

**Windpark Krammer B.V.**  
**Vlissingen**

Report on the annual accounts 2019

April 7, 2020

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Windpark Krammer B.V.

**Annual accounts 2019**

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## Management board's report

### 1. General

The principle objective of Windpark Krammer BV is to develop, realize and operate & maintain a 102 MW windfarm on and adjacent to the locks of Krammer (Dutch: Krammer sluizencomplex) in the Province of Zeeland. The total investment of windfarm Krammer amounts to over €195 million and is based on project financing. The shareholders of Windpark Krammer are Deltawind-Zeeuwind Holding (51%) en Enercon IPP (49%).

The construction of the windfarm started in January 2017 and the works were completed in March 2019. From April 2019 the operational phase started.

### 2. The year 2019

In 2019 the first three months focused on finalizing the construction and commissioning of the windfarm. The contractual milestone "Project Completion" was reached before the targeted date of 31st of March 2019. On 15 May 2019 the official inauguration of windfarm Krammer was done by King Willem-Alexander in the presence of special guests, members of Zeeuwind, Deltawind and colleagues of Enercon and the WPK-team. From 16 May until 18 May 2019 KrammerFest was organized for member of the project teams, the construction workers and the neighbours. The events were a great success.

In April 2019 the operational phase started. Members of the construction team left the project to work on other wind farms. The Asset Management team was installed. Production during the year 2019 lagged slightly on the predicted P50 values, mainly due to a nationwide lower windspeed in 2019.

### 3. Financial situation and results in 2019

#### Project completed in time and within budget

As per the date of Project Completion, on 27 March 2019, total investments in the development and realization of the windfarm amounted to 195,8 million euro. It is save to conclude that the windfarm has been constructed in time and within budget. Or in other words, the 10 million euro contingency budget has not been used.

By that date another 5 million euro was still to be spent on various items including a final settlement with turbine supplier Enercon (variation orders). These additional expenses were intended to be paid, and to the extent that it has come to a payment have actually been paid from still available equity. Of this 5 million euro, an amount of 582 thousand euro was still outstanding on 31 December (and is still as per date of this report).

As a result, an amount of more than ten million euro could be canceled under the Term Loan Facilities. On top of the cancellation, an amount of 14,9 million euro has been repaid from the early revenues (post take-over revenues) leading to a loan amount under the Term Loan Facilities of 139,7 million euro whereas 164,9 million euro was committed by the four lending banks.

Distribution of dividend and public participation bond

2019 was the first year in which dividends have been paid out. Taking into account a distribution test, an amount of 8,5 million euro has been made available to our shareholders.

2019 was also the first year for a mezzanine loan distribution to Enercon and the public participation bond holders. Stichting Obligatiehouders Windpark Krammer received a compensation for expenses as contractually agreed. No 'bonus interest' was paid out as the production volume in reference year, and construction year, 2018 did not meet the hurdle of 314 GWh.

**4. An outlook to 2020**

In 2020 the target is to achieve a high production and income stream. This is going to be managed in several ways.

- 1) Secure a high availability in accordance with the EPK contract. The technical issues which might occur in the early stage of the operation phase need to be solved in an adequate way. The Technical Operational Management of the windfarm is contracted to Outsmart. Together with the asset managers of WPK they will follow up all technical items with Enercon .
- 2) Also attention shall be given to the improvement of the performance of several auxiliary system, such as DT Bird, DT Bat and the Icing Detection system. These systems contribute to a safe and smooth operation of the windfarm in accordance with permits and legislation, but the number of "false" detections shall be limited to a minimum.
- 3) Improve the upside sharing mechanism in the PPA, by beating the SDE-factors and curtailing when possible.

The focus on safety will also be maintained in the Operation & Maintenance Phase. The management of WPK will develop and implement a safety awarding system for the personnel of the contractors.

Furthermore, WPK shall continue the good relations with the stakeholders (neighbours and authorities).

Goal is also to follow up on the implementation of the system that triggers aviation lighting by radar-detection. A process that was started in 2017.

Power Purchase Agreements

Calendar year 2020 is the first full operational year. As the preliminary settlements with the 4 offtakers turned out to be cumbersome for all parties involved, a new mechanism will be prepared in the operating committee. For this new mechanism to be implemented in 2021 it needs to be finalized, including bank approval, before November 2020.

## 5. Risks

After completion of the windfarm there are no construction risks left anymore. The following key risks in the Operation & Maintenance Phase are identified:

- Less wind then predicted.  
*Mitigation - not possible to mitigate*
- Interruptions due to false detections by DT Bird system.  
*Mitigation - we work together with DT Bird to improve the detection system and expect improvements in the course of the year 2020.*
- Damaged to cables due to digging works by third parties on Site.  
*Mitigation - all cables are duly registered and visibla when a KLIC-notification is done.*
- No or limited maintenance possibilities in breeding season.  
*Mitigation - with the construction of sphalt hard stand the changes of breeding close to the turbines is limited. We have reduced the changes that large large cranes cannot be installed when necessary.*

## 6. COVID-19

### Power Purchase Agreements

The production of electricity generated from wind is not affected by economic cycles or social crises such as COVID-19. Being a subsidized activity, it can be considered resilient and with 4 large corporates as offtakers, the implemented PPA structure is a strong risk mitigation factor. With respect to these 4 offtakers, we refer to the recently published statements in the light of the current corona crisis.

