



## **EUROPEAN ENERGY A/S**

(a public limited liability company incorporated in Denmark under registration (CVR) no. 18351331)

**Prospectus for the admission to trading of EUR 60,000,000 EURIBOR (3 months) + 5.35% Senior Secured Callable Floating Rate Green Bonds due 20 September 2023**

**ISIN: DK0030448238**

**The date of this Prospectus is 30 September 2019**

## IMPORTANT INFORMATION

This prospectus (the "**Prospectus**") has been prepared by European Energy A/S (the "**Issuer**") for the admittance to trading and official listing on the regulated market of Nasdaq Copenhagen A/S of EUR 60,000,000 EURIBOR (3 months) + 5.35% Senior Secured Callable Floating Rate Green Bonds 2019/2023, each of a nominal amount of EUR 100,000 or full multiples thereof (the "**Nominal Amount**") under ISIN code DK0030448238 (the "**Bonds**").

The Bonds are issued as "Subsequent Bonds" under, and as defined in, the terms and conditions for the Bonds dated 18 June 2019, as amended pursuant to an amendment agreement dated 25 June 2019 (the "**Terms and Conditions**") to be consolidated, and form part of a single series, with the EUR 140,000,000 EURIBOR (3 months) + 5.35% Senior Secured Callable Floating Rate Green Bonds 2019/2023 issued by the Issuer on 20 June 2019 (the "**Initial Bonds**"). All Bonds are issued on a fully paid basis at an issue price of 104% of the Nominal Amount. The Bonds were issued by the Issuer on 30 September 2019.

References in this Prospectus to "**European Energy**", the "**Issuer**", "**we**", "**us**" or "**our**" refer to European Energy A/S. Any reference to the "**Issuer's Group**" or the "**Group**" shall have the same meaning as used in the consolidated financial statements comprising European Energy A/S (as parent company) and subsidiaries in which European Energy A/S, directly or indirectly, holds more than 50% of the voting rights or which it, in some other way, controls. Companies in which the Issuer's Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates.

Words and expressions defined in the Terms and Conditions, incorporated by attachment to this Prospectus as Annex B, have the same meaning when used in this Prospectus, unless expressly stated or the context requires otherwise.

References in the Terms and Conditions to "**Subsidiary**" means, in relation to any person, any legal entity in respect of which such person, directly or indirectly, (a) owns shares or ownership rights representing more than 50% of the total number of votes held by the owners, (b) otherwise controls more than 50% of the total number of votes held by the owners, (c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body, (d) exercises control as determined in accordance with the accounting principles or (e) holds, individually or together with any other Group Company, 50% of the voting rights and do not exercise any direct or indirect control over such associated entity.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by attachment or reference. See Section 19 of this Prospectus entitled "*Documents Incorporated into this Prospectus by Attachment or Reference*".

## Notice to Investors

This Prospectus has been prepared in compliance with the requirements set out in Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**").

This Prospectus has been prepared in English only. This Prospectus is governed by Danish law and the courts of Denmark have exclusive jurisdiction to settle any disputes arising out of or in connection with this Prospectus.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer to subscribe for or purchase, any Bonds in any jurisdiction. This Prospectus has been prepared solely for the purpose of the admission to trading and official listing of the Bonds on Nasdaq Copenhagen A/S.

This Prospectus may not be distributed in any jurisdiction where such distribution would require any additional prospectus, registration or measures other than those required under Danish law, or otherwise would conflict with regulations in such jurisdiction. Persons into whose possession this Prospectus may come are required to inform themselves about, and comply with, such restrictions. Any failure to comply with such restrictions may result in a violation of applicable securities regulations.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit

of, a U.S. person (as such terms are defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to the registration requirements of, the Securities Act and applicable state or local securities laws.

**Investing in the Bonds involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Bonds are described in Section 2 of this Prospectus entitled "Risk Factors".**

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Issuer's auditors.

## **MIFID II PRODUCT GOVERNANCE / TARGET MARKET ASSESSMENT**

The Issuer has mandated DNB Markets, a part of DNB Bank ASA, Sweden Branch and Nordea Bank Abp (the "**Joint Lead Managers**") to act as joint lead managers and bookrunners in connection with the issuance, offering and sale of the Bonds. The Joint Lead Managers, in their capacity as manufacturers for the Bonds (the "**manufacturers**") and solely for the purposes of the product governance requirements set forth in Directive 2014/65/EU, as amended ("**MiFID II**"), have made a target market assessment in respect of the Bonds and have concluded that the target market for the Bonds is eligible counterparties, professional clients and retail clients, each as defined in MiFID II.

The manufacturers have further made an assessment as to the distribution strategy for the Bonds and have concluded that: (i) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate; and (ii) the following channels for distribution of the Bonds to retail clients are appropriate – investment advice, portfolio management, and non-advised sales or execution with appropriateness test, subject to the Distributor's (as defined below) suitability and appropriateness obligations under MiFID II, as applicable.

Any person subsequently offering, selling or recommending the Bonds (a "**Distributor**") should take into consideration the manufacturers' target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels, subject to the Distributor's suitability and appropriateness obligations under MiFID II, as applicable.

The Bonds are deemed outside the scope of Regulation (EU) No 1286/2014, as amended (the "**PRIIPs Regulation**"). Accordingly, no key information document has been prepared under the PRIIPs Regulation.

## **BENCHMARK REGULATION**

Amounts payable on the Bonds are calculated by reference to EURIBOR. As at the date of this Prospectus, the European Money Markets Institute, the administrator of EURIBOR, is included in the register of benchmarks administrators established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.

## **FORWARD-LOOKING STATEMENTS**

This Prospectus may contain certain forward-looking statements and assumptions regarding future market conditions, operations and results. Such forward-looking statements and information are based on the beliefs of the Issuer's management or are assumptions based on information available to the Issuer. Any forward-looking statements in this Prospectus involve known and unknown risks, uncertainties and other factors that could cause the actual market conditions, operations or results to differ materially from any future market conditions, operations or results expressed or implied by such forward-looking statements. Please see Section 2 of this Prospectus entitled

"*Risk Factors*" for a description of some of the risks that may affect any forward-looking statements. The Issuer expressly disclaims any obligation or undertaking to release publicly any updated or revisions to any forward-looking statements contained herein, except as may be required by law.

## TABLE OF CONTENTS

|       |                                                                                           |    |
|-------|-------------------------------------------------------------------------------------------|----|
| 1     | STATEMENT OF RESPONSIBILITY AND COMPETENT AUTHORITY APPROVAL.....                         | 7  |
| 2     | RISK FACTORS .....                                                                        | 9  |
| 2.1   | Risks related to the Issuer's business activities .....                                   | 9  |
| 2.1.1 | Acquisition of new renewable energy projects (projects in development)                    | 9  |
| 2.1.2 | Construction of renewable energy projects                                                 | 9  |
| 2.1.3 | Relationships with external partners                                                      | 9  |
| 2.1.4 | Key personnel                                                                             | 10 |
| 2.1.5 | Weather conditions and insurances                                                         | 10 |
| 2.1.6 | Development of new renewable energy projects (greenfield projects)                        | 10 |
| 2.1.7 | Divestment of projects                                                                    | 11 |
| 2.1.8 | Relationships with suppliers                                                              | 11 |
| 2.2   | Economic and market risks .....                                                           | 12 |
| 2.2.1 | Fluctuations in the market price of electricity and/or certificates                       | 12 |
| 2.2.2 | Technological development of renewable energy production                                  | 12 |
| 2.2.3 | Competition                                                                               | 12 |
| 2.3   | Legal and regulatory risks.....                                                           | 12 |
| 2.3.1 | Regulatory framework and subsidies                                                        | 13 |
| 2.3.2 | Taxation                                                                                  | 13 |
| 2.3.3 | Changes to legislation and regulatory regimes                                             | 13 |
| 2.4   | Risks related to the Issuer's financial situation.....                                    | 14 |
| 2.4.1 | Project financings                                                                        | 14 |
| 2.4.2 | Interest rate risk                                                                        | 14 |
| 2.4.3 | Parent company guarantees                                                                 | 15 |
| 2.4.4 | Foreign exchange risk                                                                     | 15 |
| 2.5   | Risks related to the nature of the Bonds and the Issuer's ability to service the Bonds... | 15 |
| 2.5.1 | Credit risk towards the Group                                                             | 15 |
| 2.5.2 | Refinancing risk                                                                          | 16 |
| 2.5.3 | Status of the Bonds                                                                       | 16 |
| 2.6   | Risks related to the admission to trading on a regulated market and green bonds.....      | 16 |
| 2.6.1 | Secondary market and liquidity risk                                                       | 16 |
| 2.6.2 | Green bonds                                                                               | 16 |
| 2.6.3 | Second Party Opinion                                                                      | 17 |

