Vandel Sol ApS

Koldinghus Alle 1
Bregentved
DK-4690 Haslev

CVR no. 37 36 36 50

Annual Report for 2019

The Annual Report was presented and adopted at the Annual General Meeting on 1 April 2020

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Anders Dolmer
Chairman of the General Meeting

Contents

Statement by Management on the Annual Report

The Executive Board have today considered and approved the Annual report of Vandel Sol ApS for the financial year 1 January 2019 - 31 December 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 Company's financial position at 31 December 2019 and of the results of its operations for the financial year 1 January 2019 - 31 December 2019.

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

We recommend the Annual Report for adoption at the Annual General Meeting.

Haslev, 1 April 2020

Executive Board

Jacob Simonsen

Anders Dolmer

Independent Auditor's Report

To the shareholder of Vandel Sol ApS

Opinion

We have audited the financial statements of Vandel Sol ApS for the financial year 1 January 2019 - 31 December 2019, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 2019 and of the results of the company's operations for the financial year 1 January 2019 - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor's responsibilities for the audit of the financial statements” section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional 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.

- 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, 1 April 2020

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Martin Eiler
State authorized public accountant
MNE no. mne32271

Company details

The Company	Vandel Sol ApS Koldinghus Alle 1 Bregentved DK-4690 Haslev CVR no. 37 36 36 50 Financial period: 1 January 2019 – 31 December 2019 Incorporated: 12 January 2016
Executive Board	Jacob Simonsen Anders Dolmer
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 DK-2100 København Ø

Income Statement 1 January 2019 – 31 December 2019

	Note	2019 TDKK	2018 TDKK
Gross profit/loss		**18.771**	**18.521**
Depreciations		-8.038	-8.038
Operating profit/loss		**10.733**	**10.483**
Financial income		0	20
Financial expenses	3	-5.124	-5.844
Profit/loss before tax		**5.609**	**4.659**
Tax	4	-1.232	-1.340
Net profit/loss for the year		**4.377**	**3.319**
Proposed distribution of profit/loss			
Retained earnings		4.377	3.319
		4.377	**3.319**

Business activities	1
Staff costs	2

Balance Sheet 31 December

Assets	Note	2019	2018
		TDKK	TDKK
Solarplant	5	176.838	184.876
Tangible assets		**176.838**	**184.876**
Fixed assets total		**176.838**	**184.876**
Trade receviables		252	187
Other receivables		203	187
Deferred tax asset		1.095	510
Prepayments		76	169
Receviables		**1.626**	**1.054**
Cash at bank and in hand		**11.768**	**13.653**
Current assets total		**13.394**	**14.707**
Assets total		**190.232**	**199.583**

Balance Sheet 31 December

Equity and Liabilities	Note	2019	2018
		TDKK	TDKK
Share capital	6	50	50
Retained earnings		6.720	3.901
Equity		**6.770**	**3.951**
Other provisions		980	980
Provisions total		**980**	**980**
Subordinate loan capital		38.523	42.388
Mortgage loans		122.910	134.740
Other payables		5.346	3.348
Non-current liabilities other than provisions	7	**166.779**	**180.476**
Mortgage loans	7	11.877	11.831
Trade payables		249	145
Join taxation contributions payable		1.378	1.297
Payables to group enterprises		2.199	903
Current liabilities other than provisions		**15.703**	**14.176**
Liabilities other than provisions		**182.482**	**194.652**
Equity and Liabilities total		**190.232**	**199.583**

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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	50	3.901	3.951
Fair value adjustment of hedging instruments	0	-1.558	-1.558
Net profit/loss for the year	0	4.377	4.377
Equity at 31 December	**50**	**6.720**	**6.770**

Notes to the Annual Report

1 Business activities

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

	2019	2018
2 Staff costs		
Average number of employees	2	2

	2019	2018
	TDKK	TDKK
3 Financial expenses		
Financial expenses, group entities	2.001	2.091
Other financial costs	2.597	2.834
Exchange rate losses	526	919
	5.124	**5.844**