On 23 March 2020, Koninklijke Philips NV issued a press release reaffirming the company's robust balance sheet and liquidity position, stating that a EUR 1.5 billion share repurchase program for 2020 will continue given the solid financial performance. Under this share repurchase program forward transactions are being used to maintain a liquidity buffer to absorb possible further impact of the COVID-19 pandemic.

On 26 March 2020, Koninklijke DSM NV issued a statement regarding the company's mitigation efforts towards COVID-19's influence on production, with the goal of keeping production facilities operational. Additionally, the balance sheet and liquidity position appear robust in the face of the pandemic, as an ongoing share repurchase program of EUR 1 billion remains unaffected, with a rough total of EUR 300 million worth of shares being repurchased in the course of March 2020 alone.

As a subsidiary of Alphabet Inc, Google LLC has not published press releases relating specifically to the business impact of COVID-19 on the financial performance of the company. An internal e-mail from Google CEO Sundar Pichai dated March 11, 2020, stipulates that working processes are adjusted to accommodate for remote working and improved safety measures while maintaining business output. Additionally, support is granted to local governments in the form of financial donations and capacity to employ Google infrastructure and resources in the mitigations efforts toward COVID-19.

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A press release issued by Nouryon Chemicals B.V. on 27 March 2020 details response efforts to mitigate the impact of COVID-19 on the operations, such as travel restrictions and work environment guidelines. The products of the company, by virtue of purpose and necessity, are stated to generally fall within “essential business” exceptions of laws and directives enacted to combat COVID-19. As such, the supply of the company’s product portfolio to market is aimed to be secured

#### Operation & Maintenance by Enercon

On 23 March 2020 issued a statement i.a. referring to possible problems in the supply chain stating that “there is only a limited global supply risk, as the availability of substitutes was reviewed and ensured at an early stage. If there is no option to revert to substitutes, it is possible to fall back on existing stock in some cases. At the current time, there is no general disruption to ENERCON’s supply chains and thus no general negative impact on project progress as a result of the coronavirus.”

As a summary, the following was added in the statement: “Like all other industrial companies across the world, the situation has forced ENERCON into reaction mode. However, the global Crisis Management is anticipating a variety of possible scenarios and is proactively preparing for them. The company is therefore confident that severe and targeted measures to safeguard employees’ health and the company’s operational capacity to act will succeed in alleviating the inevitable impact if the dynamic situation were to intensify further.”

#### Electricity prices

The long term impact of the corona crisis on the electricity prices is difficult to predict, as it depends on many factors as the length of the crisis and the recovery of the economy. On the short term, the slowdown of the economy and the decreasing demand for oil and gas lead to falling electricity prices. Under the PPAs however the impact of lower electricity prices is low as the PPAs mirror the SDE+ scheme to mitigate the impact of the minimum correction price of €29/MWh as applied under the SDE scheme. As from 2022 the PPAs contain an extra cushion below the minimum correction price at the level of €21,80/MWh. In case the correction price falls beneath €29/MWh, we will be compensated under the PPAs with a maximum of €7.20/MWh. Until 2022, the extra cushion in the PPAs is €26,09/MW. We will be compensated for any negative difference between the APX electricity price and the guaranteed floor price.

We would like to bring into memory that a financial sensitivity analysis was run at the request of the banks in 2017, prior to financial close. In this analysis which was made in a P90 wind scenario (bank case), electricity prices were set at EUR 0,00 for the entire tenor of the senior debt, i.e. until September 2033. The outcome was that senior debt can still be fully repaid in line with the agreed schedule and timeframe. In this scenario, repayment of the mezzanine loans would be limited to approx. 14 million euro leaving an amount of approx. 20 million euro to be repaid only after September 2033. Dividend payments until 2033 would be limited to approx. 12 million euro.

We would like to point out that this analysis is based i.a. on a senior debt amount of 164.9 million euro as per the date of project completion whereas, as stated before, the actual amount due to cancellation and a prepayment as per that very date was 139,7 million euro.

In conclusion, we consider it safe to say that the business case is solid and that the COVID-19 crisis currently ravaging the world, is not likely to have a big impact on the 2020 financial outlook for Windpark Krammer. Previously expressed forecasts will not be adjusted in the light of this crisis.

