Vindtestcenter Kappel A/S

c/o Momentum Gruppen A/S
Københavnsvej 4
4000 Roskilde

CVR no. 35 03 47 57

Annual report for the period 1 October 2017 to 30 September 2018

(6th Financial year)

Adopted at the annual general meeting on 30 October 2018

Andrew Ilias Macquarrie Wojtek
chairman

Contents

Statement by management on the annual report

The Board of Directors and Executive Board have today discussed and approved the annual report of Vindtestcenter Kappel A/S for the financial year 1 October 2017 - 30 September 2018.

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

It is our opinion, the financial statements give a true and fair view of the company's financial position at 30 September 2018 and of the results of the company's operations for the financial year 1 October 2017 - 30 September 2018.

Further in our opinion, management's review gives a fair review of the development in the Company's operation and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Roskilde, 30 October 2018

Executive Board

Ingmar Sören Helmke

Board of Directors

Andrew Ilias Macquarrie Wojtek Chairman	Bernhard Gierke	Ingmar Sören Helmke

Independent auditor's report

To the shareholders of Vindtestcenter Kappel A/S

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 September 2018 and of the results of the company's operations for the financial year 1 October 2017 - 30 September 2018 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of Vindtestcenter Kappel A/S for the financial year 1 October 2017 - 30 September 2018, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes (financial statements).

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.

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.

Independent auditor's report

Based on the work we have performed, in our view, that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

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:

- 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.

Independent auditor's report

- 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.

Copenhagen, 30 October 2018

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Flemming Eghoff State Authotised Public Accountant mne30221	Lasse Hartlev State Authotised Public Accountant mne34350

Company details

The company	Vindtestcenter Kappel A/S c/o Momentum Gruppen A/S Københavnsvej 4 4000 Roskilde
	CVR no.: 35 03 47 57
	Reporting period: 1 October 2017 - 30 September 2018 Incorporated: 29. January 2013
	Domicile: Roskilde
Board of Directors	Andrew Ilias Macquarrie Wojtek, chairman Bernhard Gierke Ingmar Sören Helmke
Executive Board	Ingmar Sören Helmke
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup
General meeting	The annual general meeting is held at the company's address on 30 October 2018.

Management's review

Business activities

The Company's objective is directly or through investments in other companies associated with the energy industry, to develop, operate and/or sell all kinds of renewable energy and related activities.

The company operates a wind farm located at Lolland, Denmark.

The Wind farm was completed and commissioned during the financial year 2017 meaning that the financial year 2017/2018 covers a full 12 month period of revenue/productions cost of electricity production.

Recognition and measurement uncertainties

The recognition and measurement of items in the financial statements is not subject to any uncertainty.

Development in activities and financial conditions

The Company's income statement for the financial year 1 October 2017 - 30 September 2018 shows a profit of EUR 2.068.496, and the balance sheet at 30 September 2018 shows equity of EUR 3.894.973.

The result for the period is in accordance with expetations.

Significant events occurring after end of reporting period

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

Accounting policies

The annual report of Vindtestcenter Kappel A/S for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B entities as well as selected rules applying to reporting class C.

The annual report presented cover the period 1 October 2017 to 30 September 2018. The comparative figures covers the period 1 January to 30 September 2017 as the company change it's financial year due to matching with the financial year for the parent company.

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

The annual report for 2017/18 is presented in EUR

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.

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

Income statement

Revenue

Revenue from sales of electricity are recognized in the income statement when the risk transition to the buyer has taken place, provided that the income can be made up reliably. Revenue is measured net of VAT and discounts/rebates granted. Public grants are recognized when it is likely that the grants will be received. Grants for electricity production are recognized under revenue as the corresponding revenue of electricity is recognized.

Accounting policies

Production costs

Production costs include expenses incurred to generate the period's revenue. The item includes direct and indirect expenses relating to rent, service, technical management insurence and electricity cost to grid connection well as depreciation of productive equipment.

Administrative expenses

Administrative expenses include expenses incurred in the period for company management and administration, including expenses relating to auditing fee, legal assistence, administrative service fees etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial period. Net financials include interest income and expenses, financial expenses relating to realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans.

Tax on profit/loss for the period

Tax for the period includes current tax on the year's expected taxable income and the period's deferred tax adjustments. The portion of the tax for the period that relates to the profit/loss for the period is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the remaining period. The amortisation period is 25 years.

Project rights are measured at cost less accumulated amortisation and impairment losses. Project rights are amortised on a straight-line basis over the remaining period. The amortisation period is 25 years.

The amortisation period are following the remaining period for the project.

Amortisation on intangible assets are recognised in the income statement.

Accounting policies

Impairment tests are conducted of goodwill and project rights when there are indicaions of impairment. Impairment tests are conducted in respect of individual assets or groups of assets. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are 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.

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, wages and interest.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	
Wind turbines	25	years

Impairment tests are conducted of property, plant and equipment when there are indicaions of impairment. Impairment tests are conducted in respect of individual assets or groups of assets. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount.

Investment

Investments are measured, using the equity method, at the companies' proportionate share of such enterprises' equity.

Receivables

Receivables and prepayment are measured at amortised cost.

Accounting policies

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.

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 period, 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

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

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

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.

