highlight that UIL's initial goal set in 2014 of reducing gearing to 100.0% or below has been delivered again this year. Gearing (including the ZDP shares) has reduced significantly and consistently from 160.4% in 2013 to 64.6% as at 30 June 2019. Given this progress we have no plans to reduce debt as an absolute amount below current levels of £173.0m in ZDP shares and £50.0m bank facility.

More pleasing is the continuing reduction of financing costs with the average costs reducing from 6.3% in June 2013 to 5.5% as at 30 June 2019. This should continue as next year's 2020 ZDP shares, (currently compounding at 7.25%), are expected to be refinanced in current markets at lower rates.

ZDP SHARES

On a consolidated basis the ZDP shares reduced from £199.4m to £159.9m. UIL's wholly owned subsidiary, UIL Finance, commenced the year with £233.9m of ZDP shares in issue, of which UIL held 0.3m 2018 ZDP shares, 20.0m 2024 ZDP shares and 13.4m 2026 ZDP shares on its balance sheet. In October 2018, the outstanding £51.2m of 2018 ZDP shares were redeemed in full, with UIL realising £61.8m from investments to facilitate the redemption. In addition, UIL cancelled £20.0m of 2024 ZDP shares it was holding on its balance sheet as standby for the 2018 ZDP redemption. As at 30 June 2019, UIL Finance had in issue four classes of ZDP shares amounting to £172.6m, of which UIL held 11.9m of the 2026 ZDP shares at market value.

A new section focused on the ZDP shares is included on pages 24 and 25 of this document and further details on the ZDP shares are included in note 15 to the accounts.

DEBT

Bank loans of £27.8m as at 30 June 2018 were repaid in September 2018, reflecting portfolio realisations ahead of the 2018 ZDP redemption of £51.2m. The bank facility of £50.0m was then fully drawn to fund the 2018 ZDP redemption. The facility is drawn in Australian, Canadian and US Dollars.

Scotiabank's £50.0m committed senior secured multicurrency revolving facility matures in March 2020. UIL intends to commence discussions to extend this maturity to 2022, later this year.

REVENUE RETURNS

Revenue total income was up by 5.8% from £10.6m to £11.2m reflecting increased dividends. Management and administration fees and other expenses remained flat at £2.8m (30 June 2018: £2.8m). Financing costs were largely unchanged at £1.6m (30 June 2018: £1.6m). Taxes reduced to almost nil.

Revenue profit was up 13.6% to £6.8m (30 June 2018: £6.0m) and EPS increased 14.4% to 7.63p (6.67p as at 30 June 2018) driven by revenue return increases and a lower number of shares in issue following the buybacks during the financial year.

INVESTMENT MANAGERS' REPORT (continued)

CAPITAL RETURNS

Capital total income was £86.8m (30 June 2018: £52.4m). This represented gains on investments and foreign exchange losses.

Management and administration fees and other expenses were £8.5m as performance fees increased in the year (30 June 2018: £5.3m).

Finance costs reduced by 8.2% to £11.1m (30 June 2018: £12.1m) reflecting the lower number of ZDP shares in issue and lower borrowing costs.

The resultant profit for the year to 30 June 2019 on the capital return was £67.2m (30 June 2018: £35.0m) and EPS was 75.34p (30 June 2018: 38.96p).

EXPENSE RATIO

Pleasingly the ongoing charges figure, excluding performance fees, decreased from 2.2% as at 30 June 2018 to 2.1% as at 30 June 2019. Including performance fees (accrued by UIL and by underlying investee funds) the ongoing charges figure increased from 4.4% to 5.1% reflecting UIL's stronger performance this year and consequent higher performance fee.

All expenses are borne by the ordinary shareholders.

Charles Jillings
ICM Investment Management Limited
and ICM Limited

13 September 2019

ORIGINAL SUIT CAPITAL SHAREHOLDER RETURN –

15.4%

NAV TOTAL RETURN

A BRIEF HISTORY

In August 1993, UBS Warburg raised £50.0m for a new fund called Special Utilities Investment Trust PLC ("SUIT") which was jointly managed by Foreign & Colonial Management Limited ("F&C") and Duncan Saville. SUIT was launched as a split capital fund with 50m capital shares of 40p each (£20m) and 60m income shares of 60p each (£30m). The capital shares bore all the expenses of the issue and received all the capital upside, while the income shares were entitled to all the net revenue and their 60p subscribed capital at the end of SUIT's life in August 2003. SUIT's objective was to deliver a progressive dividend policy for the income shareholders and achieve capital growth for the capital shareholders from a portfolio of utilities, initially consisting largely of securities in water supply companies which were acquired from a company associated with Duncan Saville.

Over time, F&C became the administrators and Duncan Saville formed an investment management company to manage the fund. In August 2003, the income shares were redeemed at par and the capital shareholders were given the option for a cash exit or to roll their existing capital shares into a new fund, Utilico Investment Trust PLC ("Utilico"). In light of the 18.8% compound return generated in the previous ten years it was not surprising that some 70% of the capital shareholders elected to roll over.

In the following 16 years Utilico's mandate was changed to invest in companies where the underlying value is not reflected in the market price, as the European utilities sector were facing a number of challenges and regulatory headwinds.

A STRONG NAV TRACK RECORD

For a SUIT continuation capital shareholder who rolled over into UIL in 2003, the annual compound net asset value ("NAV") total return (which assumes dividends were reinvested) from 23 August 1993 to 30 June 2019 amounted to 15.4% per annum.

An alternative way of looking at the benefits of this compounding return is to consider an investment of £10,000 in a SUIT capital share in August 1993. Based on the underlying NAV of a UIL ordinary share (assuming dividends were reinvested) as at 30 June 2019, the value would be approximately £409,000.

PROFILE

Whilst SUIT started life geared at 150.0%, UIL is today geared at 65.5% and the NAV total return rate, although slowed, remains strong, SUIT's was 18.8% and UIL's is 13.4%. Throughout this period the major shareholder has remained consistent, as has much of the senior management team.

TEN LARGEST HOLDINGS

THE VALUE OF THE TEN LARGEST HOLDINGS REPRESENTS

91.9%

(2018: 89.2%) OF THE GROUP'S TOTAL INVESTMENTS

THE VALUE OF CONVERTIBLE SECURITIES REPRESENTS

6.7%

(2018: 7.1%) OF THE GROUP'S PORTFOLIO

THE VALUE OF FIXED INCOME SECURITIES REPRESENTS

11.9%

(2018: 6.7%) OF THE GROUP'S PORTFOLIO

THE TOTAL NUMBER OF COMPANIES INCLUDED IN THE PORTFOLIO IS

42

(2018: 43)

TEN LARGEST HOLDINGS (continued)

TEN LARGEST HOLDINGS ON A LOOK-THROUGH BASIS (INCLUDING PLATFORM INVESTMENTS)

Company	Portfolio	Fair Value £'000s	% of total investments
Resolute Mining Limited	UIL and Zeta	71,535	13.1%
Optal Limited	UIL	43,726	8.0%
Resimac Group Limited	Somers	39,236	7.2%
Afterpay Touch Group Limited	UIL	37,718	6.9%
Ascendant Group Limited	UIL and BFIC	28,522	5.2%
Bermuda Commercial Bank Limited	Somers	25,097	4.6%
One Communications Limited	UIL	22,946	4.2%
BNL UK Limited (Waverton)	Somers	20,873	3.8%
Panoramic Resources Limited	Zeta	19,580	3.6%
Alliance Mining Commodities Limited	Zeta	17,913	3.3%
Total of ten largest holdings on a look-through basis		327,146	60.2%
Other investments		216,648	39.8%
Total investments		543,794	100.0%

UIL's Investment Managers' emphasis is on individual stock selection, remaining fully invested and focusing on finding investments at valuations that do not reflect their true long-term value.

TEN LARGEST HOLDINGS OF THE GROUP

1 SOMERS LIMITED

SHARE PRICE

↓5.8%

Sector	Financial Services
Fair Value £'000s	118,428
% of total investments	21.8%

Somers is a financial services investment holding company, whose shares are listed on the Bermuda Stock Exchange ("BSX"). Somers is managed by ICM.

Somers shareholders' equity was USD 343.1m as at 30 June 2019 (30 June 2018: USD 378.3m) and reported a NAV per share of USD 16.81 as at 30 June 2019, down from USD 19.09 as at 30 June 2018. Somers declared dividends of 50.0c up from 49.0c in the prior year. During the twelve months to 30 June 2019 Somers' share price decreased, representing a loss of 1.5%, after adding back dividends. Somers is classified as an investment company under IFRS 10 and, accordingly, values its underlying investments at fair value. Somers' four largest investments, which make up 86.5% of its portfolio, are a 62.6% holding in Resimac Group Limited (a leading non-bank Australian financial institution with over AUD 13.0bn assets under management ("AUM")), a 100% shareholding in BCB (one of the four licensed banks in Bermuda), a 62.8% shareholding in UK specialist bank, PCF Group plc and a 62.5% holding in Waverton Investment Management Limited (a UK wealth manager with £6.0bn AUM). Somers has agreed to sell BCB subject to regulatory and Governmental approvals. In the year to 30 June 2019, UIL's shareholding in Somers increased by 3.2%.

2 UTILICO Emerging Markets Trust plc

SHARE PRICE

↑22.8%

Sector	Investment Fund
Fair Value £'000s	88,859
% of total investments	16.3%

UEM is a closed-end investment trust, whose ordinary shares are listed on the premium segment of the Official List of the Financial Conduct Authority and are traded on the Main Market of the London Stock Exchange ("LSE").

UEM is managed by ICM and ICMIM and invests predominantly in emerging markets with a focus on infrastructure and utility assets. UEM's NAV total return increased by 22.6% in the twelve months to 30 June 2019, a particularly pleasing performance and significantly ahead of the MSCI Emerging Markets Total Return Index (Sterling adjusted) which grew by 5.3%. UEM's outperformance versus the MSCI Emerging Markets Index was primarily due to strong performance in its investee companies, particularly in Brazil. Over the period, UEM's share price increased with the discount to NAV narrowing from 13.4% to 10.4%. Dividends per share increased to 7.20p from 7.00p. In the twelve months under review UIL decreased its shareholding in UEM by 4.7%.

TEN LARGEST HOLDINGS OF THE GROUP (continued)

3 ZETA RESOURCES

SHARE PRICE

↓11.3%

Sector	Resources
Fair Value £'000s	69,178
% of total investments	12.7%

Zeta is a resource focused investment company, which is listed on the ASX. Zeta is managed by ICM.

In the year ended 30 June 2019, Zeta's net assets per share fell by 38.6%. Zeta's share price closed the year at a minimal 0.1% (prior year: 30.1%) discount to net tangible assets per share. The commodity prices of Zeta's major underlying investments were all down in USD except for gold, with nickel down 14.9%, copper down 10.2%, while gold was up 12.5%. As a commodity leveraged company, the value of Zeta's net assets typically rise more when commodity prices rise, while falling more when commodity prices fall as the impact on mining companies is magnified. In September 2018, Zeta commenced an on-market buy-back programme and as at 30 June 2019, 807,948 shares had been bought back at an average price of AUD 0.37 per share. Zeta has a concentrated portfolio, having built up cornerstone shareholdings in bauxite, nickel, gold, and copper companies.

In June 2019, Australian gold company Saracen announced a takeover offer for Bligh, offering new Saracen shares in exchange for shares in Bligh at a 97% premium to the Bligh share price just prior to the offer. The takeover was completed after the end of Zeta's June financial year. In the year to 30 June 2019, UIL's shareholding in Zeta increased by 0.1%.

4 Resolute

SHARE PRICE

↑4.7%

Sector	Gold Mining
Fair Value £'000s	66,733
% of total investments	12.3%

Resolute is an Australian domiciled gold mining company, listed on the ASX and the LSE with three operating mines: the Syama mine in southern Mali; the Ravenswood mine in northeast Australia; and the recently acquired Mako mine in Senegal. In addition, the company owns the Bibiani gold mining project in Ghana.

Resolute's share price in the twelve months to 30 June 2019 increased on the back of higher gold prices and the start of production at Syama Underground. Production in the year to 30 June 2019 of c.305,000oz gold was in line with the guidance. Gold produced at Syama increased by 25.4% to 243,617oz. Syama Underground is a new automated underground development still in the ramp-up stage, although commercial production rates were achieved in the June 2019 quarter. With increased volumes, cash costs at Syama fell by 24.2% to AUD 906 per ounce. At Ravenswood, gold produced fell by 31.3% to 61,819oz, and the Mt Wright Underground at Ravenswood is expected to be closed in late 2019. However, recent drilling at Ravenswood combined with the higher gold price, substantially boosted economic reserves, and Resolute is working on improving its plan for the Ravenswood Expansion Project which is targeting a new 15-year mine life with annual production of c. 200,000oz. As at 30 June 2019, Resolute had cash and bullion on hand of AUD 34.3m, down from AUD 79.6m in the prior year. Total borrowings were AUD 193.0m, up significantly from AUD 33.8m in the prior year due to capital expenditures on the Syama Underground development. Resolute recently dual listed its shares on the LSE and changed its financial year to a calendar year. UIL's shareholding in Resolute remained the same in the period under review.

5 Optal

VALUATION

↑60.9%

Sector	Technology
Fair Value £'000s	43,726
% of total investments	8.0%

Optal is an unlisted, UK domiciled developer of global payment systems and its key application is providing services to eNett, a virtual payment card solution for the travel industry.

This allows travel agents to make payments to service providers (e.g. hotels, airlines, tour operators) over the universally accepted MasterCard system in a secure, cost effective and efficient way using a virtual account number (VAN) created solely for each single transaction.

Optal is the primary VAN issuer for eNett, which is majority owned by Travelport (formerly US listed but taken private in May 2019), with Optal owning the residual 23.5%. For the year to 31 December 2018, Optal grew revenues by 50.5% to EUR 304.8m and net profit after tax increased by 111.8% to EUR 27.7m. Despite being a fast growing finTech business, Optal is profitable, cash generative and pays regular dividends to shareholders. Optal is also providing other payment solutions outside of the travel payment industry and expects this segment to continue to grow at a rate significantly above the rate of its travel related business. The recent strong operational performance has resulted in an upwards revaluation of the business over the year by 60.9%. UIL's shareholding in Optal was unchanged in the year to 30 June 2019.

6 afterpaytouch

SHARE PRICE

↑168.1%

Sector	Technology
Fair Value £'000s	37,718
% of total investments	6.9%

Afterpay is an Australian listed consumer orientated, finTech company. Afterpay offers consumers the ability to pay for purchases (online or in store) in instalments over an eight-week period with no interest charge. The service is funded by retailers, who benefit from larger average basket sizes and a higher propensity for consumers to purchase.

Afterpay continues to expand rapidly both in its established Australian and New Zealand markets, and internationally, with services launched in the United States in May 2018 and in the UK (under the Clearpay brand) in June 2019. Retailers at launch in the UK included Urban Outfitters and Boohoo.com. As at 30 June 2019, the service was available through 32,300 retailers (June 2018: 16,500) and Afterpay's customer numbers more than doubled to 4.6m active customers (June 2018: 2.0m) including 1.8m in the USA. Underlying sales increased by 140% in the twelve months to 30 June 2019. Afterpay's share price performance was strong during the year, with the stock advancing to the ASX-100 Index in June 2019. UIL sold 69.9% of its shareholding during the period.

TEN LARGEST HOLDINGS OF THE GROUP (continued)

7 BERMUDA FIRST Investment Company

VALUATION

↑77.5%

Sector	Electricity
Fair Value £'000s	23,742
% of total investments	4.4%

BFIC is an investment holding company, which now has only one significant investment, Ascendant, Bermuda's monopoly electricity company. BFIC is managed by ICM.

During the year BFIC distributed its holding in OneComm, a holding company for telecommunication companies in Bermuda and the Cayman Islands, to UIL via a special dividend. As at 30 June 2019, BFIC had total assets of USD 50.7m and net assets of USD 31.9m. In early 2019, Ascendant commenced a strategic review and on 3 June 2019, announced that it had agreed to be acquired by Algonquin Power and Utilities Corp. for USD 36.00 per share, a significant premium to the Ascendant share price prior to the announcement of the strategic review. The offer was approved by shareholders on 9 August 2019 and is now awaiting regulatory and Governmental approval. In the meantime, Ascendant continues its investment in replacement generation and transmission, and distribution network. Upon completion of the sale of Ascendant it is likely that BFIC will be liquidated and assets distributed to shareholders. UIL's shareholding in BFIC remained the same during the year under review.

8 One COMMUNICATIONS

VALUATION

↑51.1%

Sector	Telecoms
Fair Value £'000s	22,946
% of total investments	4.2%

OneComm is an integrated telecommunications holding company with operations in Bermuda and the Cayman Islands. OneComm provides mobile telephone, fibre-based broadband, Pay TV, voice and I.T. services.

During the year to 30 June 2019, UIL increased its direct holding in the company mainly due to the acquisition of shares previously held within BFIC. OneComm operates in markets which are highly competitive and has invested heavily in recent years to upgrade its networks with fibre to offer broadband speeds of up to 300 Mbps and on-demand 4K Ultra HD video content. OneComm has also continued to invest in improving its 4G LTE Wireless network in Bermuda. Following this period of heavy capital investment, OneComm now has improved customer experiences, but also made efficiency gains. EBITDA in the six months to 30 June 2019 increased by 8.7% compared with the prior year. Capital expenditure has normalised and OneComm has resumed dividend payments.

9 ALLECTUSCAPITAL

VALUATION

↓52.1%

Sector	Technology
Fair Value £'000s	19,306
% of total investments	3.6%

Allectus is an unlisted investment company with a value focused portfolio of technology businesses. Allectus is managed by ICM and oversees and actively supports investments in Asia Pacific, the United Kingdom and United States, for ICM.

Allectus invests on a high conviction, deep value basis into potentially disruptive technologies. It predominantly focuses on early and growth stage investments in finTech, AI, digital health and identity & security, backed by proprietary and world-class intellectual property. In the year ending 30 June 2019, Allectus made numerous investments into multiple verticals including, Pandia Health (digital health provider for women), Own Solutions (European cash-to-digital exchange platform), Waddle Loans (B2B SaaS platform for invoice financing for financial institutions), Cluey (online education and tutoring as a service), Snapper (transit and payments technology provider), The Clinician (SaaS platform for health AI analytics) and FanAI (esports analytics and marketing). Additionally, Allectus has focused on adding value to its existing portfolio including the provision of growth capital to Switch Automation (US based smart buildings/AI platform), Perfect Channel (a UK based B2B marketplace exchange-as-a-service platform) and Imagus (an Australian based facial recognition technology company).

10 VIX

VALUATION

0.0% UNCHANGED

Sector	Technology
Fair Value £'000s	9,208
% of total investments	1.7%

VixTech is an unlisted, integrated payment solutions company with a global footprint that has developed solutions for over 200 cities and regions, enabling millions of people worldwide to experience the convenience of low-cost, smartcard travel through integrated systems processing billions of transactions per annum.

VixTech's products are the cornerstone of the world's largest smartcard payment and billing systems and include flagship solutions such as the Hong Kong Octopus Card, Singapore EzLink, Beijing ACC and Melbourne Metcard. VixTech continues to undergo a significant corporate restructuring to improve its long-term efficiency, by developing a product-focused business model. Given the restructuring that VixTech has experienced over the last three years, revenues have remained partly deferred whilst investment costs and restructuring costs remain high. For the year ended 30 June 2019, revenues were USD 107.0m with adjusted EBITDA being negative USD 3.0m. As management continue to scrutinise the business for any excess costs and start to deliver on new product roll outs, profitability is expected to improve. UIL and ICM (VixTech's two shareholders) remain optimistic that the technology used in the products will improve the commuter travel experience. Shareholders continue to support VixTech and during the year to 30 June 2019, UIL loaned USD 4.3m to VixTech. UIL's shareholding in VixTech remained unchanged in the year to 30 June 2019.

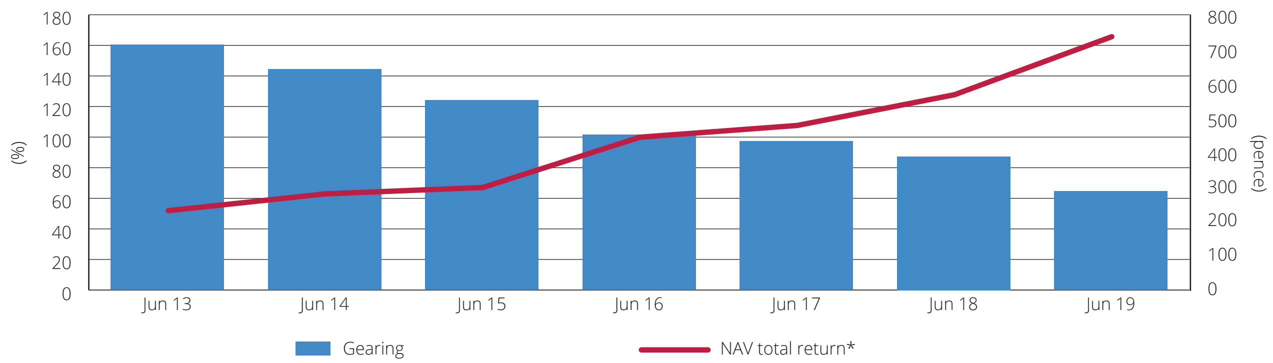
ZDP SHARES

ZDP shares[1] (pence)	30 June 2019	30 June 2018	% change 2019/18
2020 ZDP shares			
Capital entitlement[2] per ZDP share	141.01	131.52	7.2
ZDP share price	149.50	142.50	4.9
2022 ZDP shares			
Capital entitlement[2] per ZDP share	120.03	113.01	6.2
ZDP share price	132.00	124.50	6.0
2024 ZDP shares			
Capital entitlement[2] per ZDP share	107.97	103.10	4.7
ZDP share price	114.00	107.50	6.0
2026 ZDP shares			
Capital entitlement[2] per ZDP share	105.89	100.87	5.0
ZDP share price	107.50	102.25	5.1
2018 ZDP shares (redeemed)			
Capital entitlement[2] per ZDP share	n/a	156.78	n/a
ZDP share price	n/a	159.50	n/a

(1) Issued by UIL Finance, a wholly owned subsidiary of UIL
(2) See pages 47 and 48

GEARING/NAV TOTAL RETURN

from 30 June 2013 to 30 June 2019



*Rebased to 100 as at 14 August 2003

Source: ICM

It is pleasing to note UIL's initial goal set six years ago of reducing gearing to 100.0% or below has been significantly over-delivered.

TOTAL BORROWINGS

	Jun 2013 £'000s	Jun 2014 £'000s	Jun 2015 £'000s	Jun 2016 £'000s	Jun 2017 £'000s	Jun 2018 £'000s	Jun 2019 £'000s
2014 ZDP	72,705	76,138					
2016 ZDP	72,734	77,928	83,493	61,327			
2018 ZDP	47,957	58,427	62,816	67,548	72,622	50,858	
2020 ZDP			26,132	28,134	48,704	51,940	55,387
2022 ZDP				40,352	52,452	55,873	59,499
2024 ZDP						29,408	31,582
2026 ZDP						11,275	13,474
Total	193,396	212,493	172,441	197,361	173,778	199,354	159,942
Bank debt	42,732	25,649	34,362	24,987	47,846	28,495	50,971
Total debt	236,128	238,142	206,803	222,348	221,624	227,849	210,913

Source: ICM

ZDP SHARES – TIMES COVERED BY UIL'S GROSS ASSETS*

	Jun 2013	Jun 2014	Jun 2015	Jun 2016	Jun 2017	Jun 2018	Jun 2019
2014 ZDP	3.19	3.96					
2016 ZDP	1.82	2.08	2.95	5.13			
2018 ZDP	1.32	1.47	1.80	2.68	3.51	6.50	
2020 ZDP			1.52	2.18	2.38	3.71	4.92
2022 ZDP				1.60	1.72	2.44	2.97
2024 ZDP						1.84	2.42
2026 ZDP						1.63	2.08

*Gross assets divided by the aggregate redemption liabilities of the ZDP shares and any bank debt or other borrowings ranking in priority to the ZDP shares.

Source: ICM

TOTAL ZDP AND BANK DEBT AS AT 30 JUNE 2019	GEARING AS AT 30 JUNE 2019	TOTAL DEBT REDUCTION DURING THE YEAR	AVERAGE COST OF DEBT FUNDING
£210.9m	64.6%	7.2%	5.5%

PRINCIPAL ACTIVITY

UIL carries on business as an investment company and its principal activity is portfolio investment.

INVESTMENT OBJECTIVE

UIL's investment objective is to maximise shareholder returns by identifying and investing in investments worldwide where the underlying value is not reflected in the market price.

STRATEGY AND BUSINESS MODEL

UIL invests in accordance with the objective set out above. The Board is collectively responsible to shareholders for the long-term success of the Company.

Since the Company has no employees it outsources its activities to third party service providers, including the appointment of external investment managers to deliver investment performance. The Board oversees and monitors the activities of the service providers with the Board setting investment policy and risk guidelines, together with investment limits.

ICMIM, an English incorporated company authorised and regulated by the Financial Conduct Authority ("FCA") as an alternative investment fund manager ("AIFM") pursuant to the AIFM Regulations, is the Company's AIFM and joint portfolio manager alongside ICM. The investment team responsible for the management of the portfolio is headed by Duncan Saville and Charles Jillings.