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## 7. Legal

On the subject of the dispute with Schouwen-Duiveland on the municipal fees for the building permit we foresee in 2020 a final verdict of the Court of Justice. Although we have tried to settle the matter over the last couple of months, we jointly came to the conclusion that having a verdict by an independent third party is the best solution. The Court of Justice has recently been notified.

## 8. Organization

WPK doesn't employ their own personnel but hires advisors and specialists in the market. Following team members are hired for the operational phase:

Director	Tijmen Keesmaat (Greentrust)
Financial Manager:	Niels de Fijter (IN.Credible)
Asset Managers:	Niek Tramper (Zeeuwind) & Gijs van Hout (Deltawind)
Office Managers:	Annelies van den Brink (Deltawind)
Financial Administrator:	Mirjam Lugtenburg (Deltawind) & Matthijs Geldof (Zeeuwind)
Communication Manager:	Gwen ter Horst (Greentrust)
Contract Manager:	Klaas Guldie (Greentrust)

Furthermore the following companies are contracted for operational services:

Enercon Services:	Maintenance and services
Outsmart:	Operation
DNWG:	HV installation management

## 9. Supervisory Board

The Supervisory Board of WPK consists of Jaap Huisman (chairman), Jan-Willem van der Graaf and Hans-Dieter Kettwig. Below you will find the position and ancillary function of them:

Mr. Jaap Huisman

Mr. Jan-Willem van der Graaf

Mr. Hans-Dieter Kettwig

Bruinisse, April 7, 2020

Tijmen Keesmaat  
Director of Windpark Krammer B.V.

Windpark Krammer B.V.

**Financial statements**

**Balance sheet as at December 31, 2019**  
(before appropriation of result)

	31 December 2019		31 December 2018	
	€	€	€	€
<b>Assets</b>				
<b>Fixed assets</b>				
<b>Tangible fixed assets</b>				
Fixed assets	182.405.272		172.293.584	
Fixed assets under construction	-		11.758.868	
		182.405.272		184.052.452
<b>Current assets</b>				
<b>Receivables</b>				
Trade debtors	376.409		2.527.282	
Taxes	285.025		7.308.139	
Other receivables and accrued income	3.477.841		3.733.070	
		4.139.275		13.568.491
<b>Cash</b>		6.959.520		20.343.838
		193.504.067		217.964.781

	31 December 2019		31 December 2018	
	€	€	€	€
<b>Liabilities</b>				
<b>Equity</b>				
Called-up share capital	20.000		20.000	
Premium reserve	30.001.559		30.001.559	
Other reserves	-5.670.532		-108.208	
Unappropriated result	7.196.259		2.916.578	
		31.547.286		32.829.929
<b>Provisions</b>				
Deferred tax liabilities	1.696.445		702.092	
Other provisions	1.601.369		410.067	
		3.297.814		1.112.159
<b>Long-term debts</b>				
Bank loans	120.082.508		131.838.179	
Shareholders' Long term loan	11.680.244		12.343.389	
Bond loans	9.419.018		9.981.264	
		141.181.769		154.162.832
<b>Current liabilities</b>				
Bank loans	-		552.208	
Repayment obligations	14.297.332		7.128.626	
Debts to suppliers and trade creditors	121.834		817.154	
Taxes	1.278.451		-	
Accounts payable to group companies	68.701		109.474	
Accounts payable to associated companies	527.106		20.323.194	
Other liabilities	1.183.774		929.205	
		17.477.199		29.859.861
		<u>193.504.067</u>		<u>217.964.781</u>

**Profit and loss account for 2019**

	<u>2019</u>	<u>2018</u>
	€	€
<b>Net turnover</b>	29.529.183	9.693.075
Capitalized indirect costs	935.523	4.513.791
	<u>30.464.706</u>	<u>14.206.866</u>
<b>Gross operating result</b>		
<b>Costs</b>		
Depreciation	9.821.538	3.577.500
Other operating expenses	5.935.414	2.495.045
	<u>15.756.952</u>	<u>6.072.545</u>
<b>Operating result</b>	14.707.754	8.134.321
Financial income and expenses (net)	-5.238.692	-4.488.599
	<u>9.469.063</u>	<u>3.645.722</u>
<b>Result before tax</b>		
Corporate income tax	-2.272.804	-729.144
	<u>7.196.259</u>	<u>2.916.578</u>
<b>Result after tax</b>		

