

DONG Vind A/S

**Kraftværksvej 53
Skærbæk**

Annual report for 2016

CVR no 27 25 68 21

(14th Financial year)

Adopted at the annual general meeting on
29 May 2017

Ulrik Jarlov
Chairman

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Statement by Management on the annual report

The Executive and Supervisory Boards have today discussed and approved the annual report of DONG Vind A/S for the financial year 1 January - 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the the Company's operations for the financial year 1 January - 31 December 2016.

We recommend the adoption of the annual report at the annual general meeting.

Skærbæk, 17 May 2017

Executive Board

Robert Helms

Supervisory Board

Brent Cheshire
Chairman

Charlotte Strand
Deputy Chairman

Benjamin Sykes

Independent auditor's report

To the shareholder of DONG Vind A/S

Opinion

We have audited the financial statements of DONG Vind A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Management's Responsibilities for the financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines 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, Management is 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 in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has 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 and the additional requirements applicable in Denmark 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Independent auditor's report

- 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 Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements 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 our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 we identify during our audit.

Hellerup, 17 May 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31

Kim Danstrup
State Authorised Public Accountant

Poul P. Petersen
State Authorised Public Accountant

Company details

The Company

DONG Vind A/S
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Skærbæk
7000 Fredericia

Tel: +45 99 55 11 11
Fax: +45 99 55 00 02
Website: www.dongenergy.com

CVR no.: 27 25 68 21
Reporting period: 1 January - 31 December
Domicile: Fredericia

Board of Directors

Brent Cheshire, Chairman
Charlotte Strand, Deputy Chairman
Benjamin Sykes

Executive Board

Robert Helms

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Consolidated Financial Statements

The Company is included in the consolidated financial statements of the parent company, DONG Energy A/S, Fredericia, CVR nr. 36 21 37 28

The consolidated financial statements of DONG Energy A/S, Fredericia, CVR no. 36 21 37 28 may be obtained at the following address:

www.dongenergy.com

Accounting policies

The annual report of DONG Vind A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied are consistent with those of last year.

The annual report for 2016 is presented in TDKK.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Other external expenses

Other external expenses comprise expenses for administration as well as office expenses, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and interest expense and realised and unrealised exchange adjustments.

Accounting policies

Tax on loss for the year

Tax on net profit for the year, consisting of current tax for the year and deferred tax for the year, is recognised in the income statement to the extent that it relates to net profit for the year and directly inequity to the extent that it relates to entries directly to equity. The Company is subject to the Danish rules on compulsory joint taxation of the DONG Energy Group's Danish companies, and the ultimate Parent Company, DONG Energy A/S, has also elected international joint taxation with the Group's foreign subsidiaries. Subsidiaries are included in the joint taxation from the date they are included in the consolidation in the Consolidated Financial Statements and up to the date on which they are no longer included in the consolidation.

The ultimate Parent Company, DONG Energy A/S, is the management company for the joint taxation and consequently settles all income tax payments to the tax authorities.

In connection with the settlement of joint taxation contributions, current Danish income tax is allocated among the jointly taxed Danish companies in proportion to their taxable income. In this connection Danish subsidiaries with tax losses receive joint taxation contributions from the Parent Company equivalent to the tax base of the tax losses utilised (full allocation), while companies that utilise tax losses in other Danish companies pay joint taxation contributions to the Parent Company equivalent to the tax base of the utilised losses.

Balance sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Cost is written down to net realisable value whenever the cost exceeds the net realisable value.

The costs of an enterprise consists of the fair value of the agreed consideration plus costs that can be directly attributed to the acquisition. If parts of the agreed consideration are contingent on future events, these parts are recognised in the cost to the extent that the events are probable and the consideration can be measured reliably.

Cost is reduced to the extent that dividends received exceed the accumulated earnings after the date of the acquisition.

