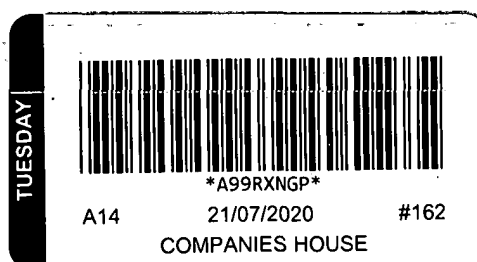


Registered number: 07238631

GREEN HEDGE ENERGY UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019



GREEN HEDGE ENERGY UK LIMITED

COMPANY INFORMATION

Directors

C Campbell
G Toms (resigned 27 November 2018)
J Mapplebeck
M Resta
N Kroninger
D Faber (resigned 2 July 2018)
AJH Lebrun-Lambeau (resigned 28 September 2018)

Registered number

07238631

Registered office

100 Brompton Road
2nd Floor
London
England
SW3 1ER

GREEN HEDGE ENERGY UK LIMITED

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

The directors present their report and the financial statements for the year ended 30 June 2019.

Directors

The directors who served during the year were:

C Campbell
G Toms (resigned 27 November 2018)
J Mapplebeck
M Resta
N Kroninger
D Faber (resigned 2 July 2018)
AJH Lebrun-Lambeau (resigned 28 September 2018)

Principal activity

The company's activities were that of a holding company.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal risks and uncertainties

The Company is currently in negotiations with interested third parties to arrange a deal which will allow the further development of energy storage assets. At the time of signing the financial statements, due diligence is still ongoing but the Directors believe it is probable that a deal will be reached. The directors recognise there is a material uncertainty in relation to going concern in that the Company is reliant on a deal being reached. Should a deal not be reached, the Company will need to reassess its position as a going concern.

GREEN HEDGE ENERGY UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

The COVID-19 pandemic has not had a significant, immediate impact on the Company's operations. The directors believe this will not change if the current situation becomes prolonged.

In consideration of the foregoing, the directors believe it appropriate to continue utilising the going concern basis of accounting in preparing the Company's financial statements subject to the conditions disclosed in Note 2.2.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on

25/6/20

and signed on its behalf.



J. Mapplebeck
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREEN HEDGE ENERGY UK LIMITED

Opinion

We have audited the financial statements of Green Hedge Energy UK Limited (the 'Company') for the year ended 30 June 2019, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that the company is currently in negotiations with interested third parties to arrange a deal which will allow the further development of energy storage assets. At the time of signing the financial statements, due diligence is still ongoing but the Directors believe it is probable that a deal will be reached. There is a material uncertainty in relation to going concern in that the Company is reliant on a deal being reached. The events and conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter

We also draw attention to note 3 in the financial statements, which indicates the judgments applied in regard to determining the carrying value of amounts owed by subsidiary companies. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREEN HEDGE ENERGY UK LIMITED
(CONTINUED)**

doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREEN HEDGE ENERGY UK LIMITED
(CONTINUED)

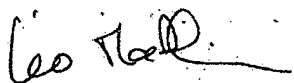
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 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.



Leo Malkin (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

St Bride's House
10 Salisbury Square
London

EC4Y 8EH

Date: 29 June 2020

GREEN HEDGE ENERGY UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

| | Note | 2019 £ | 2018 £ |
|--|------|------------------|--------------------|
| Turnover | | - | 1,760 |
| Cost of sales | | (10,813) | (70,757) |
| Gross loss | | (10,813) | (68,997) |
| Administrative expenses | | (391,705) | (1,924,341) |
| Other operating income | 4 | 1,525 | 952,305 |
| Operating loss | | (400,993) | (1,041,033) |
| Income from investments in group companies | | - | 31,775 |
| Interest payable and expenses | | (460,296) | (322,232) |
| Loss before tax | | (861,289) | (1,331,490) |
| Loss for the financial year | | (861,289) | (1,331,490) |

There was no other comprehensive income for 2019 (2018: £NIL).

The notes on pages 9 to 14 form part of these financial statements.

GREEN HEDGE ENERGY UK LIMITED
REGISTERED NUMBER: 07238631

BALANCE SHEET
AS AT 30 JUNE 2019

| | Note | 2019 £ | 2018 £ |
|---|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 6 | 268 | 18,578 |
| Investments | 7 | 2 | 2 |
| | | <u>270</u> | <u>18,580</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 8 | 1,215,943 | 2,115,587 |
| Cash at bank and in hand | | 866,569 | 359,699 |
| | | <u>2,082,512</u> | <u>2,475,286</u> |
| Creditors: amounts falling due within one year | 9 | (845,356) | (395,151) |
| Net current assets | | <u>1,237,156</u> | <u>2,080,135</u> |
| Total assets less current liabilities | | <u>1,237,426</u> | <u>2,098,715</u> |
| Creditors: amounts falling due after more than one year | 10 | (3,423,620) | (3,423,620) |
| Net liabilities | | <u>(2,186,194)</u> | <u>(1,324,905)</u> |
| Capital and reserves | | | |
| Called up share capital | | 50,000 | 50,000 |
| Other reserves | | 6,704,045 | 5,704,045 |
| Profit and loss account | | (7,940,239) | (7,078,950) |
| | | <u>(2,186,194)</u> | <u>(1,324,905)</u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


J. Mapplebeck
 Director
 25/6/20

The notes on pages 9 to 14 form part of these financial statements.