**Cash flow statement for 2019**

The statement of cash flow is presented based on the indirect method

	2019		2018	
	€	€	€	€
Operating result	14.707.754		8.134.321	
Depreciation	9.821.538		3.577.500	
Movements in provisions	1.191.302		410.067	
Movements in receivables	2.406.102		-5.621.280	
Movements in current liabilities	-1.072.347		-	
Cash flow form operations	27.054.349		6.500.608	
<b>Cash flow from operating activities</b>	<b>27.054.349</b>		<b>6.500.608</b>	
<b>Cash flow from investing activities</b>				
Investments in tangible fixed assets	-20.988.105		-113.131.657	
<b>Cash flow from financing oeprations</b>				
Increase loans	18.592.544		86.149.548	
Bond loan issue	-		10.000.000	
Repayment loans	-24.990.999		-10.000.000	
Financial expenses	-4.573.205		-2.675.841	
Dividend payments	-8.478.902			
	-19.450.562		83.473.707	
Net cash-flow	<u>-13.384.318</u>		<u>-23.157.342</u>	
<b>Composition of cash</b>				
	2019		2018	
	€	€	€	€
Cash and cash equivalents as at January 1	20.343.838		43.501.180	
Mutation cash and cash equivalents	-13.384.318		-23.157.342	
Cash and cash equivalents as at December 31	<u>6.959.520</u>		<u>20.343.838</u>	

## Notes to the financial statements

### General

#### **Activities**

The activities of Windpark Krammer B.V. (the company) mainly consist of realization and exploitation of wind turbines (at the turbine location) around the lock complex Krammer and the dams.

#### **Registered office, legal form and registration number at the chamber of commerce**

The registered and actual address of Windpark Krammer B.V. is Boezemweg 13 in Oude-Tonge (statutory seat is in Vlissingen) and is registered at the chamber of commerce under nummer 54108306.

#### **General accounting principles for the preparation of the financial statements**

The financial statements are drawn up in accordance with the Dutch Accounting Principles and also in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet and profit and loss account, references are made to the Notes.

#### **Financial instruments**

Derivatives are initially recognised in the balance sheet at fair value, the subsequent valuation of derivative financial instruments depends on whether or not the instrument is quoted in an open market. If the underlying object of the derivative financial instrument is listed on a stock exchange, it is valued at fair value. If the object is not quoted in an open market, it will be stated at cost or current value, if lower. Recognition of changes in the value of a derivative financial instrument is dependent on whether or not the instrument is designated as a hedging instrument to which hedge accounting is applied.

#### **Derivative financial instruments valued at cost for which cost price hedge-accounting is applied**

The company applies cost price hedge accounting to interest rate swaps that ensure that certain liabilities with variable interest rates are converted into loans with fixed interest rates. The ineffective portion of the change in value of the interest rate swaps is recognised in profit or loss under the financial income and expense. expense.

### **Principles of valuation of assets and liabilities**

#### **Tangible fixed assets**

Other tangible fixed assets are valued at historical cost or production cost including directly attributable costs, less straight-line depreciation based on the expected future life and impairments. Fixed assets under construction are not depreciated. Direct costs which are attributable to the construction of the Wind farm and a reasonable part of the indirect costs are also included as investment.

#### **Financial fixed assets**

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses. The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

#### **Receivables**

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortised cost price. Provisions for bad debts are deducted from the carrying amount of the receivable.

#### **Cash at bank and in hand**

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is carried at nominal value.

#### **Provisions**

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. The other provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise.

### **Deferred tax liabilities**

Deferred tax liabilities are recognised for temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the book values applied in these financial statements on the other. The computation of the deferred tax liabilities is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred tax liabilities are valued at nominal value.

### **Other provisions**

#### *Provision for decommissioning obligations*

Windpark Krammer B.V. is liable for decommissioning costs based on its market share in any year, because of this the Company will form a provision in that year for its share in the estimated decommissioning costs. The provision for decommissioning obligations is valued at the present value of the estimated future cash flows.

The amount of the provision is based on the best estimate at year end which comes down to € 584.500 per turbine. Taking account of the movement in Inflation (2,00%) the required provision at December 31 2036 is valued at € 28.283.538 (34 turbines). The annual allocation is based on an interest rate of 2,75%.

### **Long-term debts**

On initial recognition long-term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortised cost price.

### **Current liabilities**

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

### **Principles for the determination of the result**

#### **General**

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

#### **Net turnover**

Net turnover comprises the income from the supply of goods from contracts after deduction of discounts and such like and of taxes levied on the turnover.

**Depreciation**

Amortisation and depreciation costs are presented as a separate item in the income statement. Future depreciation and amortisation is adjusted if there is a change in estimated future useful life. Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

**Taxation**

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes. Deferred tax assets (if applicable) are recognised only to the extent that realisation is probable.

**Principles for preparation of the cash flow statement**

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered to be highly liquid investments.

Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Corporate income taxes, issuance of share capital, interest received and dividends received are presented under the cash flow from operating activities. Interest paid and dividends paid are presented under the cash flow from financing activities.

Transactions that do not result in exchange of cash and cash equivalents, such as financial lease, are not presented in the cash flow statement. The payments of the lease installments on account of the financial lease contract are presented as redemptions of debts for the redemption component and as paid interest for the interest component.