|       |                                                                                                                     |    |
|-------|---------------------------------------------------------------------------------------------------------------------|----|
| 2.6.4 | Listing on green segment                                                                                            | 17 |
| 2.7   | Risks related to Transaction Security .....                                                                         | 17 |
| 2.7.1 | Transaction Security may be insufficient to satisfy all amounts owed to Bondholders                                 | 17 |
| 2.8   | Risks related to certain limitations of the Bondholders' rights.....                                                | 18 |
| 2.8.1 | Put option and early redemption                                                                                     | 18 |
| 2.8.2 | No action against the Issuer and Bondholders' representation                                                        | 18 |
| 3     | USE OF PROCEEDS .....                                                                                               | 19 |
| 4     | OVERVIEW OF THE BONDS .....                                                                                         | 19 |
| 5     | INFORMATION ABOUT THE ISSUER .....                                                                                  | 22 |
| 5.1   | Overview of the history and development of the Issuer .....                                                         | 22 |
| 6     | BUSINESS OVERVIEW .....                                                                                             | 24 |
| 6.1   | Business idea and strategy .....                                                                                    | 24 |
| 6.2   | Business areas .....                                                                                                | 26 |
| 6.3   | Project development .....                                                                                           | 26 |
| 6.4   | Market conditions.....                                                                                              | 34 |
| 6.5   | Competitive position.....                                                                                           | 39 |
| 7     | ORGANISATIONAL STRUCTURE .....                                                                                      | 39 |
| 7.1   | Dependencies upon Group entities .....                                                                              | 40 |
| 8     | TREND INFORMATION .....                                                                                             | 40 |
| 9     | PROFIT FORECASTS OR ESTIMATES .....                                                                                 | 40 |
| 10    | BOARD OF DIRECTORS, EXECUTIVE BOARD AND MANAGEMENT GROUP .....                                                      | 41 |
| 10.1  | The Board of Directors .....                                                                                        | 41 |
| 10.2  | Executive Board .....                                                                                               | 53 |
| 10.3  | Management Group.....                                                                                               | 53 |
| 10.4  | Statement on conflicts of interest.....                                                                             | 54 |
| 11    | MAJOR SHAREHOLDERS.....                                                                                             | 55 |
| 12    | FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFIT AND LOSSES..... | 56 |
| 12.1  | Historical financial information .....                                                                              | 56 |
| 13    | MATERIAL CONTRACTS.....                                                                                             | 60 |
| 14    | THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST .....                             | 60 |
| 15    | DOCUMENTS AVAILABLE.....                                                                                            | 60 |
| 16    | GENERAL INFORMATION.....                                                                                            | 60 |

|    |                                                                              |    |
|----|------------------------------------------------------------------------------|----|
| 17 | STATUTORY AUDITORS .....                                                     | 61 |
| 18 | DEFINITIONS AND GLOSSARY .....                                               | 61 |
| 19 | DOCUMENTS INCORPORATED INTO THIS PROSPECTUS BY ATTACHMENT OR REFERENCE ..... | 62 |
| 20 | ADDITIONAL INFORMATION .....                                                 | 63 |

## **ANNEXES**

|                                                           |     |
|-----------------------------------------------------------|-----|
| ANNEX A (6 pages): LIST OF SUBSIDIARIES.....              | A-1 |
| ANNEX B (42 pages): TERMS AND CONDITIONS.....             | B-1 |
| ANNEX C (29 pages): INTERIM FINANCIAL REPORT H1 2019..... | C-1 |

### **1 STATEMENT OF RESPONSIBILITY AND COMPETENT AUTHORITY APPROVAL**

European Energy A/S, Gyngemose Parkvej 50, DK-2860 Søborg, Denmark, is responsible for this Prospectus pursuant to Danish law.

We, as the persons responsible for this Prospectus on behalf of European Energy A/S, hereby declare that, to the best of our knowledge, the information contained in this Prospectus (including the registration document and the securities note set out herein) is in accordance with the facts and makes no omission likely to affect its import.

This Prospectus has been approved by the Danish Financial Supervisory Authority (in Danish: *Finanstilsynet*) as competent authority under Regulation (EU) 2017/1129. The Danish Financial Supervisory Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of European Energy A/S or the Bonds that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Bonds.

Copenhagen, 30 September 2019

**European Energy A/S**

**Board of Directors**

Jens-Peter Zink, Board Member (chairman)

Mikael Dystrup Pedersen, Board Member

Knud Erik Andersen, Board Member

Jesper Helmuth Larsen, Board Member

Claus Dyhr Christensen, Board Member

**Executive Board**

Knud Erik Andersen, Managing Director, CEO



## 2 RISK FACTORS

This section presents certain risk factors, which are specific to the Issuer and/or the Bonds and which the Issuer deems material for taking an informed decision whether to invest in the Bonds.

The risk factors are presented in eight categories and within each of these categories, the most material risks, in the assessment of the Issuer, are presented first. The Issuer's assessment of the materiality of each risk factor is based on the probability of its occurrence and the expected magnitude of its negative impact and is disclosed by rating the relevant risk factor as low, medium or high.

Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor.

### Risks Relating to the Issuer

#### 2.1 Risks related to the Issuer's business activities

##### 2.1.1 Acquisition of new renewable energy projects (projects in development)

In addition to greenfield projects, the Group acquires projects at different stages of their development. Accordingly, the Issuer is exposed to the risk that suitable projects are not available at reasonable prices.

The acquisition of projects developed by third parties also carry the risk that the projects have hidden deficiencies (such as missing securities, unrealistic production prognoses or hidden liabilities). These deficiencies might not have been disclosed to the Issuer in a buyer's due diligence and might not be covered by any warranties/indemnities given by the seller. The timing of the acquisition of a project may not allow for a due diligence process that covers all detailed aspects of the project, which may increase the risk of hidden deficiencies. As a result, the Group's project acquisitions may prove less profitable than expected or even result in a loss, which could have a negative impact on the Issuer's business and results of operations.

**Risk rating:** Medium.

##### 2.1.2 Construction of renewable energy projects

The construction of renewable energy projects (whether initially developed as a greenfield investment or acquired during the development phase) involves risks relating to costs and timing.

The construction works may thus be subject to cost-overruns and/or delays. Those can stem from a poor performance by the counterparties involved in the construction, such as the construction contractors, their sub-contractors or manufacturers of key components. This may include performance issues arising from financial difficulties encountered by such counterparties or from the occurrence of unforeseen circumstances at the relevant project site, which impede the progress of the construction. Additionally, delayed projects may miss out on an attractive feed-in tariff due to their late completion. As a result, the projects can become less profitable for the Issuer.

**Risk rating:** Medium.

##### 2.1.3 Relationships with external partners

The Group develops, constructs and operates many of its projects in cooperation with external partners. Such partners may be, for example, companies or individuals who have originally developed a project and then kept a stake in it or financial investors who provide funding for the development of a project. The collaboration with external partners entail a number of risks. In particular, the Group may be exposed to risks related to the partner's behaviour and/or liquidity.

If the partner's business behaviour is unlawful, unreliable or otherwise unprofessional, this may affect the Group's reputation as it is associated with this partner. A deterioration of the Group's reputation may adversely affect future business opportunities as the counterparties might pull out or offer worse conditions for future projects and collaborations. It may also impair the Group's access to financing and its relationship with private and public stakeholders necessary for the successful development of projects.

In case of the partner's insolvency, or if the partner's business behaviour is unlawful, unreliable or otherwise unprofessional, the partner may need to be replaced and the relevant projects may be confronted with a new ownership structure and subsequent legal uncertainties. This may adversely affect the access to financing for the projects or the Group's ability to divest the projects. Furthermore, the Group's ability to successfully develop or operate projects may be affected without the financial contributions by the partner. By consequence, the projects may fail and the Group lose its investments.

In a number of partnerships, the Group does not have a controlling interest or only has a controlling interest with regard to some matters. The partners and the Group may have conflicting priorities and business interests. This entails the risk of disagreement or deadlock on substantial matters. Disagreement or deadlock may have negative consequences for – *inter alia* – the development, construction or divestment of the project or could otherwise lead to the project not being able to achieve its full economical potential, which could have a negative impact on the Issuer's business and results of operations.

Risk rating: Medium.

#### 2.1.4 Key personnel

The Issuer is to a large extent dependent on its management, department heads and other key personnel due to the extensive knowledge and experience these persons possess. If one or more of these key persons decide to leave the Issuer, this may result in loss of know-how and may delay or prevent the implementation of the Group's projects and business strategy. It is also essential that the Group is able to recruit qualified staff on a regular basis. Due to the offices location in Denmark and the fact that positions in the company often require specific knowledge of a foreign market and corresponding language skills, the process of recruiting specific competences can at times persist for a prolonged period of time, which can have a negative impact on the Group's business.

Risk rating: Medium.

#### 2.1.5 Weather conditions and insurances

The production of renewable power projects depends on favourable weather conditions, such as wind or solar conditions. If the actual weather conditions on the Group's project sites are worse than the predicted average conditions, the production and revenue from the respective projects may be reduced. Extreme weather conditions may also lead to the production being entirely shut down.