GREEN HEDGE ENERGY UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

| | Called up share capital | Other reserves | Profit and loss account | Total equity |
|--|------------------------------------|---------------------------|------------------------------------|---------------------|
| | £ | £ | £ | £ |
| At 1 July 2017 | 50,000 | 4,752,571 | (4,795,986) | 6,585 |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (1,331,490) | (1,331,490) |
| Transfer to/from profit and loss account | - | 951,474 | (951,474) | - |
| At 1 July 2018 | 50,000 | 5,704,045 | (7,078,950) | (1,324,905) |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (861,289) | (861,289) |
| At 30 June 2019 | 50,000 | 5,704,045 | (7,940,239) | (2,186,194) |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

1. General information

The company is a private company limited by shares, registered in England and Wales. The registered number of the company is 07238631 and the address of the registered office is 100 Brompton Road, 2nd floor, London, SW3 1ER.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern.

When evaluating the Company's ability to continue as a going concern, the directors have had regard to the company's loss for the year of £861,289 (2018: £1,331,490) and net liabilities of £2,186,194 (2018: £1,324,905). The Company is currently in negotiations with interested third parties to arrange a deal which will allow the further development of energy storage assets. At the time of signing the financial statements, due diligence is still ongoing but the Directors believe it is probable that a deal will be reached. The directors recognise there is a material uncertainty in relation to going concern in that the Company is reliant on a deal being reached. Should an agreement not be reached, the Company will need to reassess its position as a going concern.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.5 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | | |
|-------------------------------|---|---------------------|
| Short-term leasehold property | - | Over the lease term |
| Motor vehicles | - | 33% Straight line |
| Fixtures and fittings | - | 20% Straight line |
| Office equipment | - | 25% Straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

GREEN HEDGE ENERGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.11 Creditors

Short term creditors are measured at the transaction price.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

For financial assets measured at cost less impairment; the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The valuation of amounts owed by subsidiary companies has been assessed by the directors with consideration of the net assets and future cash flows of each subsidiary and the expected value of the underlying completed development. However, for these projects to proceed additional funding is required. On the same basis as going concern described in Note 2.2; the directors remain satisfied that should a deal be reached the expected future cash flows have taken account of the costs to complete the development and future revenue.

4. Other operating income

| | 2019 £ | 2018 £ |
|---------------------------------------|--------------|----------------|
| Debt forgiveness received | - | 951,474 |
| Profit on disposal of tangible assets | 1,525 | 831 |
| | <u>1,525</u> | <u>952,305</u> |

5. Employees

The average monthly number of employees, including directors, during the year was 8 (2018 - 11).

GREEN HEDGE ENERGY UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

6. Tangible fixed assets

| | Short-term leasehold property £ | Fixtures and fittings £ | Office equipment £ | Total £ |
|-------------------------------------|--|-------------------------------|--------------------------|------------|
| Cost or valuation | | | | |
| At 1 July 2018 | 25,888 | 54,414 | 6,938 | 87,240 |
| Additions | - | - | 42 | 42 |
| Disposals | - | (54,414) | (5,674) | (60,088) |
| At 30 June 2019 | 25,888 | - | 1,306 | 27,194 |
| Depreciation | | | | |
| At 1 July 2018 | 25,888 | 38,090 | 4,684 | 68,662 |
| Charge for the year on owned assets | - | 913 | 352 | 1,265 |
| Disposals | - | (39,003) | (3,998) | (43,001) |
| At 30 June 2019 | 25,888 | - | 1,038 | 26,926 |
| Net book value | | | | |
| At 30 June 2019 | - | - | 268 | 268 |
| At 30 June 2018 | - | 16,324 | 2,254 | 18,578 |

GREEN HEDGE ENERGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

7. Fixed asset investments

| | Unlisted investments £ |
|--------------------------|------------------------------|
| Cost or valuation | |
| At 1 July 2018 | 2 |
| At 30 June 2019 | 2 |
| Net book value | |
| At 30 June 2019 | 2 |
| At 30 June 2018 | 2 |

8. Debtors

| | 2019 £ | 2018 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | | 831 |
| Amounts owed by group undertakings | 1,190,714 | 2,019,224 |
| Other debtors | 25,229 | 95,532 |
| | 1,215,943 | 2,115,587 |

9. Creditors: Amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 16,703 | 8,056 |
| Amounts owed to group undertakings | 86 | 86 |
| Other taxation and social security | 4,404 | 21,469 |
| Other creditors | 824,163 | 365,540 |
| | 845,356 | 395,151 |

GREEN HEDGE ENERGY UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

10. Creditors: Amounts falling due after more than one year

| | 2019 £ | 2018 £ |
|-----------------|------------------|------------------|
| Other creditors | 3,423,620 | 3,423,620 |
| | <u>3,423,620</u> | <u>3,423,620</u> |

During the prior year, secured loan notes were issued. These loan notes carry a 12% fixed interest rate and are repayable in July 2027.

11. Commitments under operating leases

The Company had no commitments under the non-cancellable operating leases as at the balance sheet date.

12. Related party transactions

As at balance sheet date the following amounts were owed from/(to) related parties:

| | 2019 £ | 2018 £ |
|-----------------------------------|-----------|-----------------|
| Green Hedge International Limited | (470,011) | (467,796) |
| G Toms | (14,618) | (14,618) |
| AJH Lebrun-Lambeau | - | (14,618) |
| | <u>-</u> | <u>(14,618)</u> |

The company has taken advantage of the exemption in FRS102 Section 33.1A from the requirement to disclose the transactions between wholly owned group companies.

13. Post balance sheet events

The COVID-19 pandemic has not had a significant, immediate impact on the Company's operations. The directors believe this will not change if the current situation becomes prolonged.

In consideration of the foregoing, the directors believe it appropriate to continue utilising the going concern basis of accounting in preparing the Company's financial statements subject to the conditions disclosed in Note 2.2.

14. Controlling party

The immediate and ultimate parent company is REEIF Storage Limited, a company incorporated in the UK with a registered office at 100 Brompton Road, London, United Kingdom, SW3 1ER.