

REPORTS AND FINANCIAL STATEMENTS

GREENLINK INTERCONNECTOR LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

GREENLINK INTERCONNECTOR LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

CONTENTS

	PAGE
DIRECTORS AND OTHER INFORMATION	2
DIRECTORS' REPORT	3
DIRECTORS' RESPONSIBILITIES STATEMENT	6
INDEPENDENT AUDITOR'S REPORT	7
INCOME STATEMENT	10
STATEMENT OF FINANCIAL POSITION	11
STATEMENT OF CHANGES IN EQUITY	12
STATEMENT OF CASH FLOWS	13
NOTES TO THE FINANCIAL STATEMENTS	14

GREENLINK INTERCONNECTOR LIMITED

DIRECTORS AND OTHER INFORMATION

DIRECTORS

Joseph Slamm
Timothy Cowhig
Simon Merriweather
Padraig McManus
Robert Warshauer

SECRETARY

Holly Anderson

REGISTERED OFFICE

6th Floor
South Bank House
Barrow Street
Dublin 4

COMPANY NUMBER

536954

AUDITOR

Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
No. 6 Lapp's Quay
Cork

SOLICITOR

Hallissey & Partners
41 South Main Street
Bandon
Co. Cork

Arthur Cox
10 Earlsfort Terrace,
Dublin 2
Ireland

CMS Cameron Mc Kenna LLP
Cannon Place
78 Cannon Street
London EC4N 6AF

GREENLINK INTERCONNECTOR LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of Greenlink Interconnector Limited (the "company") together with the financial statements and auditor's report for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the company is to carry on the business of developing an infrastructure project to build, own and operate a new 500MW electricity interconnector ("Greenlink") to join the power transmission grids of Ireland and Great Britain.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Greenlink is a proposed 500MW subsea electricity interconnector linking the power markets in Ireland and Great Britain. Greenlink is designated an EU Project of Common Interest (PCI), it is one of Europe's most important energy infrastructure projects. Greenlink brings significant benefits on both sides of the Irish Sea for employment, energy security and the integration of low carbon energy sources. For Ireland, it provides a natural link to EU and Nordic electricity markets via Great Britain.

Greenlink will use HVDC technology, constituting a cable circuit running from National Grid's 400kV Pembroke substation in Wales, beneath the Irish Sea bed and connecting into EirGrid's Great Island substation in County Wexford, Ireland. HVDC technology is well established and widely used around the world, especially for creating electricity interconnectors between different countries and different power systems.

Greenlink is at an advanced stage of development and is progressing all major project workstreams to achieve final investment decision in 2020. During 2018 Greenlink achieved a number of key milestones. These include, submitting the initial Final Project Assessment (FPA) to Ofgem, launched the EPC procurement process, commenced sub-sea surveys, received approval from the European Innovation and Networks executive agency for two rounds of CEF funding and received confirmation from the CRU that Greenlink is within the public interest.

Greenlink and its shareholders consider a non-recourse project financing to be a suitable structure to finance the project. Greenlink is working with its financial and legal advisors to determine the optimal terms of such a financing after taking into account the parameters of cap and floor regulation.

During the 2018 fiscal year, The Element Power Group (of which Greenlink Interconnector Limited is a part) was a leading European developer and operator of renewable energy and other power projects. Present in 7 countries with a deep pipeline of projects in development, the group has extensive experience in delivering wind power, solar pv, interconnectors and grid services covering frequency response and balancing services.

KEY RISKS AND UNCERTAINTIES

The Greenlink Interconnector project is reliant on the continued support of both the Irish and UK regulators for a cap and floor regulatory structure.

In addition, the realisation of the company's development strategy will require substantial project financing and so is reliant on this being available on commercially reasonable terms.

GOING CONCERN

The company anticipates receiving continued support from its ultimate owners during the development period and has adopted the going concern basis in preparing the financial statements.