**Notes to the specific items of the balance sheet**

**ASSETS**

**FIXED ASSETS**

***Tangible fixed assets***

	Fixed assets €	Fixed assets under construction €	Total €
<i>Balance as at January 1, 2019</i>			
Aquisition costs	175.871.084	11.758.868	187.629.952
Cumulative impariments and depreciation	-3.577.500	-	-3.577.500
	<u>172.293.584</u>	<u>11.758.868</u>	<u>184.052.452</u>
<i>Movements</i>			
Investments	-	8.174.358	8.174.358
Depreciation	-9.821.538	-	-9.821.538
Commissioning	19.933.226	-19.933.226	-
	<u>10.111.688</u>	<u>-11.758.868</u>	<u>-1.647.180</u>
<i>Balance as at December 31, 2019</i>			
Aquisition costs	195.804.310	-	195.804.310
Cumulative impariments and depreciation	-13.399.038	-	-13.399.038
	<u>182.405.272</u>	<u>-</u>	<u>182.405.272</u>
<i>Depreciation percentages</i>			
			%
Fixed assets			5
Fixed assets under construction			0

**CURRENT ASSETS**

**Receivables**

	December 31, 2019	December 31, 2018
	€	€

**Trade debtors**

Trade debtors	376.409	2.527.282
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**Taxes**

Value added tax	285.025	7.308.139
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**Other receivables and accrued income**

Other receivables	3.477.841	3.733.070
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**Other receivables**

PPA settlement	1.062.192	-
SDE settlement	1.947.664	-
Landlease	401.856	-
Prepaid financial expenses	-	581.457
Revenues to be billed	-	2.385.351
Other prepaid expenses	2.933	371.139
Other receivables	63.196	-
Interest	-	395.123
	<u>3.477.841</u>	<u>3.733.070</u>

**Cash**

ING Bank N.V. account number NL63 INGB 0007 7218 32	-	370.693
ING Bank N.V. account number NL72 INGB 0007 7218 64	-	1.236.584
ING Bank N.V. account number NL62 INGB 0007 7218 50	5.131.624	8.919.786
ASN Bank construction depot account number NL04 ASNB 0856 7346 75	1.827.896	1.827.896
ASN Bank construction depot account number NL73 ASNB 0856 7343 06	-	7.988.879
	<u>6.959.520</u>	<u>20.343.838</u>

An amount of € 1.827.896 is not freely available.

**Liabilities**

**Equity**

	December 31, 2019	December 31, 2018
	€	€
<b><i>Called-up share capital</i></b>		
98 shares A of € 100,00 each	9.800	9.800
102 shares B of € 100,00 each	10.200	10.200
	<u>20.000</u>	<u>20.000</u>
	2019	2018
	€	€
<b>Premium reserve</b>		
Balance as at Januari 1	30.001.559	30.001.559
Balance as at December 31	<u>30.001.559</u>	<u>30.001.559</u>

Share premium has originate as a result of the decision taken by shareholders at June 21, 2016 to expand the existing share capital of € 10.000 to € 20.000 as of September 21, 2016. Because of this the shareholder of the newly issued shares A paid an amount of € 22.418.264 to the share premium. The shareholder of the newly issued shares B paid a total amount to share premium of € 7.583.295.

This amount contains the following parts:

- € 6.499.800 related to the intercompany loan
- € 1.083.495 related to pre-investments.

**Other reserves**

Balance as at Januari 1	-108.208	-
Appropriation of result	2.916.578	-108.208
Dividends paid	-8.478.902	
Balance as at December 31	<u>-5.670.532</u>	<u>-108.208</u>

**Unappropriated result**

Balance as at Januari 1	2.916.578	-108.208
Appropriation of result	-2.916.578	108.208
Unappropriated result	<u>7.196.259</u>	<u>2.916.578</u>
Balance as at December 31	<u>7.196.259</u>	<u>2.916.578</u>

According to the article 18 of the statutory profit from 2019 amounting to € 7.196.259 will be added to the other reserves in the next year.

In anticipation of the adoption of this proposal by the general shareholders' meeting, this has not yet been accounted for in the financial statements. The profit of the financial year is included under unappropriated result.

**Provisions**

**Deferred tax liabilities**

Deferred tax liabilities are recognised for the taxable temporary differences between the tax and the accounting base of tangible fixed assets.