ICMIM and ICM, operating under guidelines determined by the Board, have direct responsibility for the decisions relating to the day to day running of the Company and are accountable to the Board for the investment, financial and operating performance of the Company. Other service providers include JP Morgan Chase Bank N.A. – London Branch which provides administration services, JPMorgan Chase Bank N.A. – Jersey which provides custodial services, J.P. Morgan Europe Limited which acts as the Company's Depositary under the AIFM Directive and Computershare Investor Services which acts as registrar. ICM has also been appointed Company Secretary.

INVESTMENT POLICY AND RISK

UIL's investment policy is to identify and invest in opportunities where the underlying value is not reflected in the market price. This perceived undervaluation may arise from factors such as technological change, market motivation, prospective financial engineering opportunities, competition, underperforming management or shareholder apathy.

UIL aims to maximise value for shareholders through a relatively concentrated portfolio of investments.

Historically UIL has invested a significant proportion of its gross assets in existing infrastructure, utility and related sectors but, following the change in mandate in 2007, this direct exposure has reduced as UIL has, in addition, invested in other sectors. UIL has been reclassified in the Association of Investment Companies ("AIC") database as a "Flexible Investment".

Subject to compliance with the Listing Rules in force from time to time, UIL may invest in other investment companies or vehicles, including any managed by the Investment Managers, where such investment would be complementary to UIL's investment objective and policy.

UIL has the flexibility to invest in shares, bonds, convertibles and other types of securities, including non-investment grade bonds and to invest in unlisted securities.

UIL may also use derivative instruments such as American Depositary Receipts, promissory notes, foreign currency hedges, interest rate hedges, contracts for difference, financial futures, call and put options and warrants and similar instruments for investment purposes and efficient portfolio management, including protecting UIL's portfolio and balance sheet from major corrections and reducing, transferring or eliminating investment risks in its investments. These investments will be long term in nature.

UIL has the flexibility to invest in markets worldwide although investments in the utilities and infrastructure sectors are principally made in the developed markets of Australasia, Western Europe and North America, as UIL's exposure to the emerging markets infrastructure and utility sectors is primarily through its holding in UEM. UIL has the flexibility to invest directly in these sectors in emerging markets with the prior agreement of UEM.

UIL believes it is appropriate to support investee companies with their capital requirements whilst at the same time maintaining an active and constructive shareholder approach through encouraging a review of the capital structure and business efficiencies. The Investment Managers' team maintains regular contact with investee companies and UIL may often be among the largest shareholders. There are no limits on the proportion of an investee company that UIL may hold and UIL may take legal or management control of a company from time to time.

As required by the Listing Rules, there will be no material change to the investment policy without prior approval of the FCA and shareholders. The approval of the ZDP shareholders is also required where the investment policy of the Company is changed materially.

INVESTMENT LIMITS

The Board has prescribed the following limits on the investment policy, all of which are at the time of investment unless otherwise stated.

There are no fixed limits on the allocation of investments between sectors and markets, however the following investment limits apply:

- investments in unlisted companies will, in aggregate, not exceed 25% of gross assets at the time that any new unlisted investment is made. This restriction does not apply to loans to listed platform companies and to the Company's holding of shares linked to a segregated account of Global Equity Risk Protection Limited ("GERP"), an unquoted Bermuda segregated accounts company. This account, which is structured as the Bermuda equivalent of a protected cell, exists for the sole purpose of carrying out derivative transactions on behalf of UIL (see below);
- no single investment will exceed 30% of gross assets at the time such investment is made, save that this limit shall not prevent the exercise of warrants, options or similar convertible instruments acquired prior to the relevant investment reaching the 30% limit; and
- derivative transactions are carried out by GERP on behalf of UIL to enable it to make investments more efficiently and for the purposes of efficient portfolio management. GERP spreads its investment risks by having the ability to establish an overall net short position in index options, contracts for difference, swaps and equity options. GERP may not hold more than 50% of the value of UIL's segregated portfolio in index options and GERP may not hold more than 100% of the relevant debt or of the relevant market value in foreign currency by way of foreign exchange options or forwards.

None of the above restrictions will require the realisation of any of UIL's assets where any restriction is breached as a result of an event outside of the control of the Investment Managers which occurs after the investment is made, but no further relevant assets may be acquired or loans made by UIL until the relevant restriction can again be complied with.

BORROWING AND GEARING POLICY

The Board carefully considers the Company's policy in respect of the level of equity exposure. The Board takes responsibility for UIL's gearing strategy and sets guidelines to control it, which it may change from time to time. The Company may, from time to time, use bank borrowings for short-term liquidity purposes. In addition, it has longer term borrowings in the form of the ZDP shares that its subsidiary UIL Finance has issued. Details of the ZDP shares in issue and any changes during the year are included in note 15 to the accounts.

Under UIL's Bye-laws, the Group is permitted to borrow (excluding the gearing provided through the Group's capital structure) an aggregate amount equal to 100% of the Group's gross assets. Borrowings will be drawn down in any currency appropriate for the portfolio.

The Board has set a current limit on gearing (being total borrowings excluding the ZDP shares measured against gross assets) not exceeding 33.3% at the time of drawdown. Borrowings may be drawn down in Sterling, US Dollars or any currency for which there are corresponding assets within the portfolio (at the time of draw down, the value drawn must not exceed the value of the relevant assets in the portfolio).

The Company has a £50m multicurrency revolving facility with Scotiabank Europe plc which expires on 22 March 2020; as at 30 June 2019 the facility was fully drawn. Further details are included in note 13 to the accounts.

DIVIDEND POLICY

The Board's objective is to maintain or increase the total annual dividend. Dividends are expected to be paid quarterly each year in September, December, March and June. In determining dividend payments, the Board will take account of factors such as income forecasts, retained revenue reserves and the Company's dividend payment record. The Board also has the flexibility to pay dividends from capital reserves.

RESULTS AND DIVIDENDS

Details of the Company's performance are set out in the Investment Managers' Report. The results for the period ending 30 June 2019 are set out in the accounts on pages 61 to 66. The dividends in respect of the period, which total 7.50p, have been declared by way of four interim dividends.

KEY PERFORMANCE INDICATORS

Delivery of shareholder value is achieved through the increase in capital value of the Company's shares and by its income return. The Board reviews performance by reference to a number of Key Performance Indicators ("KPIs") that include the following:

- NAV total return relative to the FTSE All-Share Index
- Share price
- Discount to NAV
- Revenue earnings
- Ongoing charges figure

While some elements of performance against KPIs are beyond management control, they provide measures of the Group's absolute and relative performance and are therefore monitored by the Board on a regular basis. These KPIs fall within the definition of Alternative Performance Measures ("APMs") under guidance issued by the European Securities and Markets Authority (ESMA) and additional information explaining how these are calculated is set out on pages 98 and 99.

30 June	2019	2018
NAV total return (%)	29.7	18.7
FTSE All-Share total return Index (%)	0.6	9.0
Share price (pence)	199.00	174.50
Discount to NAV (%)	46.2	40.2
Percentage of issued shares bought back during the year (based on opening share capital) (%)	1.4	0.8
Revenue EPS (pence)	7.63	6.67
Ongoing charges figure – excluding performance fees (%)	2.1	2.2

A graph showing the NAV total return performance compared to the FTSE All-Share Index can be found on page 3. The ten year record on page 100 shows historic data for the Company's metrics.

Discount to NAV: The Board monitors the premium/discount at which the Company's shares trade in relation to the assets. During the year the Company's shares traded at a discount relative to NAV in a range of 34.9% to 48.3% and an average discount of 42.6%. The Board and the Investment Managers closely monitor both movements in the Company's share price and significant dealings in the shares. On 26 July 2019, UIL announced that the Board intends to focus on reducing the discount of the ordinary shares, targeting a discount to NAV of approximately 20% over the medium term. In order to avoid substantial overhangs or shortages of shares in the market the Board asks shareholders to approve resolutions which allow for the buyback of shares and their issuance which can assist in the management of the discount. UIL bought back, and cancelled, 1,210,000 ordinary shares during the year, representing 1.4% of its opening issued share capital.

Earnings and dividends per share: As referred to in "Dividend Policy" above, the Board's objective is to maintain or increase the total annual dividend. The Board and the Investment Managers attach great importance to maintaining dividends per share since dividends form a key component of the total return to shareholders.

The Board declared four quarterly dividends, each of 1.875p, in respect of the year ended 30 June 2019. The fourth quarterly dividend was declared on 27 August 2019 and will be paid on 27 September 2019 to shareholders on the register as at 6 September 2019. The total dividend for the year was 7.50p, the same as in the previous year.

Ongoing charges: These are calculated in accordance with the industry measure of costs as a percentage of NAV. The expenses of the Company are reviewed at every Board meeting, with the aim of managing costs incurred and their impact on performance. The ongoing charges figure appears high when compared to other investment companies as the expenses are expressed as a percentage of average net assets (after the deduction of the ZDP shares) and comprises all operational, recurring costs that are payable by the Company or incurred within underlying investee funds. This ratio is sensitive to the size of the Company as well as the level of costs.

PRINCIPAL RISKS AND RISK MITIGATION

During the year ended 30 June 2019, ICMIM was the Company's AIFM and had sole responsibility for risk management subject to the overall policies, supervision, review and control of the Board.

The Board considers carefully the Company's principal risks and seeks to mitigate these risks through regular review by the Audit & Risk Committee of the Company's risk register which identifies the risks facing the Company and the likelihood and potential impact of each risk, together with the controls established for mitigation. Where produced, the Audit & Risk Committee also reviews summaries of the Service Organisation Control (SOC1) reports from the Company's service providers.

The Board applies the principles and recommendations of the UK Corporate Governance Code and the AIC Code of Corporate Governance as described on page 43. The Company's internal controls are described in more detail on page 44. As required by the AIC Code of Corporate Governance, the Board has undertaken a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. Most of the Company's principal risks are market-related and similar to those of other investment companies which invest globally in various currencies around the world.

UIL's business model and strategy are not time limited and, as a global investor, are unlikely to be adversely impacted as a direct result of Brexit. However, since UIL's reporting currency is Sterling, any rise or fall in Sterling will lead, respectively, to a fall or rise in the Company's reported NAV.

The principal ongoing risks and uncertainties currently faced by the Company, and the controls and actions to mitigate those risks are described below. Further details of risks and risk management policies as they relate to the financial assets and liabilities of the Company are detailed in note 32 to the accounts.

INVESTMENT RISK:	**The risk that the investment strategy does not achieve long-term total returns for the Company's shareholders**	The Board monitors the performance of the Company and has established guidelines to ensure that the investment policy that has been approved is pursued by the Investment Managers. The investment process employed by the Investment Managers combines assessment of economic and market conditions in the relevant countries with stock selection. Fundamental analysis forms the basis of the Company's stock selection process, with an emphasis on sound balance sheets, good cash flows, the ability to pay and sustain dividends, good asset bases and market conditions. The political risks associated with investing in these countries are also assessed. Overall, the investment process aims to achieve absolute returns through an active fund management approach. The Company's results are reported in Sterling, whilst the majority of its assets are priced in foreign currencies. The impact of adverse movements in exchange rates can significantly affect the returns in Sterling of both capital and income. Such factors are out of the control of the Board and the Investment Managers and may give rise to distortions in the reported returns to shareholders. It can be difficult and expensive to hedge some currencies. In addition, the ordinary shares of the Company may trade at a discount to their NAV. The Board monitors the price of the Company's shares in relation to their NAV and the premium/discount at which they trade. The Board may buy back shares if there is a significant overhang of stock in the market; it is focused on reducing the discount of the ordinary shares, targeting a discount to NAV of approximately 20% over the medium term. The Board regularly reviews strategy in relation to a range of issues including the balance between quoted and unquoted stocks, the allocation of assets between geographic regions and sectors and gearing. Periodically the Board holds a separate meeting devoted to strategy, the most recent one being held in November 2018. A more detailed review of economic and market conditions is included in the Investment Managers' Report. There is no guarantee that the Company's strategy and business model will be successful in achieving its investment objective. The value of an investment in the Company and the income derived from that investment may go down as well as up and an investor may not get back the amount invested. Past performance of the Company is not necessarily indicative of future performance.	***No material change in overall risk in the year.***
GEARING:	**The risk that the use of gearing may adversely impact on the Company's performance**	The ordinary shares rank behind bank debt and ZDP shares, making them a geared instrument. The gearing level is high due to the capital structure of the balance sheet. Whilst the gearing should enhance total return where the return on the Company's underlying securities is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling. As at 30 June 2019, gearing on net assets, including bank loans, any overdrafts and ZDP shares, was 64.6% (30 June 2018: 87.3%). The Board reviews the level of gearing at each Board meeting.	***No material change in overall risk in the year.***

BANKING:	**A breach of the Company's loan covenants might lead to funding being summarily withdrawn**	ICMIM monitors compliance with the banking covenants when each drawdown is made and at the end of each month. The Board reviews compliance with the banking covenants at each Board meeting.	***No material change in overall risk in the year.***
KEY STAFF:	**Loss by the Investment Managers of key staff could affect investment returns**	The quality of the management team is a crucial factor in delivering good performance. There are training and development programs in place for employees of the Investment Managers and the recruitment and remuneration packages have been developed in order to retain key staff. Any material changes to the management team are considered by the Board at its next meeting; the Board discusses succession planning with the Investment Managers at regular intervals.	***No material change in overall risk in the year.***
RELIANCE ON THE INVESTMENT MANAGERS AND OTHER SERVICE PROVIDERS:	**Inadequate controls by the Investment Managers or Administrator or other third-party service providers could lead to misappropriation of assets**	Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to successfully pursue its investment policy. The Company's main service providers are listed on page 97. The Audit & Risk Committee monitors the performance of the service providers. Most of UIL's investments are held in custody for the Company by JPMorgan Chase Bank N.A., Jersey with a small number of investments held in custody by Waverton Investment Management Limited. J.P. Morgan Europe Limited, the Company's depositary services provider, also monitors the movement of cash and assets across the Company's accounts. The Audit & Risk Committee reviews the JP Morgan SOC1 reports, which are reported on by Independent Service Auditors, in relation to its administration, custodial and information technology services. The Board reviews the overall performance of the Investment Managers and all the other service providers on a regular basis. The risk of cybercrime is high, as it is with most organisations, but the Board regularly seeks assurances from the Investment Managers and other service providers on the preventative steps that they are taking to reduce this risk.	***Although there has been no change in overall risk in the year, the possibility of cybercrime continues to be a concern. The Company's assets are considered to be relatively secure, so the risk is the inability to transact investment decisions for a period of time and reputational risk.***

VIABILITY STATEMENT

The Board makes an assessment of the longer-term prospects of the Company beyond the timeframe envisaged under the going concern basis of accounting, having regard to the Company's current position and the principal risks it faces. The Company is a long-term investment vehicle and the Board believes that it is appropriate to assess the Company's viability over a long-term horizon. For the purposes of assessing the Company's prospects in accordance with Code Provision C.2.2 of the UK Corporate Governance Code (April 2016), the Board considers that assessing the Company's prospects over a period of five years is appropriate given the nature of the Company and appropriately reflects the long-term strategy of the Company.

In its assessment of the viability of the Company, the Board has considered each of the Company's principal risks and uncertainties detailed above, as well as the impact of a sustained, but not catastrophic, fall in equity and foreign exchange markets on the Company's ability to repay the £183.9m ultimate liability in respect of the 2020 and 2022 ZDP share issues and its bank debt. In arriving at its conclusions, the Board has also considered the Company's income and expenditure projections and the fact that a significant percentage of the Company's investments comprise readily realisable securities which could be sold to meet funding requirements, if necessary. Additionally, the Board has considered the impact of failure of any of its key service providers and believes that suitable alternative providers could be engaged at relatively short notice if necessary.

Based on the Company's processes for monitoring operating costs, share price discount, the Investment Managers' compliance with the investment objective and policy, asset allocation, the portfolio risk profile, gearing, counterparty exposure, liquidity risk and financial controls, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years.

OUTLOOK

The Board's main focus is on the achievement of the Company's objective of delivering a long-term total return and the future of the Company is dependent upon the success of its investment strategy. The outlook for the Company is discussed in the Chairman's Statement and the main trends and factors likely to affect the future development, performance and position of the Company's business can be found in the Investment Managers' Report.

GENDER DIVERSITY

The Board currently consists of five male directors and one female director. The Company has no employees and therefore there is nothing further to report in respect of gender representation within the Company. The Company's policy on diversity is detailed in the Corporate Governance Statement.

GREENHOUSE GAS EMISSIONS

All the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations.

BRIBERY ACT

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Investment Managers also adopt a zero tolerance approach and have policies and procedures in place to prevent bribery.

CRIMINAL FINANCE ACT

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

MODERN SLAVERY ACT

Due to the nature of the Company's business, being a company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

EMPLOYEE, SOCIAL, ENVIRONMENTAL, ETHICAL AND HUMAN RIGHTS POLICY

The Company is managed by ICMIM and ICM, has no employees and all its directors are non-executive. There are, therefore, no disclosures to be made in respect of employees. The Board notes the Investment Managers' policy statement in respect of Social, Environmental and Governance issues, as outlined on page 40.

This Strategic Report was approved by the Board of Directors on 13 September 2019.

By order of the Board
ICM Limited
Company Secretary

13 September 2019

INVESTMENT MANAGERS AND TEAM

The Investment Managers are focused on finding investments at valuations that do not reflect their true long term value. Their investment approach is to have a deep understanding of the business fundamentals of each investment and its environment versus its intrinsic value. The Investment Managers are long term investors and see markets as a place to exchange assets.

ICM manages over £1.8bn in funds directly and is responsible indirectly for a further £13.6bn of assets in subsidiary investments. ICM has over 60 staff based in offices in Bermuda, Cape Town, Dublin, London, Singapore, Sydney and Wellington.

UIL has a broad investment mandate. To better execute the mandate UIL has set up a number of platforms to focus the investment process and decisions. The Investment Managers have mirrored these platforms in establishing investment teams dedicated to each.

The investment teams are led by Duncan Saville and Charles Jillings.

DUNCAN SAVILLE

Duncan Saville, a director of ICM, is a chartered accountant with experience in corporate finance and asset management. He was formerly a non-executive director of Special Utilities Investment Trust PLC and Utilico Investment Trust plc and is an experienced non-executive director having been a director of a number of utility, financial services, resources and technology companies. He is currently a non-executive director of listed companies Resimac Group Limited and West Hamilton Holdings Limited, and unlisted directorships include Allectus Capital Limited.

CHARLES JILLINGS

Charles Jillings, a director of ICM and chief executive of ICMIM, is responsible for the day-to-day running of UIL and the investment portfolio. He qualified as a chartered accountant and has extensive experience in corporate finance and asset management. He is an experienced director having previously been a non-executive director of Special Utilities Investment Trust PLC and other companies in the water, waste and financial services sectors. His current portfolio of directorships include Somers Limited, Waverton Investment Management Limited, and Allectus Capital Limited.

INVESTMENT MANAGERS AND TEAM (continued)

Core teams assisting them at a senior level, including consultants, are:

UTILITIES & INFRASTRUCTURE

Jacqueline Broers, who has been involved in the running of UIL and UEM since September 2010. Mrs Broers is focused on the transport sector worldwide with particular emphasis on emerging markets. Prior to joining the investment team, Mrs Broers worked in the corporate finance team at Lehman Brothers and Nomura. Mrs Broers is a qualified chartered accountant.

Jonathan Groocock, who has been involved in the running of UIL and UEM since February 2011. Mr Groocock is focused on the utilities sector worldwide with particular emphasis on emerging markets. Prior to joining the investment team Mr Groocock had nine years' experience in sell side equity research, covering telecoms stocks at ABN AMRO, Oriel Securities and Investec. Mr Groocock qualified as a CFA charterholder in 2005. Mr Groocock is a director of Coldharbour Technology Limited.

Mark Lebbell, who has been involved in the running of UIL and UEM since their inception and before that was involved with Utilico Investment Trust plc and The Special Utilities Investment Trust PLC since 2000. Mr Lebbell is focused on the communications sector worldwide with particular emphasis on emerging markets. Mr Lebbell is an associate member of the Institute of Engineering and Technology.

FIXED INCOME

Gavin Blessing, joined ICM in 2012. He has over 20 years of experience, mostly in the corporate fixed income markets, both investment grade and high yield. He worked as a credit research analyst and portfolio manager at Goldman Sachs Asset Management in London for 10 years and subsequently as head of credit origination at ISTC in Dublin, Ireland. Prior to joining ICM he was head of bond credit research at Canaccord Genuity in Dublin. Mr Blessing is a qualified chartered accountant and CFA charterholder.

RESOURCES

Dugald Morrison, is responsible for ICM NZ Limited and in addition is focused on the resources sector worldwide. He is an experienced investment analyst, having worked in stockbroking, investment banking and investment management firms in New Zealand, the United Kingdom and the United States since 1987. He is a non-executive director of Resimac New Zealand. Mr Morrison is a member of the New Zealand Institute of Directors.

TECHNOLOGY

Jason Cheong, is responsible for ICM's technology investing activities. He is the portfolio manager for Allectus Capital Limited, having worked in private equity, investment banking and corporate law in Australia and the UK. Prior to joining ICM, he was an investment manager at Brookfield Asset Management. Mr Cheong is a qualified solicitor, admitted to practice in Australia.

FINANCIAL SERVICES

Alasdair Younie is a director of ICM. Mr Younie is responsible for the day to day running of the Somers Group and its Bermuda investments portfolio. Mr Younie has extensive experience in financial markets and corporate finance. He worked for six years within the corporate finance department of Arbuthnot Securities Limited in London. He is a director of Ascendant Group Limited, Bermuda Commercial Bank Limited, Bermuda First Investment Company Limited, Somers Limited and West Hamilton Holdings Limited. Mr Younie is a member of the Institute of Chartered Accountants in England and Wales.

CORPORATE FINANCE

Sandra Pope is a director of ICMIM. She has over 25 years' experience in corporate finance, having previously worked in corporate finance at Deloitte Haskins & Sells, Hill Samuel Bank and Close Brothers for 10 years and has worked for the ICM Group since 1999. Mrs Pope is a qualified chartered accountant and is a director of several private companies.

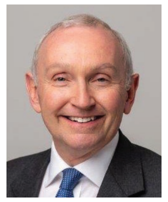
OPERATIONS

Brad Goddard has over 25 years' experience in international markets and finance and their related operations with the ICM Group. Brad has been involved with UIL since its inception and prior to that, he was involved with The Special Utilities Investment Trust plc. Mr Goddard is currently working closely with Somers' investee companies to achieve greater operational synergies across the Somers group.

ACCOUNTING

Werner Van Kets has managed various operational and financial aspects of ICM Corporate Services (Pty) Ltd since its inception, which provides accounting and other corporate support services to the ICM group. His previous work experience includes Deloitte (South Africa) and Credit Suisse in London. Mr Van Kets is a qualified chartered accountant.

COMPANY SECRETARY, ICM LIMITED



Alastair Moreton, a chartered accountant, joined the team in 2017 to provide company secretarial services to the Company and UEM. He has over thirty years' experience in corporate finance with Samuel Montagu, HSBC, Arbuthnot Securities and Stockdale Securities, where he was responsible for the company's closed end fund corporate clients.

DIRECTORS

PETER BURROWS AO* (CHAIRMAN)

Peter Burrows AO (Chairman) was appointed a Director in September 2011 and Chairman in November 2015. Mr Burrows is an experienced stockbroker and founded his own independent specialist private client stock broking firm, Burrows Limited, in 1986. Mr Burrows was previously the chairman and director of a number of listed and unlisted companies. Mr Burrows was made an officer in the Order of Australia (AO) for his services to medical research, tertiary education and finance.

ALISON HILL*

Alison Hill, FCMA, CGMA, was appointed a Director in November 2015 and is an executive director and chief executive officer of The Argus Group in Bermuda, which provides insurance, retirement and financial services. Ms Hill has over twenty five years' experience in global corporations in the financial services sector. Ms Hill is a trustee and a member of committees of a number of non-corporate organisations in Bermuda. Ms Hill is a Fellow of the Chartered Institute of Management Accountants and a Chartered Global Management Accountant.

WARREN MCLELAND

Warren McLeland, was appointed a Director in September 2013. He was formerly a stockbroker, investment banker and Chief Executive Officer of Resimac Ltd. He acts as an adviser in funds management and business strategy to companies operating in the Asia Pacific region. He is chairman of Somers Limited, director of Resimac Group Limited and is an experienced non-executive director.

CHRISTOPHER SAMUEL*

Christopher Samuel, who was appointed a Director in November 2015, was Chief Executive of Ignis Asset Management until mid-2014, when it was taken over by Standard Life. He has over twenty five years of Board level experience in the investment management sector. He is currently Chairman of Blackrock Throgmorton Trust plc and JP Morgan Japanese Investment Trust plc as well as a non-executive director of Alliance Trust PLC and Sarasin LLP. Mr Samuel is a Chartered Accountant.