Continued on next page/

/Continued from previous page

GREENLINK INTERCONNECTOR LIMITED

DIRECTORS' REPORT

DIRECTORS AND SECRETARY

The directors who served at any time during the financial year and up to the date of the signing of this report were as follows:

Michael O'Neill (resigned 8 March 2019)
 Tim Cowhig (resigned 2 October 2018; appointed 8 July 2019)
 Simon Ludlam (appointed 26 October 2018; resigned 8 March 2019)
 Nicholas Hexter (appointed 26 October 2018; resigned 8 March 2019)
 Joseph Slamm (appointed 8 March 2019)
 Michael Kasper (appointed 8 March 2019; resigned 28 June 2019)
 Simon Merriweather (appointed 1 May 2019)
 Padraig McManus (appointed 1 May 2019)
 Robert Warshauer (appointed 1 May 2019)
 Neil Auerbach (Appointed 08 March 2019, Resigned 01 May 2019)
 Esther Peiner (Appointed 08 March 2019, Resigned 01 May 2019)
 Brandon Prater (Appointed 08 March 2019, Resigned 01 May 2019)

The secretary who served at any time during the financial year was as follows:

Eamon Roche (resigned 9 February 2018)
 Alistair Metcalfe (appointed 9 February 2018; resigned 2 October 2018)
 Holly Anderson (appointed 2 October 2018)

DIRECTORS AND SECRETARY AND THEIR INTERESTS

The current directors and secretary are listed on page 2.

The directors and secretary who held office at 31 December 2018 had no direct interest in the shares of Greenlink Interconnector Limited or other group undertakings.

At 1 January 2018 Michael O'Neill and Nicholas Hexter had an interest in the shares of Element Power Ireland Limited (a fellow group company) as follows:

Shareholder	Company shares held in	Type of Shareholding	No of shares held at	
			31.12.18	01.01.18
Michael O'Neill	Element Power Ireland Limited	C ordinary shares of €0.01 each	-	80
Nicholas Hexter	Element Power Ireland Limited	D ordinary shares of €0.01 each	-	23

At the end of the year, these directors did not have any beneficial interest in the company.

RESULTS AND DIVIDENDS

The result for the financial year and state of affairs of the company are set out in the income statement and statement of financial position on pages 10 and 11 respectively. The directors did not propose a dividend for either the current or prior financial year.

SUBSEQUENT EVENTS

Element Power Holdings B.V. transferred 100 shares on 07 March 2019 to EP Investments S.A R.L.

Element Power Investments S.A R.L transferred 49 shares on 10 April 2019 to Greenlink (Luxembourg) S.A R.L (Partners Group).

ACCOUNTING RECORDS

The measures that the directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at Level 4, South Bank House, Barrow Street, Dublin 4, Ireland.

Continued on next page/

/Continued from previous page

GREENLINK INTERCONNECTOR LIMITED

DIRECTORS' REPORT

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each of the directors in office at the date of approval of the financial statements is aware:

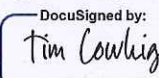
- There is no relevant audit information of which the company's auditors are unaware; and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.


This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

AUDITOR

The auditor, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, continues in office in accordance with Section 383(2) of the Companies Act 2014.

Approved by the Board and signed on its behalf by:

DocuSigned by:

B99B6511F965444...
Timothy Cowhig
Director


Robert Warshauer
Director

Date: 8/01/2020

GREENLINK INTERCONNECTOR LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ("relevant financial reporting framework"). 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 assets, liabilities and financial position of the company as at the financial year end date and of the result of the company for the financial year and otherwise comply with the Companies Act 2014.

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

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- 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 ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. 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.

GREENLINK INTERCONNECTOR LIMITED

Report on the audit of the financial statements

Opinion on the financial statements of Greenlink Interconnector Limited (the 'company')

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2018 and of the result for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Income Statement;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the related notes 1 to 18, including a summary of significant accounting policies as set out in note 3.

The relevant financial reporting framework that has been applied is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below 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 Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements, 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.

Continued on next page/

/Continued from previous page

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

GREENLINK INTERCONNECTOR LIMITED

Other information – continued

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, 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.

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 (Ireland) 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.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

Continued on next page/

/Continued from previous page

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

GREENLINK INTERCONNECTOR LIMITED

Auditor's responsibilities for the audit of the financial statements - continued

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on 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 provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.