	Accounting base	Tax base	Difference		Amount liabilities
	€	€	€	%	€
Tangible fixed assets	182.405.272	173.926.977	8.478.295	21,7	1.839.790
Other provisions	-1.601.369	-940.794	-660.575	21,7	-143.345
	<u>180.803.903</u>	<u>172.986.183</u>	<u>7.817.720</u>		<u>1.696.445</u>

	2019	2018
	€	€
Balance as at Januari 1	702.092	-
Addition	994.353	702.092
Balance as at December 31	<u>1.696.445</u>	<u>702.092</u>

	December 31, 2019	December 31, 2018
	€	€

**Other provisions**

Provision for decommissioning obligations

	<u>1.601.369</u>	<u>410.067</u>
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	2019	2018
	€	€

*Provision for decommissioning obligations*

Balance as at Januari 1	410.067	-
Addition	1.191.302	410.067
Balance as at December 31	<u>1.601.369</u>	<u>410.067</u>

**Long-term debts**

	December 31, 2019	December 31, 2018
	€	€
<b>Bank loans</b>		
Bank loans	<u>120.082.508</u>	<u>131.838.179</u>
<b>Bank loans</b>		
Green Bank Term Loan (Rabobank)	27.364.565	28.271.178
Green Fund Term Loan (ASN Bank)	27.415.390	36.180.382
Standard Term Loan (ING/SMBC)	63.498.020	65.583.783
Debt Service Reserve Facility (ASN Bank, ING Bank, Rabobank, SMBC)	1.804.532	1.802.836
	<u>120.082.508</u>	<u>131.838.179</u>
	<u>2019</u>	<u>2018</u>
	€	€
<b>Green Bank Term Loan (Rabobank)</b>		
Balance as at January 1	29.740.325	4.336.209
Received loan	5.600.164	25.783.723
Repayment	-4.924.097	-
Amortised costs	-162.979	-396.137
	<u>30.253.413</u>	<u>29.723.795</u>
Released amortised costs	37.461	16.530
Balance as at December 31	<u>30.290.874</u>	<u>29.740.325</u>
Repayment within 1 year	-2.926.309	-1.469.147
Long term loan as at December 31	<u>27.364.565</u>	<u>28.271.178</u>

The Green Bank Term Loan is provided for funding the build of the Wind farm. Repayment is started at September 30, 2019. The rate of interest for each Interest period is the percentage rate per annum which is the aggregate of the applicable Margin (1,80%) and the applicable EURIBOR (-0,390%) which comes down to 1,410%.

Repayment of the loan is estimated to take 14,5 years. Of the total amount of the Green Bank Term Loan of € 30.860.416 an amount of € 17.441.046 has a remaining duration of longer than 5 years.

	2019	2018
	€	€
<b>Green Fund Term Loan (ASN Bank)</b>		
Balance as at January 1	37.649.529	37.614.064
Repayment	-7.312.436	-
Amortised costs	-40.254	-
	<u>30.296.839</u>	<u>37.614.064</u>
Released amortised costs	44.860	35.465
Balance as at December 31	<u>30.341.699</u>	<u>37.649.529</u>
Repayment within 1 year	-2.926.309	-1.469.147
Long term loan as at December 31	<u><u>27.415.390</u></u>	<u><u>36.180.382</u></u>

The Green Fund Term Loan is provided for funding the build of the Wind farm. Repayment is started at September 30, 2019. The rate of interest for each Interest period is the percentage rate per annum which is the aggregate of the applicable Margin (1,55%), the Base Rate (0,757%) and the Green Discount (0,50%) which comes down to 1,807%.

Repayment of the loan is estimated to take 14,5 years. Of the total amount of the Green Fund Term Loan of € 30.860.416 an amount of € 17.441.046 has a remaining duration of longer than 5 years.

**Standard Term Loan (ING/SMBC)**

Balance as at January 1	68.992.203	10.059.207
Received loan	12.992.380	59.813.617
Repayment	-11.422.719	-
Amortised costs	-378.224	-918.965
	<u>70.183.640</u>	<u>68.953.859</u>
Released amortised costs	103.417	38.344
Balance as at December 31	<u>70.287.057</u>	<u>68.992.203</u>
Repayment within 1 year	-6.789.037	-3.408.420
Long term loan as at December 31	<u><u>63.498.020</u></u>	<u><u>65.583.783</u></u>

The Standard Term Loan is provided for funding the build of the Wind farm. Repayment is started at September 30, 2019. The rate of interest for each Interest period is the percentage rate per annum which is the aggregate of the applicable Margin (1,25%) and the applicable EURIBOR (-0,390%) which comes down to 0,860%.

Repayment of the loan is estimated to take 14,5 years. Of the total amount of the Standard Term Loan of € 71.591.923 an amount of € 40.458.989 has a remaining duration of longer than 5 years.

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	2019	2018
	€	€
<b>Debt Service Reserve Facility (ASN Bank, ING Bank, Rabobank, SMBC)</b>		
Balance as at January 1	1.802.836	1.801.139
Received loan	-	-
Amortised costs	-	-
	<u>1.802.836</u>	<u>1.801.139</u>
Released amortised costs	1.696	1.697
Long term loan as at December 31	<u><u>1.804.532</u></u>	<u><u>1.802.836</u></u>

The Debt Service Reserve Facility is provided for funding the build of the Wind farm. The rate of interest on each Debt Service Reserve Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable Margin (1,50%) and three months EURIBOR (-0,364%) which comes down to 1,136%.