The Group's insurance policies may not cover any or all of the losses incurred in connection with unfavourable weather conditions or natural disasters, such as storms, earthquakes, hail storms, floods and other unforeseen events, which in turn might have a negative impact on the Issuer's results of operations.

Risk rating: Medium.

#### 2.1.6 Development of new renewable energy projects (greenfield projects)

The Group is dependent upon the successful development of new wind and solar energy projects, which requires the availability of suitable sites for the projects.

To ensure a successful project development, the project sites need to satisfy a number of criteria, including (i) favourable wind or irradiation conditions, (ii) availability of grid connection possibilities and capacity and (iii)

favourable regulatory environment. In parallel with the expansion of renewable energy in some of the Group's key markets (including Denmark and Germany), such sites are becoming more difficult to find and/or more expensive to acquire or to secure. This can adversely affect the Group's ability to successfully develop new projects and expand its business, which could have a negative impact on the Issuer's business and results of operations.

**Risk rating:** Low.

#### 2.1.7 Divestment of projects

The Group's business concept includes the total or partial divestment of projects. There are a number of risks, which can impede the successful divestment of projects by the Group and thus adversely affect the Group's cash flow and ability to reinvest in new projects and to seize new business opportunities.

The demand for renewable energy projects may decrease due to, e.g., the general economic situation or to country-specific market developments, such as uncertainties with regards to the continuity of feed-in tariff schemes. The changes in the subsidy-regimes could impact the profitability of the projects negatively, and thereby lead to further decrease in the demand for renewable energy projects.

Such decrease in demand can affect both the market value of and the availability of divestment opportunities for the Group's projects. Finding creditworthy and reliable buyers can prove to be time and cost intensive. As a consequence, the divestment of projects can become more difficult and less profitable for the Group.

In the framework of the divestment of a project, the Group may accept to give certain guarantees regarding the project to the buyer that are not fully covered by the back-to-back arrangements with the suppliers. Such guarantees, which may include fulfilment of permits or meeting project specific criteria for receiving subsidies, can force the Group to allocate human and financial resources to the project after its divestment and potentially lead to direct payment obligations.

Part of the revenues resulting from a divestment may be held back by the buyer or held in escrow until the fulfilment of certain conditions subsequent. This can force the Group to allocate resources to the project after its divestment and the Group may not be able to receive the entirety of the revenues, e.g., in a case where the Group is exposed to a credit risk on the buyer.

Based on earn-out mechanisms in the sales contract, the revenues resulting from a divestment may be dependent on the productivity of the projects after their divestment and be lower than expected.

Furthermore, in some instances a part of the consideration that the Group receives for a renewable energy project is deferred (including earn-out payments). Should the buyer of the project not be able to pay the deferred consideration when it becomes due, this would have a negative impact on the Issuer's results of operations.

**Risk rating:** Low.

#### 2.1.8 Relationships with suppliers

When constructing wind parks and solar photovoltaic ("**Solar PV**") plants, the Group concludes agreements concerning delivery of construction services, components and infrastructure, etc. with third party suppliers. The suppliers often demand that an advance payment is made before delivery takes place. There is a risk that such advance payments may be lost if the suppliers become financially distressed. Additionally, the suppliers may fail to deliver or deliveries may be delayed. This may negatively impact on the construction process which could also result in the Group not being able to meet its contractual obligations to a buyer of the project in question.

The Group is also exposed to counterparty risks during the operating phase of its assets, as the servicing and/or management of the assets are being carried out by third party suppliers. A defaulting supplier could result in an interruption to the operations of a plant until a replacement supplier has been found. This could have a negative impact on the Issuer's business and results of operations.

Risk rating: Low.

## **2.2 Economic and market risks**

### **2.2.1 Fluctuations in the market price of electricity and/or certificates**

While part of the income generated by the Group's wind farms and Solar PV plants is covered by fixed prices (due to guaranteed feed-in tariffs or long term power purchase agreements) or fixed price premiums, part of the income may fluctuate with the market price of electricity and/or certificates. This exposes the Group to a risk of decrease in the price of electricity and/or certificates which could occur due to – *inter alia* – a reduction in the demand for electricity or new capacity being added to the market.

The Group does not operate with a general price hedging strategy, but may from time to time enter into hedging agreements in order to receive a guaranteed fixed price instead of a variable price for the sale of electricity and/or certificates. Such agreements may require a minimum level of production and should the production not meet the agreed minimum level – for example, due to unforeseen events or unexpected adverse weather conditions – it may be necessary to purchase electricity or certificates on the spot market in order to meet the obligations under the hedging agreement. If the spot prices at the time of purchase is higher than the price obtained by virtue of the hedging agreement, this could lead to a loss which may have an adverse effect on the financial position of the Group.

Risk rating: High.

### **2.2.2 Technological development of renewable energy production**

The technology of renewable energy generation, including wind turbine generators and Solar PV plants, advances at a very fast pace. There is a risk that the Group may not be able to keep up-to-date with the technological development and/or to respond in a timely manner to any changes to the technology employed by the Group in its wind parks and Solar PV plants.

The rapid technological development could also lead to other technological solutions for generating renewable energy surpassing the solutions currently chosen by the Group with regard to efficiency and costs. Should this occur, it could have a negative impact on the Group's business.

In addition, the adoption of newly developed technologies based on the present scientific knowledge and state-of-the-art engineering involves a risk that the technologies may turn out to be unreliable or otherwise experience unexpected deficiencies in the future, which may impair the productivity of the affected projects. This could have a negative impact on the Issuer's business and results of operations.

Risk rating: Medium.

### **2.2.3 Competition**

The Group operates in highly competitive markets. With regard to the development and subsequent divestment of renewable energy projects, there is a large number of competitors, ranging from small- and medium sized developers with a profile similar to that of the Issuer to large state-owned utilities. Also with regard to the sale of electricity and certificates at market prices, the Group is faced with intense competition from other power generators and operators of renewable energy plants. The competition increases the demand on the Issuer to constantly improve its development and operating activities and cut costs in order to remain competitive. Any failure to do so could lead to an advantage for the Group's competitors which would negatively impact the Group.

Risk rating: Medium.

## **2.3 Legal and regulatory risks**

### 2.3.1 Regulatory framework and subsidies

The Group is dependent upon the successful development of new wind and solar energy projects, which is in turn dependent upon the regulatory framework applicable from time to time. Given the comparably long development periods, renewable energy projects are particularly vulnerable to changes in this regulatory framework.

Most notably, the Issuer is affected by regulation and policy tools that benefit investments in "green energy", such as attractive feed-in tariff schemes and other subsidies. Any reduction of current actions favouring "green energy" may have a negative impact on the Issuer's business and results of operations.

Some of the Group's renewable energy markets experience significant peaks of project development activities due to regulatory deadlines for attractive feed-in tariff schemes. These peaks stress the availability and costs of crucial resources for project development, such as grid connection and capacity, construction companies or technical advisors. The increase in costs for such resources may impair the profitable development of projects. At the same time, the external deadlines causing peaks in activities also lead to peaks in the Group's internal work load. There is a risk that the necessary human resources cannot be available in due time. This may prevent the successful and timely development of new projects.

Further, there is a trend towards a decrease in subsidy levels due to successful implementation of competitive auction-processes. This may lead to regimes with none or significantly reduced subsidies for renewable energy projects, which in turn may reduce the profitability of the Group's projects.

Additionally, in most of the Group's key markets, there are a multitude of public and private stakeholders involved in the process of approving new green energy projects including municipalities, governmental authorities or local residents. These stakeholders may delay or stall the successful development of new projects. The development of new projects may also be subject to complaints or law suits – e.g. regarding necessary regulatory approvals or permits – which may delay the construction of a project or even lead to its cancellation. Together with the vulnerability to changes in the regulatory framework, these factors increase the risk that the Group finds itself unable to successfully develop new projects and to expand its business.

**Risk rating:** Medium.

### 2.3.2 Taxation

The Group is subject to various Danish and international tax legislation applicable to its global activities. The applicable Danish and international tax legislation may change from time to time, which could result in an increase of the Group's tax liabilities. There is also a risk of that the tax position taken by the Group due to different view on the interpretation of the Danish and international tax legislation can lead to increased tax liabilities and other penalties. Relatedly, the Group may from time to time be involved in disputes regarding its tax position.

The Group is currently involved in a dispute with the Danish tax authorities relating to value added tax ("**VAT**"). In May 2019, the Danish tax authorities carried out a VAT audit of the Issuer, specifically in relation to the Issuer's right to deduct input VAT on expenses. Based on the VAT audit, the Danish tax authorities have concluded that the Issuer has wrongly made full VAT deductions on general costs, which the Danish tax authorities do not deem as being fully deductible. As a result, the Danish tax authorities have requested that the Issuer adjusts its VAT deductions for the financial years of 2017 and 2018 which will likely result in the Issuer having to pay an additional amount to the Danish state. The amount to be paid is uncertain at this stage, but the Issuer believes that it should not exceed EUR 1,000,000. The Issuer disputes the views of the Danish tax authorities. Accordingly, the Issuer expects to subsequently seek to recover the amount paid, however, there is a risk that the matter will ultimately be resolved against the Issuer.