Kevin Butler
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
No. 6 Lapp's Quay
Cork

Date: 13/1/20

GREENLINK INTERCONNECTOR LIMITED
INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

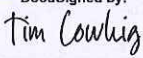
	Notes	2018 €	2017 €
CONTINUING OPERATIONS			
Revenue		-	-
Operating expenses		<u>-</u>	<u>-</u>
Operating result		-	-
Other income		<u>-</u>	<u>400,000</u>
Profit before taxation		-	400,000
Income tax expense	5	<u>-</u>	<u>-</u>
Result/Profit for the financial year	6	<u><u>-</u></u>	<u><u>400,000</u></u>

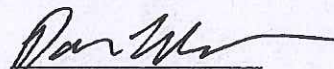
GREENLINK INTERCONNECTOR LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Notes	2018 €	2017 €
ASSETS			
Non-current assets			
Property, plant and equipment	7	<u>7,329,832</u>	<u>2,391,016</u>
Current assets			
Trade and other receivables	8	7,690	43,930
Cash and cash equivalents		<u>1,905,183</u>	<u>-</u>
Total current assets		<u>1,912,873</u>	<u>43,930</u>
TOTAL ASSETS		<u>9,242,705</u>	<u>2,434,946</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Called up share capital presented as equity	9	100	100
Retained earnings	10	<u>-</u>	<u>-</u>
Total equity		<u>100</u>	<u>100</u>
Non-current liabilities			
Borrowings	11	<u>6,298,847</u>	<u>2,081,550</u>
		<u>6,298,847</u>	<u>2,081,550</u>
Current liabilities			
Trade and other payables	12	<u>2,943,758</u>	<u>353,296</u>
Total liabilities		<u>9,242,605</u>	<u>2,434,846</u>
TOTAL EQUITY AND LIABILITIES		<u>9,242,705</u>	<u>2,434,946</u>

The financial statements were approved by the Board of Directors on 12/12/2019. They were signed on its behalf by:

DocuSigned by:

 Timothy Cowling
 Director


 Robert Warshauer
 Director

Date: 8/01/2020

GREENLINK INTERCONNECTOR LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Share capital €	Retained earnings €	Total €
At 31 December 2016	100	(400,000)	(399,900)
Profit for the financial year	<u>-</u>	<u>400,000</u>	<u>400,000</u>
At 31 December 2017	100	-	100
Result for the financial year	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2018	<u>100</u>	<u>-</u>	<u>100</u>

GREENLINK INTERCONNECTOR LIMITED
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018 €	2017 €
Cash flows from operating activities		
Result/Profit for the financial year	-	400,000
Adjustments for:		
Impairment of property, plant and equipment	356,819	-
Forgiveness of intercompany borrowings	(356,819)	-
Movement in working capital:		
Decrease/(increase) in trade and other receivables	36,240	(43,830)
Increase in trade and other payables	<u>2,590,462</u>	<u>353,295</u>
Net cash used in operating activities	<u>2,626,702</u>	<u>709,465</u>
Cashflows from investing activities:		
Property, plant and equipment additions (net)	<u>(4,938,816)</u>	<u>(2,391,016)</u>
Net cash used in investing activities	<u>(4,938,816)</u>	<u>(2,391,016)</u>
Cashflow from financing activities		
Intercompany borrowings	<u>4,217,297</u>	<u>1,681,551</u>
Net cash from financing activities	<u>4,217,297</u>	<u>1,681,551</u>
Net increase in cash and cash equivalents	1,905,183	-
Cash and cash equivalents at the beginning of the financial year	-	-
Cash and cash equivalents at the end of the financial year	<u>1,905,183</u>	<u>-</u>

GREENLINK INTERCONNECTOR LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018****1. GENERAL INFORMATION**

Greenlink Interconnector Limited ("GIL") is a private limited liability company registered in the Republic of Ireland under the Companies Act 2014. The address of its registered office and principal place of business is 6th Floor, South Bank House, Barrow Street, Dublin 4. The Company's registered number is 536954. The principal activity of the company is the development of an infrastructure project to build, own and operate a new 500MW electricity interconnector ("Greenlink") to join the power transmission grids of Ireland and Great Britain. These financial statements reflect the result for the financial year ended 31 December 2018. The company has no employees as at 31 December 2018.