DAVID SHILLSON

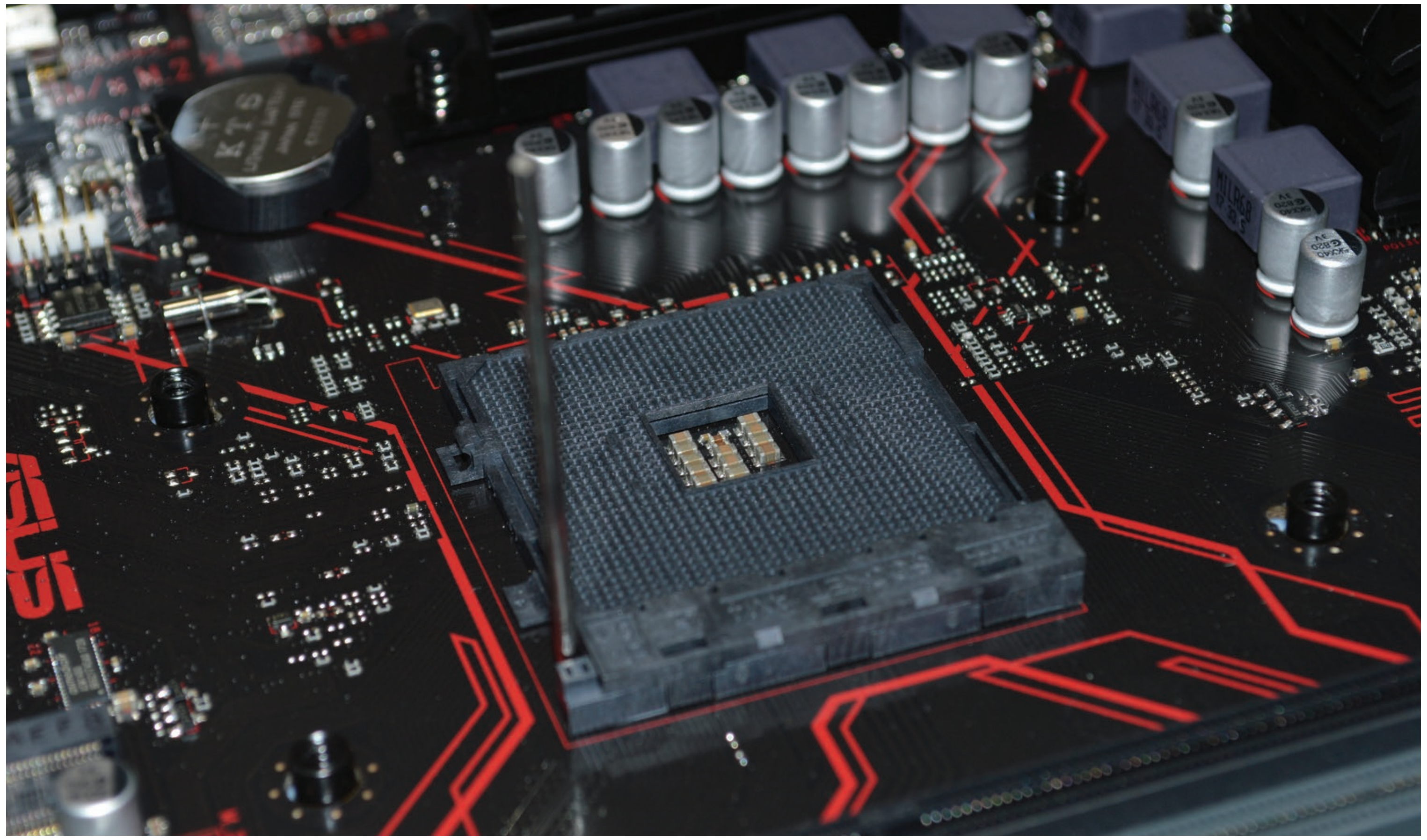
David Shillson, LLM (Hons), who was appointed a Director in November 2015, is an experienced corporate and commercial lawyer and a senior partner of Kensington Swan, a New Zealand law firm. He has significant experience acting for a variety of clients, particularly in acquisitions and investment structuring, advising on transactional and governance matters across the utilities (ports, airports), technology, energy, transport (rail and roads) and finance sectors. Mr Shillson is a member of the New Zealand Law Society and the New Zealand Institute of Directors.

ERIC STOBART*

Eric Stobart, FCA (Chairman of Audit & Risk and Management Engagement Committees) was appointed a Director in May 2007. He has spent most of his career in merchant and commercial banking, latterly as Director of Public Policy and Regulation for what is now Lloyds Banking Group. He is a non-executive chairman of Capita Managing Agency Limited, a member of the audit and risk committee of London Business School and a trustee of four pension schemes with combined assets of c£3.6 billion. Mr Stobart is a chartered accountant with an MBA from London Business School.

* Independent Director and member of the Audit & Risk Committee and Management Engagement Committee

DIRECTORS' REPORT



The Directors present the Annual Report and Accounts of the Company for the year ended 30 June 2019.

STATUS OF THE COMPANY

UIL is a Bermuda exempted closed-end investment company with registration number 39480. The Company's ordinary shares and UIL Finance's ZDP shares are currently listed, respectively, on the premium and standard segments of the Official List of the Financial Conduct Authority and are traded on the Main Market of the London Stock Exchange. As referred to in the Chairman's Statement, UIL expects to publish proposals in September 2019 to transfer the listing of its ordinary shares to the Specialist Fund Segment. UIL is a member of the AIC in the UK.

The Company's subsidiary undertaking, UIL Finance, carries on business as an investment company.

THE ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIFMD")

The Company is a non-EU Alternative Investment Fund ("AIF") for the purposes of the AIFMD. The Company has appointed ICMIM, an English incorporated company which is regulated by the FCA, as its AIFM, with sole responsibility for risk management and ICM and ICMIM jointly to provide portfolio management services.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document ("IDD"), which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information, is available on the Company's website at www.uil.limited.

UIL has also appointed J.P. Morgan Europe Limited ("JPMEL") as its depositary services provider. JPMEL's responsibilities include general oversight over the issue and cancellation of the Company's shares, the calculation of the NAV, cash monitoring and asset verification and record keeping. JPMEL receives a fee of 2.2bps on UIL's NAV for its services, subject to a minimum fee of £25,000 per annum, payable monthly in arrears.

FUND MANAGEMENT ARRANGEMENTS

The aggregate fees payable by the Company under the Investment Management Agreement ("IMA") are 0.5% per annum of gross assets after deducting current liabilities (excluding borrowings incurred for investment purposes), payable quarterly in arrears, with such fees to be apportioned between ICMIM and

ICM as agreed by them. The Investment Managers may also become entitled to a performance-related fee. The IMA may be terminated on one year's notice in writing and further details of the management and performance fees are disclosed in note 3 to the accounts.

Under the IMA, ICM has been appointed as Company Secretary.

The Board continually reviews the policies and performance of the Investment Managers. The Board's philosophy and the Investment Managers' approach are that the portfolio should consist of shares thought attractive irrespective of their inclusion or weighting in any index. Over the long term, the Board expects the combination of the Company's and Investment Managers' approach to generate a positive return for shareholders. The Board continues to believe that the appointment of ICMIM and ICM on the terms agreed is in the interests of shareholders as a whole.

ADMINISTRATION

The provision of accounting and administration services has been outsourced to JPMorgan Chase Bank N.A. – London Branch (the "Administrator"). The Administrator provides financial and general administrative services to the Company for an annual fee based on the Company's month end NAV (5 bps on the first £100m NAV, 3bps on the next £150m NAV, 2bps on the next £250m NAV and 1.5bps on the next £500m NAV). The Administrator and any of its delegates are also entitled to reimbursement of certain expenses incurred by it in connection with its duties. In addition, ICMIM has appointed Waverton Investment Management Limited ("Waverton") to provide certain support services (including middle office, market dealing and information technology support services). Waverton is entitled to receive an annual fee of 3bps of the Company's gross assets and the Company reimburses ICMIM for its costs and expenses incurred in relation to this agreement. Annually, the Management Engagement Committee also considers the ongoing administrative requirements of the Company and assesses the services provided.

SAFE CUSTODY OF ASSETS

During the year ended 30 June 2019, most of UIL's investments were held in custody for the Company by JPMorgan Chase Bank N.A., Jersey (the "Custodian"). Operational matters with the Custodian are carried out on the Company's behalf by ICMIM and the Administrator in accordance with the IMA and the Administration Agreement. The Custodian is paid a variable fee dependent on the number of trades transacted and the location of the securities held. A small number of investments are also held in custody by Waverton.

DIVIDENDS

The dividends in respect of the year, which total 7.50p per ordinary share, have been declared and are paid as four interim dividends in order to maintain quarterly payments. Dividends of 1.875p per share were paid on 21 December 2018, 29 March 2019, 28 June 2019 and a dividend of 1.875p per share was declared on 27 August 2019 and will be paid on 27 September 2019.

ISA AND NMPI

UIL has conducted its affairs so that its ordinary shares and the ZDP shares remain qualifying investments under the Individual Savings Account ("ISA") regulations. Furthermore, the shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investments ("NMPI"). It is the intention of the Board to continue to satisfy these regulations.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. After making enquiries, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the accounts.

DIRECTORS

UIL currently has a Board of six non-executive Directors who oversee and monitor the activities of the Investment Managers and other service providers and ensure that the Company's investment policy is adhered to. The Board is supported by an Audit & Risk Committee and a Management Engagement Committee, which deal with specific aspects of the Company's affairs. The Corporate Governance Statement, which is set out on pages 42 to 46, forms part of this Directors' Report.

The Directors have a range of business, financial and asset management skills as well as experience relevant to the direction and control of the Company. Brief biographical details of the members of the Board are shown on page 36. All the Directors are independent other than Mr McLeland and Mr Shillson. Mr McLeland is a director of other companies associated with the Investment Managers and Mr Shillson is a partner of Kensington Swan, a New Zealand law firm which has acted for members of the UIL and ICM groups. As referred to in the Chairman's Statement, Mr McLeland and Mr Stobart intend to step down from the Board on 30 September 2019 and, following the appointment of a new non-executive Director, the UIL Board will comprise five Directors.

UIL's Bye-laws require that a Director shall retire and be subject to re-election at the first AGM after appointment and at least every three years thereafter.

UIL maintains Directors' and officers' liability insurance which provides appropriate cover for any legal action brought against its Directors.

The nature of an investment company and the relationship between the Board and the Investment Managers are such that it is considered unnecessary to identify a senior independent director. Any of the Directors is available to shareholders if they have concerns which have not been resolved through the normal channels of contact with the Chairman or the Investment Managers, or for which such channels are inappropriate.

DIRECTORS' INTERESTS

The Directors' interests in the ordinary share capital of the Company are disclosed in the Directors' Remuneration Report.

No Director was a party to, or had any interests in, any contract or arrangement with the Company at any time during the year or at the year end. There are no agreements between the Company and its Directors concerning compensation for loss of office.

A Director must avoid a situation where he/she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The Directors have declared any potential conflicts of interest to the Company which are reviewed regularly by the Board. The Directors have undertaken to advise the Company Secretary and/or Chairman as soon as they become aware of any potential conflicts of interest.

SHARE CAPITAL

As at 30 June 2019 the issued ordinary share capital of the Company and the total voting rights were 88,283,389 ordinary shares. As at the date of this report the issued share capital and total voting rights were 88,283,389 ordinary shares. There are no restrictions on the transfer of securities in the Company and there are no special rights attached to any of the shares.

SHARE ISSUES AND REPURCHASES

UIL has the authority to purchase shares in the market and to issue new shares for cash. During the period ended 30 June 2019 the Company purchased 1,210,000 shares for cancellation. The current authority to repurchase shares was granted to Directors on 21 November 2018 and expires at the conclusion of the AGM in 2019. The Directors are proposing that their authority to buy back up to 14.99% of the Company's shares and to issue up to 5% new shares be renewed at the forthcoming AGM.

SUBSTANTIAL SHARE INTERESTS

As at the date of this report, the Company had received notification from Mr Duncan Saville that he had an interest in 62,259,821 ordinary shares (70.5% of UIL's issued share capital) which included the holdings of General Provincial Life Pension Fund Limited (54,851,533 ordinary shares (62.1%)) and Permanent Mutual Limited (6,712,477 ordinary shares (7.6%)).

THE COMMON REPORTING STANDARD

Tax legislation under The OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (the "Common Reporting Standard") was introduced on 1 January 2016. The legislation requires UIL, as an investment company, to provide personal information on shareholders to the Company's local tax authority in Bermuda. The Bermuda tax authority may in turn exchange the information with the tax authorities of another country or countries in which the shareholder may be tax resident, where those countries (or tax authorities in those countries) have entered into agreements to exchange financial account information.

All new shareholders, excluding those whose shares are held as depositary interests, who are entered on the share register will be sent a certification form for the purposes of collecting this information.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

In conjunction with looking at the financial, macro and political drivers when making an investment, the Company does take into consideration environmental, social and governance ("ESG") risks and opportunities as UIL believes that its investee companies should consider the ESG framework. ESG factors are therefore taken into consideration as part of the investment process, however the Company does not decide whether to make an investment decision on environmental and social grounds alone. Having made the investment UIL does exercise its votes on ESG concerns should they arise.

As part of ensuring a solid corporate governance framework is enforced within an investment opportunity, the Investment Managers will seek to exercise all voting rights attached to shares held by the Company. The Investment Managers review all resolutions and will vote accordingly, and the Board periodically receives a report on instances where the Investment Managers have voted against the recommendation of an investee company's management on any resolution.

The concept of responsible investing has always been one of the founding pillars of UIL's and its predecessor's investment process, therefore taking into consideration ESG risks and opportunities is not a new phenomenon. The Investment Managers have however formulated an ESG investment policy which is integrated into each investment opportunity. The Investment Managers have regular contact with investees and often write to boards setting out the Investment Managers' position.

AUDIT INFORMATION AND AUDITOR

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

LISTING RULE 9.8.4R

There are no instances where the Company is required to make disclosures in respect of Listing Rule 9.8.4R (information to be included in annual report and accounts).

ANNUAL GENERAL MEETING

The business of the AGM consists of 9 resolutions. Resolutions 1 to 8 will be proposed as ordinary resolutions and resolution 9 will be proposed as a special resolution. Shareholders' attention is drawn to the following resolutions:

Ordinary Resolution 1 – Annual Report and Financial Statements

This resolution seeks shareholder approval to receive the Directors' Report, the Independent Auditor's Report and the Financial Statements for the year ended 30 June 2019.

Ordinary Resolution 2 – Approval of the Directors' Remuneration Report

This resolution is an advisory vote on the Directors' Remuneration Report.

Ordinary Resolution 3 – Approval of the Company's dividend policy

This resolution seeks shareholder approval of the Company's dividend policy to pay four interim dividends per year. Under the Company's Bye-laws, the Board is authorised to approve the payment of interim dividends without the need for the prior approval of the Company's shareholders.

Having regard to corporate governance best practice relating to the payment of interim dividends without the approval of a final dividend by a company's shareholders, the Board has decided to seek express approval from shareholders of its dividend policy to pay four interim dividends per year. If this resolution is not passed, it is the intention of the Board to refrain from authorising any further interim dividends until such time as the Company's dividend policy is approved by its shareholders.

Ordinary Resolutions 4 and 5 – Re-election of Directors

Resolutions 4 and 5 relate to the re-election of, respectively, Mr Burrows and Mr Shillson. Mr Burrows retires by rotation and Mr Shillson, who is not considered independent, retires annually. The Board has considered the re-election of Mr Burrows and Mr Shillson and has reviewed the composition of the Board as a whole and borne in mind the need for a proper balance of skills and experience. Following an appraisal of the performance of all the Directors, the Board believes that these Directors should be put forward for re-election. Based on their individual skills, knowledge and experience the Board believes they make a valuable contribution and their re-election would be in the best interests of the Company.

Ordinary Resolutions 6 and 7 – Appointment of the external Auditor and the Auditor's Remuneration

These resolutions relate to the appointment and remuneration of the Company's auditor. The Company, through its Audit & Risk Committee, has considered the independence and objectivity of the external auditor and is satisfied that the proposed Auditor is independent.

Ordinary Resolution 8 – Authority to buy back shares

The Directors' authority to buy back shares was renewed at last year's AGM and will expire at the end of the AGM in 2019. The Directors are proposing to renew the authority at the forthcoming AGM, and are seeking authority to purchase in the market up to 13,230,000 ordinary shares (equivalent to approximately 14.99% of the issued ordinary shares as at the date of this report). This authority, unless it is varied, revoked or renewed, will expire at the conclusion of the Company's AGM in 2020.

Any purchases will be made at prices below the prevailing NAV per ordinary share. The maximum price that can be paid is the higher of: (a) 105% of the average of the mid-market quotations of the ordinary shares for the five business days immediately before the date of purchase; and (b) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. Any ordinary shares purchased by the Company may be held in treasury or cancelled.

Any purchases are regarded as investment decisions. It is proposed that any purchase of shares would be funded from the Company's own cash resources or, if appropriate, from short-term borrowings. The Board intends to seek a renewal of such authority at subsequent AGMs.

Special Resolution 9 – Authority to disapply pre-emption rights

The Company's Bye-laws provide that, unless otherwise determined by a special resolution, the Company is not able to allot ordinary shares for cash without offering them to existing shareholders first in proportion to their shareholdings. Resolution 9 will grant the Company authority to dis-apply these pre-emption rights in respect of up to £440,000 of relevant securities (equivalent to 4,400,000 ordinary shares of 10p each, representing approximately 5% of its ordinary shares in issue as at the date of this report). This will allow the Company flexibility to issue further ordinary shares for cash without conducting a rights issue or other pre-emptive offer in circumstances where the Directors believe it may be advantageous to shareholders to do so. Any such issues would only be made at prices greater than NAV and would therefore increase the assets underlying each share. The issue proceeds would be available for investment in line with the Company's investment policy.

Resolution 9 is a Special Resolution and will require the approval of a 75% majority of votes cast in respect of it.

RECOMMENDATION

The Board considers the resolutions to be proposed at the AGM to be in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend that shareholders should vote in favour of all the resolutions to be proposed at the AGM.

By order of the Board
ICM Limited
Secretary

13 September 2019

CORPORATE GOVERNANCE STATEMENT

THE COMPANY'S CORPORATE GOVERNANCE FRAMEWORK

Corporate Governance is the process by which the board of directors of a company protects shareholders' interests and by which it seeks to enhance shareholder value. Shareholders hold the directors responsible for the stewardship of a company's affairs, delegating authority and responsibility to the directors to manage the company on their behalf and holding them accountable for its performance. Responsibility for good governance lies with the Board. The Board considers the practice of good governance to be an integral part of the way it manages the Company and is committed to maintaining high standards of financial reporting, transparency and business integrity.

The governance framework of the Company reflects the fact that as an investment company it has no full-time employees and outsources its activities to third party service providers.

THE BOARD

Six non-executive directors (NEDs)

CHAIRMAN:
Peter Burrows

KEY OBJECTIVES:

- to set strategy, values and standards;
- to provide leadership within a framework of prudent and effective controls which enable risk to be assessed and managed; and
- to constructively challenge and scrutinise performance of all outsourced activities.

AUDIT & RISK COMMITTEE	MANAGEMENT ENGAGEMENT COMMITTEE	NOMINATION COMMITTEE FUNCTION	REMUNERATION COMMITTEE FUNCTION
All the independent Directors CHAIRMAN: Eric Stobart	All the independent Directors CHAIRMAN: Eric Stobart	The Board as a whole performs this function	The Board as a whole performs this function
KEY OBJECTIVE: • to oversee the financial reporting and control environment.	**KEY OBJECTIVES:** • to review the performance of the Investment Managers and the Administrator; and • to review the performance of other service providers.	**KEY OBJECTIVES:** • to regularly review the Board's structure and composition; and • to consider any new appointments.	**KEY OBJECTIVE:** • to set the remuneration policy for the Directors of the Company.

THE AIC CODE OF CORPORATE GOVERNANCE

As a Bermuda incorporated company with a premium listing on the Official List, the Board's principal governance reporting obligation is in relation to the UK Corporate Governance Code, as amended from time to time, (the "UK Code") issued by the Financial Reporting Council ("FRC"). However, it is recognised that investment companies have special circumstances which have an impact on their governance arrangements. An investment company typically has no employees and the roles of portfolio manager, administration, accounting and company secretarial tend to be outsourced to a third party. The Association of Investment Companies has therefore drawn up its own set of guidelines known as the AIC Code of Corporate Governance (the "AIC Code"), which recognises the nature of investment companies by focusing on matters such as board independence and the review of management and other third party contracts. The FRC has endorsed the AIC Code and confirmed that companies which report against the AIC Code will be meeting their obligations in relation to the UK Code and paragraph LR9.8.6 of the FCA's Listing Rules. The Board believes that reporting against the principles and recommendations of the AIC Code will provide better information to shareholders.

COMPLIANCE WITH THE AIC CODE

During the year ended 30 June 2019, the Company complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as those relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function
- nomination of a senior independent director

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the position of UIL, being an external managed investment company. The Board is composed of non-executive directors and therefore the Board does not believe it is necessary to nominate a senior independent director.

The Board notes that a new version of the UK Code was published in July 2018, and that a new version of the AIC Code was published in January 2019, each applying to accounting periods beginning on or after 1 January 2019. The Company will report against the new AIC Code for the financial year ending 30 June 2020.

Information on how the Company has applied the principles of the AIC Code and the UK Code is set out below.

THE BOARD

The Board is responsible to shareholders for the overall stewardship of the Company. A formal schedule of matters reserved for the decision of the Board has been adopted. Investment policy and strategy are determined by the Board and it is also responsible for the gearing policy, dividend policy, public documents, such as the Annual Report and Financial Statements, the buy-back policy and corporate governance matters. In order to enable the Directors to discharge their responsibilities effectively the Board has full and timely access to relevant information.

The Board meets at least three times a year, with additional Board and Committee meetings being held on an ad hoc basis to consider investment performance and particular issues as they arise. Key representatives of the Investment Managers attend each meeting and between these meetings there is regular contact with the Investment Managers. Board meetings are often held in countries where the Company holds investments and the Board will meet with investee companies and local experts.

The Board has direct access to the advice and services of the Company Secretary, who is an employee of ICM. The Company Secretary, with advice from the Company's lawyers and financial advisers, is responsible for ensuring that the Board and Committee procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible to the Board for ensuring timely delivery of information and reports and that the statutory obligations of the Company are met. The Company Secretary is responsible for advising the Board, through the Chairman, on all governance matters.

There is an agreed procedure for Directors, in the furtherance of their duties, to take legal advice at the Company's expense, having first consulted with the Chairman.

There were four Board meetings, three Audit & Risk Committee meetings and one Management

Engagement Committee meeting held during the period and the attendance by the Directors was as follows:

	Board	Audit & Risk Committee	Management Engagement Committee
Number of meetings held during the year	4	3	1
Peter Burrows	4	3	1
Alison Hill	4	3	1
Warren McLeland	4	n/a	n/a
Christopher Samuel	4	3	1
David Shillson	4	n/a	n/a
Eric Stobart	4	3	1

Apart from the meetings detailed above, there were a number of meetings held by committees of the Board to discuss investment performance, approve the declaration of quarterly dividends and other ad hoc items.

AUDIT & RISK COMMITTEE

During the year ended 30 June 2019, the Audit & Risk Committee, which is chaired by Mr Stobart, consisted of all the independent Directors of the Company. Further details of the Audit & Risk Committee are provided in its report on page 52.

MANAGEMENT ENGAGEMENT COMMITTEE

The Board has appointed a Management Engagement Committee, chaired by Mr Stobart, which operates within written terms of reference clearly setting out its authority and duties. The Management Engagement Committee is comprised of the independent Directors of the Company and meets at least once a year.

The Investment Managers' performance is considered by the Board at every meeting, with a formal evaluation by the Management Engagement Committee annually. The Board received detailed reports and views from the Investment Managers on investment policy, asset allocation, gearing and risk at each Board meeting in the year ended 30 June 2019, with ad hoc market/company updates if there were significant movements in the intervening period.

The Management Engagement Committee also considers the effectiveness of the administration services provided by the Investment Managers and Administrator, including the timely identification and resolution of areas of accounting judgement and implementation of new regulatory requirements and the performance of other third party service providers. In this regard the Committee assessed the services provided by the Investment Managers, the Administrator and the other service providers to be good.

REMUNERATION COMMITTEE

The Board as a whole undertakes the work which would otherwise be undertaken by a Remuneration Committee. Its work is summarised in the Directors' Remuneration Report on page 49.

INTERNAL CONTROLS

The Directors acknowledge that they are responsible for ensuring that the Company maintains a sound system of internal financial and non-financial controls ("internal controls") to safeguard shareholders' investments and the Company's assets.

The Company's system of internal control is designed to manage rather than eliminate risk of failure to achieve the Company's investment objective and/or adhere to the Company's investment policy and/or investment limits. The system can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

The Investment Managers, Administrator and Custodian maintain their own systems of internal controls and the Board and the Audit & Risk Committee receive regular reports from these service providers.

The Board meets regularly, at least three times a year. It reviews financial reports and performance against relevant stock market criteria and the Company's peer group, amongst other things. The effectiveness of the Company's system of internal controls, including financial, operational and compliance and risk management systems is reviewed at least bi-annually against risk parameters approved by the Board. The Board confirms that the necessary actions are taken to remedy any significant failings or weaknesses identified from its review. No significant failings or weaknesses occurred during the year ended 30 June 2019 or subsequently up to the date of this annual financial report. The Board has reviewed and accepted the Investment Managers' anti-bribery and corruption and "whistleblowing" policies.

