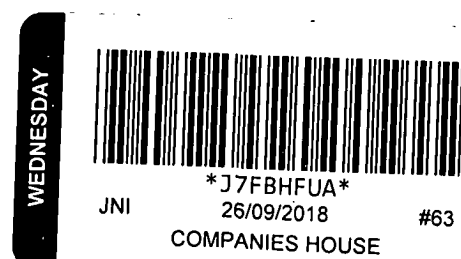


AES UK DATACENTER SERVICES LIMITED

Annual Report and Financial Statements

31 December 2017

Company Registration No. 03878758



AES UK DATACENTER SERVICES LIMITED

CONTENTS

	Page
Company information	1
Directors' report	2
Directors' responsibilities statement	4
Independent auditor's report to the members	5
Statement of comprehensive income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Notes to the financial statements	10

AES UK DATACENTER SERVICES LIMITED

COMPANY INFORMATION

Directors

Paul Hutchinson (appointed on 15 May 2018)

James Timothy McCullough (appointed on 15 May 2018)

Mark Reynolds (resigned on 29 December 2017)

Roger Casement (resigned on 15 May 2018)

Registered office

First Floor Templeback 10

Temple Back Bristol

United Kingdom

BS1 6FL

Auditors

Ernst & Young LLP

Bedford House

16 Bedford Street

Belfast

BT2 7DT

AES UK DATACENTER SERVICES LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 December 2017.

RESULTS AND DIVIDENDS

The company's results for 2017 showed a loss after taxation of £16,000 (2016: loss after taxation: £921,000).

The company has not declared any dividends during the year (2016: £nil).

PRINCIPAL ACTIVITY

The principal activity of the company was that of the development and maintenance of the IT facilities which supported all AES companies within the Europe, CIS and Africa regions. The company did not trade during the year but did incur some administrative expenses and foreign exchange losses. The directors do not expect trading activity to occur in the foreseeable future and therefore the financial statements have been prepared on a basis other than going concern.

No key financial and other performance indicators have been identified for this company.

FINANCIAL RISK MANAGEMENT

The company's activities are exposed to a number of financial risks which the directors considered to be the company's principal risks. The group to which the company belongs has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring the levels of debt finance and related finance costs. The company does not use derivative financial instruments for speculative purposes.

Currency risk

The company's activities expose it to the financial risks of changes in foreign currency exchange rates. The company manages this risk by regular monitoring of the foreign currency exchange rates.

Liquidity risk

The company actively maintains and monitors its cash balances to ensure that it always has sufficient funds available for its operations.

DIRECTORS

The directors of the company who served throughout the year and to the date of these financial statements (except as noted) are given on page 1.

DIRECTORS' INDEMNITY

During the year the Company maintained liability insurance for its Directors and officers. The Company indemnifies the directors in its Articles of Association to the extent allowed under the Companies Act 2006. The indemnity provision, which is a qualifying third-party indemnity provision as defined by section 236 of the Companies Act 2006, has been in force throughout the year.

SMALL COMPANIES' EXEMPTION

This report has been prepared in accordance with the special provisions of Part 15 Chapter 5 of the Companies Act 2006 relating to small companies.

STRATEGIC REPORT

The directors have not prepared a strategic report as the company is entitled to the exemption in section 414B of the Companies Act 2016.

AES UK DATACENTER SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

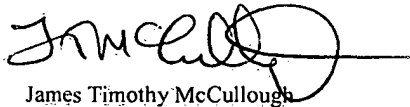
DISCLOSURE OF INFORMATION TO AUDITORS

So far as each of the directors in office at the date of approval of these financial statements is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

Pursuant to Section 485 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Approved by the Board of Directors and signed on behalf of the Board



James Timothy McCullough

Director

Date: 28 AUG 2018

AES UK DATACENTER SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable UK 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- for the reasons stated in the Directors' Report and note 1 the financial statements have not been prepared on a going concern basis.

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 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.

The directors confirm that they have complied with these requirements and have prepared the financial statements on a basis other than that of going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AES UK DATACENTER SERVICES LIMITED

Opinion

We have audited the financial statements of AES UK Datacenter Services Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 8, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice). As set out in note 1 these financial statements have been prepared on a basis other than going concern.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AES UK DATACENTER SERVICES LIMITED (continued)

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
- 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 set out on page 4, 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.

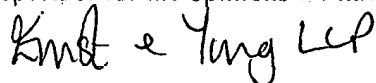
Auditor's responsibilities for the audit of the financial statements

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 <https://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.



Ruth Logan (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Belfast

Date:

21st of September 2018

AES UK DATACENTER SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £'000	2016 £'000
Administrative expenses		(16)	(134)
Foreign exchange loss		<u>-</u>	<u>(787)</u>
Loss before taxation	2	(16)	(921)
Tax on loss	4	<u>-</u>	<u>-</u>
Loss after taxation		(16)	(921)
Other comprehensive income:			
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(16)</u>	<u>(921)</u>

AES UK DATACENTER SERVICES LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Notes	2017 £'000	2016 £'000
Current liabilities			
Creditors: amounts falling due within one year	5	<u>(29)</u>	<u>(13)</u>
Total liabilities		<u>(29)</u>	<u>(13)</u>
Capital and reserves			
Called up share capital	7	1,000	1,000
Share premium	7	2,641	2,641
Capital contribution reserves	7	15,382	15,382
Profit and loss account		<u>(19,052)</u>	<u>(19,036)</u>
Shareholders' deficit		<u>(29)</u>	<u>(13)</u>

These financial statements were approved by the Board of Directors on 28 AUG 2018.

