

Solarpark Vandel ApS

**Gyngemose Parkvej 50
2860 Søborg**

CVR no 31 06 53 80

Annual report for 2017

Adopted at the annual general
meeting on 12 April 2018

Anne Wichmann
Chairman

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Statement by Management on the annual report

The Executive Board has today discussed and approved the annual report of Solarpark Vandel ApS for the financial year 1 January - 31 December 2017.

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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

In our opinion, Management's review includes a fair review of the matters dealt with in the Management's review

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

Søborg, 6 April 2018

Executive Board

Jochem van Rijn

Knud Erik Andersen

Independent auditor's report

To the shareholder of Solarpark Vandel ApS

Opinion

We have audited the financial statements of Solarpark Vandel ApS for the financial year 1 January - 31 December 2017, 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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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.

Independent auditor's report

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:

- 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.

Independent auditor's report

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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 6 April 2018

KPMG
Statsautoriseret Revisionspartnerselskab
CVR-nr. 25 57 81 98

Martin Eiler
State authorized public accountant
mne32271

Company details

The Company

Solarpark Vandel ApS
Gyngemose Parkvej 50
2860 Søborg

CVR no.: 31 06 53 80
Reporting period: 1 January - 31 December
Domicile: Gladsaxe

Executive Board

Jochem van Rijn
Knud Erik Andersen

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen

Management's review

Business activities

The company's purpose is development and operation of a solar project at the former Flyveplads Vandel, Denmark.

Business review

The Company's income statement for the year ended 31 December shows a profit of tDKK 14.946 and the balance sheet at 31 December 2017 shows equity of tDKK 15.563.

The solarplant was grid connected in December 2015. For 2017 solar park Vandel reached an accumulated production of 63.64 GWh. This constitutes a decrease in production compared to the budget by approximately -12% as the accumulated solar irradiation in 2017 reached not the expected 1.155 kWh/m².

Thus the performance of the solar park Vandel fall below the forecasted production of 72.31 GWh because of the 8 % lower overall yearly irradiation of 1.064 kWh/m².

Despite the lower irradiation did the solar plant perform with an overall Performance Ratio of 80.39%. Due to 5 days of snow and a general poor irradiation/sun year the Performance Ratio was below expectations.

In January, May and November the production reached or exceeded the forecasted budget due to irradiation above the forecasted average. The comparison of PR, production and irradiation values show a satisfying performing solar plant in 2017. However the optimisation of the plant production is conducted at the moment from O&M side with software and hardware updates to reach a better performance in 2018.

Accounting policies

The annual report of Solarpark Vandel ApS for 2017 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 2017 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's 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's 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

Revenue

Income from the sale of electricity is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Costs related to sale of electricity

Expenses for operation and maintenance, insurance, landlease, electricity cost, etc used in generating the year's revenue.

Accounting policies

Other external expenses

Other external expenses include expenses related to distribution, bank fees, administration cost, audit, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible assets

The plant is measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. The costs for the assets includes expected costs to dismantling and disposal of the assets and restoring when the costs hereto are included as a liability.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Accounting policies

Straight-line depreciation is provided on the basis of the following estimated useful lives of the solar plant 25 years.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Receivables

Receivables are measured at amortised cost.

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.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Accounting policies

Other provisions

Other provision comprises expected costs to dismantling and disposal of the Solar power plants. Other provisions are recognized, when the Company on the date for the accounting period has a legal or actually liability, and it is possible, that fulfilment will include a consumption of the Company's economic resources.

Other provisions, which is expected to be fulfilled more than a year from the balance day, are measures to net present value of the expected payments.

The value of the demolition costs is recognized as a part of the fixed assets and is depreciated together with the relevant assets. The increase over time of the net present value of the provision is included in the Financial expenses in the Profit and Loss.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are recognised together with the secured loan.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a hedge of future transactions are recognised together with the secured loan and in equity until the realisation of the hedged transactions. If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognised in equity are transferred to the cost of the assets or liabilities. If the future transaction results in income or costs, amounts that were previously recognised in equity are transferred to the income statement for the period when the hedged item affects the income statement.