	December 31, 2019	December 31, 2018
	€	€
<b>Shareholders' Long term loan</b>		
Enercon GmbH - Dutch Branch	<u><u>11.680.244</u></u>	<u><u>12.343.389</u></u>

	2019	2018
	€	€
<b>Enercon GmbH - Dutch Branch</b>		
Balance as at January 1	12.753.688	21.400.548
Received loan	-	-
Repayment	-420.866	-10.000.000
Accrued interest	258.770	1.353.140
Long term loans as at December 31	<u>12.591.592</u>	<u>12.753.688</u>
Repayment within 1 year	-911.348	-410.299
Long term loan as at December 31	<u><u>11.680.244</u></u>	<u><u>12.343.389</u></u>

The interest rate at year-end is equal to 7,00%.

Repayment of the loan is started at September 30, 2019 according to an annuity repayment schedule.

**Bond loans**

	2019	2018
	€	€
<b>Bond loans</b>		
Balance as at January 1	10.352.877	-
Received loan	-	10.000.000
Accrued interest	168.767	352.877
Repayment	-358.297	-
Balance as at December 31	<u>10.163.347</u>	<u>10.352.877</u>
Repayment within 1 year	-744.329	-371.613
Long term loans as at December 31	<u><u>9.419.018</u></u>	<u><u>9.981.264</u></u>

The bond loan is provided for funding the build of the Wind farm. The rate of interest on each Bond loan for the Interest Period until the end of the construction period is 7%. In the operational phase the rate of interest is depending on the power production of the windfarm. The rate of interest is:

- 6% if the production in any calendar year is below 314,3 GWh.
- 7% if the production in any calendar year is between 314,3 GWh and 332,9 GWh.
- 8% if the production in any calendar year is more than 332,9 GWh.

Repayment of the loan is started at September 30, 2019 according to an annuity repayment schedule.

**Current liabilities**

	December 31, 2019	December 31, 2018
	€	€
<b>Bank loans</b>		
VAT Facility (ING Bank)	<u>-</u>	<u>552.208</u>

**Repayment obligations**

Green Bank Term Loan (Rabobank)	2.926.309	1.469.147
Green Fund Term Loan (ASN Bank)	2.926.309	1.469.147
Standard Term Loan (ING/SMBC)	6.789.037	3.408.420
Shareholders' Long term loan	911.348	410.299
Bond loans	<u>744.329</u>	<u>371.613</u>
	<u><u>14.297.332</u></u>	<u><u>7.128.626</u></u>

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	December 31, 2019	December 31, 2018
	€	€
<b>Debts to suppliers and trade creditors</b>		
Creditors	121.834	817.154
<b>Taxes</b>		
Value added taxes	-	-
Corporate income tax	1.278.451	-
	1.278.451	-
<b>Accounts payable to group companies</b>		
Coöperatie Deltawind u.a.	22.466	63.026
Coöperatieve Windenergie Vereniging Zeeuwind u.a.	46.235	46.448
	68.701	109.474
<b>Accounts payable to associated companies</b>		
Enercon GmbH	527.106	20.323.194
<b>Other liabilities and accrued expenses</b>		
Other liabilities	1.183.774	929.205
<b>Other liabilities</b>		
Amounts to be paid	17.924	145.842
Interest and bank charges	632.300	704
SDE Subsidy	-	782.659
PPA credit-invoices	533.550	-
	1.183.774	929.205

**Assets and liabilities not recognised in balance sheet (Contingent liabilities and assets)**

***Non-processed liabilities***

*Credit facility*

At the end of the financial year the private company has the following credit facilities:

- € 3.750.000 VAT Facility by the ING Bank;
- € 3.750.000 VAT Facility by the SMBC;
- € 1.500.000 LC Facility by the ING Bank.

As a security first right of mortgage has been given to ING Bank for an amount of € 280 million.

***Long-term financial commitments***

*Rental obligations real estate*

The company has entered into a financial commitment until July 1, 2039 in respect of rental of business premises for € 60.000 a year. At the end of this period, the agreement will be renewed for a period of one year unless it has been terminated at least three months before it expires.

*Leasehold*

The annual leasehold for sites amounts to € 1.607.423. The remaining term of the contract is 19 years.

*Maintenance contract*

The company has a long-term maintenance contract for the maintenance of the turbines. The yearly payment amounts to € 2.8 mio. The first payment will be paid at the second quarter of 2021.

The remaining term of the contract is 14 years.

***Financial instruments***

*Interest rate risk*

The policy in respect of interest rate risk is aimed at mitigating the interest rate risks originating from the financing of the company and optimizing the net interest expenses at the same time. This policy translates into a desired profile of fixed-interest and variable-interest positions including cash, with which in principle the variable-interest position does not exceed 107% of the net liability.