Signed on behalf of the Board of Directors



James Timothy McCullough

Director

AES UK DATA CENTER SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2017**

	Called up share capital £000	Share premium account £000	Capital contribution - reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2016	1,000	2,641	-	(18,115)	(14,474)
Loss for the year	-	-	-	(921)	(921)
Inter-company balances write-off			15,382	-	15,382
Balance at 31 December 2016	1,000	2,641	15,382	(19,036)	(13)
At 1 January 2017	1,000	2,641	-	(19,036)	(13)
Loss for the year	-	-	-	(16)	(16)
Balance at 31 December 2017	1,000	2,641	15,382	(19,052)	(29)

AES UK DATACENTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENT 31 DECEMBER 2017

1. Accounting policies

AES UK Datacenter Services Ltd (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, The AES Corporation includes the Company in its consolidated financial statements. The consolidated financial statements of The AES Corporation are prepared in accordance with generally accepted accounting principles adopted by the U.S. Securities and Exchange Commission and are available to the public and may be obtained from the Securities and Exchange Commission, 450 5th Street NW, Washington DC 20549, USA.

In these financial statements, the company is considered to be a qualifying entity for the purposes of FRS 102 and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statement and related notes, required by FRS 102.7; and
- A reconciliation of the number of shares outstanding at the beginning and at the end of the period required by FRS 102.4.12;
- Related party transactions required by FRS 102.33.5, and
- Key Management Personnel compensation required by FRS 102.33.6

As the consolidated financial statements of The AES Corporation include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23,
- The disclosures required by Section 11 *Basic Financial Instruments*, paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 *Other Financial Instrument Issues*, paragraphs 12.26 (in relation to those cross-referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29(a), 12.29(b), and 12.29A in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1. Basis of preparation

The directors consider it is not appropriate to prepare the accounts on a going concern basis, therefore the financial statements have been prepared on a basis other than going concern, including reclassifying long-term assets and liabilities to short term where required.

1.2. Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. After initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

1.3. Administrative expenses

Administrative expenses and similar charges are recognised in the Statement of Comprehensive Income as the service is received.

AES UK DATACENTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENT 31 DECEMBER 2017

1.4. Foreign currency

Transactions expressed in foreign currencies are translated into sterling at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the period end.

1.5. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

1.6. Use of estimates

The preparation of accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

2. Loss on ordinary activities before taxation

	2017	2016
	£'000	£'000
Loss before taxation after charging:		
Foreign exchange loss	-	787
Auditors' remuneration	4	4
Intercópany receivables write-off	-	117
	<hr/>	<hr/>

AES UK DATACENTER SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENT
31 DECEMBER 2017**

3. Information regarding directors and employees

The company has no employees (2016: £nil).

No remuneration was paid out to Directors of the company as they provided negligible qualifying services to the company. Directors are paid out of the parent entity and an apportionment of salary was not deemed practical.

4. Tax on loss on ordinary activities

No current tax has been recognized in profit and loss, other comprehensive income or directly in equity for 2017 (2016: £nil).

Deferred tax

	2017 £'000	2016 £'000
Origination and reversal of timing differences	-	-
Total deferred tax credit	-	-
Total tax credit	-	-

The difference between the total tax recognised in the profit and loss and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2017 £'000	2016 £'000
Loss before taxation	(16)	(921)
Profit on ordinary activities at the standard UK corporation tax rate of 19.25% (2016: 20%)	3	184
Effect of:		
Expenses not deductible for tax purposes	-	(180)
Tax adjustments and relief	(3)	(4)
Total tax for the period	-	-

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted on 26 October 2015 and 16 September 2016 respectively. Any deferred tax balance at 31 December 2017 has been calculated based on these rates.

A deferred tax asset has not been recognised in respect of timing differences as there is insufficient evidence that the assets will be recovered. The amount of the deferred tax asset not recognised is £25,644,000 (2016: £25,642,000). The assets would be recoverable if the company made suitable taxable profits in the future.

AES UK DATACENTER SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENT
31 DECEMBER 2017**

5. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Amounts owed to group undertakings	15	-
Accruals	<u>14</u>	<u>13</u>
	<u>29</u>	<u>13</u>

Amounts owed to group undertakings are interest free and repayable on demand.

6. Financial instruments

The carrying amounts of the financial assets and liabilities include:

	2017 £'000	2016 £'000
Liabilities measured at amortised cost		
<i>Creditors falling due within one year:</i>		
Amounts owed to fellow subsidiaries	15	-
Accruals	<u>14</u>	<u>13</u>
Total	<u>29</u>	<u>13</u>

7. Reserves and Called up share capital

	2017 £'000	2016 £'000
Called up, allotted and fully paid		
1,000,007 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Capital contribution reserves

In 2016, deeds of release of intercompany balance were signed between AES Electric Ltd. and The AES Corporation (Lenders) and AES UK Datacenter Services Ltd. (Borrower). The inter-company balance of £15,382,000 (AES Electric £10,668,000 and The AES Corporation USD 5,790,000) were written-off. The waiver is considered to be an equity transaction and is presented in Capital contribution reserves line in Statement of changes in equity. The Capital contribution reserves are distributable reserves.

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs. Share premium amount at 2017 and 2016 year-end is £2,641,201.

AES UK DATACENTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENT 31 DECEMBER 2017

8. Ultimate parent company

Following dissolution of the immediate parent undertaking, AES Drax Financing Inc, a company incorporated in the State of Delaware, USA, shares of the company have been transferred to The AES Corporation. At 31 December 2017 The AES Corporation owns 990,006 shares and AES UK Power Limited owns 10,001 shares of the company.

The ultimate parent is The AES Corporation, a company incorporated in the State of Delaware, USA.

The largest and smallest group in which the results of the company are consolidated is that headed by The AES Corporation.

Copies of the parent company's financial statements can be obtained from the Securities and Exchange Commission, 450 5th Street NW, Washington DC 20549, USA.