Greenlink Interconnector Limited is a wholly owned subsidiary of Element Power Holdings B.V. as at 31 December 2018. Subsequent to the year end, GIL became a wholly owned subsidiary of Greenlink Interconnector Holdings Limited ("GIHL").

Hudson Element Power GP LLC ("HEPGP"), a limited liability company incorporated in Delaware USA is the general partner of Element Power Holdings L.P, Element Power US L.P, Element Power UK L.P and Element Power Scotland L.P (the "Element Partnerships") who, along with their subsidiaries (including Element Power Holdings B.V.), comprise the Element Power Group.

Pursuant to limited partnership agreements, the partners in the Element Partnerships have delegated the day-to-day running of those partnerships to HEPGP. The address of its principal place of business is 400 Frank W. Burr Boulevard, Suite 37, Teaneck NJ 07666, United States. Hudson Element Power GP LLC is wholly-owned by Hudson Capital Management (NY) L.P, a limited partnership managed by Hudson Clean Energy Partners (HCEP), a US private equity firm established in 2008 to manage investments solely in renewable power, alternative fuels, energy efficient and storage and other affiliated investment funds.

2. NEW STANDARDS AND INTERPRETATIONS**New and amended standards adopted in the financial year**

The under noted standards have become effective during 2018. The adoption of these standards did not have a material impact on the financial statements.

IAS/IFRS Standard	Subject	Effective Date	EU Endorsement
IFRS 9 Financial Instruments (2014)	Accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement	1 January 2018	1 January 2018
IFRS 15 Revenue from Contracts with Customers	Single, principles based five-step model to be applied to all contracts with customers	1 January 2018	1 January 2018
Amendments to IFRS 15	Clarification of identification of performance obligations, whether a company is a principal or agent and licensing	1 January 2018	1 January 2018
Amendments to IFRS 2	Classification and measurement of share-based payment transactions	1 January 2018	1 January 2018
Amendments to IFRS 4	Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'	1 January 2018	1 January 2018

GREENLINK INTERCONNECTOR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. NEW STANDARDS AND INTERPRETATIONS

New and amended standards adopted in the financial year

Amendments to IAS 40	Transfers of Investment Property	1 January 2018	1 January 2018
Annual Improvements 2014-2016 Cycle	Annual Improvements to IFRSs: 2014-16	1 January 2018	1 January 2018

New and amended standards in issue but not yet effective

IAS/IFRS Standard	Subject	Effective Date
IFRS 16 Leases	Recognition, measurement, presentation and disclosure of leases	1 January 2019
IFRS 17 Insurance Contracts	Requirements for measurement and presentation of insurance contracts	1 January 2021
Annual Improvements 2015 – 2017 Cycle	Annual Improvements to IFRSs: 2015-17	1 January 2019
Amendments to IAS 28	Long Term Interests in Associates	1 January 2019
Amendments to IFRS 9	Prepayment Features with Negative Compensation	1 January 2019

In the opinion of the directors, the adoption of the above standards will not materially impact the amounts reported in these financial statements.

3. ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with IFRS as adopted by the European Union and therefore they comply with Article 4 of the EU IAS Regulation.

BASIS OF PREPARATION

The financial statements of the company have been prepared in Euro which is the functional currency of the company. The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

GREENLINK INTERCONNECTOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

3. ACCOUNTING POLICIES - continued

STATEMENT OF COMPLIANCE

GOING CONCERN

The company's business activities, its financial risks and uncertainties and results are set out in the Directors' Report on page 3 - 5.

The funding for the company has come from other companies within the Group. The company is ultimately reliant on funding from the funds controlled by Element Power Investments S.A R.L and Greenlink (Luxembourg) S.A R.L who have confirmed support for the company. As a result of this, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As the company will be receiving continuing support from its owners the directors have adopted the going concern basis in preparing the financial statements.

FOREIGN CURRENCIES

In preparing the financial statements of the company, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing at the date of the transaction. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. These exchange differences are recognised in profit or loss in the financial year in which they arise.