Income statement 1 January - 31 December

| | <u>Note</u> | <u>2017</u> TDKK | <u>2016</u> TDKK |
|---|-------------|---------------------|---------------------|
| Revenue | | 65.149 | 68.206 |
| Costs related to sale of electricity | | -8.546 | -9.051 |
| Other external expenses | | -623 | -629 |
| Gross profit | | 55.980 | 58.526 |
| Staff costs | 1 | -93 | 0 |
| Depreciation | | -20.370 | -20.370 |
| Profit/loss before financial income and expenses | | 35.517 | 38.156 |
| Financial income | 2 | 49 | 1.713 |
| Financial costs | 3 | -13.494 | -31.732 |
| Profit/loss before tax | | 22.072 | 8.137 |
| Tax | | -6.632 | -1.790 |
| Net profit/loss for the year | | 15.440 | 6.347 |
| Retained earnings | | 15.440 | 6.347 |
| | | 15.440 | 6.347 |

Balance sheet 31 December

| | <u>Note</u> | <u>2017</u> TDKK | <u>2016</u> TDKK |
|---|-------------|------------------------------|------------------------------|
| Assets | | | |
| Solarplant | 4 | <u>470.310</u> | <u>488.885</u> |
| Tangible assets | | <u>470.310</u> | <u>488.885</u> |
| Other receivables | | 125 | 9.249 |
| Deposits | | <u>17</u> | <u>17</u> |
| Fixed asset investments | | <u>142</u> | <u>9.266</u> |
| Fixed assets total | | <u>470.452</u> | <u>498.151</u> |
| Trade receivables | | 659 | 798 |
| Other receivables | | 356 | 0 |
| Joint taxation contributions receivable | | 494 | 0 |
| Prepayments | | <u>75</u> | <u>75</u> |
| Receivables | | <u>1.584</u> | <u>873</u> |
| Cash at bank and in hand | 5 | <u>37.125</u> | <u>53.760</u> |
| Currents assets total | | <u>38.709</u> | <u>54.633</u> |
| Assets total | | <u><u>509.161</u></u> | <u><u>552.784</u></u> |

Balance sheet 31 December

| | <u>Note</u> | <u>2017</u> TDKK | <u>2016</u> TDKK |
|--|-------------|-----------------------|-----------------------|
| Liabilities and equity | | | |
| Share capital | | 125 | 125 |
| Retained earnings | | <u>15.932</u> | <u>118</u> |
| Equity | 6 | <u>16.057</u> | <u>243</u> |
| Provision for deferred tax | | 7.365 | 134 |
| Other provisions | | <u>1.795</u> | <u>0</u> |
| Provisions total | | <u>9.160</u> | <u>134</u> |
| Subordinate loan capital | | 79.316 | 81.273 |
| Mortgage loans | | 354.089 | 400.104 |
| Corporation tax | | <u>0</u> | <u>9.124</u> |
| Long-term debt | 7 | <u>433.405</u> | <u>490.501</u> |
| Subordinate loan capital | 7 | 1.999 | 0 |
| Mortgage loans | 7 | 47.005 | 46.889 |
| Trade payables | | 1.535 | 13.794 |
| Other payables | | <u>0</u> | <u>1.223</u> |
| Short-term debt | | <u>50.539</u> | <u>61.906</u> |
| Debt total | | <u>483.944</u> | <u>552.407</u> |
| Liabilities and equity total | | <u>509.161</u> | <u>552.784</u> |
| Contingent assets, liabilities and other financial obligations | 8 | | |
| Related parties and ownership | 9 | | |

Equity

| | <u>Share capital</u> | <u>Retained earnings</u> | <u>Total</u> |
|--|----------------------|--------------------------|---------------|
| Equity at 1 January 2017 | 125 | 118 | 243 |
| Fair value adjustment of hedging instruments | 0 | 374 | 374 |
| Net profit/loss for the year | 0 | 15.440 | 15.440 |
| Equity at 31 December 2017 | 125 | 15.932 | 16.057 |

