

**Econergy Renewable Energy Ltd (The Company")**

**3 October 2021**

To  
Securities Authority  
[www.isa.gov.il](http://www.isa.gov.il)

To  
The Tel Aviv Stock Exchange Ltd.  
[www.tase.co.il](http://www.tase.co.il)

Dear Madam/Sir,

**RE: Acquisition of a company that holds the rights to establish a storage project in England with a capacity of about 50 megawatts**

The Company is pleased to announce that on 1 October 2021, the Company entered into a binding agreement to purchase the full issued share capital of a company holding the rights to establish, operate and maintain and connect to the electricity grid of a 50 MW storage project located in the Yorkshire area of England and which is in the status of readiness to be established as detailed below (hereinafter: "**the Purchase Agreement**" and "**the Project**").

**More details about the field of energy storage in England**

The global increase in renewable energies, which is expected to continue to grow, requires storage solutions in order for it to be able to function and grow without adversely affecting the electricity market.

Entering into the Purchase Agreement is a significant first step in realizing the Company's strategy to operate in the field of storage both as an independent storage project and alongside solar and wind power projects that the Company is developing, and focus in this area on operations in England (but not only), a country where there is a supporting regulation for such facilities, and which, to the Company's estimate, is the most advanced country in this field in Europe today, as specified in the Company's board report dated 30.6.2021 attached to the Company's financial statements as of 30.6.2021<sup>1</sup> and in the Company's

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<sup>1</sup>As published by the Company on 29/8/2021 (Reference No. 2021-01-072259)

presentation on 29.8.2021<sup>2</sup>, which the said information in them is presented in this immediate report by way of reference.

As mentioned, to the best of the Company's knowledge, England is a leading market in the field of storage, which currently stands at about 1.2 gigawatts installed, and is expected to double itself over the coming year. England is expected to be a catalyst for more countries following in its footsteps in the development of storage field. In addition, electricity generation capacity from renewable energies in the UK is expected to increase by about 250% over the next 30 years, and flexible energy sources (most of them through battery storage) are expected to grow in the UK by about 550% during this period<sup>3</sup>.

The Company has a heap of storage projects in development in the UK, in the amount of about 770 megawatts consisting of both independent storage projects that support the electricity grid and Co-Location projects together with wind and solar projects that the Company is developing while generating significant synergy between the various factors, as detailed in the report of the Company's board of directors as of 30.6. 2021 and the Company's presentation dated 29.8.2021, which the said information in them is presented in this immediate report by way of reference. The company operates in the UK through a significant and experienced local development and management team with proven experience in the field of storage. The Company intends to begin setting up first projects in the field of storage during the first half of 2022.

### **Additional details about the Purchase Agreement and the Project**

Project status and approvals - To the best of the Company's knowledge, the project is in a state of readiness for establishment, and has received the necessary permits for establishment, including approval to connect to the electricity grid. Construction work is expected to begin immediately upon completion of the Purchase Agreement during the fourth quarter of 2021 and to be completed during the third quarter of 2022 (this is the date on which the Company expects the facility to be connected to the grid).

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<sup>2</sup> Reference No. 2021-01-072283

<sup>3</sup>Source – Aurora Energy Research.

Land - The purchased company has a binding agreement on the land designated for the erection of the project for a period of 25 years with an option for the company to extend the lease for a further period of 10 years.

Conditions for completing the Purchase Agreement - Completion of the Purchase Agreement is conditional upon the fulfilment of conditions precedent as specified in the Purchase Agreement and which are mainly administrative and related mainly to formal agreements required from the landowners (who have signed a lease that allows the carrying out of the Project), changes that the Company is interested in making regarding the approval of the connection to the grid and which are expected to contribute to a reduction in costs as well as an update of the insurance policy.

The deadline for the fulfilment of the conditions precedent and the completion of the transaction is December 30, 2021, but the Company may extend this date until the end of March 2022.

Total CAPEX investment expected in the Project (including EPC, grid connection costs and development costs) - approximately 22.5 million euros.

Expected annual revenues from the Project - about 5 million euros.

The anticipated project IRR, without leverage - is about 8-10% (the return assumes operating costs and the cost of replacing batteries in year 10).

The Company's estimates of the costs of establishing the Project, the date of commencement of construction and commercial operation, tariffs, revenues and returns are forward-looking information, as this term is defined in the Securities Law, the realization of which is uncertain and not under the exclusive control of the Company. The aforesaid assessments are based on the Company's plans and assessments as well as on the Project characteristics, and may not materialize due to factors beyond the Company's control, such as delays in setting up the system, changes in set-up costs, changes in policy and / or financing costs, operational problems, changes in the weather, changes in electricity tariffs or its selling costs in the UK, changes in the volume of electricity consumption in the UK, changes in tax rates in the UK, changes in the UK economy and in particular the electricity sector, regulatory changes, the corona crisis and the restrictions imposed and / or to be imposed as a result. It should be emphasized that as of the date of this immediate report there is no certainty

regarding the implementation of the Project due to the above, as well as due to concern about the existence of one of the risk factors listed in section 6.28 of the Company prospectus dated 8.7.2021<sup>4</sup>. which the said information in it is presented in this immediate report by way of reference.

Respectfully,

Econergy Renewable Energy Ltd.

Through: Eyal Podhorzer, CEO, and Yoav Shapira, Deputy CEO

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<sup>4</sup> Published by the Company on 7.7.2021 (Reference No.: 2021-01-049951)