TAXATION

The tax expense represents the sum of the tax currently payable and movements on deferred tax from the prior financial year end. The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Financial Position liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

GREENLINK INTERCONNECTOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

3. ACCOUNTING POLICIES - continued

TAXATION - continued

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the financial year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the company becomes a party to the contractual provisions of the instrument.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when recognition of interest would be immaterial.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, are subsequently measured at amortised cost using the effective interest method with interest expense recognised on an effective yield basis.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

PROPERTY, PLANT AND EQUIPMENT

Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under development) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting financial year, with the effect of any changes in estimate accounted for on a prospective basis.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, where assets that take a substantial period of time to get ready for their internal use or sale, are added to the cost of these assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expectation on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statement in the financial year in which they are incurred.

GREENLINK INTERCONNECTOR LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018****3. ACCOUNTING POLICIES - continued****IMPAIRMENT OF ASSETS**

Assets that have an indefinite useful life and assets that are not yet available for use (including assets under construction) are tested annually for impairment. The carrying amounts of assets that are subject to depreciation are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

GOVERNMENT GRANTS

Government grants are recognised in the Statement of Financial Position when there is reasonable assurance that they will be received and that the company will comply with the conditions attaching to it. The grant is then amortised to the Income Statement over the life of the asset once the asset becomes operational.

4. CRITICAL ACCOUNTING JUDGEMENTS

In the application of the company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year, or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

Impairment tests on long term development assets are sensitive to macro economic and segment assumptions and financial forecasts. The company therefore revises the underlying estimates and assumptions based on regularly updated information.

5. INCOME TAX CHARGE	2018	2017
	€	€
Current tax expense	-	-
Deferred tax expense	-	-
	<u>-</u>	<u>-</u>
Reconciliation of effective tax rate		
Result/Profit for the financial year	<u>-</u>	<u>400,000</u>
Tax at 12.5% (2017: 12.5%)	-	50,000
Effect of losses forward	<u>-</u>	<u>(50,000)</u>
	<u>-</u>	<u>-</u>

GREENLINK INTERCONNECTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. STATUTORY INFORMATION	2018	2017
	€	€
Aggregate directors' emoluments-	—	—
All other disclosures required by S.305/306 of the Companies Act 2014 are €Nil.		
	31.12.18	31.12.17
	€	€
Profit before taxation is stated after charging/(Crediting):		
Impairment of property, plant and equipment	356,819	-
Forgiveness of intercompany borrowings	(356,819)	-
7. PROPERTY, PLANT AND EQUIPMENT		
	Assets in Development	Total
	€	€
Cost:		
At 1 January 2018	2,391,016	2,391,016
Additions	5,295,635	5,295,635
Impairment	(356,819)	(356,819)
At 31 December 2018	<u>7,329,832</u>	<u>7,329,832</u>
Depreciation:		
At 1 January 2018 and 31 December 2018	—	—
Net Book Value		
At 31 December 2018	<u>7,329,832</u>	<u>7,329,832</u>
	Assets in Development	Total
	€	€
Cost:		
At 1 January 2017	—	—
Additions	2,391,016	2,391,016
At 31 December 2017	<u>2,391,016</u>	<u>2,391,016</u>
Depreciation:		
At 1 January 2017 and 31 December 2017	—	—
Net Book Value		
At 31 December 2017	<u>2,391,016</u>	<u>2,391,016</u>

Property, plant and equipment includes capitalised interest of €62,341 (2017: €46,198) as the project is at a phase of development whereby the directors consider interest capitalisation to be appropriate. All current financial year borrowing costs incurred have been capitalised. Property, plant and equipment also includes recharged costs of €443,204 (2017: €636,547).

Continued on next page\

GREENLINK INTERCONNECTOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

/Continued from previous page

7. PROPERTY, PLANT AND EQUIPMENT - continued

Capital grants were received in respect of the Greenlink project from the European Commission through the Connecting Europe Facility - Call for Proposals 2015 ("CEF"), an EU funding programme for infrastructure. This facility is being administered by the Innovation and Networks Agency ("INEA") and an agreement under the facility was entered into with the INEA by Element Power Ireland Limited (now Statkraft Ireland Limited) ("EPIL"), previously the parent company of Greenlink Interconnector Limited.