Notes to the annual report

| | <u>2017</u> TDKK | <u>2016</u> TDKK |
|------------------------------------|----------------------|----------------------|
| 1 Staff costs | | |
| Wages and salaries | 93 | 0 |
| | <u>93</u> | <u>0</u> |
| Average number of employees | <u>2</u> | <u>0</u> |
| | | |
| | <u>2017</u> TDKK | <u>2016</u> TDKK |
| 2 Financial income | | |
| Other financial income | 9 | 0 |
| Exchange gains | 40 | 1.713 |
| | <u>49</u> | <u>1.713</u> |
| | | |
| | <u>2017</u> TDKK | <u>2016</u> TDKK |
| 3 Financial costs | | |
| Financial expenses, group entities | 4.006 | 10.112 |
| Other financial costs | 9.123 | 21.329 |
| Exchange adjustments costs | 365 | 291 |
| | <u>13.494</u> | <u>31.732</u> |
| | | |
| 4 Tangible assets | | <u>Solarplant</u> |
| Cost at 1 January 2017 | | 509.255 |
| Adjustment for the year | | <u>1.795</u> |
| Cost at 31 December 2017 | | <u>511.050</u> |

Notes to the annual report

4 Tangible assets (continued)

| | <u>Solarplant</u> |
|--|------------------------------|
| Impairment losses and depreciation at 1 January 2017 | 20.370 |
| Depreciation for the year | <u>20.370</u> |
| Impairment losses and depreciation at 31 December 2017 | <u>40.740</u> |
| Carrying amount at 31 December 2017 | <u><u>470.310</u></u> |
| Interest expenses recognised as part of cost of assets | <u>3.025</u> |

| | <u>2017</u> | <u>2016</u> |
|-----------------------------------|-----------------------------|-----------------------------|
| | TDKK | TDKK |
| 5 Cash at bank and in hand | | |
| Restricted cash | 27.665 | 27.616 |
| Free cash | <u>9.460</u> | <u>26.144</u> |
| | <u><u>37.125</u></u> | <u><u>53.760</u></u> |

6 Equity

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

7 Long term debt

| | <u>2017</u> | <u>2016</u> |
|---------------------------------|-----------------------------|-----------------------------|
| | TDKK | TDKK |
| Subordinate loan capital | | |
| After 5 years | 79.316 | 81.273 |
| Between 1 and 5 years | <u>0</u> | <u>0</u> |
| Non-current portion | 79.316 | 81.273 |
| Within 1 year | <u>1.999</u> | <u>0</u> |
| | <u><u>81.315</u></u> | <u><u>81.273</u></u> |

Notes to the annual report

7 Long term debt (continued)

| | <u>2017</u> | <u>2016</u> |
|--|-----------------------|-----------------------|
| | TDKK | TDKK |
| Mortgage loans | | |
| After 5 years | 169.897 | 212.548 |
| Between 1 and 5 years | <u>184.192</u> | <u>187.556</u> |
| Non-current portion | 354.089 | 400.104 |
| Within 1 year | <u>47.005</u> | <u>46.889</u> |
| | <u>401.094</u> | <u>446.993</u> |
| Corporation tax | | |
| Between 1 and 5 years | <u>0</u> | <u>9.124</u> |
| Non-current portion | 0 | 9.124 |
| Other short-term debt to credit institutions | <u>0</u> | <u>0</u> |
| | <u>0</u> | <u>9.124</u> |

8 Contingent assets, liabilities and other financial obligations

The asset of the solar plant has been placed as security with mortgage credit institutes of 64,5 mio EUR.

The company as entered into a landlease agreement with a duration of 30 years. The landlease depends on the revenue so the total commitment cannot be measured reliably but is estimated to be between tDKK 100.000-125.000.

The company has entered into a two years agreement of asset management from March 2016. The fee for asset management depends on the revenue so the total commitment cannot be measured reliably but estimated to tDKK 25.

The company is joined taxation with the moder company Capviva Vandel Holding aps. The companies under this joint taxation are jointly and severally liable for tax on the total income subject to joint taxation.

Notes to the annual report

9 Related parties and ownership

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:

Capviva Solarpark Vandel Holding ApS

Solarpark Vandel ApS is part of the consolidated financial statements of Capviva Renewables Investment Holding S.a.r.l., which is the smallest group in which the Company is included as a subsidiary. The consolidated financial statements of Capviva Renewables Investment Holding S.a.r.l. can be obtained by contacting the Company.