BOARD DIVERSITY, APPOINTMENT, RE-ELECTION AND TENURE

The Board as a whole undertakes the responsibilities which would otherwise be assumed by a nomination committee. It considers the size and structure of the Board, including the balance of expertise and skills brought by individual Directors. It has regard to board diversity and recognises the value of progressive refreshing of and succession planning for, company boards and such matters are discussed by the Board as a whole at least annually. The Board also seeks to have Directors in different jurisdictions who understand the key influences on businesses in their area, whether they are economic, political, regulatory or other issues. The Board's policy on diversity, including gender, is to take this into account during the recruitment process. Any new appointment is considered on the basis of the skills and experience that the individual would bring to the Board, regardless of gender or other forms of diversity, and therefore no targets have been set against which to report. As at the date of this report, the Board consists of five men and one woman.

The Board is of the view that length of service does not necessarily compromise the independence or contribution of directors of an investment company, where continuity and experience can add significantly to the strength of the Board. This is supported by the views on independence expressed in the AIC Code. No limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. The Board has put in place a policy whereby Directors who have served for nine years or more will be subject to annual re-election.

The Board reviews succession planning at least annually. Appointments of new Directors will be made on a formalised basis with the Chairman agreeing, in conjunction with his colleagues, a job specification and other relevant selection criteria and the methods of recruitment (where appropriate using an external recruitment agency), selection and appointment. The potential Director would meet with Board members prior to formal appointment. An induction process will be undertaken, with new appointees to the Board being given a full briefing on the workings and processes of the Company and the management of the Company by the Chairman, the Investment Managers, the Company Secretary and other appropriate persons. The Bye-laws require that a Director shall retire and be subject to re-election at the first AGM after appointment and at least every three years thereafter.

BOARD, COMMITTEE AND DIRECTORS' PERFORMANCE APPRAISAL

The Directors recognise the importance of the AIC Code's recommendations in respect of evaluating the performance of the Board as a whole, the Audit & Risk Committee and the Management Engagement Committee and individual Directors. The performance of the Board, Audit & Risk Committee and Management Engagement Committee and Directors has been assessed during the year in terms of:

- attendance at meetings;
- the independence of individual Directors;
- the ability of Directors to make an effective contribution to the Board and Committees through the range and diversity of skills and experience each Director brings to their role; and
- the Board's ability to challenge the Investment Managers' recommendations, suggest areas of debate and set the future strategy of the Company.

The Board opted to conduct performance evaluation through questionnaires and discussion between the Directors, the Chairman and the chairmen of the Committees. This process is conducted by the Chairman, having regard to the performance evaluation questionnaire, reviewing individually with each of the Directors their performance, contribution and commitment to the Company and the possible further development of skills. In addition, the Chair of the Audit & Risk Committee reviews the performance of the Chairman with the other Directors, taking into account the views of the Investment Managers. The relevant points arising from these meetings are then reported to, and discussed by, the Board as a whole. This process has been carried out in respect of the year under review and will be conducted on an annual basis. The result of this year's performance evaluation process was that the Board, the Committees of the Board and the Directors individually were all assessed to have performed satisfactorily. No follow-up actions were required.

It is not felt appropriate currently to employ the services of, or to incur the additional expense of, an external third party to conduct the evaluation process as an appropriate process is in place; this will, however, be kept under review.

RELATIONS WITH SHAREHOLDERS

UIL welcomes the views of shareholders and places great importance on communication with shareholders.

The prime medium by which the Company communicates with shareholders is through the half-yearly and annual financial reports, which aim to provide shareholders with a full understanding of the Company's activities and its results. This information is supplemented by the calculation and publication, via a Regulatory Information Service, of the NAV of the Company's shares and by monthly fact sheets produced by the Investment Managers. Shareholders can visit the Company's website: www.uil.limited in order to access copies of half-yearly and annual financial reports, factsheets and regulatory announcements.

The Investment Managers hold meetings with the Company's largest shareholders and report back to the Board on these meetings. The Chairman and other Directors are available to discuss any concerns with shareholders, if required.

By order of the Board
ICM Limited
Company Secretary

13 September 2019

UIL has a leveraged balance sheet structure, with the ordinary shares leveraged by the ZDP shares, bank debt and other loans.

ORDINARY SHARES

The number of ordinary shares in issue, and the voting rights, as at 30 June 2019 was 88,283,389 shares. The ordinary shares are entitled to all the revenue profits of the Company available for distribution and resolved to be distributed by the Directors by way of a dividend. The Directors consider the payment of dividends on a quarterly basis.

On a winding up, holders of ordinary shares will be entitled, after payment of all debts and the satisfaction of all liabilities of the Company, to the winding up revenue profits of the Company and thereafter, after paying to UIL Finance for its ZDP shareholders their accrued capital entitlement, to all the remaining assets of the Company.

ZDP SHARES

The ZDP shares are issued by UIL Finance, a wholly-owned subsidiary of UIL. The ZDP shares carry no entitlement to income and the whole of any return will take the form of capital.

2020 ZDP shares

39,000,000 2020 ZDP shares were in issue as at 30 June 2019. The 2020 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on winding up) and the 2022, 2024 and 2026 ZDP shares but rank behind the bank debt for capital repayment of 154.90p per 2020 ZDP share on 31 October 2020. The capital repayment is equivalent to a redemption yield of 7.25% per annum based on the initial capital entitlement of 100p.

2022 ZDP shares

50,000,000 2022 ZDP shares were in issue as at 30 June 2019. The 2022 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on winding up) and the 2024 and 2026 ZDP shares but rank behind the bank debt and the 2020 ZDP shares for capital repayment of 146.99p per 2022 ZDP share on 31 October 2022. The capital repayment is equivalent to a redemption yield of 6.25% per annum based on the initial capital entitlement of 100p.

2024 ZDP shares

30,000,000 2024 ZDP shares were in issue as at 30 June 2019. The 2024 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on winding up) and the 2026 ZDP shares but rank behind the bank debt, the 2020 and the 2022 ZDP shares for capital repayment of 138.35p per 2024 ZDP share on 31 October 2024. The capital repayment is equivalent to a redemption yield of 4.75% per annum based on the initial capital entitlement of 100p.

2026 ZDP shares

25,000,000 (11,920,535 held by UIL) 2026 ZDP shares were in issue as at 30 June 2019. The 2026 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on winding up) but rank behind the bank debt, the 2020, 2022 and the 2024 ZDP shares for capital repayment of 151.50p per 2026 ZDP share on 31 October 2026. The capital repayment is equivalent to a redemption yield of 5.00% per annum based on the initial capital entitlement of 100p.

BANK DEBT

As at 30 June 2019, UIL had a £50.0m multi-currency loan facility provided by Scotiabank, secured against the Company's assets by way of a debenture, which was fully drawn.

SENSITIVITY OF RETURNS AND RISK PROFILES

Ordinary shares rank behind the ZDP shares (save for any undistributed revenue profit on a winding up) and bank debt such that they represent a geared instrument. For every £100 of gross assets of the Company as at 30 June 2019, the ordinary shares could be said to be interested in £60.74 of those assets after deducting the prior claims as above. This makes the ordinary shares more sensitive to movements in gross assets. Based on these amounts, a 1.0% movement

CAPITAL STRUCTURE
(continued)

in gross assets would change the NAV attributable to ordinary shares by 1.6%.

The interest cost of UIL's bank debt, combined with the annual accruals in respect of ZDP shares, represents a blended cost to the ordinary shares of 5.5% as at 30 June 2019.

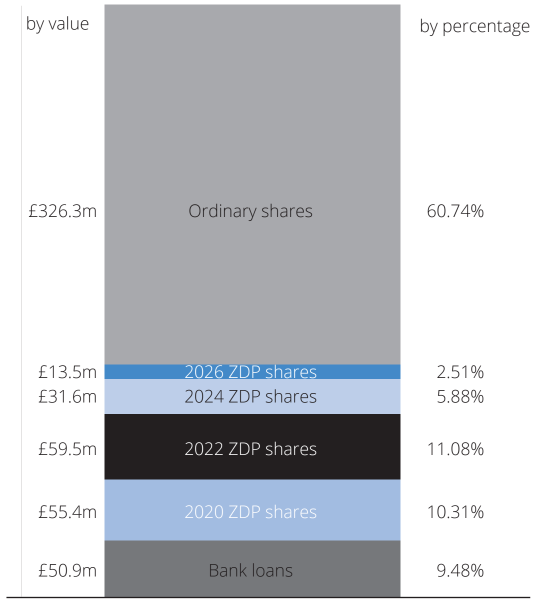
Based on their final entitlement of 154.90p per share, the final entitlement of the 2020 ZDP shares was covered 4.92 times by gross assets as at 30 June 2019. Should the gross assets fall by 79.7% over the remaining life of the 2020 ZDP shares, then the 2020 ZDP shares would not receive their final entitlement in full. Should gross assets fall by 90.7%, equivalent to an annual fall of 83.0%, the 2020 ZDP shares would receive no payment at the end of their life.

Based on their final entitlement of 146.99p per share, the final entitlement of the 2022 ZDP shares was covered 2.97 times by gross assets as at 30 June 2019. Should the gross assets fall by 66.3% over the remaining life of the 2022 ZDP shares, then the 2022 ZDP shares would not receive their final entitlement in full. Should gross assets fall by 79.7%, equivalent to an annual fall of 38.0%, the 2022 ZDP shares would receive no payment at the end of their life.

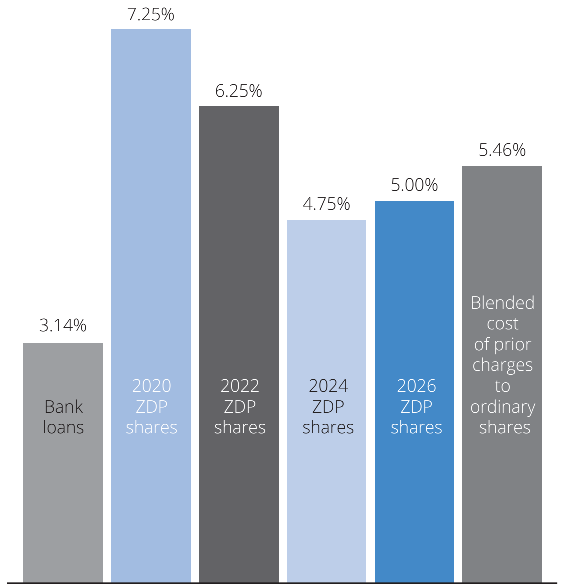
Based on their final entitlement of 138.35p per share, the final entitlement of the 2024 ZDP shares was covered 2.42 times by gross assets as at 30 June 2019. Should the gross assets fall by 58.7% over the remaining life of the 2024 ZDP shares, then the 2024 ZDP shares would not receive their final entitlement in full. Should gross assets fall by 66.3%, equivalent to an annual fall of 18.4%, the 2024 ZDP shares would receive no payment at the end of their life.

Based on their final entitlement of 151.50p per share, the final entitlement of the 2026 ZDP shares was covered 2.08 times by gross assets as at 30 June 2019. Should the gross assets fall by 51.8% over the remaining life of the 2026 ZDP shares, then the 2026 ZDP shares would not receive their final entitlement in full. Should gross assets fall by 58.7%, equivalent to an annual fall of 11.4%, the 2026 ZDP shares would receive no payment at the end of their life.

SPLIT OF GROSS ASSETS
as at 30 June 2019



CONSOLIDATED FUNDING COST STRUCTURE
as at 30 June 2019



DIRECTORS' REMUNERATION REPORT
for the year ended 30 June 2019

The Board presents the report on Directors' remuneration for the year ended 30 June 2019. The report comprises a remuneration policy, which is subject to a triennial binding shareholder vote, or sooner if an alteration to the policy is proposed, and a report on remuneration, which is subject to an annual advisory vote. Where certain parts of the disclosures provided have been audited, they are indicated as such. The auditor's opinion is included in their report on page 56.

The Board's policy on remuneration is set out below. A key element is that fees payable to Directors should reflect the time spent by them on the Company's affairs and should be sufficient to attract and retain individuals with suitable knowledge and experience to promote the long term success of the Company whilst also reflecting the time commitment and responsibilities of the role. There were no changes to the policy during the year.

The Board is composed solely of non-executive Directors, none of whom has a service contract with the Company and therefore no remuneration committee has been appointed. The Board as a whole undertakes the responsibilities which would otherwise be assumed by a remuneration committee.

DIRECTORS' REMUNERATION POLICY

The Board considers the level of the Directors fees at least annually. The Board determines the level of Directors' fees within the limit currently set by the Company's Bye-laws, which limit the aggregate fees payable to the Directors to a total of £250,000 per annum.

The Board's policy is to set Directors' remuneration at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole in continuing to achieve the investment objective. Time committed to the Company's business and the specific responsibilities of the Chairman, Directors and the chairman of the Audit & Risk Committee are taken into account. The policy aims to be fair and reasonable in relation to comparable investment companies.

The fees are fixed and are payable in cash, quarterly in arrears. Directors are entitled to be reimbursed for any reasonable expenses properly incurred by them in connection with the performance of their duties and attendance at Board and general meetings and Committee meetings. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Directors are provided with a letter of appointment when they join the Board. There is no provision for compensation upon early termination of appointment. The letters of appointment are available on request at the Company's registered office during business hours.

DIRECTORS' REMUNERATION

The Board reviews the fees payable to the Chairman and Directors annually. The fees payable to the Chairman and Directors were reviewed and increased with effect from 1 July 2018 such that the Directors received fees of £33,250 per annum, the chairman of the Audit & Risk Committee received £43,000 and the Chairman of the Board received £45,000 in the year ended 30 June 2019.

The review in respect of 2019/2020 has resulted in the fees being increased with effect from 1 July 2019 as detailed in the table below.

Year ending 30 June	2020 £'000s	2019* £'000s	2018* £'000s
Chairman	46.0	45.0	44.0
Directors	34.0	33.3	32.5
Chairman of Audit & Risk Committee	44.0	43.0	42.0

*Actual

CONSIDERATION OF SHAREHOLDERS' VIEWS

The Directors' Remuneration Policy was approved by shareholders at the Company's AGM in November 2017. Over 99% of the votes cast were in favour of resolution and less than 1% were against. The Directors' Remuneration Policy will next be put to shareholders for approval at the AGM to be held in 2020, unless changes are proposed to be made in the meantime.

An ordinary resolution to approve the Directors' Remuneration Report will be put to shareholders at each AGM and shareholders will have the opportunity to express their views and raise any queries in respect of remuneration policy either before or at this meeting. To date, no shareholders have commented in respect of remuneration policy. The Directors' Remuneration Report was approved by shareholders at the Company's AGM in November 2018 when over 99% of the votes cast were in favour of the resolution and less than 1% were against.

DIRECTORS' ANNUAL REPORT ON REMUNERATION (AUDITED)

A single figure for the total remuneration of each Director is set out in the table below for the year ended 30 June 2019.

Director[1]	2019 £	2018 £
Peter Burrows	45,000	44,000
Alison Hill	33,250	32,500
Warren McLeland	33,250	32,500
Christopher Samuel	33,250	32,500
David Shillson	33,250	32,500
Eric Stobart[2]	43,000	42,000
Total	221,000	216,000

(1) The Directors' entitlement to fees is calculated in arrears
(2) Mr Stobart's fee includes an entitlement of £9,750 (2017/18, £9,500) for being chairman of the Audit & Risk Committee

The information in the table above has been audited. The amounts paid by the Company to the Directors were for services as non executive directors. As at 30 June 2019, £55,250 was outstanding to Directors in respect of their annual fees.

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table compares the remuneration paid to the Directors with aggregate distributions paid to shareholders in the year to 30 June 2019 and the prior year. This disclosure is a statutory requirement, however the Directors consider that comparison of Directors' remuneration with annual dividends does not provide a meaningful measure relative to the Company's overall performance as an investment company with an objective of providing shareholders with long-term total return.

Year ended 30 June	2019 £'000s	2018 £'000s	CHANGE £'000s
Aggregate Directors' emoluments	221	216	5
Aggregate shareholder distributions[1]	6,689	6,738	(49)

(1) The dividend per share was the same in both years at 7.50p per ordinary share; the total dividend paid has reduced in 2019 due to the reduction in the number of shares in issue following buybacks of shares by the Company.

DIRECTORS' BENEFICIAL SHARE INTERESTS

The Directors' (and any connected persons) holdings of ordinary shares are detailed below:

As at 30 June	2019	2018
Peter Burrows[1]	739,617	539,617
Alison Hill	47,358	28,970
Warren McLeland	71,237	52,849
Christopher Samuel	100,000	40,000
David Shillson	88,848	65,460
Eric Stobart[2]	50,000	50,000

(1) As at 30 June 2018, Mr Burrows held a further 100,000 shares in a non-beneficial capacity
(2) Including 10,744 shares held by Mrs Stobart

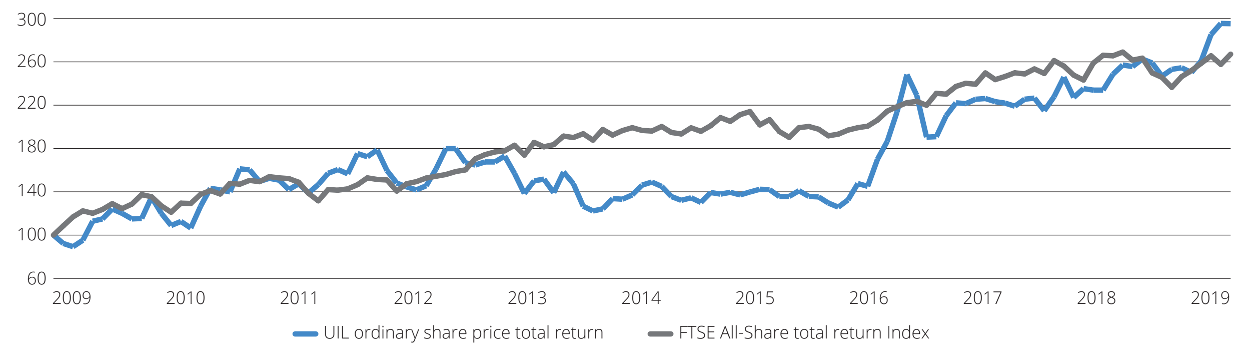
Since the year end, Ms Hill, Mr McLeland, Mr Samuel and Mr Shillson have each acquired, respectively, a further 4,024, 4,024, 100,000 and 4,024 ordinary shares in the Company. No Director held any interest, beneficial or otherwise, in the issued shares of the Company other than as stated above.

COMPANY PERFORMANCE

The graph below compares, for the ten years ended 30 June 2019, the ordinary share price total return (see page 98) to the FTSE All-Share total return Index (GBP adjusted).

SHARE PRICE TOTAL RETURN

From June 2009 to June 2019 (rebased to 100 at 30 June 2009)



Source: ICM

On behalf of the Board
Peter Burrows
Chairman

13 September 2019

AUDIT & RISK COMMITTEE REPORT

ERIC STOBART
Chairman of the Audit and Risk Committee

As chairman of the Audit & Risk Committee, I am pleased to present the Committee's report to shareholders for the year ended 30 June 2019.

ROLE AND RESPONSIBILITIES

UIL has established a separately chaired Audit & Risk Committee whose duties include considering and recommending to the Board for approval the contents of the half yearly and annual financial statements and providing an opinion as to whether the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Audit & Risk Committee meets at least three times a year. Two of the planned meetings are held prior to the Board meetings to approve the half yearly and annual results and the Audit & Risk Committee receives information from the principal service providers on their internal controls. Representatives of the Investment Managers attend all meetings.

COMPOSITION

The Audit & Risk Committee is composed of the independent Directors of the Company and is chaired by Eric Stobart. It is considered that there is a range of recent and relevant financial experience amongst the members of the Audit & Risk Committee.

RESPONSIBILITIES AND REVIEW OF THE EXTERNAL AUDIT

During the year the principal activities of the Audit & Risk Committee included:

- regular review of the portfolio, particularly of the unlisted investments;
- considering and recommending to the Board for approval the contents of the half yearly and annual financial statements and reviewing the external auditor's report;
- considering the basis of accounting; as set out in note 31 to the accounts the financial statements have been prepared on a going concern basis;
- considering the narrative elements of the annual financial report, including whether the annual financial report taken as a whole is fair, balanced and understandable and provides the necessary information for shareholders;
- evaluation of reports received from the auditor with respect to the annual financial statements and its review of the half yearly report;
- management of the relationship with the external auditor, including its appointment and the evaluation of the scope, effectiveness, independence and objectivity of its audit and non-audit services;
- evaluation of the effectiveness of the internal control and risk management systems, including reports received on the operational controls of the Company's service providers and reports from the Company's depositary;
- monitoring developments in accounting and reporting requirements that impact on the Company's compliance with relevant statutory and listing requirements; and
- review of SOC1 reports or their equivalent from the Administrator and the Custodian.

AUDITOR AND AUDIT TENURE

KPMG LLP ("KPMG") has been the auditor of the Company since 2012, following a competitive tender process. The audit partner is Jonathan Martin. The Audit & Risk Committee has considered the independence of the auditor and the objectivity of the audit process and is satisfied that KPMG has fulfilled its obligations to shareholders as independent auditor to the Company.

It is the Company's policy not to seek substantial non-audit services from its auditor, unless they relate to a review of the half-yearly report or reporting on financial information in circulars or prospectuses, as the Board considers the auditor is best placed to provide these services. If the provision of significant non-audit services were to be considered, the Audit & Risk Committee would procure such services from an accountancy firm other than the auditor. Non-audit fees paid to KPMG by the Company during the year amounted to £5,000 for the year ended 30 June 2019 (2018: £31,000) and related to the review of the half yearly accounts (2018 also included work in connection with the ZDP shares prospectus); more details are included in note 4A to the accounts.

The partner and manager of the audit team at KPMG presented their audit plan to the Audit & Risk Committee in advance of the financial year end. Items of audit focus were discussed, agreed and given particular attention during the audit process. KPMG reported to the Audit & Risk Committee on these items, their independence and other matters. This report was considered by the Audit & Risk Committee and discussed with KPMG and the Investment Managers prior to approval of the annual financial report.

Members of the Audit & Risk Committee meet in camera with the external auditor at least annually.

ACCOUNTING MATTERS AND SIGNIFICANT AREAS

For the year ended 30 June 2019 the accounting matters that were subject to specific consideration by the Audit & Risk Committee and consultation with KPMG where necessary were as follows:

SIGNIFICANT AREA	HOW ADDRESSED
Value of the unlisted investments	Investments that are unlisted or not actively traded are valued using a variety of techniques to determine a fair value, as set out in note 1(d) to the accounts, and all such valuations are carefully reviewed by the Audit & Risk Committee with the Investment Managers. The Audit & Risk Committee receives detailed information on all the unlisted investments and it discusses and challenges the valuations with the Investment Managers. It considers market comparables and discusses any proposed revaluations with the Investment Managers. The Audit & Risk Committee checks with KPMG that it has reviewed and tested the proposed valuations for reasonability.
Carrying value of the listed investments	Actively traded listed investments are valued using stock exchange prices provided by third party pricing vendors. The Audit & Risk Committee regularly reviews the portfolio. The Audit & Risk Committee reviews the annual internal control report produced by the Administrator, which is reported on by independent external accountants and which details the systems, processes and controls around the daily pricing of the securities. KPMG independently tests the pricing of the listed investments.

The above was satisfactorily addressed through consideration of reports provided by, and discussed with, the Investment Managers and KPMG. As a result, and following a thorough review process, the Audit & Risk Committee advised the Board that it is satisfied that, taken as a whole, the annual financial report for the year ended 30 June 2019 is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. In reaching this conclusion, the Audit & Risk Committee has assumed that the reader of the report would have a reasonable level of knowledge of the investment company industry.

EXTERNAL AUDIT, REVIEW OF ITS EFFECTIVENESS AND AUDITOR REAPPOINTMENT

The Audit & Risk Committee advises the Board on the appointment of the external auditor, its remuneration for audit and non-audit work and its cost effectiveness, independence and objectivity.

As part of the review of the effectiveness of the audit process, a formal evaluation process incorporating views from the members of the Audit & Risk Committee and relevant personnel at the Investment Managers is followed and feedback is provided to KPMG. Areas covered by this review include:

- the calibre of the audit firm, including reputation and industry presence;

AUDIT & RISK COMMITTEE REPORT (continued)

- the extent of quality controls including review processes, second director oversight and annual reports from its regulator;
- the performance of the audit team, including skills of individuals, specialist knowledge, partner involvement, team member continuity and quality and timeliness of audit planning and execution;
- audit communication including planning, relevant accounting and regulatory developments, approach to significant accounting risks, communication of audit results and recommendations on corporate reporting;
- ethical standards including independence and integrity of the audit team, lines of communication to the Audit & Risk Committee and partner rotation; and
- reasonableness of the audit fees.

For the year ended 30 June 2019, the Audit & Risk Committee is satisfied that the audit process was effective.

Resolutions proposing the reappointment of KPMG as the Company's auditor and authorising the Directors to determine its remuneration will be put to the shareholders at the forthcoming AGM.

INTERNAL CONTROLS AND RISK MANAGEMENT

UIL's risk assessment focus and the way in which significant risks are managed is a key area of focus for the Audit & Risk Committee. Work here was driven by the Audit & Risk Committee's assessment of the risks arising in the Company's operations and identification of the controls exercised by the Board and its delegates, the Investment Managers, the Administrator and other service providers. These are recorded in risk matrices prepared by ICMIM as the Company's AIFM with responsibility for risk management, which continue to serve as an effective tool to highlight and monitor the principal risks, details of which are provided in the Strategic Report. It also received and considered, together with representatives of the Investment Managers, reports in relation to the operational controls of the Investment Managers, Administrator, Custodians and share registrar. These reviews identified no issues of significance.