Final payment under the Grant Agreement was made on 23 March 2018 following the submission of a final report in accordance with Article II.23.2.2 and an audit process that took place in accordance with Article II.25 of the Grant Agreement. Total grants were received by EPIL under the facility amounted to €572,903 and have been transferred from EPIL to the company. The total grants received have been off set against the total expenditure incurred to date above.

While Greenlink Interconnector Limited was the beneficiary of the funds under the CEF agreement, the CEF grant agreement was entered into between EPIL and the INEA. As part of the sale and transfer of ownership of Greenlink Interconnector Limited, EPIL and Greenlink entered into a Separation and Transitional Services Agreement, which included transferring all obligations under the CEF grant agreement to Greenlink Interconnector Limited.

There is currently no known obligation to repay the grant under the Grant Agreement however there are ongoing audit rights pursuant to Article II.27.1. For a period of five years from 23 March 2018, the European Commission or the Innovation and Networks Executive Agency may:

- carry out technical and financial checks and audits in relation to the use of the grant;
- check the statutory records of the beneficiary (EPIL) for the purposes of periodic assessments of the lump sum, unit cost or flat-rate amounts; and
- carry out interim or final evaluations of the impact of the action measured against the objectives of the Connecting Europe Facility programme to assess whether the objectives have been achieved.

Pursuant to Article II.27.6, on the basis of the final audit findings, the European Commission or the Innovation and Networks Executive Agency may take any measures which is considers necessary, including the recovery of all or some of the payments made by it.

Pursuant to Article II.27.7.1 the European Commission or the Innovation and Networks Executive Agency may take all measures it considers necessary, including the recovery of amounts paid under the Grant Agreement, where the beneficiary is found to have committed systemic or recurrent errors, irregularities, fraud or breach of obligations that have a material impact on the grant.

Pursuant to Article II.27.8, the European Anti-Fraud Office (OLAF) has the same rights as the European Commission and the Innovation and Networks Executive Agency for the purpose of checks and investigations, which may lead to recovery by the Innovation and Networks Executive Agency.

Recovery is governed by Article II.26 of the Grant Agreement.

GREENLINK INTERCONNECTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. TRADE AND OTHER RECEIVABLES	2018 €	2017 €
VAT	7,690	43,830
Unpaid share capital	-	100
	<u>7,690</u>	<u>43,930</u>

The carrying value of receivables is approximately equal to the fair value, including those from related parties.

The company does not have any significant credit risk exposure to any single counter party or group of counter parties having similar characteristics.

9. CALLED UP SHARE CAPITAL PRESENTED AS EQUITY	2018 €	2017 €
Authorised: 2,000,000 (2017: 1,000,000) shares of €1 each	<u>2,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid: 100 ordinary shares of €1 each	<u>100</u>	<u>100</u>

At the statement of financial position date the share capital was owned 100% by Element Power Holdings B.V.

10. RETAINED EARNINGS	2018 €	2017 €
At the beginning of the year	-	(400,000)
Result/Profit for the financial year	-	<u>400,000</u>
At the end of the year	<u>-</u>	<u>-</u>

11. BORROWINGS	2018 €	2017 €
<i>Financial liabilities measured at amortised cost</i> Amounts due to related parties (note 13)	<u>6,298,847</u>	<u>2,081,550</u>

The interest rate applied to these loans is 9%.

12. TRADE AND OTHER PAYABLES	2018 €	2017 €
Amounts due to related parties (note 13)	62,341	243,433
Trade and other payables	1,577,599	22,307
Accruals	<u>1,303,818</u>	<u>87,556</u>
	<u>2,943,758</u>	<u>353,296</u>

The carrying value of trade payables is equal to their fair value. Trade payables are contractually required to be paid under standard 30-day terms.