**Risk rating:** Medium.

### 2.3.3 Changes to legislation and regulatory regimes

The Group operates in the market for renewable energy and renewable energy projects, which is highly sensitive to changes in legislation and to the regulatory regimes in general. Support mechanisms are frequently changed because of – *inter alia* – the changing market conditions for renewable energy and conflicting political views on what the level of support for renewable energy should be. Changes to support mechanisms may be phased in over the course of several years but may also be implemented very quickly. In all cases, the changes require the Group to re-evaluate all projects that may be affected and, as a consequence, projects representing significant value in terms of costs already incurred or future profitability could be abandoned. Furthermore, changes to support mechanisms may be made with retroactive effect (such as reducing already guaranteed tariff levels for the future or imposing additional costs on the operation of renewable energy plants) and any such retroactive changes can impair the value of the Group's assets significantly and may have a material adverse effect on the Issuer.

Changes to other parts of the legislation than what relates to support mechanisms can also have an adverse effect on the Group. This can be the case if the changes – *inter alia* – makes it more difficult to develop, construct or operate renewable energy projects or on a general level increase the burden of conducting a business similar to the Group's.

Risk rating: Low.

## **2.4 Risks related to the Issuer's financial situation**

### **2.4.1 Project financings**

The Group finances a substantial proportion of its renewable energy projects with debt. Reduced availability of financing on acceptable terms could lead to delays in the development and construction of renewable energy projects or prevent their realisation altogether. This would have an adverse effect on the Group's business.

Additionally, where a construction financing has been obtained in order to construct a project without a corresponding long term financing having been secured at the same time, there is a risk that long-term financing cannot be obtained at the relevant time or at acceptable terms. This could also be the case where the duration of a long-term financing is limited so that a new long-term financing must be secured when the first one expires. This could have an adverse impact on the Group.

Furthermore, the Group has covenants related to some of its existing loans, requiring the borrowing entities to – *inter alia* – maintain certain ratios, such as debt service coverage ratios. Should it not be possible to comply with such a covenant, e.g., due to unpredicted interruption of the production, this could entitle the lender to require that an extraordinary repayment is made or could constitute a default under the terms of the loans.

Risk rating: High.

### **2.4.2 Interest rate risk**

Interest rate risk is the risk that changes in market interest rates will have a negative impact on the Issuer's net profit, cash flow or the fair value of assets and liabilities.

A substantial proportion of the Group's renewable energy projects are financed with up to 80% debt, usually obtained as project financing, which may have a floating rate interest. Consequently, an increase in the interest rates could adversely affect the profitability of the Group's projects and could also render projects in the development stage unviable due to the higher cost of financing. Furthermore, in some instances bridge financing is obtained in order to construct a project without a corresponding long-term financing having been secured at the same time. This exposes the Group to an increase in the interest rate of the long-term financing prior to it being secured. This could also be the case where the duration of a long-term financing is limited so that a new long term financing must be secured when the first one expires.

Risk rating: High.

### 2.4.3 Parent company guarantees

Debt financing for specific projects is typically incurred by special purpose vehicles, but may be guaranteed, in whole or in part, by the Issuer. If the Issuer has provided such parent company guarantee, the financial risks associated with the financing will be directly transferred to the Issuer and the risks for the Group's overall result are increased.

The Issuer also provide parent company guarantees under the construction phase relating to the development and construction of the project. Such guarantees may be part of a project management agreement by which the Issuer or other companies of the Group provide services with respect to the design, procurement and construction of a project. Thereby, the risks associated with the construction are transferred directly to the Issuer and the risks for the Group's overall result are increased.

Risk rating: Medium.

### 2.4.4 Foreign exchange risk

Foreign exchange risk is the risk that changes in exchange rates will adversely affect the Issuer's cash flow, income statement and balance sheet.

The Group conducts the majority of its business in EUR and the annual accounts are prepared in EUR. However, the Group also has exposures towards SEK and BRL relating to its business in Sweden and Brazil and, to a lesser degree, PLN and BGN relating to its business in Poland and Bulgaria. The Group also has some activities with foreign exchange risk in currencies not mentioned above (including, but not limited to, DKK), but these are considered to be insignificant from risk perspective.

Changes in the exchange rate between EUR and other currencies to which the Group is exposed (e.g., SEK, BRL, PLN and BGN) may therefore influence the Group's financial results and could have a negative impact on the Issuer's results of operation. This is particularly relevant where the currency in question is not subject to an exchange rate mechanism such as ERM II, which limits the exchange rate fluctuations between DKK, the currency in the Issuer's home country, and EUR. In some cases, both income and expenses are incurred in the local currency which provides a natural hedge to some extent, but in other cases there is no such match. This could increase the losses due to currency risk if no separate hedging agreements are concluded. The Group does not have a general hedging strategy in place for currency risks.

Risk rating: Medium.

## Risks Relating to the Bonds

### 2.5 Risks related to the nature of the Bonds and the Issuer's ability to service the Bonds

#### 2.5.1 Credit risk towards the Group

Bondholders carry a credit risk relating to the Issuer and the Group.

A significant part of the Group's assets and revenues relate to the Issuer's subsidiaries. The Issuer's subsidiaries are legally separate and distinct from the Issuer and have no obligation to pay amounts due with respect to the Issuer's obligations under the Bonds or to make funds available for the Issuer to make such payments. Consequently, the Issuer is dependent on its subsidiaries' availability of cash and their legal ability to make dividends to the Issuer, which may be restricted by legal, contractual and/or commercial restrictions. Should the Issuer not receive sufficient income from its subsidiaries, there is a significant risk that the Issuer may not be able to service the Bonds and the Bondholders may lose their investment, in whole or in part.

Risk rating: Medium.

### 2.5.2 Refinancing risk

The Group will eventually be required to refinance all of its outstanding debt, including the Bonds. The Group's ability to successfully refinance its debt is dependent on the conditions of the capital markets and its financial condition at such time. The Group's access to financing sources may not be available on favourable terms, or at all. The Group's inability to refinance its debt obligations on favourable terms, or at all, could have an adverse effect on the Group's business, financial condition and results of operations and on the Bondholders' recovery under the Bonds.

Risk rating: Medium.

### 2.5.3 Status of the Bonds

The Bonds represent an unsecured obligation of the Issuer. This means that in the event of the Issuer's liquidation, dissolution, bankruptcy or similar proceeding, the Bondholders normally receive payment after secured creditors (to the extent of the value of their security) and any other prioritised creditors, including those which are mandatorily preferred by law, have been fully paid.

Furthermore, the Bonds are structurally subordinated to all creditors of the Issuer's direct and indirect subsidiaries. This means that in the event of a liquidation, dissolution, bankruptcy or similar proceeding relating to any direct or indirect subsidiary of the Issuer, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before any entity within the Group (including ultimately the Issuer), as a shareholder, would be entitled to any payments.

In addition, the Issuer provides parent company guarantees for certain obligations of its subsidiaries, including financial and performance guarantees. Any defaults by, or the insolvency of, such subsidiaries could result in an obligation of the Issuer to make payments under the parent company guarantees in respect of such subsidiaries' obligations. Furthermore, defaults by one or more subsidiaries could result in the occurrence of cross-defaults on certain borrowings of the Group.

Risk rating: Low.

## 2.6 Risks related to the admission to trading on a regulated market and green bonds

### 2.6.1 Secondary market and liquidity risk

The Issuer will apply for listing of the Bonds on Nasdaq Copenhagen, but the Issuer cannot assure that an active and liquid trading market will develop or be maintained for the Bonds.

The market price of the Bonds could be subject to significant fluctuations. Historically, the markets for debt such as the Bonds have been subject to disruptions that have caused substantial volatility in their prices. The market, if any, for the Bonds may be subject to similar disruptions which may have a material adverse effect on the Bondholders. In recent years, the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Group's business, financial position, earnings and ability to make payments under the Bonds.

Each of the above, alone or in combination, may result in a Bondholder not being able to sell its Bonds or at a price that will provide such Bondholder with a yield, which is comparable to similar investments that have a developed and liquid secondary market. This means that a Bondholder may be exposed to the risks related to the Issuer until the Bonds reach the maturity date.

Risk rating: Low.

### 2.6.2 Green bonds



The Issuer intends to apply the net proceeds of the Bonds to finance or re-finance (with a maximum lookback period of three years) certain eligible assets and projects (the "**Green Projects**") as further described in the Issuer's green bond framework (the "**Green Bond Framework**") in force as at the Issue Date.