WHISTLEBLOWING POLICY

The Committee has also reviewed and accepted the 'whistleblowing' policy that has been put in place by the Investment Managers under which their staff, in confidence, can raise concerns about possible improprieties in matters of financial reporting or other matters, in so far as they affect the Company. The Committee ensures arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow up action.

INTERNAL AUDIT

Due to the nature of the Company, being an externally managed investment company with no executive employees, the Company does not have its own internal audit function. The Committee and the Board have concluded that there is no current need for such a function, based on the satisfactory operation of controls within the Company's service providers.

Eric Stobart
Chairman of the Audit & Risk Committee

13 September 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Report and Accounts and the Group and parent Company financial statements in accordance with applicable law and regulations.

The Directors are required to prepare Group and parent Company financial statements for each financial year. They are also required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs as adopted by the EU") and applicable law and have elected to prepare the parent Company financial statements on the same basis.

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 1981 of Bermuda. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a, Directors' Report, and a Corporate Governance Statement that complies with that law and those regulations. The Directors have decided to prepare voluntarily a Directors' Remuneration Report as if the Company was required to comply with the requirements of schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under the UK Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the annual report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Approved by the Board on 13 September 2019 and signed on its behalf by:

Peter Burrows
Chairman

Independent auditor's report

to the members of UIL Limited

1. Our opinion is unmodified

We have audited the financial statements of UIL Limited ("the Company") for the year ended 30 June 2019 which comprise the Group and Company Income Statements, Group and Company Statement of Changes in Equity, Statements of Financial Position, Statements of Cash Flow and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

— give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2019 and of the Group's and parent Company's profit for the year then ended;

— have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview		
Materiality: Group financial statements as a whole	£5.45m (2018: £5.0m) 1% (2018: 1%) of total assets	
Key audit matters		**vs 2018**
Recurring risks	Valuation of unlisted investments	◄►
	Valuation of listed investments	▼

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows.

	The risk	Our response
Valuation of unlisted investments (£184.4 million; 2018: £126.1million) *Refer to page 53 (Audit & Risk Committee Report), page 68 (accounting policy) and pages 74 to 76 (financial disclosures).*	**Subjective valuation:** 34% of the Group's total assets (by value) is held in investments where no quoted market price is available. Unlisted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as prices of recent orderly transactions, earnings multiples and net assets. There is a significant risk over the valuation of these investments. The effect of this matter is that, as part of our risk assessment, we determined that unlisted investment valuations have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	— Our procedures included: — **Historical comparisons:** Assessment of investment realisations in the period, comparing actual sales proceeds to previous quarterly valuations to understand the reasons for significant variances and determine whether they are indicative of bias or error in the Company's approach to valuations; — **Methodology choice**: In the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines, we challenged the appropriateness of the valuation bases selected; — **Comparing valuations:** Where a recent transaction has been used to value a holding, we obtained an understanding of the circumstances surrounding the transaction and whether it was considered to be on an arms-length basis and suitable as an input into a valuation. — **Our valuations experience**: Challenging the investment manager on key judgements affecting investee company valuations, such as discount factors and the choice of benchmark for earnings multiples. We compared key underlying financial data inputs to external sources, investee company audited accounts and management information as applicable. We challenged the assumptions around sustainability of earnings based on the plans of the investee companies and whether these are achievable and we obtained an understanding of existing and prospective investee company cash flows to understand whether borrowings can be serviced or whether refinancing may be required. Our work included consideration of events which occurred subsequent to the period end up until the date of this audit report. — **Assessing transparency:** Consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unlisted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.

2. Key audit matters: our assessment of risks of material misstatement (cont.)

	The risk	Our response
Valuation of listed investments (£359.4 million; 2018: £367.3million) *Refer to page 53 (Audit & Risk Committee Report), page 68 (accounting policy) and pages 74 to 76 (financial disclosures).*	**Low risk, high value:** The Group's portfolio of listed investments makes up 66% of the Group's total assets (by value) and is considered to be the key driver of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included: — **Pricing:** Agreeing the pricing of 100% of the listed investments in the portfolio to third party pricing sources; — **Fair value hierarchy assessment:** Reviewing the fair value hierarchy classification methodology of the investment manager and assessing the accuracy of the classification of assets as level 1 or level 2 in accordance with IFRS 13; and — **Custodian confirmations:** Agreeing 100% of investment holdings in the portfolio to independently received third party confirmations.

3. Our application of materiality and an overview of the scope of our audit

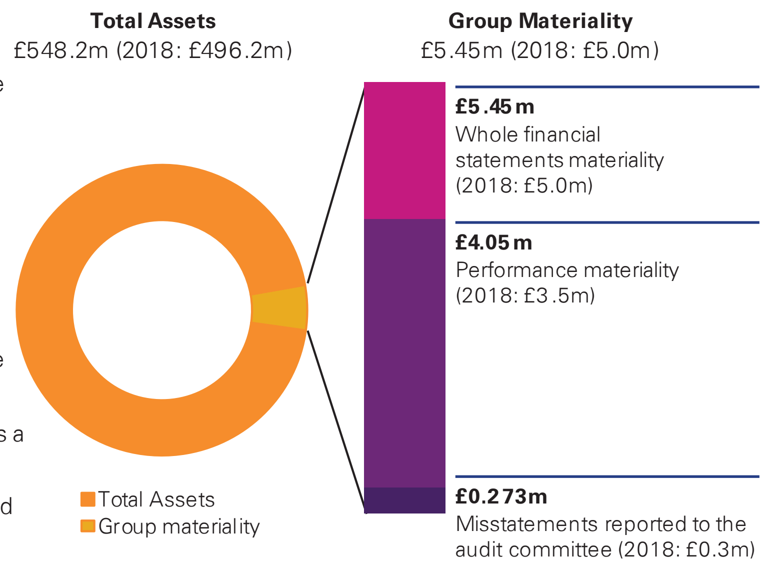
Materiality for the Group's financial statements as a whole was set at £5.45 million (2018: £5.0 million), determined with reference to a benchmark of total assets, of which it represents 1% (2018: 1%).

In addition, we applied materiality of £0.34 million (2018: £0.3 million) to management and administration fees for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the Group's members' assessment of the financial performance of the Group.

Materiality for the parent company financial statements as a whole was set at £5.4 million (2018: £5.0 million).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.27 million (2018: £0.25 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality levels set out above at our offices in London, United Kingdom.



4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model, including the impact of Brexit, and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements, on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in this respect, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Directors' remuneration report

In addition to our audit of the financial statements, the directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the directors have decided to prepare as if the Company were required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under the UK Companies Act 2006.

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, as if those requirements applied to the Company.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

— the directors' confirmation within the Viability Statement on page 31 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;

— the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and

— the directors' explanation within the Viability Statement on page 31 of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

— we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
— the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
— the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 55, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

7. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with section 90(20) of the Companies Act 1981 of Bermuda and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Martin
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
13 September 2019

GROUP INCOME STATEMENT

Notes	for the year to 30 June	Revenue return £'000s	Capital return £'000s	Total return £'000s 2019	Revenue return £'000s	Capital return £'000s	Total return £'000s 2018
9	Gains on investments	–	90,402	90,402	–	48,366	48,366
12	(Losses)/gains on derivative financial instruments	–	(6,871)	(6,871)	–	3,298	3,298
	Foreign exchange gains/(losses)	–	3,306	3,306	(97)	777	680
2	Investment and other income	11,184	–	11,184	10,671	–	10,671
	Total income	11,184	86,837	98,021	10,574	52,441	63,015
3	Management and administration fees	(1,587)	(8,538)	(10,125)	(1,491)	(5,337)	(6,828)
4	Other expenses	(1,178)	(8)	(1,186)	(1,316)	(1)	(1,317)
	Profit before finance costs and taxation	8,419	78,291	86,710	7,767	47,103	54,870
	Gains on transactions of ZDP shares held intra group	–	–	–	–	4	4
5	Finance costs	(1,600)	(11,093)	(12,693)	(1,592)	(12,083)	(13,675)
	Profit before taxation	6,819	67,198	74,017	6,175	35,024	41,199
6	Taxation	(9)	–	(9)	(179)	–	(179)
	Profit for the year	6,810	67,198	74,008	5,996	35,024	41,020
7	**Earnings per ordinary share – pence**	7.63	75.34	82.97	6.67	38.96	45.63

The Group does not have any income or expense that is not included in the profit for the year and therefore the profit for the year is also the total comprehensive income for the year, as defined in International Accounting Standard 1 (revised).

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of the Company. There are no minority interests.

The notes on pages 67 to 94 form part of these financial statements.

COMPANY INCOME STATEMENT

Notes	for the year to 30 June	Revenue return £'000s	Capital return £'000s	2019 Total return £'000s	Revenue return £'000s	Capital return £'000s	2018 Total return £'000s
9	Gains on investments	–	90,800	90,800	–	49,712	49,712
12	(Losses)/gains on derivative financial instruments	–	(6,871)	(6,871)	–	3,298	3,298
	Foreign exchange gains/(losses)	–	3,306	3,306	(97)	777	680
2	Investment and other income	11,184	–	11,184	10,671	–	10,671
	Total income	**11,184**	**87,235**	**98,419**	10,574	53,787	64,361
3	Management and administration fees	(1,587)	(8,538)	(10,125)	(1,491)	(5,337)	(6,828)
4	Other expenses	(1,178)	(8)	(1,186)	(1,316)	(1)	(1,317)
	Profit before finance costs and taxation	8,419	78,689	87,108	7,767	48,449	56,216
5	Finance costs	(1,600)	(12,082)	(13,682)	(1,592)	(12,821)	(14,413)
	Profit before taxation	**6,819**	**66,607**	**73,426**	6,175	35,628	41,803
6	Taxation	(9)	–	(9)	(179)	–	(179)
	Profit for the year	**6,810**	**66,607**	**73,417**	5,996	35,628	41,624
7	**Earnings per ordinary share – pence**	**7.63**	**74.68**	**82.31**	6.67	39.63	46.30

The Company does not have any income or expense that is not included in the profit for the year and therefore the profit for the year is also the total comprehensive income for the year, as defined in International Accounting Standard 1 (revised).

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of the Company.

The notes on pages 67 to 94 form part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

Notes	for the year to 30 June 2019	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance at 30 June 2018	8,949	18,167	233,866	32,069	(40,886)	8,969	261,134
	Profit for the year	–	–	–	–	67,198	6,810	74,008
8	Ordinary dividends paid	–	–	–	–	–	(6,689)	(6,689)
18	Shares purchased by the Company	(121)	(2,064)	–	–	–	–	(2,185)
	Balance at 30 June 2019	**8,828**	**16,103**	**233,866**	**32,069**	**26,312**	**9,090**	**326,268**

Notes	for the year to 30 June 2018	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance at 30 June 2017	9,020	19,313	233,866	32,069	(75,667)	9,468	228,069
	Profit for the year	–	–	–	–	35,024	5,996	41,020
	Transfer for change in treatment of subsidiary	–	–	–	–	(243)	243	–
8	Ordinary dividends paid	–	–	–	–	–	(6,738)	(6,738)
18	Shares purchased by the Company	(71)	(1,146)	–	–	–	–	(1,217)
	Balance at 30 June 2018	8,949	18,167	233,866	32,069	(40,886)	8,969	261,134

The notes on pages 67 to 94 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year to 30 June 2019

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance at 30 June 2018	**8,949**	**18,167**	**233,866**	**32,069**	**(40,282)**	**8,969**	**261,738**
	Profit for the year	**–**	**–**	**–**	**–**	**66,607**	**6,810**	**73,417**
8	Ordinary dividends paid	**–**	**–**	**–**	**–**	**–**	**(6,689)**	**(6,689)**
18	Shares purchased by the Company	**(121)**	**(2,064)**	**–**	**–**	**–**	**–**	**(2,185)**
	Balance at 30 June 2019	**8,828**	**16,103**	**233,866**	**32,069**	**26,325**	**9,090**	**326,281**

for the year to 30 June 2018

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance at 30 June 2017	9,020	19,313	233,866	32,069	(75,910)	9,711	228,069
	Profit for the year	–	–	–	–	35,628	5,996	41,624
8	Ordinary dividends paid	–	–	–	–	–	(6,738)	(6,738)
18	Shares purchased by the Company	(71)	(1,146)	–	–	–	–	(1,217)
	Balance at 30 June 2018	8,949	18,167	233,866	32,069	(40,282)	8,969	261,738

The notes on pages 67 to 94 form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

Notes	at 30 June	Group 2019 £'000s	Group 2018 £'000s	Company 2019 £'000s	Company 2018 £'000s
	Non-current assets				
9	Investments	**543,794**	493,375	**556,430**	528,544
	Current assets				
11	Other receivables	**748**	1,699	**748**	1,699
12	Derivative financial instruments	**436**	503	**436**	503
	Cash and cash equivalents	**3,177**	647	**3,177**	647
		4,361	2,849	**4,361**	2,849
	Current liabilities				
13	Bank loans	**(50,971)**	–	**(50,971)**	–
14	Other payables	**(9,491)**	(6,852)	**(9,491)**	(240,771)
12	Derivative financial instruments	**(1,483)**	(1,089)	**(1,483)**	(1,089)
15	Zero dividend preference shares	**–**	(50,858)	**–**	–
		(61,945)	(58,799)	**(61,945)**	(241,860)
	Net current liabilities	**(57,584)**	(55,950)	**(57,584)**	(239,011)
	Total assets less current liabilities	**486,210**	437,425	**498,846**	289,533
	Non-current liabilities				
16	Bank loans	**–**	(27,795)	**–**	(27,795)
17	Other payables	**–**	–	**(172,565)**	–
15	Zero dividend preference shares	**(159,942)**	(148,496)	**–**	–
	Net assets	**326,268**	261,134	**326,281**	261,738
	Equity attributable to equity holders				
18	Ordinary share capital	**8,828**	8,949	**8,828**	8,949
19	Share premium account	**16,103**	18,167	**16,103**	18,167
20	Special reserve	**233,866**	233,866	**233,866**	233,866
21	Non-distributable reserve	**32,069**	32,069	**32,069**	32,069
22	Capital reserves	**26,312**	(40,886)	**26,325**	(40,282)
23	Revenue reserve	**9,090**	8,969	**9,090**	8,969
	Total attributable to equity holders	**326,268**	261,134	**326,281**	261,738
24	**Net asset value per ordinary share – pence**	**369.57**	291.79	**369.58**	292.47

The notes on pages 67 to 94 form part of these financial statements.

Approved by the Board on 13 September 2019 and signed on its behalf by

P Burrows
Chairman

E St C Stobart
Director

STATEMENTS OF CASH FLOWS

Notes	for the year to 30 June	Group 2019 £'000s	Group 2018 £'000s	Company 2019 £'000s	Company 2018 £'000s
25	Cash flows from operating activities	**(831)**	2,116	**(831)**	2,122
	Investing activities:				
	Purchases of investments	**(58,875)**	(64,046)	**(59,776)**	(64,313)
	Sales of investments	**102,243**	70,115	**103,833**	71,092
	Purchases of derivatives	**(6,410)**	–	**(6,410)**	–
	Sales of derivatives	**–**	2,170	**–**	2,170
	Cash flows from investing activities	**36,958**	8,239	**37,647**	8,949
	Cash flows before financing activities	**36,127**	10,355	**36,816**	11,071
	Financing activities:				
	Equity dividends paid	**(6,689)**	(6,738)	**(6,689)**	(6,738)
	Movements on loans	**22,862**	(18,962)	**22,862**	(18,962)
	Cash flows from issue of ZDP shares	**1,590**	13,921	**–**	12,943
	Cash flows from redemption of ZDP shares	**(52,095)**	(417)	**(51,194)**	–
	Cash paid for ordinary shares purchased for cancellation	**(2,185)**	(1,381)	**(2,185)**	(1,381)
	Cash flows from financing activities	**(36,517)**	(13,577)	**(37,206)**	(14,138)
	Net decrease in cash and cash equivalents	**(390)**	(3,222)	**(390)**	(3,067)
	Cash and cash equivalents at the beginning of the year	**(53)**	3,573	**(53)**	3,423
	Effect of movement in foreign exchange	**3,620**	(404)	**3,620**	(409)
	Cash and cash equivalents at the end of the year	**3,177**	(53)	**3,177**	(53)
	Comprised of:				
	Cash	**3,177**	647	**3,177**	647
	Bank overdraft	**–**	(700)	**–**	(700)
	Total	**3,177**	(53)	**3,177**	(53)

The notes on pages 67 to 94 form part of these financial statements.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The Company, UIL Limited, is an investment company incorporated in Bermuda and traded on the London Stock Exchange. The Company commenced trading on 20 June 2007.

The Group Accounts comprise the results of the Company and UIL Finance Limited ("UIL Finance").

The Group is engaged in a single segment of business, focusing on maximising shareholder returns by identifying and investing in investments where the underlying value is not reflected in the market price.

(a) Basis of accounting

The Accounts have been prepared on a going concern basis in accordance with IFRS, which comprise standards and interpretations approved by the IASB, and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect and to the extent that they have been adopted by the European Union.

In the current financial year the Group and Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment for financial assets and general hedge accounting. All Statement of Financial Position items are measured at fair value except for the bank loans and ZDP shares of the Group and bank loans and intra-group loan of the Company, there are no impaired assets and the Group does not enter into general hedge accounting. Financial liabilities valued at amortised cost under IAS 39 are bank loans payable, intra-group loans and ZDP shares and will continue to be measured at amortised cost under IFRS 9. The inter-company loan agreement has been reviewed and the loan is repayable on the redeemable dates of the ZDP shares. There is no material impact in relation to the adoption of this standard.

In the current financial period the Group has adopted IFRS 15. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Given the nature of the income streams of the Group, there is no material impact to the current measurement and disclosure of revenue.

Other than the above, there have been no significant changes to the accounting policies during the year to 30 June 2019.

The Board has determined by having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, that Sterling is the functional and reporting currency.

Where presentational recommendations set out in the revised Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP"), issued in the UK by the Association of Investment Companies ("AIC") in November 2014 and updated in February 2018, do not conflict with the requirements of IFRS, the Directors have prepared the Accounts on a basis consistent with the recommendations of the SORP, in the belief that this will aid comparison with similar investment companies incorporated and listed in the United Kingdom.

In accordance with the SORP, the Income Statement has been analysed between a revenue return (dealing with items of a revenue nature) and a capital return (relating to items of a capital nature). Revenue returns include, but are not limited to, dividend income, operating expenses, finance costs and taxation (insofar as they are not allocated to capital, as described in notes 1(j) and 1(k)). Net revenue returns are allocated via the revenue return to the revenue reserve.

Capital returns include, but are not limited to, profits and losses on the disposal and the valuation of non-current investments, derivative instruments and on cash and borrowings. Net capital returns are allocated via the capital return to capital reserves.

Dividends on ordinary shares may be paid out of the revenue reserve and the capital reserves.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been applied in preparing these consolidated accounts. None of these are expected to have a significant effect on the consolidated accounts of the Group.

The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the valuation of unlisted investments, details of which are set out in accounting policy 1(d).

(b) Basis of consolidation

The consolidated Accounts include the Accounts of the Company and its operating subsidiary, UIL Finance. All intra group transactions, balances, income and expenses are eliminated on consolidation. Other subsidiaries and associate undertakings held as part of the investment portfolio (see 1(d) below) are not accounted for in the Group Accounts, but are carried at fair value through profit or loss.

(c) Financial instruments

Financial instruments include non-current assets, derivative assets and liabilities and long-term debt instruments. For those financial instruments carried at fair value, accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of instruments depends on the lowest significant applicable input, as follows:

Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Included within this category are investments listed on any recognised stock exchange or quoted on any secondary market.

Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be convertible loans in listed investee companies, securities for which the quoted price has been recently suspended, forward exchange contracts and certain other derivative instruments.

Level 3 – External inputs are unobservable. Value is the Directors' best estimate of fair value, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instruments. Included in Level 3 are investments in private companies or securities, whether invested in directly, via loans or through pooled private equity vehicles.

(d) Valuation of investments and derivative financial instruments held at fair value through profit or loss

Investment purchases and sales are accounted for on the trade date, inclusive of transaction costs. Investments, including both equity and loans, used for efficient portfolio management are classified as being at fair value through profit or loss. As the Company's business is investing in financial assets with a view to profiting from their total return in the form of dividends, interest or increases in fair value, its investments (including those ordinarily classified as subsidiaries under IFRS 10 but exempted by that financial reporting standard from the requirement to be consolidated) are designated as being at fair value through profit or loss on initial recognition. Derivatives including forward foreign exchange contracts and options are accounted for as a financial asset/liability at fair value through profit or loss.

The Company manages and evaluates the performance of these investments and derivatives on a fair value basis in accordance with its investment strategy and information about the Company is provided internally on this basis to the Company's Directors and key management personnel. Gains and losses on investments and on derivatives are analysed within the Income Statement as capital returns. Quoted investments are shown at fair value using market bid prices. The fair value of unquoted investments is determined by the Board in accordance with the International Private Equity and Venture Capital Valuation guidelines. In exercising its judgement over the value of these investments, the Board uses valuation techniques which take into account, where appropriate, latest dealing prices, valuations from reliable sources, net asset values, earnings multiples, recent orderly transactions in similar securities, time to expected repayment and other relevant factors.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the cash flow statement only.

(f) Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. No debt instruments held during the year required hierarchical classification. Finance charges, including interest, are accrued using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year. See 1(k) below for allocation of finance costs between revenue and capital return within the Income Statement.

(g) Zero dividend preference shares and intra group loans

The ZDP shares, due to be redeemed in 2020, 2022, 2024 and 2026 at a redemption value, including accrued capitalised returns (see note 15) of 154.90 pence per share, 146.99 pence per share, 138.35 pence per share and 151.50 pence per share respectively, have been classified as liabilities, as they represent an obligation on behalf of the Group to deliver to their holders a fixed and determinable amount at the redemption date. They are accordingly accounted for at amortised cost, using the effective interest method. ZDP shares held by the Company are deemed cancelled for Group purposes. The Company has agreed to place UIL Finance in sufficient funds to enable UIL Finance to pay the capital entitlements of each class of ZDP share on their respective redemption date. The intra group loans are accordingly accounted for at amortised cost, using the effective interest method.

(h) Foreign currency

Foreign currency assets and liabilities are expressed in Sterling at rates of exchange ruling at the statement of financial position date. Foreign currency transactions are translated at the rates of exchange ruling at the dates of those transactions. Exchange profits and losses on currency balances are credited or charged to the Income Statement and analysed as capital or revenue as appropriate. Forward foreign exchange contracts are valued in accordance with quoted market rates.

(i) Investment and other income

Dividends receivable are brought into the Income Statement and analysed as revenue return (except where, in the opinion of the Directors, their nature indicates they should be recognised as capital) on the ex-dividend date or, where no ex-dividend date is quoted, when the Group's right to receive payment is established. Where the Group or the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised as revenue return. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital return. Interest on debt securities is accrued on a time basis using the effective interest method. Bank and short-term deposit interest is recognised on an accruals basis. These are brought into the Income Statement and analysed as revenue returns.

(j) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the Income Statement and analysed under revenue return except for those expenses incidental to the acquisition or disposal of investments and performance related fees (calculated under the terms of the management agreement), which are analysed under the capital return, as the Directors believe such fees arise from capital performance.

(k) Finance costs

Finance costs are accounted for using the effective interest method, recognised through the Income Statement and analysed under the revenue return except those finance costs of the ZDP shares and intra group loans which are analysed under the capital return.

(l) Dividends payable

Dividends paid by the Company are accounted for in the year in which the Company is liable to pay them and are reflected in the Statement of Changes in Equity. Under Bermuda law, the Company is unable to pay dividends unless it has revenue and other reserves (excluding share capital and share premium) which together have a positive value exceeding the cost of the dividend.

(m) Capital reserves

The following items are accounted for through the Income Statement as capital returns and transferred to capital reserves:

Capital reserve – arising on investments sold

- gains and losses on the disposal of investments and derivative instruments
- exchange differences of a capital nature
- expenses allocated in accordance with notes 1(j) and 1(k)

Capital reserve – arising on investments held

- increases and decreases in the valuation of investments and derivative instruments held at the year end.

(n) Use of judgements, estimates and assumptions

The presentation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on perceived risks, historical experience, expectations of plausible future events and other factors. Actual results may differ from these estimates.

The areas requiring the most significant judgement and estimation in the preparation of the financial statements are: accounting for the value of unquoted investments; and the classification of the subsidiaries as investment entities.

The policy for valuation of unquoted securities is set out in note 1(d) to the accounts and further information on Board procedures is contained in the Audit & Risk Committee Report and note 32(d) to the accounts. The fair value of unquoted (level three) investments, as disclosed in note 9 to the accounts, represented 33.9% of total investments as at 30 June 2019.

Details of the subsidiaries are set out in note 10 to the accounts. The Board has reviewed the classification and characteristics of the subsidiaries and except for UIL Finance determined that where the subsidiaries carry on business as investment companies they do not fall under s32 of IFRS 10 as providing services that relate to UIL's investment activities. UIL has therefore not consolidated these subsidiaries and measures them at fair value through profit and loss in accordance with IFRS 9.1.

