Vindtestcenter Kappel A/S

c/o Momentum Gruppen A/S, Københavnsvej 81, DK-4000 Roskilde

Annual Report for 1 October 2018 - 30 September 2019

CVR No 35 03 47 57

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 14/11 2019

Andrew Ilias Macquarrie Wojtek
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Vindtestcenter Kappel A/S for the financial year 1 October 2018 - 30 September 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 30 September 2019 of the Company and of the results of the Company operations for 2018/19.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Roskilde, 14 November 2019

Executive Board

Ingmar Sören Helmke	Kim Madsen

Board of Directors

Andrew Ilias Macquarrie Wojtek Chairman	Bernhard Gierke	Ingmar Sören Helmke

Independent Auditor's Report

To the Shareholder of Vindtestcenter Kappel A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2019 and of the results of the Company's operations for the financial year 1 October 2018 - 30 September 2019 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 2018 - 30 September 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the 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 Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

Independent Auditor's Report

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 judgement and maintain professional scepticism 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.

Independent Auditor's Report

- 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, 14 November 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Flemming Eghoff
State Authorised Public Accountant
mne30221

Steffen Kaj Pedersen
State Authorised Public Accountant
mne34357

Company Information

The Company	Vindtestcenter Kappel A/S c/o Momentum Gruppen A/S Københavnsvej 81 DK-4000 Roskilde CVR No: 35 03 47 57 Financial period: 1 October - 30 September Municipality of reg. office: Roskilde
Board of Directors	Andrew Ilias Macquarrie Wojtek, Chairman Bernhard Gierke Ingmar Sören Helmke
Executive Board	Ingmar Sören Helmke Kim Madsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's Review

The Financial Statements of Vindtestcenter Kappel A/S for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

Key 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.

Development in the year

The income statement of the Company for 2018/19 shows a profit of EUR 2,361,978, and at 30 September 2019 the balance sheet of the Company shows equity of EUR 4,057,610.

The result for the period is in accordance with expetations.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 October - 30 September

	Note	2018/19	2017/18
		EUR	EUR
Revenue		**7,951,022**	**6,446,670**
Production costs		-3,136,711	-2,169,492
Gross profit/loss		**4,814,311**	**4,277,178**
Administrative expenses		-269,330	-122,057
Operating profit/loss		**4,544,981**	**4,155,121**
Financial income		644	9,023
Financial expenses	1	-1,459,818	-1,508,557
Profit/loss before tax		**3,085,807**	**2,655,587**
Tax on profit/loss for the year	2	-723,829	-587,091
Net profit/loss for the year		**2,361,978**	**2,068,496**

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid	2,040,000	1,125,000
Proposed dividend for the year	2,542,000	0
Retained earnings	-2,220,022	943,496
	2,361,978	**2,068,496**

Balance Sheet 30 September

Assets

	Note	2019	2018
		EUR	EUR
Project rights		2,998,955	3,129,945
Goodwill		44,951	46,914
Intangible assets	3	**3,043,906**	**3,176,859**
Plant and machinery		35,585,212	36,928,936
Property, plant and equipment	4	**35,585,212**	**36,928,936**
Other investments		66,096	65,538
Fixed asset investments		**66,096**	**65,538**
Fixed assets		**38,695,214**	**40,171,333**
Trade receivables		697,382	738,798
Other receivables		4,530	38,552
Prepayments	5	3,151,884	3,279,339
Receivables		**3,853,796**	**4,056,689**
Cash at bank and in hand	6	**3,095,198**	**3,367,041**
Currents assets		**6,948,994**	**7,423,730**
Assets		**45,644,208**	**47,595,063**

Balance Sheet 30 September

Liabilities and equity

	Note	2019	2018
		EUR	EUR
Share capital		68,356	68,356
Retained earnings		1,447,254	3,826,617
Proposed dividend for the year		2,542,000	0
Equity		**4,057,610**	**3,894,973**
Provision for deferred tax		2,187,855	1,541,110
Other provisions		980,951	0
Provisions		**3,168,806**	**1,541,110**
Mortgage loans		18,223,176	21,289,256
Payables to group enterprises		16,530,814	16,530,814
Corporation tax		32,142	0
Other payables		242,386	53,620
Long-term debt	7	**35,028,518**	**37,873,690**
Mortgage loans	7	3,066,073	3,832,591
Trade payables		51,248	79,172
Payables to group enterprises	7	250,000	250,000
Other payables	7	21,953	123,527
Short-term debt		**3,389,274**	**4,285,290**
Debt		**38,417,792**	**42,158,980**
Liabilities and equity		**45,644,208**	**47,595,063**
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Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	EUR	EUR	EUR	EUR
Equity at 1 October	68,356	3,826,617	0	3,894,973
Extraordinary dividend paid	0	-2,040,000	0	-2,040,000
Fair value adjustment of hedging instruments, end of year	0	-204,283	0	-204,283
Tax on adjustment of hedging instruments for the year	0	44,942	0	44,942
Net profit/loss for the year	0	-180,022	2,542,000	2,361,978
Equity at 30 September	**68,356**	**1,447,254**	**2,542,000**	**4,057,610**