There is no legal definition of what constitutes a "green" project nor is there any clear market consensus in terms of what is specifically required for a project to be defined as "green" or equivalently labelled. Accordingly, there is a risk that the Green Projects described in the Green Bond Framework will not meet current or future investor expectations regarding such "green" or equivalently labelled performance objectives. Further, there is a risk that future developments in market practices and standards for "green" projects may deviate from the Green Projects described in the Green Bond Framework.

There is a risk that the intended application of the net proceeds of the Bonds in accordance with the Green Bond Framework may not satisfy, in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether according to any present or future applicable law or regulations or by such investor's own by-laws or other governing rules or investment portfolio mandates.

Any failure by the Issuer to comply with the Green Bond Framework does not constitute an Event of Default under the Terms and Conditions for the Bonds. Bondholders do not have any put option or other right of early redemption in case of any failure by the Issuer to comply with the Green Bond Framework.

Any failure by the Issuer to comply with the Green Bond Framework may have a material adverse effect on the value of the Bonds and/or result in adverse consequences for individual investors, including (but not limited to) investors with portfolio mandates to invest in securities to be used for a particular purpose.

Risk rating: Low.

### 2.6.3 Second Party Opinion

The Issuer has appointed DNV GL for an independent evaluation of the Green Bond Framework. The evaluation has resulted in a second party opinion dated 3 June 2019 (the "**Second Party Opinion**").

Currently, the providers of opinions and certifications such as the Second Party Opinion are not subject to any specific regulatory or other regime or oversight and there is a risk that such providers may be deemed as not being reliable or objective, whether now or in the future.

Risk rating: Low.

### 2.6.4 Listing on green segment

The Issuer expects that the Bonds will be listed and admitted to trading on the "Nasdaq Sustainable Bond Market" segment of Nasdaq Copenhagen A/S. There is a risk that such listing and admission may not satisfy, in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. The criteria for such listing and admission to trading may vary from one stock exchange or securities market to another.

Any failure for the Bonds to be listed and admitted to trading (or ceasing to be listed and admitted to trading) on the "Nasdaq Sustainable Bond Market" segment of Nasdaq Copenhagen A/S as described above, may have an adverse effect on the value of the Bonds and/or result in adverse consequences for individual investors, including (but not limited to) investors with portfolio mandates to invest in securities to be used for a particular purpose.

Risk rating: Low.

## 2.7 Risks related to Transaction Security

### 2.7.1 Transaction Security may be insufficient to satisfy all amounts owed to Bondholders

The Issuer's obligations under the Bonds are secured by a share pledge of all shares in the Issuer ("**Transaction Security**"). Under the Terms and Conditions and the applicable security documents, the Transaction Security is shared with the Initial Bonds issued by the Issuer on 20 June 2019.

If the Issuer defaults on the Bonds, the Bondholders will be secured only to the extent of the value of the Transaction Security underlying the security interest which will be shared with the holders of the Initial Bonds. There is a risk that the pledged assets will be insufficient for the Bondholders should the pledges be realised.

The value of the Transaction Security may fluctuate over time. The amount received upon a sale or other disposal of the Transaction Security will depend on numerous factors including, but not limited to, the actual fair market value of the Transaction Security at such time, market and economic conditions and the timing and the manner of the sale or disposal. There is a risk that the Transaction Security will not be saleable or, even if saleable, that the timing of such sale or other disposal will be uncertain.

**Risk rating:** Medium.

## **2.8 Risks related to certain limitations of the Bondholders' rights**

### **2.8.1 Put option and early redemption**

According to the Terms and Conditions, following the occurrence of a Change of Control Event, each Bondholder will have the right to require redemption of all or part of its Bonds and the Issuer will have an obligation to redeem or repurchase such Bonds. If a Change of Control Event were to occur, the Issuer may not have sufficient funds available, or may not be able to obtain the funds needed, to redeem or pay the repurchase price for all of the Bonds put to it by the Bondholders. Failure to redeem or repurchase the Bonds would adversely affect the Issuer, e.g., by causing insolvency or an event of default under the Terms and Conditions, and thus adversely affect the Bondholders and not only those that choose to exercise the put option.

The Issuer has under certain circumstances reserved the possibility to redeem all or some of the outstanding Bonds. There is a risk that the market value of the Bonds is higher than the early redemption amount and that an investor may not be able to reinvest the redemption proceeds received after the exercise of such redemption at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate.

**Risk rating:** Medium.

### **2.8.2 No action against the Issuer and Bondholders' representation**

In accordance with the Terms and Conditions, the Agent will represent the Bondholders in all matters relating to the Bonds and the Bondholders are prevented from taking actions on their own against the Issuer. Individual Bondholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any Transaction Security granted by the Issuer and may therefore lack effective remedies unless and until a requisite majority of the Bondholders agree to take such action.

However, there is a risk that an individual bondholder, in certain situations, could bring its own action against the Issuer (in breach of the Terms and Conditions) which could negatively impact an acceleration of the Bonds or other action against the Issuer.

Under the Terms and Conditions, the Agent will in some cases have the right to make decisions and take measures that bind all Bondholders and the actions of the Agent in relation to such matters could impact a Bondholder's rights under the Terms and Conditions in a manner that would be undesirable for some of the Bondholders.

**Risk rating:** Low.

### 3 USE OF PROCEEDS

The net proceeds of the issue of the Bonds, after deduction of commissions, fees and estimated expenses, is expected to be approximately EUR 61,900,000.

The net proceeds of the issue of the Bonds will be applied for financing purposes that are in accordance with the Issuer's Green Bond Framework.

### 4 OVERVIEW OF THE BONDS

The EUR 60,000,000 Bonds subject to this Prospectus were tap issued by the Issuer on 30 September 2019 to be consolidated, and form part of a single series with, the EUR 140,000,000 Initial Bonds issued by the Issuer on 20 June 2019 under the Terms and Conditions. The tap issue of the EUR 60,000,000 Bonds was authorised and approved by the Issuer's Board of Directors on 18 September 2019.

The following overview contains basic information about the Bonds and is only intended to serve as an introduction to the Bonds. The overview does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all provisions of the terms and conditions of the Bonds dated 18 June 2019, as amended pursuant to an amendment agreement dated 27 June 2019 (the "**Terms and Conditions**"), attached as Annex B to this Prospectus, and the applicable security documents. Because this is only an overview of certain key features of the Bonds, it may not contain all the information that is important to investors and investors should read the Terms and Conditions in their entirety. Potential investors should carefully consider this Prospectus as a whole, including documents incorporated herein by attachment or reference, before any decision is made to invest in the Bonds. See Section 19 of this Prospectus entitled "*Documents Incorporated into this Prospectus by Attachment or Reference*".

Unless otherwise stated, words and expressions defined in the Terms and Conditions shall have the same meaning in this Section 4.

#### KEY FEATURES

|                                |                                                                                                                                                                                                                                                                |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Issuer:</b>                 | European Energy A/S.                                                                                                                                                                                                                                           |
| <b>Bonds:</b>                  | EUR 60,000,000 EURIBOR (3 months) + 5.35% Senior Secured Callable Floating Rate Green Bonds due 20 September 2023.                                                                                                                                             |
| <b>ISIN Code:</b>              | DK0030448238.                                                                                                                                                                                                                                                  |
| <b>Issue Date:</b>             | 30 September 2019.                                                                                                                                                                                                                                             |
| <b>Issue Price:</b>            | 104%.                                                                                                                                                                                                                                                          |
| <b>Currency:</b>               | EUR.                                                                                                                                                                                                                                                           |
| <b>Final Maturity Date:</b>    | 20 September 2023.                                                                                                                                                                                                                                             |
| <b>Interest Rate:</b>          | Interest on the Bonds will be paid at a floating rate of EURIBOR (3 months) plus a margin of 5.35% per annum.                                                                                                                                                  |
| <b>EURIBOR:</b>                | EURIBOR is defined in the Terms and Conditions.                                                                                                                                                                                                                |
| <b>Interest Payment Dates:</b> | 20 March, 20 June, 20 September and 20 December each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the last Interest Payment Date being the Final Maturity Date). |
| <b>Payment of Interest:</b>    | The Bonds will bear Interest at the Interest Rate applied to the Nominal Amount from, and including, the Interest Payment Date falling immediately prior to the Issue Date up to, but excluding, the relevant Redemption Date.                                 |

Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made quarterly in arrears to the Bondholders on each Interest Payment Date for the preceding Interest Period.

The right to receive payment of Interest (excluding any capitalised interest) shall be prescribed and become void 3 years from the relevant due date for payment.

**Status of Bonds:**

The Bonds constitute direct, general, unconditional and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among them.

**Transaction Security:**

The Bonds are secured by a pledge of all shares in the Issuer. The pledge is established through first priority share pledge agreements dated 18 June 2019, and entered into between European Energy Holding ApS, MDP Invest ApS, JPZ Assistance ApS and certain other shareholders as pledgors and the Agent as pledgee.