NOTES TO THE ACCOUNTS (continued)

2. INVESTMENT AND OTHER INCOME

Group and Company	2019 Revenue £'000s	2019 Capital £'000s	2019 Total £'000s	2018 Revenue £'000s	2018 Capital £'000s	2018 Total £'000s
Investment income:						
Dividends	**8,622**	**–**	**8,622**	8,315	–	8,315
Interest	**2,487**	**–**	**2,487**	2,334	–	2,334
	11,109	**–**	**11,109**	10,649	–	10,649
Other income:		**–**				
Interest on cash and short-term deposits	**75**	**–**	**75**	22	–	22
Total income	**11,184**	**–**	**11,184**	10,671	–	10,671

3. MANAGEMENT AND ADMINISTRATION FEES

Group and Company	2019 Revenue £'000s	2019 Capital £'000s	2019 Total £'000s	2018 Revenue £'000s	2018 Capital £'000s	2018 Total £'000s
Payable to:						
ICM/ICMIM – management fee, secretarial fees	**1,198**	**–**	**1,198**	1,174	–	1,174
– performance fee	**–**	**8,538**	**8,538**	–	5,337	5,337
Administration fees	**389**	**–**	**389**	317	–	317
	1,587	**8,538**	**10,125**	1,491	5,337	6,828

The Company has appointed ICM Investment Management Limited ("ICMIM") as its Alternative Investment Fund Manager and joint portfolio manager with ICM Limited ("ICM"), for which they are entitled to a management fee and a performance fee. The aggregate fees payable by the Company are apportioned between the joint portfolio managers as agreed by them.

The relationship between ICMIM and ICM is compliant with the requirements of the EU Alternative Investment Fund Manager Directive and also such other requirements applicable to ICMIM by virtue of its regulation by the Financial Conduct Authority.

The annual management fee is 0.5% per annum based on total assets less current liabilities (excluding borrowings and excluding the value of all holdings in companies managed or advised by the Investment Managers or any of its subsidiaries from which it receives a management fee), calculated and payable quarterly in arrears. The agreement with ICM and ICMIM may be terminated upon one year's notice given by the Company or by ICM and ICMIM, acting together.

In addition, the Investment Managers are entitled to a capped performance fee payable in respect of each financial period, equal to 15% of the amount by which the Company's total net asset value ("NAV") attributable to holders of ordinary shares outperforms the higher of (i) 5.0%, and (ii) the post-tax yield on the FTSE Actuaries Government Securities UK Gilts 5 to 10 years' index, plus inflation (on the RPIX basis) (the "Reference Rate"). The opening equity funds for calculation of the performance fee are the higher of (i) the equity funds on the last day of a calculation period in respect of which a performance fee was last paid, adjusted for capital events and dividends paid since that date (the "high watermark"); and (ii) the equity funds on the last day of the previous calculation period increased by the Reference Rate during the calculation period and adjusted for capital events and dividends paid since the previous calculation date. In a period where the Investment Managers or any of their associates receive a performance fee from any ICM managed investment in which UIL is an investor, the performance fee payable by UIL will be reduced by a proportion corresponding to UIL's percentage holding in that investment applied to the underlying investment performance fee, subject to the provision that the UIL performance fee cannot be a negative figure. In calculating any performance fee payable, a cap of 2.5% of closing NAV (adjusted for capital events and dividends paid) will be applied following any of the above adjustments and any excess over this cap shall be written off. Based on the NAV calculated at the year end, the performance fee due to ICM and ICMIM in respect of the year ended 30 June 2019 was estimated to be £8,538,000 (2018: £5,310,000). ICM and ICMIM received this fee in cash in July and August 2019. The full performance fee per these audited accounts is £8,538,000 (2018: £5,337,000). The subsequent adjustment for year ended 30 June 2018 of £27,000 was paid to ICM and ICMIM in December 2018.

ICM also provides company secretarial services to the Company with the Company paying 45% of the incurred costs associated with this post.

With effect from 1 July 2018, JP Morgan Chase Bank N.A. – London Branch was appointed Administrator and ICMIM appointed Waverton Investment Management Limited ("Waverton") to provide certain support services (including middle office, market dealing and information technology support services). The Company or the Administrator may terminate the agreement with the Administrator upon six months' notice in writing after an initial term of one year.

NOTES TO THE ACCOUNTS (continued)

4. OTHER EXPENSES

Group and Company	2019 Revenue £'000s	2019 Capital £'000s	2019 Total £'000s	2018 Revenue £'000s	2018 Capital £'000s	2018 Total £'000s
Auditor's remuneration (see note 4A)	**88**	**–**	**88**	76	–	76
Broker and consultancy fees	**88**	**–**	**88**	133	–	133
Custody fees	**277**	**–**	**277**	231	–	231
Directors' fees for services to the Company						
(see Directors' Remuneration Report on pages 49 to 51)	**221**	**–**	**221**	216	–	216
Travel expenses	**171**	**–**	**171**	185	–	185
Professional and legal fees	**55**	**–**	**55**	163	–	163
Sundry expenses	**278**	**8**	**286**	312	1	313
	1,178	**8**	**1,186**	1,316	1	1,317

4A. AUDITOR'S REMUNERATION

Fees paid to the Group's auditor are summarised below:

Group Auditor – KPMG LLP **Group and Company Annual Audit Fees**	**2019 £'000s**	**2018 £'000s**
Audit of the Group and Company's annual financial statements	**83**	70
Other non-audit services – review of interim financial statements	**5**	6
Total auditor's remuneration allocated to the income statement	**88**	76
Other non-audit services – reporting accountants for the issue of ZDP shares and included within the ZDP share issue costs	**–**	25
Total auditor's remuneration for the year	**88**	101

5. FINANCE COSTS

Group	2019 Revenue £'000s	2019 Capital £'000s	2019 Total £'000s	2018 Revenue £'000s	2018 Capital £'000s	2018 Total £'000s
Loans and bank overdrafts	**1,600**	**–**	**1,600**	1,592	–	1,592
ZDP shares	**–**	**11,093**	**11,093**	–	12,083	12,083
	1,600	**11,093**	**12,693**	1,592	12,083	13,675

Company	2019 Revenue £'000s	2019 Capital £'000s	2019 Total £'000s	2018 Revenue £'000s	2018 Capital £'000s	2018 Total £'000s
Loans and bank overdrafts	**1,600**	**–**	**1,600**	1,592	–	1,592
Intra-group loan account	**–**	**12,082**	**12,082**	–	12,821	12,821
	1,600	**12,082**	**13,682**	1,592	12,821	14,413

6. TAXATION

Group and Company	2019 Revenue £'000s	2019 Capital £'000s	2019 Total £'000s	2018 Revenue £'000s	2018 Capital £'000s	2018 Total £'000s
Overseas taxation	**9**	**–**	**9**	179	–	179

Except as stated above, profits of the Company and subsidiaries for the year are not subject to any taxation within their countries of residence (2018: same).

7. EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share from continuing operations is based on the following data:

	Group 2019 £'000s	Group 2018 £'000s	Company 2019 £'000s	Company 2018 £'000s
Revenue	**6,810**	5,996	**6,810**	5,996
Capital	**67,198**	35,024	**66,607**	35,628
Total	**74,008**	41,020	**73,417**	41,624
	Number	Number	**Number**	Number
Weighted average number of shares in issue during the year for earnings per share calculations	**89,198,019**	89,892,773	**89,198,019**	89,892,773

8. DIVIDENDS

Group and Company	Record date	Payment date	2019 £'000s	2018 £'000s
2017 Fourth quarterly of 1.875p	08-Sep-17	22-Sep-17	**–**	1,691
2018 First quarterly of 1.875p	08-Dec-17	14-Dec-17	**–**	1,691
2018 Second quarterly of 1.875p	09-Mar-18	23-Mar-18	**–**	1,678
2018 Third quarterly of 1.875p	08-Jun-18	22-Jun-18	**–**	1,678
2018 Fourth quarterly of 1.875p	07-Sep-18	21-Sep-18	**1,678**	–
2019 First quarterly of 1.875p	07-Dec-18	21-Dec-18	**1,678**	–
2019 Second quarterly of 1.875p	08-Mar-19	29-Mar-19	**1,678**	–
2019 Third quarterly of 1.875p	07-Jun-19	28-Jun-19	**1,655**	–
			6,689	6,738

The Directors declared a fourth quarterly dividend in respect of the year ended 30 June 2019 of 1.875p per share which will be paid on 27 September 2019 to all ordinary shareholders on the register at close of business on 6 September 2019. The total cost of the dividend, which has not been accrued in the results for the year to 30 June 2019, is £1,655,000 based on 89,283,389 ordinary shares in issue.

9. INVESTMENTS

Group	Level 1 2019 £'000s	Level 2 2019 £'000s	Level 3 2019 £'000s	Total 2019 £'000s	Level 1 2018 £'000s	Level 2 2018 £'000s	Level 3 2018 £'000s	Total 2018 £'000s
Investments brought forward								
Cost	133,874	143,581	148,352	425,807	132,779	128,183	123,894	384,856
Gains/(losses)	78,351	11,504	(22,287)	67,568	72,474	6,679	(14,893)	64,260
Valuation	212,225	155,085	126,065	493,375	205,253	134,862	109,001	449,116
Movements in the year:								
Transfer between levels*	(5,064)	2,524	2,540	–	2,725	(2,725)	–	–
Adjustment for fair value of GERP	–	–	–	–	–	145	–	145
Purchases at cost	7,774	3,892	66,799	78,465	16,524	1,800	50,354	68,678
Sales								
proceeds	(83,605)	(135)	(34,708)	(118,448)	(49,228)	(69)	(23,633)	(72,930)
realised net gains/(losses) on sales	68,335	(2)	14,584	82,917	31,881	2,461	(2,791)	31,551
Gains/(losses) on investments held at year end	5,556	(7,164)	9,093	7,485	5,070	18,611	(6,866)	16,815
Valuation at 30 June	205,221	154,200	184,373	543,794	212,225	155,085	126,065	493,375
Analysed at 30 June								
Cost	116,607	154,152	197,982	468,741	133,874	143,581	148,352	425,807
Gains/(losses)	88,614	48	(13,609)	75,053	78,351	11,504	(22,287)	67,568
Valuation	205,221	154,200	184,373	543,794	212,225	155,085	126,065	493,375

*Transfers due to the changes in liquidity and delisting of investee companies (2018: transfers due to investee company shares resuming regular trading in the period)

Level 1 includes investments listed on any recognised stock exchange or quoted on any secondary market

Level 2 includes holdings linked directly to companies whose prices are quoted and quoted investments that are thinly traded

Level 3 includes investments in private companies and other unquoted securities

Company	Level 1 2019 £'000s	Level 2 2019 £'000s	Level 3 2019 £'000s	Total 2019 £'000s	Level 1 2018 £'000s	Level 2 2018 £'000s	Level 3 2018 £'000s	Total 2018 £'000s
Investments brought forward								
Cost	167,711	143,581	148,352	459,644	132,779	141,835	123,894	398,508
Gains/(losses)	79,683	11,504	(22,287)	68,900	72,474	(6,828)	(14,893)	50,753
	247,394	155,085	126,065	528,544	205,253	135,007	109,001	449,261
Movements in the year:								
Transfer between levels*	(18,619)	16,079	2,540	–	2,725	(2,725)	–	–
Purchases at cost	8,673	3,892	66,799	79,364	51,323	1,800	50,354	103,477
Sales								
proceeds	(105,845)	(1,725)	(34,708)	(142,278)	(50,204)	(69)	(23,633)	(73,906)
realised net gains/(losses) on sales	69,260	88	14,584	83,932	31,895	2,461	(2,791)	31,565
Gains/(losses) on investments held at year end	4,358	(6,583)	9,093	6,868	6,402	18,611	(6,866)	18,147
Valuation at 30 June	205,221	166,836	184,373	556,430	247,394	155,085	126,065	528,544
Analysed at 30 June								
Cost	116,607	166,073	197,982	480,662	167,711	143,581	148,352	459,644
Gains/(losses)	88,614	763	(13,609)	75,768	79,683	11,504	(22,287)	68,900
Valuation	205,221	166,836	184,373	556,430	247,394	155,085	126,065	528,544

*Transfers due to the changes to liquidity and delisting of investee companies (2018: transfers due to investee company shares resuming regular trading in the period)

Level 1 includes investments listed on any recognised stock exchange or quoted on any secondary market

Level 2 includes investment in GERP, holdings linked directly to companies whose prices are quoted and quoted investments that are thinly traded

Level 3 includes investments in private companies and other unquoted securities

Gains on investments held at fair value	Group 2019 £'000s	Group 2018 £'000s	Company 2019 £'000s	Company 2018 £'000s
Gains on investments sold	82,917	31,551	83,932	31,565
Gains on investments held	7,485	16,815	6,868	18,147
Total gains on investments	90,402	48,366	90,800	49,712

NOTES TO THE ACCOUNTS (continued)

Associated undertakings

Under IFRS10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities, the following associate undertakings at 30 June 2019 are held as part of the investment portfolio and consequently are accounted for as investments at fair value through profit and loss:

	Country of registration and incorporation	Number of ordinary shares held	Percentage of ordinary shares held
3DMeditech Pty Ltd ("3DMedi")	Australia	59,048	27.0%
Allectus Capital Limited ("Allectus")	Bermuda	477,720	39.8%
DTI Group Ltd ("DTI")	Australia	54,502,619	25.3%
Elevate Platform Limited ("Elevate")	UK	812,766	31.1%
Orbital Corp Limited ("Orbital")	Australia	23,627,904	30.5%
SmileStyler Solutions Pty Ltd ("SmileStyler")	Australia	992,730	23.0%
Somers Limited ("Somers")	Bermuda	9,042,117	44.3%
Vix Tech Pte Limited ("VixTech")	Singapore	55,742,658	39.8%

Transactions with associated undertakings

3DMedi	Loans of AUD 0.5 were advanced to 3DMedi and the balance at year end was AUD 0.5m. Distribution of SmileStyler shares issued to UIL.
Allectus	Loans of USD 13.4m were advanced to Allectus and at the year end the balance of the loan was USD 23.2m.
DTI	There were no transactions between UIL and DTI during the year.
Elevate	Loans of £0.7m were advanced to Elevate.
Orbital	0.4m ordinary shares bought on the market at a cost of £0.1m.
SmileStyler	Holding received through a distribution from 3DMedi.
Somers	Received 279,310 ordinary shares of value £3.4m as part of dividend reinvestment program. Loans of USD 7.1m and £0.3m were advanced to Somers and Somers repaid USD 0.8m and £0.6m. Interest of USD 0.2m and £0.1m was paid to UIL. The balance at the year end was USD 3.4m and £7.1m.
VixTech	The two loans were converted into one USD loan and the balance at year end was USD 23.6m.

Significant interests

In addition to the above, the Group and Company have a holding of 3% or more of any class of share capital of the following investments, which are material in the context of the Accounts:

Company	Country of registration and incorporation	Class of instrument held	**2019 % of class of instrument held**	2018 % of class of instrument held
One Communications Limited ("OneComm")	Bermuda	Ordinary Shares	**12.6%**	3.1%
Optal Limited	United Kingdom	Ordinary Shares	**5.3%**	5.3%
Resolute Mining Limited	Australia	Ordinary Shares	**12.0%**	12.2%
Utilico Emerging Markets Trust plc	United Kingdom	Ordinary Shares	**16.0%**	16.4%

10. SUBSIDIARY UNDERTAKINGS

The following was a subsidiary undertakings of the Company at 30 June 2019 and 30 June 2018.

	Country of operation, registration and incorporation	Number and class of shares held	Holding and voting rights %
UIL Finance Limited	Bermuda	10 ordinary shares of 10p nil paid share	100

The subsidiary was incorporated, and commenced trading, on 17 January 2007 to carry on business as an investment company.

Under IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities, the following are subsidiaries of the Company, held as part of the investment portfolio, and are accounted for as investments at fair value through profit and loss.

		2019		2018	
	Country of registration and incorporation	**Number of shares held**	**Holding and voting rights %**	Number of shares held	Holding and voting rights %
Bermuda First Investment Company Limited ("BFIC")	Bermuda	**1,891,195**	**94.2**	1,891,195	94.2
Coldharbour Technology Limited ("Coldharbour")	United Kingdom	**23,660,694**	**95.6**	12,260,694	91.9
Energy Holdings Ltd	Bermuda	**100**	**100.0**	100	100.0
Global Equity Risk Protection Limited ("GERP")	Bermuda	**3,920**	**100.0**	3,920	100.0
Newtel Holdings Limited ("Newtel")	Jersey	**115,920**	**100.0**	-	-
UIL Holdings Pte Ltd	Singapore	**100**	**100.0**	100	100.0
Zeta Resources Limited ("Zeta")	Bermuda	**172,286,916**	**60.0**	172,191,580	59.7

Transactions with subsidiaries held as investments

BFIC	Dividends of USD 20.6m or equivalent OneComm shares issued to UIL, which UIL elected to receive 3.7m OneComm shares at fair value of USD 20.5m and cash of USD 0.1m. Loan of USD 1.5m was repaid, the balance of USD 0.3m was converted to a loan note. Loan note balance of USD 5.1m including capitalised interest of USD 0.3m was used to purchase 1.0m OneComm shares at fair value from BFIC. Loans at the year end was £nil.
Coldharbour	8.4m shares purchased with 8.4m warrants attached at a cost of £4.2m. 3.0m warrants on a one for one basis to ordinary shares were exercised at a cost of £1.5m.
Energy Holdings Ltd	There were no transactions during the year.
GERP	Capital contributions of £0.2m were paid in the year.
Newtel	A loan of £0.3m was advanced and £0.2m was repaid. The balance of the loan at year end was £5.3m.
UIL Holdings Pte Ltd	There were no transactions during the year.
Zeta	Loans of AUD 19.7m were advanced to Zeta and interest of AUD 1.7m and CAD 1.4m was capitalised. As at the year end the balance of the loans and interest outstanding was AUD 40.1m and CAD 23.1m.

NOTES TO THE ACCOUNTS (continued)

11. OTHER RECEIVABLES

Group and Company	2019 £'000s	2018 £'000s
Accrued income	**724**	1,665
Prepayments and other debtors	**24**	34
	748	1,699

12. DERIVATIVE FINANCIAL INSTRUMENTS

	2019			2018		
Group and Company	Current assets £'000s	Current liabilities £'000s	Net current assets/ (liabilities) £'000s	Current assets £'000s	Current liabilities £'000s	Net current assets/ (liabilities) £'000s
Forward foreign exchange contracts	**436**	**(1,483)**	**(1,047)**	503	(1,089)	(586)

The above derivatives are classified as level 2 as defined in note 1(c).

Changes in derivatives

Changes in total net current derivative financial instruments are as follows:

Group and Company	2019 £'000s	2018 £'000s
Valuation brought forward	**(586)**	(1,714)
Net settlements	**6,410**	(2,170)
(Losses)/gains	**(6,871)**	3,298
Valuation carried forward	**(1,047)**	(586)

13. BANK LOANS – CURRENT LIABILITY

Group and Company	2019 £'000s	2018 £'000s
AUD 69m repayable March 2020	**38,046**	–
CAD 20.0m repayable March 2020	**12,026**	–
USD 1.1m repayable March 2020	**899**	–
Balance carried forward	**50,971**	–

The Company has a committed loan facility of £50,000,000 from Scotiabank Europe plc ("Scotiabank") expiring on 22 March 2020. Commissions are charged on any undrawn amounts at commercial rates. The terms of the loan facility, including those related to accelerated repayment and costs of repayment, are typical of those normally found in facilities of this nature. Scotiabank has a floating charge over the assets of the Company in respect of amounts owing under the loan facility.

14. OTHER PAYABLES – CURRENT LIABILITY

	Group		Company	
	2019 £'000s	2018 £'000s	2019 £'000s	2018 £'000s
Bank overdraft	**–**	700	**–**	700
Investment creditors	**–**	5	**–**	5
Intra-group loans	**–**	–	**–**	233,919
Accrued finance costs	**159**	71	**159**	71
Accrued expenses	**9,332**	6,076	**9,332**	6,076
	9,491	6,852	**9,491**	240,771

The Directors consider that the carrying values of other payables are equivalent to their fair value.

15. ZERO DIVIDEND PREFERENCE SHARES

ZDP shares – current liabilities	2019 £'000s	2018 £'000s
2018 ZDP shares	**–**	50,858
ZDP Shares – non-current liabilities		
2020 ZDP shares	**55,387**	51,940
2022 ZDP shares	**59,499**	55,873
2024 ZDP shares	**31,582**	29,408
2026 ZDP shares	**13,474**	11,275
	159,942	148,496
Total ZDP shares liabilities	**159,942**	199,354

Authorised ZDP shares at 30 June 2019 and at 30 June 2018 are as follows:	Number	£'000s
2018 ZDP shares	**53,072,561**	**3,148**
2020 ZDP shares	**50,000,000**	**3,026**
2022 ZDP shares	**78,117,685**	**4,154**
2024 ZDP shares	**76,717,291**	**2,917**
2026 ZDP shares	**25,000,000**	**2,500**

2019	Number	2018 £'000s	Number	2020 £'000s	Number	2022 £'000s	Number	2024 £'000s	Number	2026 £'000s	Total £'000s
Balance at 30 June 2018	32,455,269	50,858	39,000,000	51,940	50,000,000	55,873	30,000,000	29,408	11,579,465	11,275	199,354
Issue of ZDP shares	–	–	–	–	–	–	–	–	1,500,000	1,590	1,590
Redemption of 2018 ZDP shares	(31,892,465)	(51,194)	–	–	–	–	–	–	–	–	(51,194)
ZDP shares purchased by the Company	(562,804)	(901)	–	–	–	–	–	–	–	–	(901)
Finance costs (see note 5)	–	1,237	–	3,447	–	3,626	–	2,174	–	609	11,093
Balance at 30 June 2019	**–**	**–**	**39,000,000**	**55,387**	**50,000,000**	**59,499**	**30,000,000**	**31,582**	**13,079,465**	**13,474**	**159,942**

2018	Number	2018 £'000s	Number	2020 £'000s	Number	2022 £'000s	Number	2024 £'000s	Number	2026 £'000s	Total £'000s
Balance at 30 June 2017	49,842,413	72,622	39,000,000	48,704	50,000,000	52,452	–	–	–	–	173,778
Issue of ZDP shares	–	–	–	–	–	–	30,000,000	30,000	11,579,465	11,579	41,579
Issue costs of ZDP shares	–	–	–	–	–	–	–	(1,626)	–	(410)	(2,036)
Redemption of 2018 ZDP shares	(17,126,384)	(25,644)	–	–	–	–	–	–	–	–	(25,644)
ZDP shares purchased by the Company	(260,760)	(406)	–	–	–	–	–	–	–	–	(406)
Finance costs (see note 5)	–	4,286	–	3,236	–	3,421	–	1,034	–	106	12,083
Balance at 30 June 2018	32,455,269	50,858	39,000,000	51,940	50,000,000	55,873	30,000,000	29,408	11,579,465	11,275	199,354

UIL held 260,760 2018 ZDP shares intra group as at 30 June 2018. In the period UIL purchased a further 562,804 2018 ZDP shares in the open market and held intra group. On 22 October 2018 UIL Finance cancelled all the 2018 ZDP shares held by UIL in consideration for UIL Finance releasing UIL from its obligation under the subscription agreement to fund the redemption of such 2018 ZDP Shares. On 31 October 2018 the remaining 31,892,465 2018 ZDP shares that were in issue were redeemed at 160.52p per 2018 ZDP share.

UIL held 20,000,000 2024 ZDP shares intra group as at 30 June 2018. On 22 October 2018 UIL Finance cancelled all the 2024 ZDP shares held by UIL in consideration for UIL Finance releasing UIL from its obligation under the subscription agreement to fund the redemption of such 2024 ZDP Shares.

UIL held 13,420,535 2026 ZDP shares as at 30 June 2018 intra group. In the year UIL sold 1,500,000 2026 ZDP shares in the open market, receiving £1.6m. UIL held 11,920,535 2026 ZDP shares intra group as at 30 June 2019.

2020 ZDP shares

Based on the initial entitlement of a 2020 ZDP share of 100p on 31 July 2014, a 2020 ZDP share will have a final capital entitlement at the end of its life on 31 October 2020 of 154.90p equating to a 7.25% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2020 ZDP share as at 30 June 2019 was 141.01p (2018: 131.52p).

2022 ZDP shares

Based on the initial entitlement of a 2022 ZDP share of 100p on 23 June 2016, a 2022 ZDP share will have a final capital entitlement at the end of its life on 31 October 2022 of 146.99p equating to a 6.25% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2022 ZDP share as at 30 June 2019 was 120.03p (2018: 113.01p).

2024 ZDP shares

Based on the initial entitlement of a 2024 ZDP share of 100p on 2 November 2018, a 2024 ZDP share will have a final capital entitlement at the end of its life on 31 October 2024 of 138.35p equating to a 4.75% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2024 ZDP share as at 30 June 2019 was 107.97p (2018: 103.10p).

2026 ZDP shares

Based on the initial entitlement of a 2026 ZDP share of 100p on 26 April 2018, a 2026 ZDP share will have a final capital entitlement at the end of its life on 31 October 2026 of 151.50p equating to a 5.00% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2026 ZDP share as at 30 June 2019 was 105.89p (2018: 100.87p).

The ZDP shares are traded on the London Stock Exchange and are stated at amortised cost using the effective interest method. The ZDP shares carry no entitlement to income however they have a pre-determined final capital entitlement which ranks behind all other liabilities and creditors of UIL Finance and UIL but in priority to the ordinary shares of the Company save in respect of certain winding up revenue profits.