GREENLINK INTERCONNECTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**13. RELATED PARTY TRANSACTIONS**

The following related party balances are included in borrowings:

	2018 €	2017 €
Amounts due to Related Parties (note 11)		
- Element Power Holdings B.V.	5,569,764	-
- Element Power Limited	154,020	-
- Element Power Northern Europe Developments Limited	575,063	-
- Element Power Ireland Finance Limited	-	<u>2,081,550</u>
	<u>6,298,847</u>	<u>2,081,550</u>

The following related party balances are included in trade and other payables

	2018 €	2017 €
Short term amounts due to Related Parties (note 12)		
- Element Power Holdings B.V.	62,341	-
- Element Power Northern Europe Developments Limited	-	94,150
- Element Power Ireland Finance Limited	-	<u>149,283</u>
	<u>62,341</u>	<u>243,433</u>

The movement in all the balances due to related companies relate to the funding of development costs incurred during the financial year.

There were no payments to directors or key management personnel during the financial year.

During the year, the loan to Element Power Ireland Finance Limited was novated to Element Power Holdings B.V.

GREENLINK INTERCONNECTOR LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018****14. CONTINGENCIES AND COMMITMENTS**

The company has entered into an agreement with National Grid that required the company to post a securities deposit for the connection of grid in the United Kingdom. The securities paid amounts to £177,618 (2017: £100,562). If the agreement is cancelled or capacity reduced, a potential cancellation charge increasing the liability up to a maximum of £239,434 (2017: £239,434) may become due. National Grid is a UK domiciled entity, the contingency and commitment are in Sterling and therefore the currency is stated in Sterling. The company has a permanent option to modify the Completion Dates of the agreements which will hold the current liabilities and charges, therefore the Directors believe that potential additional liabilities are very unlikely.

15. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risk:

- (a) Credit risk,
- (b) Liquidity risk,
- (c) Market risk,
- (d) Operational risk and
- (e) Capital risk

(a) Credit risk

Credit risk is the risk of financial loss to the company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the default risk on cash held. The maximum gross exposure to credit risk at the statement of financial position date was:

	As at 31/12/2018 EUR	As at 31/12/2017 EUR
Trade and other receivables	<u>—</u>	<u>100</u>

The receivable balance due to the company are due from other Group companies and related parties. The credit risk is managed by actively ensuring that each company within the Group has sufficient funds to meet those commitments by monitoring expected cash inflows and outflows on a continuous basis.

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

GREENLINK INTERCONNECTOR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. FINANCIAL RISK MANAGEMENT - continued

As at 31 December 2018	Carrying amount €	Gross contractual cash flows €	Gross Contractual Due within one year €	Gross contractual Due in more than one year €
Borrowings	(6,298,847)	(6,298,847)	-	(6,298,847)
Trade and other payables	(1,577,599)	(1,577,599)	(1,577,599)	-
As at 31 December 2017	Carrying amount €	Gross contractual cash flows €	Gross Contractual Due within one year €	Gross contractual Due in more than one year €
Borrowings	(2,081,550)	(2,081,550)	(2,081,550)	(2,081,550)
Trade and other payables	(22,307)	(22,307)	(22,307)	-

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. It presents the potential for both gains and losses and includes currency risk, interest rate risk, and price risk.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is not significantly exposed to currency risk as the majority of its transactions are in Euro.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is not significantly exposed to interest rate and equity risk as the entity does not engage with the market as all transactions are intercompany transactions.

(iii) Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not significantly exposed to other price risk as the entity's revenue is based on pre-determined rates.

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel and infrastructure, and from external factors other than credit, market, liquidity and resource risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.

The company has no employees and so the administration of the company is outsourced to the Element Power Group who manages operational risk through their own internal processes.

(e) Capital management

At 31 December 2018 the company had share capital of €100 (2017: €100). The company's objective when managing capital is to safeguard the company's ability to continue as a going concern. The company is not subject to any other externally imposed capital requirements.

GREENLINK INTERCONNECTOR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. EMPLOYEES

The company had no employees in the current financial year.

17. SUBSEQUENT EVENTS

Element Power Holdings B.V. transferred 100 shares on 07 March 2019 to EP Investments S.A R.L

Element Power Investments S.A R.L transferred 49 shares on 10 April 2019 to Greenlink (Luxembourg) S.A R.L (Partners Group).

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on

12/12/2019