*The following is a schedule with information on the interest rate risks of the group*

	Term	Interest revision dates	Nominal interest	Effective interest	Interest rate risk hedged through hedge instrument?
Green Bank Term Loan	December 31, 2019	none	1,410%	3,178%	no
Green Fund Term Loan	December 31, 2019	none	1,807%	2,046%	yes
Standard Term Loan	December 31, 2019	none	0,860%	2,600%	yes
DSRF	December 31, 2019	none	1,136%	1,136%	no

*Interest rate swaps*

Swap	Bank	Notional amount swap	Long-term debt	Effective date interest date swap	Maturity date interest date swap	Variable interest (3 months Euribor + Margin)	Fixed interest	Mark to marked value
1.	SMBC	36.811.239	44.280.509	31-8-2017	31-12-2031	-0,390% +1,25% = 0,860%	0,965%	-2.215.506
2.	ING	36.811.239	44.280.509	31-8-2017	31-12-2031	-0,390% +1,25% = 0,860%	0,965%	-2.215.506
3.	Rabobank	31.733.827	38.172.853	31-8-2017	31-12-2031	-0,390% +1,80% = 1,410%	0,965%	-1.868.366

*Cost price hedge accounting*

The effective part of financial derivatives that have been assigned for cost price hedge accounting is valued at cost. By comparing the critical comparative features of the hedge instrument with the critical features of the hedged position on every balance sheet date, it is determined whether there is an indication for ineffectiveness. In the event the critical features of the hedge instrument and the critical features of the hedged position are not equal, this is an indication that the cost price hedge contains an ineffective part. In that case a quantitative ineffectiveness measurement is carried out by comparing the cumulative change of the fair value of the hedge instrument with the cumulative change of the fair value of the hedged position since the designation of the hedge relationship. Ineffectiveness is recognised in the profit and loss account if and insofar as the quantitative ineffectiveness measurement shows a (cumulative) loss.

**NOTES TO THE PROFIT AND LOSS ACCOUNT FOR 2019**

	<u>2019</u>	<u>2018</u>
	€	€
<b>Net turnover</b>		
Revenues production phase	12.271.919	4.812.490
Guarentees of origin	688.835	309.342
SDE Subsidy	16.483.781	4.539.243
Rent income	84.648	32.000
	<u>29.529.183</u>	<u>9.693.075</u>
<b>Capitalised indirect costs</b>		
Capitalised indirect costs	<u>935.523</u>	<u>4.513.791</u>
<b>Employees</b>		
During 2019 there were no employees working with the company (2018: same).		
<b>Depreciation</b>		
Tangible fixed assets	<u>9.821.538</u>	<u>3.577.500</u>
<b>Other operating expenses</b>		
Other employee related costs	221.221	343.247
Landlease	1.206.197	14.715
Maintenance	671.595	-
Organisation costs	2.169.005	605.776
Addition decommissioning reserve	1.191.302	410.067
Overhead costs	476.095	835.921
Advisory costs	-	285.319
	<u>5.935.414</u>	<u>2.495.045</u>
<b>Other employee related costs</b>		
Travelling costs board of directors	6.159	10.740
Travelling costs supervisory board members	480	595
Fees board of directors	185.069	306.469
Fees supervisory board members	26.150	25.003
Other employee related costs	3.363	440
	<u>221.221</u>	<u>343.247</u>

	2019	2018
	€	€
<b>Financial income and expenses (net)</b>		
Interest and similar expenses	<u>5.238.692</u>	<u>4.488.599</u>
<b><i>Interest and similar expenses</i></b>		
Interest and banking costs	3.475.942	2.619.470
Interest mezzanine loan Enercon GmbH - Dutch Branch	932.395	1.353.152
Interest bond loans	642.920	352.877
Arrangement Fee Financial Close	187.434	163.100
	<u>5.238.692</u>	<u>4.488.599</u>
<b>Corporate income tax</b>		
Corporate income tax for the year	-1.278.451	-
Movement deferred tax liabilities	-994.353	-729.144
	<u>-2.272.804</u>	<u>-729.144</u>

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## Other notes

### Subsequent events

The first articles in the media about the Covid-19 outbreak in China in december 2019 were not even remotely expected to have any economic impact outside China, let alone to have any influence on Windpark Krammer B.V. As also mentioned in the Management board's report, we don't expect a material impact on the 2020 outlook for Windpark Krammer B.V., now that the windfarm is fully operational. All 4 offtakers are confident about there respective financial positions and Enercon as the maintenance-contractor is following the developments and guidelines from the governments very closely.

### Signing of the financial statements

Vlissingen, .....

#### The Board of Directors

T. Keesmaat

#### The Supervisory Board

J. Huisman

H. Kettwig

J.W.G. van der Graaf

Windpark Krammer B.V.

**Other information**

**Independent auditor's report**

Reference is made to the auditor's report as included hereinafter

**Proposal concerning the 2019 result appropriation**

According to the article 18 of the statutory articles specifies the following:

Profit is at the free disposal of the General Meeting of Shareholders.