The growth of each ZDP accrues daily and is reflected in the capital return and NAV per ZDP share on an effective interest rate basis. The ZDP shares do not carry any voting rights at general meetings of the Company. However the Company will not be able to carry out certain corporate actions unless it obtains at separate meetings approval of each class of ZDP shareholders. Separate approval of each class of ZDP shareholders must be obtained in respect of any proposals which would affect their respective rights, including any resolution to wind up the Company. In addition the approval of ZDP shareholders by the passing of a special resolution at separate class meetings of the ZDP shareholders is required in relation to any proposal to modify, alter or abrogate the rights attaching to any class of the ZDP shares and in relation to any proposal by the Company or its parent company which would reduce the Group's cover of the existing ZDP shares below 1.35 times.

On a liquidation of UIL and/or UIL Finance, to the extent that the relevant classes of ZDP shares have not already been redeemed, the shares shall rank in the following order of priority in relation to the repayment of their accrued capital entitlement as at the date of liquidation:

(i) the 2020 ZDP shares shall rank in priority to the 2022 ZDP shares, the 2024 ZDP shares and the 2026 ZDP shares;

(ii) the 2022 ZDP shares shall rank in priority to the 2024 ZDP shares and the 2026 ZDP shares; and

(iii) the 2024 ZDP shares shall rank in priority to the 2026 ZDP shares.

The entitlement of ZDP shareholders of a particular class shall be determined in proportion to their holdings of ZDP shares of that class.

16. BANK LOANS – NON-CURRENT LIABILITY

Group and Company	2019 £'000s	2018 £'000s
AUD 29.1m repayable March 2020	**–**	16,279
CAD 20.0m repayable March 2020	**–**	11,516
Balance carried forward	**–**	27,795

For details of the loan facilities, see note 13.

17. OTHER PAYABLES - NON-CURRENT LIABILITY

Company	2019 £'000s	2018 £'000s
Intra-group loans	**172,565**	–

UIL has agreed to place UIL Finance in sufficient funds to enable UIL Finance to pay the accrued capital entitlement of each class of ZDP share on their respective redemption dates. The amount owed in the accounts is based on the entitlements of the ZDP shareholders at the relevant date. The loan is repayable on the date when the underlying ZDP shares are redeemed.

18. ORDINARY SHARE CAPITAL

	Number	£'000s
Equity share capital:		
Ordinary shares of 10p each with voting rights		
Authorised	250,000,000	25,000

2019	Total shares in issue Number	Total shares in issue £'000s
Balance at 30 June 2018	89,493,389	8,949
Purchased for cancellation	(1,210,000)	(121)
Balance at 30 June 2019	88,283,389	8,828

2018	Total shares in issue Number	Total shares in issue £'000s
Balance at 30 June 2017	90,197,208	9,020
Purchased for cancellation	(703,819)	(71)
Balance at 30 June 2018	89,493,389	8,949

During the year the Company bought back for cancellation 1,210,000 ordinary shares at a total cost of £2,185,000. No further ordinary shares have been purchased for cancellation since the year end.

In addition to receiving the income distributed by way of dividend, the ordinary shareholders will be entitled to any balances on the revenue reserve at the winding up date, together with the assets of the Company remaining after payment of the ZDP shareholders' entitlement. The ordinary shareholders participate in all general meetings of the Company on the basis of one vote for each share held.

19. SHARE PREMIUM ACCOUNT

Group and Company	2019 £'000s	2018 £'000s
Balance brought forward	18,167	19,313
Purchase of ordinary shares	(2,064)	(1,146)
Balance carried forward	16,103	18,167

This is a non-distributable reserve arising on the issue of share capital.

20. SPECIAL RESERVE

Group and Company	2019 £'000s	2018 £'000s
Balance brought forward and carried forward	233,866	233,866

The special reserve can be used to purchase the Company's own shares in accordance with Bermuda law. The reserve will not constitute winding up revenue profits in the event of the Company's liquidation, but it constitutes a reserve under Bermuda law for assessing the sufficiency of reserves for the purpose of making dividend payments to ordinary shareholders.

21. NON-DISTRIBUTABLE RESERVE

Group and Company	2019 £'000s	2018 £'000s
Balance brought forward and carried forward	32,069	32,069

The non-distributable reserve constitutes a reserve for the purpose of assessing the sufficiency of reserves for the purpose of making dividend payments to ordinary shareholders.

22. CAPITAL RESERVES

			2019			2018
Group	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	Capital reserves total £'000s	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	Capital reserves total £'000s
Gains on investments sold	82,917	–	82,917	31,551	–	31,551
Gains on investments held	–	7,485	7,485	–	16,815	16,815
(Losses)/gains on derivative financial instruments sold	(6,410)	–	(6,410)	2,170	–	2,170
(Losses)/gains on derivative financial instruments held	–	(461)	(461)	–	1,128	1,128
Foreign exchange gains	3,306	–	3,306	777	–	777
Performance fee (see note 3)	(8,538)	–	(8,538)	(5,337)	–	(5,337)
Other capital charges	(8)	–	(8)	(1)	–	(1)
Gains on transactions of ZDP shares held intra group	–	–	–	4	–	4
ZDP shares finance charges	(11,093)		(11,093)	(12,083)	–	(12,083)
	60,174	7,024	67,198	17,081	17,943	35,024
Balance brought forward	(121,375)	80,489	(40,886)	(138,213)	62,546	(75,667)
Transfer for change in treatment of subsidiary	–	–	–	(243)	–	(243)
Balance at 30 June	(61,201)	87,513	26,312	(121,375)	80,489	(40,886)

Company	2019 Capital reserve (arising on investments sold) £'000s	2019 Capital reserve (arising on investments held) £'000s	2019 Capital reserves total £'000s	2018 Capital reserve (arising on investments sold) £'000s	2018 Capital reserve (arising on investments held) £'000s	2018 Capital reserves total £'000s
Gains on investments sold	**83,932**	**–**	**83,932**	31,565	–	31,565
Gains on investments held	**–**	**6,868**	**6,868**	–	18,147	18,147
(Losses)/gains on derivative financial instruments sold	**(6,410)**	**–**	**(6,410)**	2,170	–	2,170
(Losses)/gains on derivative financial instruments held	**–**	**(461)**	**(461)**	–	1,128	1,128
Foreign exchange gains	**3,306**	**–**	**3,306**	777	–	777
Performance fee (see note 3)	**(8,538)**	**–**	**(8,538)**	(5,337)	–	(5,337)
Other capital charges	**(8)**	**–**	**(8)**	(1)	–	(1)
Intra-group loan account finance charges	**(12,082)**	**–**	**(12,082)**	(12,821)	–	(12,821)
	60,200	**6,407**	**66,607**	16,353	19,275	35,628
Balance brought forward	**(108,596)**	**68,314**	**(40,282)**	(124,949)	49,039	(75,910)
Balance at 30 June	**(48,396)**	**74,721**	**26,325**	(108,596)	68,314	(40,282)

Group and Company

Included within the capital reserve movement for the year is £19,507,000 (2018: £nil) of dividend receipts recognised as capital in nature, £15,000 (2018: £2,000) of transaction costs on purchases of investments and £54,000 (2018: £49,000) of transaction costs on sales of investments.

23. REVENUE RESERVE

	Group 2019 £'000s	Group 2018 £'000s	Company 2019 £'000s	Company 2018 £'000s
Amount transferred to revenue reserve	**6,810**	5,996	**6,810**	5,996
Dividends paid in the year	**(6,689)**	(6,738)	**(6,689)**	(6,738)
Balance brought forward	**8,969**	9,468	**8,969**	9,711
Transfer for change in treatment of subsidiary	**–**	243	**–**	–
Balance at 30 June	**9,090**	8,969	**9,090**	8,969

24. NET ASSET VALUE PER ORDINARY SHARE

NAV per ordinary share is based on net assets at the year end of £326,268,000 for the Group and £326,281,000 for the Company (2018: £261,134,000 for the Group and £261,738,000 for the Company) and on 88,283,389 ordinary shares in issue at the year end (2018: 89,493,389).

25. RECONCILIATION OF TOTAL RETURN BEFORE TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Group 2019 £'000s	Group 2018 £'000s	Company 2019 £'000s	Company 2018 £'000s
Profit before taxation	**74,017**	41,199	**73,426**	41,803
Adjust for non-cash flow items:				
Gains on investments	**(90,402)**	(48,366)	**(90,800)**	(49,712)
Losses/(gains) on derivative financial instruments	**6,871**	(3,298)	**6,871**	(3,298)
Foreign exchange gains	**(3,306)**	(680)	**(3,306)**	(680)
Non-cash flows on income	**(3,390)**	(2,976)	**(3,390)**	(2,976)
Decrease/(increase) in accrued income	**941**	(1,013)	**941**	(1,013)
Decrease in other debtors	**10**	9	**10**	9
Increase in creditors	**3,344**	5,341	**3,344**	5,347
Gains on transactions of ZDP shares held intra group	**–**	(4)	**–**	–
ZDP shares finance costs	**11,093**	12,083	**–**	–
Intra-group loan account finance costs	**–**	–	**12,082**	12,821
Tax on overseas income	**(9)**	(179)	**(9)**	(179)
Cash flows from operating activities	**(831)**	2,116	**(831)**	2,122

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group

2019	Balance at 30 June 2018 £'000s	Cash flows £'000s	Non-cash flow changes: Foreign exchange movement £'000s	Non-cash flow changes: Finance costs £'000s	Balance at 30 June 2019 £'000s
Bank loans	**27,795**	**22,862**	**314**	**–**	**50,971**
ZDP shares	**199,354**	**(50,505)**	**–**	**11,093**	**159,942**
	227,149	**(27,643)**	**314**	**11,093**	**210,913**

2018	Balance at 30 June 2017 £'000s	Cash flows £'000s	Foreign exchange movement £'000s	Non-cash flow changes: Finance costs £'000s	Non-cash flow changes: Gains on transactions of ZDP shares held intra group £'000s	Decrease of accrued costs £'000s	Balance at 30 June 2018 £'000s
Bank loans	47,846	(18,962)	(1,089)	–	–	–	27,795
ZDP shares	173,778	13,504	–	12,083	(4)	(7)	199,354
	221,624	(5,458)	(1,089)	12,083	(4)	(7)	227,149

NOTES TO THE ACCOUNTS (continued)

Company

2019	Balance at 30 June 2018 £'000s	Cash flows £'000s	Non-cash flows on redemption of ZDP shares £'000s	Non-cash flow changes: Foreign exchange movement £'000s	Non-cash flow changes: Finance costs £'000s	Balance at 30 June 2019 £'000s
Bank loans	27,795	22,862	–	314	–	50,971
Intra-group loans	233,918	(51,194)	(22,241)	–	12,082	172,565
	261,713	(28,332)	(22,241)	314	12,082	223,536

2018	Balance at 30 June 2017 £'000s	Cash flows £'000s	Non-cash flows on issues of ZDP shares £'000s	Foreign exchange movement £'000s	Non-cash flow changes: Finance costs £'000s	Decrease of accrued costs £'000s	Balance at 30 June 2018 £'000s
Bank loans	47,846	(18,962)	–	(1,089)	–	–	27,795
Intra-group loans	173,778	12,943	34,383	–	12,821	(7)	233,918
	221,624	(6,019)	34,383	(1,089)	12,821	(7)	261,713

27. ULTIMATE PARENT UNDERTAKING

In the opinion of the Directors, from 26 June 2018 the Group's ultimate parent undertaking is Somers Isles Private Trust Company Limited ("SIPTCL"), a company incorporated in Bermuda and owned by Mr Duncan Saville. Prior to 26 June 2018, the Group's ultimate parent undertaking was General Provincial Life Pension Fund Limited ("GPLPF") which is incorporated in Bermuda.

28. RELATED PARTY TRANSACTIONS

The following are considered related parties of UIL:

UIL's majority shareholder GPLPF holds 62.1% of UIL's shares and is ultimately controlled by SIPTCL.

Subsidiaries of UIL:

BFIC, Coldharbour, Energy Holdings Limited, GERP, Newtel, UIL Finance, UIL Holdings Pte Ltd and Zeta (on consolidation, transactions between the Company and UIL Finance have been eliminated).

Controlled Entities:

Somers, Allectus and VixTech.

Subsidiaries of the above subsidiaries and controlled entities:

Bermuda Commercial Bank Limited ("BCB"), PCF Bank, Perfect Channel Limited, Waverton, West Hamilton Holdings Limited, Homeloans Limited, Resimac Group Limited and Zeta Energy Pte. Ltd.

Key management entities and persons:

ICM and ICMIM and the board of directors of ICM who are Alasdair Younie, Charles Jillings, Duncan Saville and of ICMIM, Charles Jillings and Sandra Pope.

Persons exercising control of UIL:

The Board of UIL.

Companies controlled by key management persons:

Azure Limited, Ingot Capital Management Limited, Mitre Finance Limited, Mitre Investments Limited, Permanent Investment Limited ("PIL") and Permanent Mutual Limited ("PML"),

The following transactions were carried out during the year to 30 June 2019 between the Company and its related parties above:

UIL Finance

Loans from UIL Finance to UIL of £233.9m as at 30 June 2018 decreased by £61.3m, to £172.6m as at 30 June 2019. The loans are repayable on any ZDP share repayment date.

In the year to 30 June 2019, the number of ZDP shares subscribed for and sold in the market by UIL is detailed in note 15 to the accounts.

BFIC, Coldharbour, Energy Holdings, GERP, Newtel, UIL Holdings Pte Ltd and Zeta.

Transactions are disclosed in note 10.

3DMedi, Allectus, DTI, Elevate, Orbital, Smilestyler, Somers and VixTech.

Transactions are disclosed in note 9.

BCB, PCF Bank, Perfect Channel Limited, Waverton, West Hamilton Holdings Limited, Homeloans Limited, Resimac Group Limited and Zeta Energy Pte. Ltd.

There were no transactions between these entities and UIL in the year.

ICM and ICMIM

ICM and ICMIM are joint portfolio managers of UIL. There were no other transactions with ICM or ICMIM or ICM Investment Research Limited and ICM Corporate Services (Pty) Ltd, both wholly owned subsidiaries of ICM, other than investment management, secretarial costs and performance fees as set out in note 3, and reimbursed expenses included within note 4 of £108,000 (2018: £114,000). At the year-end £310,000 (2018: £279,000) remained outstanding to ICM and ICMIM in respect of management and company secretarial fees and £8,538,000 (2018:£5,337,000) in respect of performance fees.

ICMIM received dividends from UIL of £7,828.

Alasdair Younie, Charles Jillings, Duncan Saville and Sandra Pope

Mr Younie is a director of BCB, BFIC, GERP, One Communications Limited, PIL, PML, Somers and West Hamilton Holdings Limited. Mr Jillings is a director of Allectus Capital Limited, GERP, PIL, PML, Somers and Waverton. Mr Jillings received dividends from UIL of £26,250. Mr Saville is a director of Allectus Capital Limited, BFIC, GPLPF, GERP, PIL, PML, Resimac Group Limited, VixTech, West Hamilton Holdings Limited, Newtel Holdings Limited and Zeta Energy. There were no other transactions in the year with Alasdair Younie, Charles Jillings, Duncan Saville and Sandra Pope and UIL.

The Board

As detailed in the Directors' Remuneration Report on page 50, the Board received aggregate remuneration of £221,000 (2018: £216,000) included within "Other expenses" in note 4 for services as Directors. As at 30 June 2019, £25,000 (2018: £54,000) remained outstanding to the Directors. In addition to their fees, the Directors received dividends totalling £76,131 (2018: £62,627) during the year under review in respect of their shareholdings in the Company.

There were no further transactions with the Board during the year.

PIL and PML

PIL and PML are both controlled by SIPTCL and hold 46.0% and 3.1% respectively of Somers ordinary shares. PML received dividends of £503,436 from UIL. There were no other transactions between the Company and PIL or between the Company and PML in the year.

SIPTCL

See note 27. There were no transactions between SIPTCL and the Company in the year.

Other

Azure Limited received dividends of £7,215 from UIL, GPLPF received dividends of £4,200,115 from UIL and Mitre Investments Limited received dividends of £3,141 from UIL. There were no other transactions between the above associates and the Company other than investments in the ordinary course of UIL's business.

29. CONTINGENT LIABILITIES

UIL is a co-guarantor for the repayment of a USD10m loan that Bank of Butterfield has provided to VixTech. The loan is repayable by VixTech in August 2022. It is not expected that UIL will incur any liability.

30. OPERATING SEGMENTS

Operating segments are considered to be secondary reporting segment. The Directors are of the opinion that the Company's activities comprise a single operating segment, which is investing in equity, debt and derivative securities to maximise shareholder returns.

31. GOING CONCERN

The financial statements have been prepared on a going concern basis. The majority of the Company's assets consist of equity shares in listed companies and in most circumstances are realisable within a short timescale. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the accounts.

As at the year end, the Company had a £50m multicurrency loan facility with Scotiabank expiring on 22 March 2020. Drawdowns under the facility are detailed in note 13. The

Company will either extend or replace the facility or repay the outstanding debt when due from portfolio realisations.

32. FINANCIAL RISK MANAGEMENT

The Group's investment objective is to maximise shareholder returns by identifying and investing in investments worldwide where the underlying value is not reflected in the market price.

The Group seeks to meet its investment objective by investing principally in a diversified portfolio of both listed and unlisted companies. Derivative instruments may be used for purposes of hedging the underlying portfolio of investments. The Group has the power to take out both short and long term borrowings. In pursuing the objective, the Group is exposed to financial risks which could result in a reduction of either or both of the value of the net assets and the profits available for distribution by way of dividend. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit and counterparty risk. The Board of Directors, together with the Investment Managers, is responsible for the Group's risk management. The Directors' policies and processes for managing the financial risks are set out in (a), (b) and (c) below.

The Company's risks include the risks within UIL Finance and therefore only the Group risks are analysed below as the differences are not considered to be significant. The accounting policies which govern the reported Statement of Financial Position carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 1 to the Accounts. The policies are in compliance with IFRS and best practice, and include the valuation of financial assets and liabilities at fair value except as noted in (d) below and in note 15 in respect of ZDP shares. The Group does not make use of hedge accounting rules.

(a) Market risks

The fair value of equity and other financial securities held in the Group's portfolio and derivative financial instruments fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues, including the market perception of future risks. The Board sets policies for managing these risks within the Group's objective and meets regularly to review full, timely and relevant information on investment performance and financial results. The Investment Managers assess exposure to market risks when making each investment decision and monitor on-going market risk within the portfolio. The Group's other assets and liabilities may be denominated in currencies other than Sterling and may also be exposed to interest rate risks. The Investment Managers and the Board regularly monitor these risks. The Group does not normally hold significant cash balances. Borrowings are limited to amounts and currencies commensurate with the portfolio's exposure to those currencies, thereby limiting the Group's exposure to future changes in exchange rates.

Gearing may be short- or long-term, in Sterling and foreign currencies, and enables the Group to take a long-term view of the countries and markets in which it is invested without having to be concerned about short-term volatility. Income earned in foreign currencies is converted to Sterling on receipt. The Board regularly monitors the effects on net revenue of interest earned on deposits and paid on gearing.

Currency exposure

The principal currencies to which the Group was exposed were the Australian Dollar, Bermuda Dollar, Euro and US Dollar (2018: additionally New Zealand Dollar). The exchange rates applying against Sterling at 30 June and the average rates for the year were as follows:

	2019	Average	2018
AUD – Australian Dollar	**1.8136**	**1.8100**	1.7869
BMD – Bermuda Dollar	**1.2727**	**1.2941**	1.3203
EUR – Euro	**1.1176**	**1.1345**	1.1308
NZD – New Zealand Dollar	**n/a**	**1.9306**	1.9500
USD – US Dollar	**1.2727**	**1.2941**	1.3203

The Group's assets and liabilities at 30 June (shown at fair value, except derivatives at gross exposure value), by currency excluding Sterling based on the country of primary exposure, are shown below:

2019	**AUD £'000s**	**BMD £'000s**	**EUR £'000s**	**USD £'000s**	**Other £'000s**	**Total £'000s**
Other receivables	**349**	**–**	**–**	**37**	**240**	**626**
Cash and cash equivalents	**–**	**–**	**–**	**50**	**20**	**70**
Derivative financial instruments – liabilities	**(79,782)**	**–**	**(23,304)**	**(66,520)**	**(3,897)**	**(173,503)**
Short-term borrowings	**(38,046)**	**–**	**–**	**(899)**	**(12,026)**	**(50,971)**
Net monetary liabilities	**(117,479)**	**–**	**(23,304)**	**(67,332)**	**(15,663)**	**(223,778)**
Investments	**176,463**	**27,727**	**43,726**	**166,136**	**14,892**	**428,944**
Net financial assets	**58,984**	**27,727**	**20,422**	**98,804**	**(771)**	**205,166**

2018	AUD £'000s	BMD £'000s	EUR £'000s	NZD £'000s	USD £'000s	Other £'000s	Total £'000s
Other receivables	1,016	49	–	–	19	460	1,544
Cash and cash equivalents	272	–	4	127	244	–	647
Derivative financial instruments – liabilities	(103,370)	–	(5,344)	(7,526)	(66,051)	–	(182,291)
Long-term borrowings	(16,280)	–	–	–	–	(11,516)	(27,796)
Net monetary (liabilities)/assets	(118,362)	49	(5,340)	(7,399)	(65,788)	(11,056)	(207,896)
Investments	159,630	64,047	23,774	9,135	9,543	144,919	411,048
Net financial assets	41,268	64,096	18,434	1,736	(56,245)	133,863	203,152

Based on the financial assets and liabilities held, and exchange rates applying, at Statement of Financial Position date, a weakening or strengthening of Sterling against each of these currencies by 10% would have had the following approximate effect on annualised income after tax and on NAV per share:

	2019				2018				
Weakening of Sterling	**AUD £'000s**	**BMD £'000s**	**EUR £'000s**	**USD £'000s**	AUD £'000s	BMD £'000s	EUR £'000s	NZD £'000s	USD £'000s
Income Statement									
Revenue profit for the year	**212**	**2,354**	**–**	**4**	311	380	59	113	–
Capital profit for the year	**6,515**	**3,081**	**2,269**	**10,974**	4,472	7,116	2,048	193	(6,252)
Total profit for the year	**6,727**	**5,435**	**2,269**	**10,978**	4,783	7,496	2,107	306	(6,252)
NAV per share									
Basic – pence	**7.62**	**6.16**	**2.57**	**12.43**	5.34	8.38	2.36	0.34	(6.99)

	2019				2018				
Strengthening of Sterling	**AUD £'000s**	**BMD £'000s**	**EUR £'000s**	**USD £'000s**	AUD £'000s	BMD £'000s	EUR £'000s	NZD £'000s	USD £'000s
Income Statement									
Revenue profit for the year	**(212)**	**(2,354)**	**–**	**(4)**	(311)	(380)	(59)	(113)	–
Capital profit for the year	**(6,515)**	**(3,081)**	**(2,269)**	**(10,974)**	(4,472)	(7,116)	(2,048)	(193)	6,252
Total profit for the year	**(6,727)**	**(5,435)**	**(2,269)**	**(10,978)**	(4,783)	(7,496)	(2,107)	(306)	6,252
NAV per share									
Basic – pence	**(7.62)**	**(6.16)**	**(2.57)**	**(12.43)**	(5.34)	(8.38)	(2.36)	(0.34)	6.99

These analyses are broadly representative of the Group's activities during the current year as a whole, although the level of the Group's exposure to currencies fluctuates in accordance with the investment and risk management processes.

Interest rate exposure

The exposure of the financial assets and liabilities to interest rate risks at 30 June is shown below:

	2019			2018		
	Total £'000s	**Within one year £'000s**	**More than one year £'000s**	Total £'000s	Within one year £'000s	More than one year £'000s
Exposure to floating rates						
Cash	**3,177**	**3,177**	**–**	647	647	–
Bank overdraft	**–**	**–**	**–**	(700)	(700)	–
Borrowings	**(50,971)**	**(50,971)**	**–**	(27,795)	–	(27,795)
	(47,794)	**(47,794)**	**–**	(27,848)	(53)	(27,795)
Exposure to fixed rates						
Zero dividend preference shares	**(159,942)**	**–**	**(159,942)**	(199,354)	(50,858)	(148,496)
Net exposures						
At period end	**(207,736)**	**(47,794)**	**(159,942)**	(227,202)	(50,911)	(176,291)
Maximum in year	**(227,202)**	**(50,911)**	**(176,291)**	(233,949)	(46,524)	(187,425)
Minimum in year	**(197,523)**	**(40,259)**	**(157,264)**	(204,155)	(27,434)	(176,721)

	Total £'000s	**Exposure to floating interest rates £'000s**	**Fixed interest rates £'000s**	Total £'000s	Exposure to floating interest rates £'000s	Fixed interest rates £'000s
Net exposures						
Maximum in year	**(227,202)**	**(27,848)**	**(199,354)**	(233,949)	(35,479)	(198,470)
Minimum in year	**(197,523)**	**(40,259)**	**(157,264)**	(204,155)	(27,434)	(176,721)

Exposures vary throughout the year as a consequence of changes in the make-up of the net assets of the Group arising out of the investment and risk management processes. Interest received on cash balances or paid on overdrafts is at ruling market rates. Finance costs on the ZDP shares are fixed (see note 15). Interest paid on borrowings is at ruling market rates (2018: same). The Group's total returns and net assets are sensitive to changes in interest rates on cash and borrowings. Based on the financial assets and liabilities held, and the interest rates pertaining, at each Statement of Financial Position date, a decrease or increase in interest rates by 2% would have had the following approximate effects on the Group Income Statement revenue and capital returns after tax and on the NAV per share.