Notes to the Financial Statements

	2018/19	2017/18
	EUR	EUR
1 Financial expenses		
Interest paid to group enterprises	991,849	991,849
Other financial expenses	434,623	490,602
Exchange adjustments, expenses	33,346	26,106
	1,459,818	**1,508,557**

	2018/19	2017/18
	EUR	EUR
2 Tax on profit/loss for the year		
Current tax for the year	32,142	0
Deferred tax for the year	691,687	587,091
	723,829	**587,091**

3 Intangible assets

	Project rights	Goodwill
	EUR	EUR
Cost at 1 October	3,274,762	49,083
Cost at 30 September	3,274,762	49,083
Impairment losses and amortisation at 1 October	144,817	2,169
Amortisation for the year	130,990	1,963
Impairment losses and amortisation at 30 September	275,807	4,132
Carrying amount at 30 September	**2,998,955**	**44,951**

Notes to the Financial Statements

4 Property, plant and equipment

	Plant and machinery EUR
Cost at 1 October	38,637,575
Additions for the year	210,951
Cost at 30 September	38,848,526
Impairment losses and depreciation at 1 October	1,708,639
Depreciation for the year	1,554,675
Impairment losses and depreciation at 30 September	3,263,314
Carrying amount at 30 September	**35,585,212**
Interest expenses recognised as part of cost	618,074

5 Prepayments

Prepayments include prepaid expenses relates to subsequent financial years, including rent of land for 23 years and service costs.

6 Cash at bank and in hand

In connection with the company's mortgage loan at HCoB Bank, the company has provided a cash account of EUR 1,775,310 as a guarantee to the bank for future payments of installments on the loan. The company's free cash amounts to EUR 1,319,888 at 30 September 2019 .

Notes to the Financial Statements

7 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2019	2018
	EUR	EUR
Mortgage loans		
After 5 years	7,507,680	9,024,966
Between 1 and 5 years	10,715,496	12,264,290
Long-term part	18,223,176	21,289,256
Within 1 year	3,066,073	3,832,591
	21,289,249	**25,121,847**
Payables to group enterprises		
Between 1 and 5 years	16,530,814	16,530,814
Long-term part	16,530,814	16,530,814
Other short-term debt to group enterprises	250,000	250,000
	16,780,814	**16,780,814**
Corporation tax		
Between 1 and 5 years	32,142	0
Long-term part	32,142	0
Within 1 year	0	0
	32,142	**0**
Other payables		
After 5 years	155,490	33,024
Between 1 and 5 years	86,896	20,596
Long-term part	242,386	53,620
Within 1 year	21,953	6,436
Other short-term payables	0	117,091
Short-term part	21,953	123,527
	264,339	**177,147**

Notes to the Financial Statements

8 Contingent assets, liabilities and other financial obligations

Service contract obligations

	2019 EUR	2018 EUR
Service contract obligations. Total future lease payments:		
Within 1 year	448,323	422,125
Between 1 and 5 years	2,715,612	2,450,997
After 5 years	2,636,639	3,469,164
	5,800,574	**6,342,286**

Other contingent liabilities

The company has a pledge for HCOB Bank where they have given a security transfer of plant and machinery. The book value of the assets is 35,585,212 EUR as per 30 September 2019.

9 Related parties

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

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

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of Vindtestcenter Kappel A/S for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

With regards to the true and fair view of the financial statements, certain reclassifications have been made in the balance sheet and notes. Comparative figures have been adjusted accordingly.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018/19 are presented in EUR.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

10 Accounting Policies (continued)

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Income Statement

Revenue

Revenue from the sale of electricity is recognised when the risks and rewards relating to the electricity sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Production costs

Production costs comprises costs incurred to achieve revenue for the year. Cost comprises direct and indirect expenses relaing to rent, service, technical management, insurance and electricity costs to grid connection as well as depreciation of productive equipment and project rights.

Production costs also includes amortisation of goodwill to the extent that goodwill relates to production activities.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and production costs.

Notes to the Financial Statements

10 Accounting Policies (continued)

Administrative expenses

Administrative expenses comprise expenses for management administration and expenses relating to auditing fee, legal assistance, administrative services etc.

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 realised and unrealised capital/exchange gains and losses on securities, foreign currency transactions and amortisation of mortgage loans.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 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.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Notes to the Financial Statements

10 Accounting Policies (continued)

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	25 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

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

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent of land, service costs and insurance.

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Provisions comprise expected expenses relating to decomissioning and dismantling of wind turbines etc. and provision for performance fee based on estimated production. Provisions are measured and recognised based on experience with contractual agreements.

Notes to the Financial Statements

10 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.