	2019	2018
	TDKK	TDKK
4 Tax		
Current tax from joint taxation/ current tax	1.378	1.297
Change in deferred tax	-146	150
Adjustment concerning previous years	0	-107
	1.232	**1.340**

	Solarplant
	TDKK
5 Tangible assets	
Cost at 1 January	200.952
Cost at 31 December	**200.952**
Impairment losses and depreciation at 1 January	-16.076
Depreciation for the year	-8.038
Impairment losses and depreciation at 31 December	**-24.114**
Carrying amount at 31 December	**176.838**
Interest expenses recognized as part of cost of assets	1.396

6 Share capital

The Share capital consists of 50.000 shares of a nominal value of DKK 1. No shares carry any special rights. There have been no changes in the share capital since the Company's beginning.

	2019	2018
	TDKK	TDKK
7 Liabilities other than provisions		
Subordinate loan capital		
After 5 years	38.523	42.388
Between 1 and 5 years	0	0
Non-current portion	**38.523**	**42.388**
Within 1 year	0	0
	38.523	**42.388**
Mortgage loans		
After 5 years	74.971	86.991
Between 1 and 5 years	47.939	47.749
Non-current portion	**122.910**	**134.740**
Within 1 year	11.877	11.831
	134.787	**146.572**
Other payables		
After 5 years	5.346	3.348
Between 1 and 5 years	0	0
Non-current portion	**5.346**	**3.348**
Within 1 year	0	0
	5.346	**3.348**

8 Derivative Financial instruments

The Company has entered three interest rate swap contracts recognized as non-current other payables. The interest rate swaps are recognized at a negative fair value of DKK 5.346 thousand. The principal amount is EUR 25.288 thousand equivalent to DKK 188.245 thousand. The Company swaps from floating interest rates to fixed interest rates. The interest rate swaps will expire between the next 7-15 years.

9 Contingent assets, liabilities and other financial obligations

Charges and securities
As security for mortgage debt totaling DKK 140.132 thousand, the Company has granted charges totaling EUR 22.950 thousand equivalent to DKK 171.430 thousand on solarplants carried at DKK 176.838 thousand at 31 December 2019.

Rental and lease obligations
The Company has entered a land lease agreement with a duration of 30 years until 2047. The land lease depends on the revenue so the total commitment cannot be measured reliably but is estimated to be between DKK 400-500 thousand per year.

Additionally, the Company has an operation and maintenance agreement with a duration for at least 18 years until 2035. The operation and maintenance agreement cost mainly depends on the revenue so the total commitment cannot be measured reliably but is estimated to be between DKK 1.500-1.750 thousand per year.

Furthermore, a commercial and technical asset management agreement has been entered which cannot be terminated for at least 1 year. The remaining liability is DKK 250 thousand.

Other contingencies
The Entity participates in a Danish joint taxation arrangement in which Capviva Solarpark Vandel Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and for obligation, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

10 Related parties and 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.

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

11 Accounting Policies

The Annual Report of Vandel Sol ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities with addition from higher accounting class. The Annual Report for 2019 is presented in TDKK. The accounting policy is unchanged compared to last year.

Basis of recognition and measurement

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

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

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

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

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

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

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.

11 Accounting Policies (continued)

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, land lease, electricity costs etc. used in generating the year's revenue.

Other income

Other income comprises items secondary to the Company's activities, including insurance reimbursements.

Other external expenses

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

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, cost related to sales of electricity, other income and other external expenses.

Depreciations

Depreciation, amortization and impairment losses relating to plant comprise by depreciation, amortization and impairment losses for the financial year, calculated based on the residual values and useful lives of the individual assets.

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.

11 Accounting Policies (continued)

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 include 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.

Straight-line depreciation is provided on the basis of the estimated useful life of the solar plant of 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.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

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.

11 Accounting Policies (continued)

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.

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.

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 included in other receivables or other payables, respectively.

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