	2019		2018	
	Increase in rate £'000s	**Decrease in rate £'000s**	Increase in rate £'000s	Decrease in rate £'000s
Revenue profit for the year	**(956)**	**956**	(557)	557
Capital profit for the year	**–**	**–**	–	–
Total profit for the year	**(956)**	**956**	(557)	557
NAV per share				
Basic – pence			(0.62)	0.62

Other market risk exposures

The portfolio of investments, valued at £543,794,000 at 30 June 2019 (2018: £493,375,000) is exposed to market price changes. The Group enters into currency and index options in managing its exposure to other market risks.

The Investment Managers assess these exposures at the time of making each investment decision. The Board reviews overall exposures at each meeting against indices and other relevant information. An analysis of the portfolio by country and major industrial sector are set out on pages 4 and 12 respectively. The Investment Managers have operated a strategic market position via the purchase and sale of equity index put and call options, principally on the S&P500 Index. The level of the position is kept under constant review, and will depend upon several factors including the relative performance of markets, the price of options as compared to the market, and the Investment Managers' view of likely future volatility and market movements.

Based on the portfolio of investments at the statement of financial position date, and assuming other factors, including derivative financial instrument exposure, remain constant, a decrease or increase in the fair values of the portfolio by 20% would have had the following approximate effects on the Income Statement Capital Return after tax and on the NAV per share:

	2019		2018	
	Increase in value	**Decrease in value**	Increase in value	Decrease in value
Income Statement capital profit for the year (£'000s)	108,759	**108,759**	98,675	(98,675)
NAV per share				
Basic – pence	123.19	**123.19**	110.26	(110.26)

(b) Liquidity risk exposure

The Group and the Company are required to raise funds to meet commitments associated with financial instruments including ZDP shares. These funds may be raised either through the realisation of assets or through increased borrowing. The risk of the Group or the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given: the number of quoted investments held in the Group's portfolio, 20 at 30 June 2019 (14 at 30 June 2018); the liquid nature of the portfolio of investments; the geographical and industrial diversity of the portfolio (see pages 4 and 12 respectively); and the existence of an on-going loan facility agreement. Cash balances are held with reputable banks.

The Investment Managers review liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each meeting. The Group has bank loan facilities of £50.0m as set out in note 13 to the accounts and ZDP share liabilities of £159.9m as set out in note 15. The contractual maturities of the financial liabilities, based on the earliest date on which payment can be required, were as follows:

				2019				2018
	Three months or less £'000s	**More than three months but less than one year £'000s**	**More than one year £'000s**	**Total £'000s**	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
Bank overdraft	**–**	**–**	**–**	**–**	700	–	–	700
Other creditors	**9,491**	**–**	**–**	**9,491**	6,152	–	–	6,152
Derivative financial instruments	**172,455**	**–**	**–**	**172,455**	182,292	–	–	182,292
Bank loans	**–**	**51,173**	**–**	**51,173**	–	–	27,890	27,890
ZDP shares	**–**	**–**	**195,226**	**195,226**	–	–	245,051	245,051
	181,946	**51,173**	**195,226**	**428,345**	189,144	–	272,941	462,085

(c) Credit risk and counterparty exposure

The Group is exposed to potential failure by counterparties to deliver securities for which the Group has paid, or to pay for securities which the Group has delivered. The Board approves all counterparties used in such transactions, which must be settled on a basis of delivery against payment (except where local market conditions do not permit). A list of pre-approved counterparties is maintained and regularly reviewed by Waverton and the Board. Broker counterparties are selected based on a combination of criteria, including credit rating, statement of financial position strength and membership of a relevant regulatory body. Cash and deposits are held with reputable banks. The Group has an on-going contract with its custodians for the provision of custody services. The contracts are reviewed regularly. Details of securities held in custody on behalf of the Group are received and reconciled monthly. To the extent that the Investment Managers carry out duties (or cause similar duties to be carried out by third parties) on the Group's behalf, the Group is exposed to counterparty risk. The Board assesses this risk continuously through regular meetings with management.

In summary, compared to the amounts included in the statement of financial position, the maximum exposure to credit risk was as follows:

		2019		2018
Current assets	**30 June £'000s**	**Maximum exposure in the year £'000s**	30 June £'000s	Maximum exposure in the year £'000s
Cash at bank	**3,177**	**8,399**	647	21,901
Financial assets through profit and loss				
derivatives (forward foreign exchange contracts)	**173,503**	**199,244**	181,706	192,308

None of the Group's financial assets are past due or impaired. The Group's principal custodian is JPMorgan Chase Bank N.A.. Waverton acts as custodian for unquoted investments. UIL has an indirect interest in Waverton.

(d) Fair values of financial assets and liabilities

The assets and liabilities of the Group are, in the opinion of the Directors, reflected in the statement of financial position at fair value except for ZDP shares which are carried at amortised cost using effective interest rate basis (see note 15). Borrowings under loan facilities do not have a value materially different from their capital repayment amount. Borrowings in foreign currencies are converted into Sterling at exchanges rates ruling at each valuation date.

The fair values of ZDP shares derived from their quoted market price at 30 June, were:

Current assets	**2019 £'000s**	2018 £'000s
2018 ZDP shares	**–**	51,766
2020 ZDP shares	**58,305**	55,575
2022 ZDP shares	**66,000**	62,250
2024 ZDP shares	**34,200**	32,250
2026 ZDP shares	**14,060**	11,840

Unquoted investments are valued based on professional assumptions and advice that is not wholly supported by prices from current market transactions or by observable market data. The Directors make use of recognised valuation techniques and may take account of recent arms' length transactions in the same or similar investments.

The Directors regularly review the principles applied by the Investment Managers to those valuations to ensure they comply with the Group's accounting policies and with fair value principles.

Level 3 financial instruments

Valuation methodology

The Directors have satisfied themselves as to the methodology used, the discount rates, key assumptions applied and the valuation. The level 3 assets comprise of a number of unlisted investments at various stages of development and each has been assessed based on its industry, location and business cycle. The valuation methodologies include cost of recent investment or last funding round, listed peer comparison or peer group multiple, dividend yield or net assets as appropriate. Where applicable, the Directors have considered observable data and events to underpin the valuations. A discount has been applied, where appropriate, to reflect both the unlisted nature of the investments and business risks.

The level 3 financial instruments are split between unlisted companies and loans to listed companies.

Sensitivity of level 3 financial investments measured at fair value to changes in key assumptions.

The following table shows in the opinion of the Directors the rise or fall of the collective value of level three financial investments for possible alternative assumptions being made when valuing the investments under the valuation policy set out in note 1(d) to the accounts.

		2019		2018
	Carrying amount £'000s	**Effect of possible alternative assumptions £'000s**	Carrying amount £'000s	Effect of possible alternative assumptions £'000s
Unlisted companies	**139,192**	**13,919**	70,796	7,080
Loans to unlisted companies	**45,181**	**4,518**	55,269	5,527
Total	**184,373**	**18,437**	126,065	12,607

(e) Capital risk management

The objective of the Group is stated as being to maximise shareholder returns by identifying and investing in investments where the underlying value is not reflected in the market price. In pursuing this long term objective, the Board has a responsibility for ensuring the Group's ability to continue as a going concern. It must therefore maintain its capital structure through varying market conditions. This involves the ability to: issue and buy back share capital within limits set by the shareholders in general meeting; borrow monies in the short and long term; and pay dividends to shareholders out of current year earnings as well as out of brought forward reserves. Changes to ordinary share capital are set out in note 18 to the accounts.

Dividends are set out in note 8 to the accounts. Bank loans are set out in notes 13 and 16 to the accounts. ZDP shares are set out in note 15 to the accounts.

33. ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIMFD")

In accordance with the AIFMD, information in relation to the Group's leverage and the remuneration of the Company's AIFM, ICMIM, is required to be made available to investors. Detailed regulatory disclosures including those on the AIFM's remuneration policy are available on the Company's website or from ICMIM on request.

The Group's maximum and actual leverage as at 30 June 2019 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum permitted limit	425%	425%
Actual	215%	215%

The leverage limits are set by the AIFM and approved by the Board. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in UIL Limited, please forward this document and the accompanying Form of Proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Notice is hereby given that the 2019 Annual General Meeting of UIL Limited will be held at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda on Thursday, 7 November 2019 at 5.00pm (local time) for the purpose of considering and, if thought fit, passing the following resolutions (which will be proposed in the case of resolutions 1 to 8, as ordinary resolutions and, in the case of resolution 9, as a special resolution):

1. To receive the Directors' Report, the Independent Auditor's Report and the Financial Statements for the year ended 30 June 2019.
2. To approve the Directors' Remuneration Report for the year ended 30 June 2019.
3. To approve the Company's dividend policy to pay four interim dividends per year.
4. To re-elect Mr P Burrows as a Director.
5. To re-elect Mr D Shillson as a Director
6. To re-appoint KPMG LLP as auditor of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.
7. To authorise the Directors to determine the auditor's remuneration.
8. That, in substitution for the Company's existing authority to make market purchases of ordinary shares of 10p in the Company ("Ordinary Shares"), the Company be and it is generally and unconditionally authorised to make market purchases of Ordinary Shares, provided that:
   (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 13,230,000 (being the equivalent of approximately 14.99% of the issued Ordinary Shares as at the date of this notice);
   (b) the minimum price which may be paid for an Ordinary Share shall be 10p;
   (c) the maximum price (exclusive of expenses payable by the Company) which may be paid for an Ordinary Share shall be the higher of:
      (i) 105% of the average of the middle market quotations of the Ordinary Shares for the five business days prior to the date on which such shares are contracted to be purchased; and
      (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out;
   (d) such purchases shall be made in accordance with the Companies Act 1981 of Bermuda;
   (e) unless renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting to be held in 2020 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after the expiration of such authority.
9. **As a Special Resolution:** That, for the purpose of Bye-law 4A of the Company's Bye-laws, the Company may issue Relevant Securities (as defined in the Bye-laws) representing up to 4,400,000 Ordinary Shares, equivalent to approximately 5% of the total number of Ordinary Shares in issue as at the date of this notice otherwise than on a pre-emptive basis, provided that such disapplication shall expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting by Special Resolution (as defined in the Bye-laws)) at the earlier of the conclusion of the Annual General Meeting to be held in 2020 or 18 months from the date of this resolution but so that this power shall enable the Company to make such offers or agreements before such expiry which would or might otherwise require Relevant Securities to be issued after such expiry and the Directors may issue Relevant Securities in pursuance of such offer or agreement as if such expiry had not occurred.

By order of the Board
ICM Limited, Secretary

13 September 2019

NOTICE OF ANNUAL GENERAL MEETING (continued)

NOTES

1. Only the holders of ordinary shares registered on the register of members of the Company at close of business on 5 November 2019 shall be entitled to attend and vote or to be represented at the meeting in respect of the ordinary shares registered in their name at that time. Changes to entries on the register after close of business on 5 November 2019 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any person holding 5% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules need not make a separate notification to the Company and the Financial Conduct Authority.
4. Any such person holding 5% or more of the voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such person complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.
5. A form of proxy is provided with this notice of meeting. The return of a form of proxy will not preclude a member from attending the meeting and voting in person if he/she wishes to do so. To be valid, a form of proxy for use at the meeting and the power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, must be deposited with the Company's registrars, Computershare Investor Services (Bermuda) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 5:00 pm (GMT) on 5 November 2019.

   Alternatively, shareholders can vote or appoint a proxy electronically by visiting www.investorcentre.co.uk/eproxy. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the form of proxy. The latest time for the submission of proxy votes electronically is than 5:00 pm (GMT) on 5 November 2019. To appoint more than one proxy, an additional proxy form(s) may be obtained by contacting the Registrar's helpline on 0370 707 1196 or you may photocopy the form of proxy. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by marking the box provided if the proxy instruction is one of multiple instructions being given. All forms of proxy must be signed and should be returned together in the same envelope.
6. Investors holding ordinary shares in the Company through depository interests should ensure that Forms of Instruction are returned to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 5:00 pm (GMT) on 4 November 2019 or give an instruction via the CREST system as detailed below.
7. CREST members who wish to vote through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by not later than 5:00 pm (GMT) on 4 November 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
8. The register of Directors' holdings is available for inspection at the registered office of the Company during normal business hours on any weekday and will be available at the place of the meeting from 15 minutes prior to the commencement of the meeting until the conclusion thereof.
9. No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Company's Bye-laws. The letters of appointment are available for inspection on request at the Company's registered office and at the Annual General Meeting.
10. As at the date of publication of this Notice of Annual General Meeting, the Company's issued share capital consisted of 88,283,389 ordinary shares of 10p each. Each ordinary share carries the right to one vote and therefore the total voting rights in the Company as at the date of this report are 88,283,389.

COMPANY INFORMATION

DIRECTORS
Peter Burrows, AO (Chairman)
Alison Hill
Warren McLeland
Christopher Samuel
David Shillson
Eric St C Stobart

REGISTERED OFFICE
Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
Company Registration Number: 39480
LEI: 213800CTZ7TEIE7YM468

AIFM AND JOINT PORTFOLIO MANAGER
ICM Investment Management Limited
Ridge Court, The Ridge, Epsom, Surrey, KT18 7EP
United Kingdom
Telephone number 01372 271486
Authorised and regulated in the UK by the Financial Conduct Authority

JOINT PORTFOLIO MANAGER AND SECRETARY
ICM Limited
34 Bermudiana Road, Hamilton HM 11, Bermuda

ASSISTANT SECRETARY
Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda

ADMINISTRATOR
JP Morgan Chase Bank N.A. – London Branch
25 Bank Street, Canary Wharf, London E14 5JP
United Kingdom
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

BROKER
Shore Capital and Corporate Limited
Cassini House, 57-58 St James's Street, London SW1A 1LD
United Kingdom
Authorised and regulated in the UK by the Financial Conduct Authority

COMPANY BANKER
Scotiabank Europe PLC
201 Bishopsgate, 6th Floor, London EC2M 3NS
United Kingdom

LEGAL ADVISOR TO THE COMPANY
(as to English law)
Norton Rose Fulbright LLP
3 More London Riverside, London SE1 2AQ
United Kingdom

LEGAL ADVISOR TO THE COMPANY
(as to Bermuda law)
Conyers Dill & Pearman Limited
Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda

AUDITOR
KPMG LLP
15 Canada Square, London E14 5GL, United Kingdom
Member of the Institute of Chartered Accountants in England and Wales

DEPOSITARY SERVICES PROVIDER
J.P. Morgan Europe Limited
25 Bank Street, Canary Wharf, London E14 5JP
United Kingdom
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

CUSTODIAN
JPMorgan Chase Bank N.A.
JPMorgan House, Grenville Street, St Helier
Jersey JE4 8QH

REGISTRAR
Computershare Investor Services (Bermuda) Limited
5 Reid Street, Hamilton HM 11, Bermuda
Telephone 0370 707 4040

REGISTRAR TO THE DEPOSITARY INTERESTS AND CREST AGENT
Computershare Investor Services PLC
The Pavilions, Bridgwater Road, Bristol BS99 6ZY
United Kingdom

ALTERNATIVE PERFORMANCE MEASURES

The European Securities and Markets Authority defines an Alternative Performance Measure ("APM") as being a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable accounting framework. The Group uses the following APMs:

Discount/Premium – if the share price is lower than the NAV per ordinary share, the shares are trading at a discount. Shares trading at a price above NAV per ordinary share are said to be at a premium. As at 30 June 2019 the ordinary share price was 199.00p and the NAV per ordinary share was 369.57p, the discount was therefore 46.2%.

Gearing – represents the ratio of the borrowings of the Group to its net assets.

	page	**2019 £'000s**	2018 £'000s	
Bank overdraft		**–**	700	
Bank loans	*65*	**50,971**	27,795	
ZDP shares	*65*	**159,942**	199,354	
Total debt		**210,913**	227,849	(a)
Equity holders' funds	*65*	**326,268**	261,134	(b)
Gearing		**64.6%**	87.3%	(a)/(b)

NAV per ordinary share – the value of the Group's net assets divided by the number of ordinary shares in issue (see note 24 to the Accounts).

NAV/share price total return – the return to shareholders calculated on a per ordinary share basis by adding dividends paid in the period to the increase or decrease in the NAV or share price in the period. The dividends are assumed to have been re-invested in the form of net assets or shares, respectively, on the date on which the dividends were paid.

2019	**Dividend rate (pence)**	**NAV (pence)**	**Share price (pence)**
30 June 2018	**n/a**	**291.79**	**174.50**
21 September 2018	**1.875**	**305.61**	**183.50**
21 December 2018	**1.875**	**280.64**	**175.00**
29 March 2019	**1.875**	**335.31**	**177.50**
28 June 2019	**1.875**	**369.57**	**199.00**
30 June 2019	**n/a**	**369.57**	**199.00**
Total return		**29.7%**	**18.8%**

2018	Dividend rate (pence)	NAV (pence)	Share price (pence)
30 June 2017	n/a	252.86	164.00
22 September 2017	1.875	267.46	163.25
14 December 2017	1.875	256.62	158.00
23 March 2018	1.875	271.44	167.50
22 June 2018	1.875	280.20	172.50
30 June 2018	n/a	291.79	174.50
Total return		18.7%	11.3%

NAV/share price total return since inception – the return to shareholders calculated on a per ordinary share basis by adding dividends paid in the period and adjusting for the exercise of warrants and Convertible Unsecured Loan Stock ("CULS") in the period to the increase or decrease in the NAV/share price in the period. The dividends are assumed to have been re-invested in the form of net assets or shares on the date on which the dividends were paid. The adjustment for the exercise of warrants and CULS is made on the date the warrants and CULS were exercised.

Total return	**2019 NAV (pence)**	**2019 Share price (pence)**	2018 NAV (pence)	2018 Share price (pence)
NAV 14 August 2003 (pence)	**99.47**	**85.67**	99.47	85.67
Total dividend, warrants and CULS adjustment factor	**1.9839**	**2.3374**	1.9380	2.2436
NAV 30 June (pence)	**369.57**	**199.00**	291.79	174.50
Adjusted NAV at 30 June (pence)	**733.18**	**465.13**	565.48	391.51
Total return since inception	**637.1%**	**443.0%**	468.5%	357.0%

Annual compound NAV/share price total return since inception – the annual return to shareholders using the same basis as NAV/share price total return since inception.

	2019 NAV (pence)	**2019 Share price (pence)**
Annual compound NAV total return since inception	13.40%	11.20%

Ongoing charges – all operating costs expected to be regularly incurred and that are payable by the Group or suffered within underlying investee funds, expressed as a proportion of the average weekly net asset values of the Group (valued in accordance with accounting policies) over the reporting year. The costs of buying and selling investments and derivatives are excluded, as are interest costs, taxation, non-recurring costs and the costs of buying back or issuing ordinary shares.

Ongoing charges calculation (excluding performance fees)	*page*	**2019 £'000s**	2018 £'000s	
Management and administration fees	*61*	**1,587**	1,491	
Other expenses	*61*	**1,178**	1,316	
Expenses suffered within underlying funds		**3,188**	2,580	
Total expenses for ongoing charges calculation		**5,953**	5,387	(a)
Average weekly net asset values of the Group		**285,326**	243,894	(b)
Ongoing Charges	*5*	**2.1%**	2.2%	(a)/(b)

Ongoing changes calculation (including performance fees)	*page*	**2019 £'000s**	2018 £'000s	
Management and administration fees	*61*	**10,125**	6,828	
Other expenses	*61*	**1,178**	1,316	
Expenses suffered within underlying funds		**3,188**	2,580	
Total expenses for ongoing charges calculation		**14,491**	10,724	(c)
Average weekly net asset values of the Group		**285,326**	243,894	(d)
Ongoing Charges	*5*	**5.1%**	4.4%	(c)/(d)

Revenue yield – represents the ratio of total income in the year over average gross assets in the year.

	page	**2019 £'000s**	2018 £'000s
Income	*61*	**11,184**	10,671
Average Gross assets		**497,867**	465,892
Revenue yield		**2.2%**	2.3%

Dividend yield – represents the ratio of dividends per ordinary over closing ordinary share price.

	page	**2019 £'000s**	2018 £'000s
Dividends per ordinary shares	*73*	**7.50**	7.50
Ordinary share price		**199.00**	174.5
Dividend yield		**3.8%**	4.3%

Revenue reserves per ordinary share carried forward – the value of the Group's revenue reserves divided by the number of ordinary shares in issue.

	page	**2019**	2018
Revenue reserves (£'000s)	*65*	**9,090**	8,969
Number of ordinary shares in issue at 30 June	*82*	**88,283,389**	89,493,389
Revenue reserves per ordinary share carried forward (pence)		**10.30**	10.02

Dividend per ordinary share cover – represents revenue reserves per ordinary share carried forward over the dividends per ordinary share.

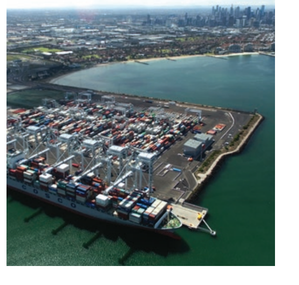
	page	**2019**	2018
Revenue reserves per ordinary share carried forward (pence)		**10.30**	10.02
Dividends per ordinary shares	*73*	**7.50**	7.5
Dividend per ordinary share cover		**1.4x**	1.3x

HISTORICAL PERFORMANCE

at 30 June	2019	2018	2017	2016	2015	2014	2013[1]	2012	2011	2010
NAV per ordinary share (pence)	**369.57**	291.79	252.86	241.12	169.00	165.84	148.33	209.67	201.63	166.39
Ordinary share price (pence)	**199.00**	174.50	164.00	130.75	117.00	128.00	130.00	144.00	147.25	116.50
Discount (%)	**46.2**	40.2	35.1	45.8	30.8	22.8	12.4	31.3	27.0	30.0
Returns and dividends (pence)										
Revenue return per ordinary share	**7.63**	6.67	6.38	6.23	7.84	7.03	12.06	11.99	7.65	10.49
Capital return per ordinary share	**75.34**	38.96	12.46	68.45	2.47	19.85	(63.65)	2.73	26.05	21.15
Total return per ordinary share	**82.97**	45.63	18.84	74.68	10.31	26.88	(51.59)	14.72	33.70	31.64
Dividend per ordinary share	**7.50**	7.50	7.50	7.50	7.50	7.50	10.00[2]	7.00	8.25	-
Capital distribution per ordinary share	**-**	-	-	-	-	-	-	-	-	12.00
FTSE All-Share total return Index	**7,431**	7,389	6,777	5,737	5,614	5,471	4,837	4,101	4,234	3,370
ZDP shares[3] (pence)										
2020 ZDP shares										
Capital entitlement[4] per ZDP share	**141.01**	131.52	122.64	114.35	106.61	n/a	n/a	n/a	n/a	n/a
ZDP share price	**149.50**	142.50	140.38	130.00	122.38	n/a	n/a	n/a	n/a	n/a
2022 ZDP shares										
Capital entitlement[4] per ZDP share	**120.03**	113.01	106.37	100.12	n/a	n/a	n/a	n/a	n/a	n/a
ZDP share price	**132.00**	124.50	119.50	104.50	n/a	n/a	n/a	n/a	n/a	n/a
2024 ZDP shares										
Capital entitlement[4] per ZDP share	**107.97**	103.10	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ZDP share price	**114.00**	107.50	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2026 ZDP shares										
Capital entitlement[4] per ZDP share	**105.89**	100.87	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ZDP share price	**107.50**	102.25	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Equity holders' funds (£m)										
Gross assets[5]	**537.2**	488.3	449.7	440.7	373.4	399.1	383.0	434.5	408.7	334.2
Bank debt	**51.0**	27.8	47.8	24.7	34.4	22.2	42.5	0.0	30.9	29.3
ZDP shares	**159.9**	199.4	173.8	197.4	172.4	212.5	193.4	224.4	172.8	161.2
Other debt	**-**	-	-	-	-	-	-	1.2	3.5	-
Equity holders' funds	**326.3**	261.1	228.1	218.6	166.6	164.4	147.1	208.9	201.5	143.7
Revenue account (£m)										
Income	**11.2**	10.6	10.7	10.5	11.2	10.4	16.2	15.9	11.9	13.8
Costs (management and other expenses)	**2.8**	2.8	2.9	1.9	1.8	2.1	3.2	3.0	2.9	2.4
Finance costs	**1.6**	1.6	1.8	1.7	1.1	0.9	0.8	0.8	2.0	1.4
Financial ratios of the Group (%)										
Ongoing charges figure (excluding performance fees)	**2.1**	2.2	2.1	3.3	2.0	2.2	1.8	1.7	2.0	0.7
Gearing	**64.6**	87.3	97.2	101.6	124.1	144.4	160.4	108.0	102.8	132.6

(1) Restated on adoption of IFRS10 Consolidated Financial Statements
(2) Includes the special dividend of 2.50p per share
(3) Issued by UIL Finance, a wholly owned subsidiary of UIL
(4) See pages 47 and 48
(5) Gross assets less current liabilities excluding loans

A DIVERSE PORTFOLIO BY GEOGRAPHY AND SECTOR

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