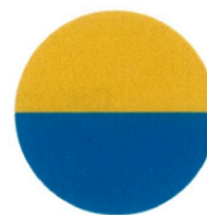


VATTENFALL



Vattenfall Vindkraft Horns Rev 3 P/S

Exnersgade 2, 6700 Esbjerg

CVR no. 36 68 76 06

Annual Report 2018

Approved at the annual general meeting of shareholders on

Chairman:

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Vattenfall Vindkraft Homs Rev 3 P/S for the financial year 1 January - 31 December 2018.

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 Company's financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Esbjerg,
Executive Board:

Martin Zappe
CEO

Board of Directors:

Michael Thorndahl Simmelsgaard
Chairman

Jonas Von Mansfeld

Jacob Nørgaard Andersen

Independent auditors' report

To the shareholders of Vattenfall Vindkraft Homs Rev 3 P/S

Opinion

We have audited the financial statements of Vattenfall Vindkraft Homs Rev 3 P/S for the financial year 1 January – 31 December 2018, which comprise income statement, balance sheet and notes, including accounting policies. The financial statements are 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 of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 as to 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 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 the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and 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 auditors' 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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's review.

Copenhagen,
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Karsten Bøgel
State Authorised Public Accountant
mne27849

Management's review

Business review

The Company's activity is to develop, construct, run and own energy production plants and develop energy production together with other related activities.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements for the year 1 January - 31 December

Income statement

Note	DKK'000	2018	2017
	Gross profit/loss	-28,793	533
	Financial income	22,171	8,387
	Financial expenses from group enterprises	-5,577	-11,717
	Financial expenses	-9,699	-305
	Result before tax	-21,898	-3,102
	Tax on profit/loss for the year	0	-47
	Net profit/loss for the year	-21,898	-3,149
	Proposed profit appropriation/distribution of loss		
	Retained earnings/accumulated loss	-21,898	-3,149
		-21,898	-3,149

Financial statements for the year 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	ASSETS		
	Fixed assets		
3	Property, plant and equipment		
	Property, plant and equipment under construction	5,810,442	2,103,120
	Total property, plant and equipment	5,810,442	2,103,120
	Total fixed assets	5,810,442	2,103,120
	Non-fixed assets		
	Receivables		
	Receivables from group enterprises	0	11,490
	Other receivables	381,583	11,601
	Prepayments	29	29
	Total receivables	381,612	23,120
	Total non-fixed assets	381,612	23,120
	TOTAL ASSETS	6,192,054	2,126,240

Financial statements for the year 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	100,501	100,500
	Share premium	2,249,999	900,000
	Restricted equity	6,890	1,134
	Retained earnings	627,725	-250,378
	Total equity	2,985,115	751,256
	Provisions		
	Provisions	265,186	99,666
	Total provisions	265,186	99,666
	Liabilities		
	Current liabilities		
	Trade payable	2,344,269	50,984
	Payable to group enterprises	597,264	1,224,234
	Other payable	220	100
	Total current liabilities	2,941,753	1,275,318
	Total liabilities	2,941,753	1,275,318
	TOTAL EQUITY AND LIABILITIES	6,192,054	2,126,240

- 1 Accounting policies
- 2 Employee costs
- 4 Derived financial instruments
- 5 Related parties

Financial statements for the year 1 January - 31 December Notes to the financial statements

1

Accounting policies

Vattenfall Vindkraft Horns Rev 3 P/S' annual report for 2018 has been prepared in accordance with the provisions which apply to reporting class B entities under the Danish Financial Statements Act and elective choice of certain provisions applying to reporting class C entities.

The financial statement is reported after same accounting policies as last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 recognized in the most recent financial statements is recognized in the income statement as financial income or financial expenses.

Income statement

Gross profit

Gross profit includes costs for other external costs.

Other external costs

Other external costs includes expenses that cannot be capitalized on the project.

Financial income and expenses

Financial income and expenses are recognized in the income statements at the amounts that concern the financial year. The items comprise interest income and expenses, realized and unrealized capital gains and losses on transactions denominated in foreign currencies as well as amortization of financial assets and liabilities.

Tax

The limited partnership company is tax transparent and therefore is not independently taxable of its income. The individual partners in the company is therefore responsible for the tax. As a result of this, there is no current or deferred tax is recognized in the financial statements

Balance sheet

Property, plant and equipment

Property, plant and equipment in the course of construction are recognized as property, plant and equipment in the course of construction in the balance sheet until the application date. After the application date, these assets are transferred to the relevant financial statement items under property, plant and equipment.

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use. Subsequent costs, for example the replacement of components of property, plant and equipment, are recognized in the carrying amount of the asset, when it is probable that the cost will result in future economic benefits for the entity.

As regards self-developed assets, the cost includes the cost of materials and labour, etc. directly relating to the development.

The depreciation basis is calculated taking into account the residual value of the asset and reduced by any write-downs. The depreciation period and residual value are determined at the time of acquisition and are reviewed annually

Impairment tests are conducted of property, plant and equipment when there are indications 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 realizable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount.

Financial statements for the year 1 January - 31 December Notes to the financial statements

Receivables

Receivables are measured at amortized cost, which is usually equivalent to the nominal value. Write-down is made of the value for anticipated bad debt losses.

Provisions

Provisions comprise expected future costs for dismantling and restoring the production plant, etc.

Provisions are recognized when the enterprise has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Provisions that are expected to be repaid later than one year after the balance sheet date are measured at the present value of the expected payments. Other provisions are measured at net realizable value.

The value of provisions related to dismantling and restoring the production plant is recognized as property, plant and equipment and depreciated together with the relevant assets. The increase in the present value due to passage of time is recognized in the income statement as financial expenses.

Liabilities

Financial liabilities comprising trade payables, amounts owed to group entities as well as other payables are recognized at the date of borrowing at cost. In subsequent periods, financial liabilities are measured at net realizable value.

Other liabilities are measured at net realizable value.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognized at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognized asset or liability are recognized in the income statement along with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognized in other receivables or other payables, respectively, and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognized in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognized in the income statement on a current basis.

Financial statements for the year 1 January - 31 December
Notes to the financial statements

2 Employee costs

The Company has no employees in 2018 and 2017.

3 Property plant and equipment

	Property, plant and equipment under construction DKK 000'
Cost at 1 January 2018	2,103,120
Additions	3,707,322
Cost at 31 December 2018	5,810,442
Impairment losses and depreciations at 1 January 2018	0
Depreciations	0
Impairment losses and depreciations 31 December 2018	0
Carrying amount at 31 December 2018	5,810,442

4 Derived financial instruments

The Company signed a hedging agreement on fuel in 2017. This hedging agreement had a value of DKK 1,134 thousand, which was recognized in the balance in 2017. The financial contract agreement had a value of DKK 7,461 thousand, which also was recognized in the balance in 2017.

The Company has signed no hedging agreements on fuel in 2018.

In 2018 the company has secured fixed rates for future payments. The financial contracts had a value of DKK 6,890 thousand, which was recognized in both the balance and the equity.

5 Related parties

Vattenfall Vindkraft Horns Rev 3 P/S' related parties comprise the following:

Parties exercising control

Vattenfall Vindkraft A/S, CVR.nr.: 31 59 75 44, Jupitervej 6, 6000 Kolding, Denmark, which exercises control.

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Vattenfall AB	Stockholm, Sweden	Vattenfall AB SE-169 92 Stockholm, Sweden
		https://corporate.vattenfall.com/investors/financial-reports/