All of the pledgors' rights, title and interest, present and future, to and in the shares, are pledged for the benefit of the secured parties, i.e. the Issuing Agent, the Agent and the Bondholders. The voting rights attached to the pledged shares are exercised by the pledgors until the Issuer receives notice to the contrary by the Agent. Any and all distributions of dividends shall be paid to the Agent except for distributions of dividends permitted under the Terms and Conditions.

Subject to the provisions of the Terms and Conditions and the required formalities under the share pledge agreements, the Agent may after the occurrence of a continuing Event of Default on behalf of the Bondholders sell or otherwise dispose of the shares and assign, transfer and negotiate any certificates and documents of title representing or relating thereto.

The pledges are governed by Danish law and cannot be substituted. The pledges of all the shares, including any future issuances, do not expire or mature before full repayment of the Bonds, provided, however, that the pledges may be released in full upon an IPO.

**Form of Bonds:**

The Bonds are issued in dematerialised book-entry form in the electronic register of VP Securities A/S, reg. no. 21599336, Weidekampsgade 14, DK-2300 Copenhagen, Denmark.

The Bonds will be registered for the Bondholders on their respective securities accounts in their names and no physical Bonds will be issued.

**Time-Bar on the Principal:**

The right to receive repayment of the principal of the Bonds shall be prescribed and become void 10 years from the date when the creditor was entitled to claim payment within the meaning of section 2 of the Danish Limitation Act (Consolidated Act No. 1238, in Danish: *forældelsesloven*).

**Indication of Yield:**

The yield to maturity at issuance cannot be calculated at the date of this Prospectus.

**Redemption at Maturity:**

The Issuer shall redeem all, but not only some, of the outstanding Bonds in full on the Final Maturity Date with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest.

**Early Voluntary Redemption by the Issuer (call option and equity claw back):**

The Issuer may redeem all, but not only some, of the outstanding Bonds on any Business Day prior to the First Call Date, at an amount equal to 100.00% of the Nominal Amount together with accrued but unpaid Interest, plus the Applicable Premium.

The Issuer may redeem all, but not only some, of the outstanding Bonds on any Business Day falling on or after the First Call Date, but before the Final Maturity Date, at the Call Option Amount together with accrued but unpaid Interest.

The Issuer may in connection with an IPO redeem up to 30% of the total aggregate Nominal Amount of the Bonds outstanding at a price equal to 102.00% of the Nominal Amount redeemed (or, if lower, the applicable Call Option Amount at such time), together

with any accrued but unpaid Interest on the redeemed amount. Any such partial redemption shall reduce the aggregate Nominal Amount of Bonds held by each Bondholder on a *pro rata* basis by the Nominal Amount of Bonds redeemed.

**Bondholders' Put Option upon the Occurrence of a Change of Control Event:**

Upon a Put Option Event occurring, as further described in Condition 10.4 of the Terms and Conditions, each Bondholder shall have the right to request that all, or only some, of its Bonds be repurchased (put option) at a price equal to 101.00% of the Nominal Amount together with accrued but unpaid Interest.

**Certain Covenants:**

The Terms and Conditions contain a number of covenants, including, among others, (i) a negative pledge provision with respect to the Issuer and its subsidiaries as described in Condition 11.6 and (ii) restrictions on the incurrence of Financial Indebtedness by the Issuer and its Subsidiaries as described in Condition 11.3.

Each of these covenants is subject to significant exemptions and qualifications, see the Terms and Conditions.

**Events of Default:**

Following an Event of Default, any Bond may be declared immediately due and payable by the Agent in accordance with Condition 15.1 of the Terms and Conditions.

The Events of Default include, among others, a cross-acceleration provision relating to Financial Indebtedness as further described in Condition 15.1, paragraph (e).

**Meetings of Bondholders and Amendments:**

The Terms and Conditions contain provisions for calling meetings of the Bondholders to consider and decide on matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure.

The Issuer and the Agent may also, subject to the provisions of Conditions 20.1 of the Terms and Conditions, make certain amendments and waivers to the Terms and Conditions and other Finance Documents without the consent of the Bondholders. Any such modification shall be binding on the Bondholders.

**Conflicts of Interest:**

Apart from as set out in Section 10.4 of this Prospectus entitled "*Statement on conflicts of interest*", the Issuer is not aware of other interest, including any conflict of interest, that is material to the issue of the Bonds.

**Governing Law:**

The Terms and Conditions of the Bonds shall be governed by and construed in accordance with the laws of Denmark.

**Listing:**

Application has been made to Nasdaq Copenhagen A/S for the Bonds issued under the Prospectus to be admitted to trading and official listing on Nasdaq Copenhagen A/S 1 October 2019.

**Agent:**

The Agent under the Terms and Conditions from time to time; initially Nordic Trustee A/S, Danish business registration (CVR) no. 34705720, Bredgade 30, DK-1260 Copenhagen C, Denmark.

**Issuing Agent:**

Nordea Danmark, Filial af Nordea Bank Abp, Finland, Danish business registration (CVR) no. 25992180, Grønøjordsvej 10, DK-2300 Copenhagen S, Denmark.

**Function of the Agent:**

By subscribing for Bonds, each initial Bondholder appoints the Agent to act as its agent in all matters relating to the Bonds and the Terms and Conditions, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder. By acquiring Bonds, each subsequent Bondholder confirms such appointment and authorisation for the Agent to act on its behalf.

Each Bondholder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), as the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Terms and Conditions. The Agent is under no obligation to represent a Bondholder which does not comply with such request.

**Transfer Restrictions:** The Bonds are freely transferrable, but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.

**Credit Rating:** At the date of this Prospectus, no credit rating has been assigned to the Issuer by a credit rating agency and no separate credit rating has been prepared in respect of the Bonds.

## 5 INFORMATION ABOUT THE ISSUER

The Issuer's legal and commercial name is European Energy A/S. The Issuer also has the following secondary names: European Energy Group A/S, European Energy Systems A/S, European Hydro Plants A/S, European Hydro Plants SEE A/S, European Hydro Plants Southeast Europe A/S and Xytel Systems A/S.

The Issuer is registered in Denmark with the Danish Business Authority (in Danish: *Erhvervsstyrelsen*) with business registration number (in Danish: *CVR-nr.*) 18351331.

The Issuer's Legal Identifier (LEI) is 21380051RCIXDBLT6P16.

The Issuer was incorporated on 16 February 1995 under the laws of Denmark. The Issuer and its subsidiaries from time to time constitute a group of which the Issuer is the parent company (the "**Group**" or the "**Issuer's Group**").

The Issuer is a public limited liability company (in Danish: *aktieselskab*) incorporated in Denmark and subject to the Danish Companies Act (Consolidated Act No. 763 of 23 July 2019 on Public and Private Limited Companies, as amended) (in Danish: *selskabsloven*) and other relevant Danish legislation.

The Issuer has its registered office and address at Gyngemose Parkvej 50, DK-2860 Søborg, Municipality of Gladsaxe, Denmark, telephone number: +45 88 70 82 16. The Issuer's website is [www.europeanenergy.dk](http://www.europeanenergy.dk). Information published on the Issuer's website does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus.

There is no recent event particular to the Issuer which is to a material extent relevant to an evaluation of the Issuer's solvency.

No credit rating has been assigned to the Issuer at the request or with the cooperation of the Issuer in the rating process.

### 5.1 Overview of the history and development of the Issuer

The Issuer was founded by Knud Erik Andersen and Mikael Dystrup Pedersen and is a privately owned Danish company operating in the renewable energy sector. The business model is based on sale of projects primarily developed by the use of in-house competencies, sale of electricity generated by the renewable energy power plants and asset management of wind and solar PV farms.

In the period 2004 to year-end 2018, the Issuer's Group has constructed and invested in wind and solar power generating assets with a total value of EUR 1.7 billion which has resulted in a total capacity of more than 1,200 MW.

The initial equity investment of EUR 4 million in 2004 has grown to an equity of EUR 91 million by year-end 2017 and EUR 108 million by year-end 2018.