Accounting policies

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 hedge 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 October - 30 September

	Note	1/10/2017 - 30/9/2018 EUR	1/1-30/9 2017 EUR
Revenue		**6.446.670**	**2.239.306**
Production costs		-2.169.492	-316.479
Gross Profit		**4.277.178**	**1.922.827**
Administrative costs		-122.057	-611.875
Ordinary operating profit		**4.155.121**	**1.310.952**
Financial income	1	9.023	10.813
Financial expenses	2	-1.508.557	-500.360
Profit before tax		**2.655.587**	**821.405**
Tax on profit/loss for the period	3	-587.091	-273.762
Net profit/loss for the year		**2.068.496**	**547.643**

Distribution of profit

Proposed distribution of profit

Extraordinary dividend for the year	1.125.000	0
Retained earnings	943.496	547.643
	2.068.496	**547.643**

Balance sheet 30 September

	Note	30/9/2018	30/9/2017
		EUR	EUR
Assets			
Project rights		3.129.945	3.260.935
Goodwill		46.914	48.873
Intangible assets	4	**3.176.859**	**3.309.808**
Plant and machinery		36.928.936	38.474.439
Tangible assets	5	**36.928.936**	**38.474.439**
Other investments		65.538	57.527
Fixed asset investments		**65.538**	**57.527**
Fixed assets total		**40.171.333**	**41.841.774**
Trade receivables		738.798	750.058
Other receivables		38.552	711.959
Prepayments	6	3.279.339	3.401.826
Receivables		**4.056.689**	**4.863.843**
Cash at bank		**3.367.041**	**3.309.587**
Current assets total		**7.423.730**	**8.173.430**
Assets total		**47.595.063**	**50.015.204**

Balance sheet 30 September

	Note	30/9/2018 EUR	30/9/2017 EUR
Liabilities and equity			
Share capital		68.356	68.356
Retained earnings		3.826.617	2.897.565
Equity	7	**3.894.973**	**2.965.921**
Provision for deferred tax		1.541.110	958.093
Provisions total		**1.541.110**	**958.093**
Shareholder loan		16.530.814	16.530.814
Mortgage loans		21.289.256	24.172.890
Fair value adjustment of hedging instruments		60.056	41.537
Long-term debt	8	**37.880.126**	**40.745.241**
Short-term part of long-term debt	8	4.082.591	4.126.926
Trade payables		79.172	519.023
Other payables		117.091	700.000
Short-term debt		**4.278.854**	**5.345.949**
Debt total		**42.158.980**	**46.091.190**
Liabilities and equity total		**47.595.063**	**50.015.204**
Contingent assets, liabilities and other financial obligations	9		
Related parties and ownership	10		

Equity

	Share capital	Retained earnings	Total
Equity at 1 October 2017	68.356	2.897.565	2.965.921
Extraordinary dividend paid	0	-1.125.000	-1.125.000
Fair value adjustment of hedging instruments	0	-18.518	-18.518
Tax on fair value adjustment of hedging instruments	0	4.074	4.074
Net profit/loss for the year	0	2.068.496	2.068.496
Equity at 30 September 2018	**68.356**	**3.826.617**	**3.894.973**

Notes to the annual report

		1/10/2017 - 30/9/2018	1/1-30/9 2017
		EUR	EUR
1	**Financial income**		
	Exchange gains	1.012	10.813
	Value adjustment of other investment	8.011	0
		9.023	**10.813**

2	**Financial expenses**		
	Financial expenses, group entities	991.849	123.446
	Other financial expenses	490.602	331.249
	Exchange adjustments costs	26.106	45.665
		1.508.557	**500.360**

3	**Tax on profit/loss for the period**		
	Deferred tax for the year	587.091	245.607
	Adjustment of tax concerning previous years	0	-7.503
	Adjustment of deferred tax concerning previous years	0	35.658
		587.091	**273.762**

Notes to the annual report

4 Intangible assets

	Project rights	Goodwill
Cost at 1 October 2017	3.274.762	49.083
Cost at 30 September 2018	3.274.762	49.083
Depreciation at 1 October 2017	13.827	210
Amortisation for the year	130.990	1.959
Depreciation at 30 September 2018	144.817	2.169
Carrying amount at 30 September 2018	**3.129.945**	**46.914**

5 Tangible assets

	Plant and machinery
Cost at 1 October 2017	38.637.575
Cost at 30 September 2018	38.637.575
Depreciation at 1 October 2017	163.136
Depreciation for the year	1.545.503
Depreciation at 30 September 2018	1.708.639
Carrying amount at 30 September 2018	**36.928.936**
Interest expenses recognised as part of cost of assets	618.074

6 Prepayments

Prepayments include prepaid expenses relates to subsequent financial years, including rent of land for 24 years and service costs.

Notes to the annual report

7 Equity

The share capital has developed as follows:

	2017/18	2016/17	2015/16	2014/15	2013/14
	EUR	EUR	EUR	EUR	EUR
Share capital at 1 October 2017	68.356	68.355	68.355	68.355	68.355
Additions for the year	0	1	0	0	0
Disposals for the year	0	0	0	0	0
Share capital	**68.356**	**68.356**	**68.355**	**68.355**	**68.355**

The share capital comprises 510.001 shares of nominal value of DKK 1,000 each. All shares rank equally.

8 Long term liabilities

	Debt at 1 October 2017	Debt at 30 September 2018	Payment within 1 year	Debt after 5 years
Shareholder loan	16.642.710	16.780.814	250.000	16.530.814
Mortgage loans	28.187.920	25.121.847	3.832.591	9.024.966
Fair value adjustment of hedging instruments	41.537	60.056	0	0
	44.872.167	**41.962.717**	**4.082.591**	**25.555.780**

9 Contingent assets, liabilities and other financial obligations

Other contingent liabilities
The company has a pledge for HSH Nordbank where they have given a security transfer of equipment / machinery. The book value of the assets is EUR 44.162.484 as per 30 September 2018.

Notes to the annual report

10 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:

Pangaea Renewables GmbH & Co. KG, Valentinskamp 70, D-20355 Hamburg, Germany