Equity

Dividend

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

Accounting policies

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss allowed for carry forward are measured at the value to which the asset is expected to be realised, either by elimination in tax on future income or by offsetting against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Other liabilities, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

The measurement currency used is TDKK. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates applicable at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates applicable at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income statement 1 January - 31 December 2016

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
Other external expenses		<u>-11</u>	<u>-11</u>
Gross profit		-11	-11
Financial expenses	2	<u>-23.555</u>	<u>-22.406</u>
Profit/loss before tax		-23.566	-22.417
Tax on loss for the year	3	<u>5.526</u>	<u>5.428</u>
Net profit/loss for the year		<u>-18.040</u>	<u>-16.989</u>
Retained earnings		<u>-18.040</u>	<u>-16.989</u>
		<u>-18.040</u>	<u>-16.989</u>

Balance sheet at 31 December 2016

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
Assets			
Investments in group enterprises	4	1.770.153	1.770.153
Fixed asset investments		<u>1.770.153</u>	<u>1.770.153</u>
Fixed assets total		<u>1.770.153</u>	<u>1.770.153</u>
Deferred tax asset		3.220	3.289
Income tax		5.163	4.932
Receivables		<u>8.383</u>	<u>8.221</u>
Current assets total		<u>8.383</u>	<u>8.221</u>
Assets total		<u><u>1.778.536</u></u>	<u><u>1.778.374</u></u>

Balance sheet at 31 December 2016

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
Liabilities and equity			
Share capital		7.000	7.000
Retained earnings		261.687	279.727
Equity	5	<u>268.687</u>	<u>286.727</u>
Payables to group enterprises		1.490.000	1.490.000
Long-term debt	6	<u>1.490.000</u>	<u>1.490.000</u>
Payables to group enterprises		19.849	1.647
Short-term debt		<u>19.849</u>	<u>1.647</u>
Debt total		<u>1.509.849</u>	<u>1.491.647</u>
Liabilities and equity total		<u><u>1.778.536</u></u>	<u><u>1.778.374</u></u>
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Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 January 2016	7.000	279.727	286.727
Net profit/loss for the year	<u>0</u>	<u>-18.040</u>	<u>-18.040</u>
Equity at 31 December 2016	<u>7.000</u>	<u>261.687</u>	<u>268.687</u>

Notes to the Annual Report

1 Main activity

The purpose of the company is to hold shares in subsidiaries.

	<u>2016</u> TDKK	<u>2015</u> TDKK
2 Financial expenses		
Financial expenses, group entities	<u>23.555</u>	<u>22.406</u>
	<u>23.555</u>	<u>22.406</u>
3 Tax on loss for the year		
Current tax for the year	-5.185	-5.268
Adjustment of tax concerning previous years	-410	-160
Adjustment of deferred tax concerning previous years	<u>69</u>	<u>0</u>
	<u>-5.526</u>	<u>-5.428</u>
4 Investments in group enterprises		
Cost at 1 January 2016	<u>1.770.153</u>	<u>1.770.153</u>
Cost at 31 December 2016	<u>1.770.153</u>	<u>1.770.153</u>
Carrying amount at 31 December 2016	<u>1.770.153</u>	<u>1.770.153</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
DONG Energy Power (UK) Ltd.	London, United Kingdom	100%	6.508.402	682.261

Notes to the Annual Report

5 Equity

The share capital consists of 7 shares of a nominal value of TDKK 1.000. No shares carry any special rights

There have been no changes in the share capital during the last 5 years.

6 Long term debt

	<u>2016</u> TDKK	<u>2015</u> TDKK
Payables to group enterprises		
After 5 years	0	0
Between 1 and 5 years	<u>1.490.000</u>	<u>1.490.000</u>
Non-current portion	1.490.000	1.490.000
Other short-term debt to subsidiaries	<u>19.849</u>	<u>1.647</u>
Current portion	<u>19.849</u>	<u>1.647</u>
	<u>1.509.849</u>	<u>1.491.647</u>

7 Subsequent events

No events have occurred after the balance sheet date which could significantly affect the financial position.

8 Contingent assets, liabilities and other financial obligations

The Group's Danish companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. Reference is made to the Annual Report DONG Energy A/S, the company responsible for the administration of the joint taxation arrangement.

The Danish companies within the group are jointly and severally liable for the joint registration of VAT.

9 Related parties and ownership

Controlling interest

DONG VE A/S, Kraftværksvej 53, 7000 Fredericia. (Parent company)

Notes to the Annual Report

9 Related parties and ownership (continued)

Other related parties

DONG Energy A/S (Ultimate parent company)
The Danish State represented by the Ministry of Finance
Goldman Sachs Group
Group enterprises and associates
Board of Directors, Executive Board and senior employees

Ownership

According to the Company's register of shareholders, the following shareholders hold a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

DONG VE A/S