## Milestones for the Issuer's Group:

|     |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ^   | 2004 | The Group's current activities were initiated.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| ^   | 2005 | The Group builds 5 wind farms comprised of 19 wind turbines in Germany.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| ^   | 2006 | The Group constructed or acquired 66 additional wind turbines - the majority share in Germany and a single farm in Italy. The Issuer is Vestas' largest customer in Germany. The Issuer sells off majority share in European Wind Farms A/S.                                                                                                                                                                                                                                                                                                                                                                                                              |
| ^   | 2007 | The Issuer develops wind farms in Italy, Greece, Poland and Bulgaria. The development portfolio is expanded with the first Spanish solar PV farms. The Group's turnover reaches EUR 15m. The Danish business magazine "Børsen" awards the Issuer as the company with the highest turnover-growth.                                                                                                                                                                                                                                                                                                                                                         |
| ^ ☀ | 2008 | The Group invests approx. EUR 63m in renewable energy plants. The Group operates more than 250 MW and employs 32. The Group constructs its first solar PV farm.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| ^ ☀ | 2009 | The Group re-acquires the majority share in European Wind Farms A/S. The Issuer invites co-investors to finance early development stages to share risk and reduce capital bindings.                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| ^ ☀ | 2010 | The Group changes focus from being less an independent power producer (IPP) to becoming more a developer of renewable energy farms. As a consequence, the Group divests some of its assets. The Group obtains building permits in Italy and Poland.                                                                                                                                                                                                                                                                                                                                                                                                       |
| ^ ☀ | 2011 | The Group continues the strategy from 2010 and increases focus on project development in Northern Europe and wind power in particular. The Group obtains the first Danish building permits for wind farms. EY awards the Issuer with the title as "Entrepreneur of the year" within the clean tech industry.                                                                                                                                                                                                                                                                                                                                              |
| ^ ☀ | 2012 | The Group enhances focus on the development of new wind farms in Denmark, Germany, Sweden and Poland. In cooperation with an Italian utility company a total capacity of 34 MW is installed in Tuscany, Italy. The Group acquires parts of German wind farms with a total installed and operating capacity of 45 MW from Green Wind Energy A/S. Continued focus on sell-off of operating wind farm in Germany. The Issuer starts developing nearshore wind farms.                                                                                                                                                                                         |
| ^ ☀ | 2013 | The Group constructs the first wind farms in Denmark and another 80 MW of Danish pipeline projects is accepted in the zoning plans. In Germany, the Group completes its first Repowering project and increases overall focus on optimizing existing wind farms. The Group completes transaction of operating wind assets in Germany with a major Chinese utility. The Group initiates a joint venture with the Investment Fund for Developing Countries (IFU) owned by the Danish government, whereby the Group initiates project development activities beyond the traditional scope. The Group acquires 49,5% of a German wind farm portfolio of 93 MW. |
| ^ ☀ | 2014 | The Group successfully issues bonds in the Nordic capital markets of EUR 45m with the possibility to draw another EUR 15m. The Group acquires 49.5% of a German wind park with a total installed and operating capacity of 27 MW. The Group enters the UK solar PV market and acquires two ready to build projects with a combined capacity of 28MW. Construction finance for the projects are obtained and construction commences. The projects are sold on a turn-key basis.                                                                                                                                                                            |
| ^ ☀ | 2015 | The Group constructed the largest solar PV plant in the Nordics to date (75 MW), capable of supplying electricity to 21,500 households. Furthermore, the Group grid-connected as the first developer in the world two 8 MW turbines (at the time, the turbines with the largest generating capacity), in Denmark,                                                                                                                                                                                                                                                                                                                                         |

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capable of supplying electricity to 18,000 households. In total, the Issuer constructed 154 MW of capacity in 2015, at 18 different sites.

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2016

The Group won the entire capacity tendered in the first-ever EU cross-border tender conducted by the German state with projects to be constructed in Denmark. Successfully constructed 108 MW of capacity (wind and solar PV) at eight sites, and an additional 166 MW of capacity (wind and solar PV) were under construction as of year-end 2016. The average number of full-time employees is 64.

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2017

The Group delivered a record result from the successful sale of wind and solar PV projects with a total capacity of 212 MW in Brazil, Germany, UK, Finland and Denmark. In July 2017, the Issuer issued bonds for a total amount of EUR 60m in order to refinance the existing bonds debt and to further finance its growth.

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2018

The Group delivered the best result in its history so far. Key events in 2018 included the following:

- Completed construction of 273 MW in total.
- Built plants in new countries and expanded our activities geographically.
- Divested more than 142 MW.
- Increased existing bond loan by EUR 25m to a total bond loan of EUR 85m.

## 6 BUSINESS OVERVIEW

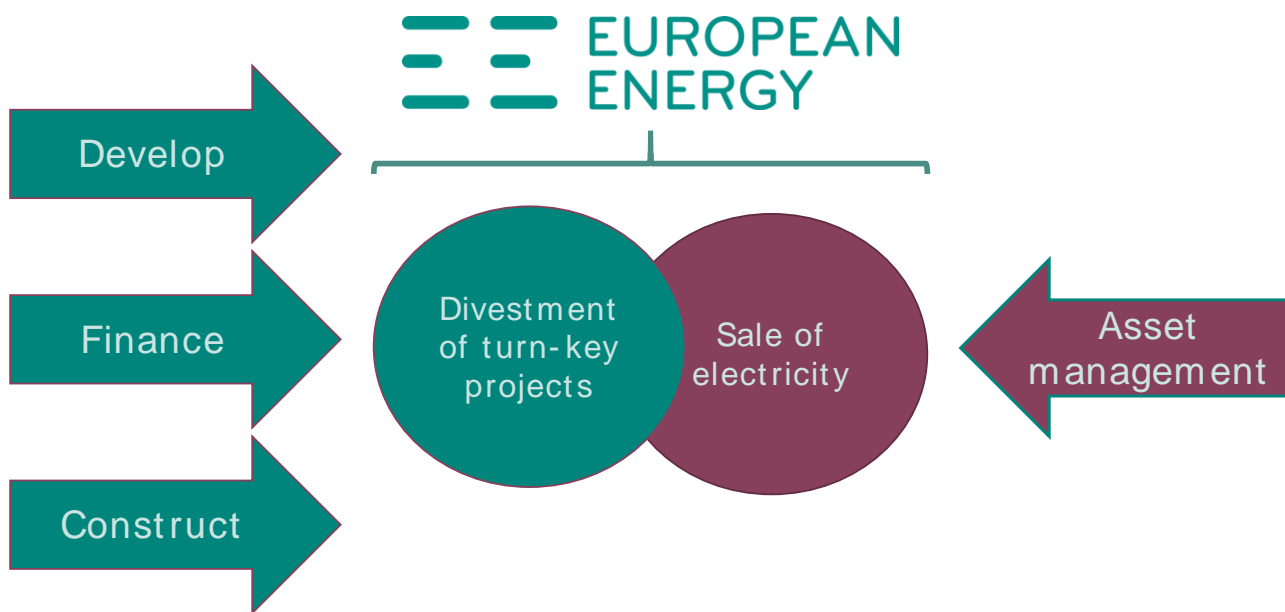
### 6.1 Business idea and strategy

The Issuer is focused on creating a global community with independence from fossil fuel energy sources and where efficiency and zero carbon emissions are the norm. The mission is to be the preferred partner within all parts of the renewable energy value chain and to ensure a healthy business through deep local knowledge combined with technical, legal and commercial expertise on renewable energy investments. The Issuer continuously strives to position itself in an evolving industry and to explore new business opportunities to ensure lasting value creation and to best manage risk across technology and geography.

The business model of the Issuer is focused on the development, financing, construction and ultimately the divestment of wind and solar PV power plants as well as the asset management of such plants. The Issuer will often divest the developed assets fully or partly to utilities, institutional investors, investments funds, etc., once the projects are completed and in operation. The Issuer continues to generate revenues from partly divested farms through part ownership and asset management. The Issuer aims to be among the leading project developers within solar PV and wind parks. Further, the Issuer seeks to be the preferred partner of financially strong investors with a wish to invest in solar or wind energy.

Below is a graphical illustration of the Issuer's business model:





The Issuer's business model (source: European Energy A/S).

The Issuer has been active within wind power generating assets since 2004 and solar PV generating assets since 2008. The Issuer has competencies within the entire value chain of wind and solar power generating assets from development and financing of projects to construction and operation. The Issuer's portfolio is diversified across various countries, difference technologies and difference stages of the renewable energy value chain.

Below is an overview of the value chain of renewable energy projects with indicative time frames:

|             | Develop<br>(6-30 months)                                                                                                                                                                                                                                                                                                                                                                                              | Project finance<br>(1-6 months)                                                                                                                                                                                                                                                                                                            | Construct<br>(1-6 months)                                                                                                                                                                                                                                                                                                                                                                       | Divestment / Exit                                                                                                                                                                                                                                                               | Operate / asset mgmt.<br>(Ongoing)                                                                                                                                                                              |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Activities  | <ul style="list-style-type: none"> <li>Land lease- and powerpurchase agreements</li> <li>Environmental assessment</li> <li>Achieve building permit</li> <li>Ensure grid connection</li> <li>Production estimates by independent wind assessors</li> <li>Evaluating repowering opportunities on operational portfolio</li> </ul>                                                                                       | <ul style="list-style-type: none"> <li>Establish cooperation structure with financial partner</li> <li>Legal, technical and financial due diligence</li> <li>Completion of financial contracts, including securing bridge and long-term financing</li> <li>Match investors with different risk profiles with the right projects</li> </ul> | <ul style="list-style-type: none"> <li>Project coordination</li> <li>Select optimal technology and park layouts</li> <li>Select EPC contracting structure</li> <li>Construct renewable energy plants</li> <li>Oversee construction phase from groundworks to grid connection</li> </ul>                                                                                                         | <ul style="list-style-type: none"> <li>B2B power sales to utilities/private companies via PPA</li> <li>Divestment to third parties, such as institutional investors and utilities</li> </ul>                                                                                    | <ul style="list-style-type: none"> <li>Administration of own and third party power plant assets</li> <li>Operations agreements</li> <li>Evaluating repowering opportunities on operational portfolio</li> </ul> |
| Risk mgmt.  | <ul style="list-style-type: none"> <li>Project specific risk assessment</li> <li>Guaranteed tariffs or PPAs</li> </ul>                                                                                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>Financing through non-recourse loans</li> <li>Financial partners reduce risk</li> </ul>                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>The choice of the contractual structure and the interfaces between the project contracts are aimed at allocating the risks in the most efficient manner</li> <li>Entering into full service operations and maintenance (O&amp;M) against operative risk</li> </ul>                                                                                       | <ul style="list-style-type: none"> <li>Assessing all the commercial projects' potential</li> <li>Early exit of projects before COD limiting risks</li> </ul>                                                                                                                    | <ul style="list-style-type: none"> <li>Monitor production, financial and technical performance</li> </ul>                                                                                                       |
| Competences | <ul style="list-style-type: none"> <li>Extensive knowledge of the long-term behaviour of plants and components, ensuring projects continually improve</li> <li>Agile and flexible organisation capable of handling complex projects and processes</li> <li>In-house M&amp;A and legal department involved with acquisition of ready-to-build projects, who defines the commercial assumptions for the case</li> </ul> | <ul style="list-style-type: none"> <li>Detailed knowledge of potential investors/financiers and their needs</li> <li>Capable negotiators with extensive experience securing financing at appropriate project stages and attractive terms</li> <li>Capable of handling all financing documents</li> </ul>                                   | <ul style="list-style-type: none"> <li>EE benefits from employees' knowledge of key markets, which eases the development, approval and realisation process for wind and solar farms</li> <li>Extensive competencies within EPC, procurement and park design</li> <li>Strong in-house legal department with detailed knowledge of the rules and incentive schemes in EE's key markets</li> </ul> | <ul style="list-style-type: none"> <li>Skilled in-house M&amp;A department with deep market insight through numerous transactions</li> <li>The M&amp;A and legal department facilitates in-house sales processes</li> <li>Direct access to a wide range of investors</li> </ul> | <ul style="list-style-type: none"> <li>EE has a dedicated asset management team tasked with minimising downtime at operating parks, including those managed on behalf of third parties</li> </ul>               |

Value chain of renewable energy projects with indicative time frames (source: European Energy A/S).

In case the Issuer sells projects in the early stages of the value chain, they are sold as project rights. Sometimes only parts of the project rights are sold and then the project development may continue in joint partnerships with an investor. Projects sold in the later stages of the value chain may be sold as turn-key projects and often as share

deals of special purpose companies containing the operating asset and all the project rights. In many projects the Issuer provides project management services with respect to the project, and such management services may relate to the design, procurement and construction of the project and also include separate guarantees and warranties related to the development and construction of the project, as set forth in the risk factor in Section 2.4.3 of this Prospectus entitled "*Parent company guarantees*". For projects in the operational stage, the Issuer offers asset management services to investors.

## **6.2 Business areas**

Since 2004, the Issuer's Group has acquired considerable know-how in all stages of the wind and solar power value chain. This expertise ranges from identifying new sites and securing financing to managing the actual construction process and ensuring the reliable operation of assets.

European Energy has three main business areas:

- Project development (including acquisition of partly or wholly developed projects), financing, construction and divestment of wind and solar PV farms.
- Sale of electricity from operational wind and solar PV farms.
- Asset management.

## **6.3 Project development**

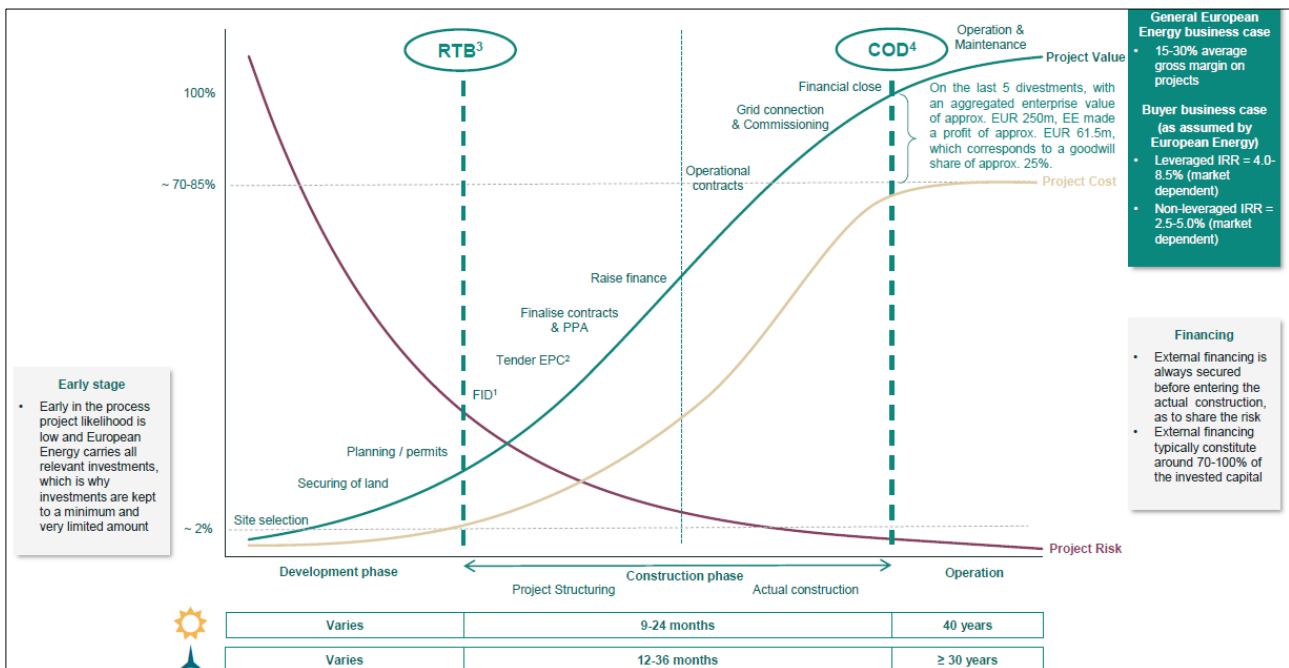
In the development phase, the Issuer concludes, among others, land lease agreements, determines wind and solar resource potential, performs environmental assessments, achieves building permits, concludes power purchase agreements and ensures grid connection – either alone or in cooperation with partners.

If development activities are decided to be carried out in cooperation with a partner, usually a joint venture company is established. In joint partnerships, the Issuer typically contributes with the project rights and development competences and the partner delivers the financial resources. In other cases, the partners may carry out the development activities *pro rata*, or the partner may contribute the project rights and local expertise.

In the project development stage, the demand for liquidity is in most cases not significant compared to the construction phase. However, a project in this stage can be stopped if the project is not considered profitable.

The Issuer may in certain instances choose to sell the project rights for a fully developed project and therefore not be managing the construction of the project itself.

Below is an illustrative overview of a business case and the relationship between project-risk, project-value and project-cost throughout the lifecycle of a project:



**Notes:** 1) FID: Final investment decision, 2) EPC: Engineering, procurement and construction agreements, 3) RTB: Ready to build, 4) COD: Commercial operation date.

*Project lifecycle (source: European Energy A/S).*

At the end of 2018, the project development portfolio consisted of 2,734 MW of potential projects in nine countries. The geographic diversity, varying stages of development and focus on different technologies ensure a continuous cycle of activity and broad range of investment opportunities.

In addition to the development phase projects, the Issuer has projects in the pre-development phase. At the end of 2018, the pre-development portfolio consisted of approximately 6 GW, of which the Issuer's ownership stake equaled to approximately 5 GW. The work yet to be concluded for the projects in the pre-development phase includes - *inter alia* - (i) a first analysis of the site for feasibility and commercial viability, (ii) contact to land owners in order to secure support or to obtain land rights and (iii) an analysis of the permits needed to conclude the project, including in relation to protection of species, conservation of nature and emission studies such as noise shadow, etc.

### Repowering

Project development also includes Repowering. In addition, modern turbines are equipped with software enabling them to adapt to current demand and supply conditions and thereby optimise the economic performance.

The decommissioned turbines may be reused in other geographic locations or sold.

### Project financing

In most projects, the Issuer chooses to obtain a project financing. The project financing may be a bridge financing before the long-term project financing is obtained, a long-term project financing or a refinancing.

When obtaining a project financing, legal, technical and financial due diligences are always carried out by the lender.

In certain instances, the Issuer may choose not to obtain either bridge financing or long-term financing. This decision with respect to project financing is made on a case by case basis.

### Power purchase agreement ("PPA")

A power purchase agreement ("PPA") is a contract between two parties, one which generates electricity (the seller) and one which is looking to purchase electricity (the buyer). The PPA defines all of the commercial terms for the

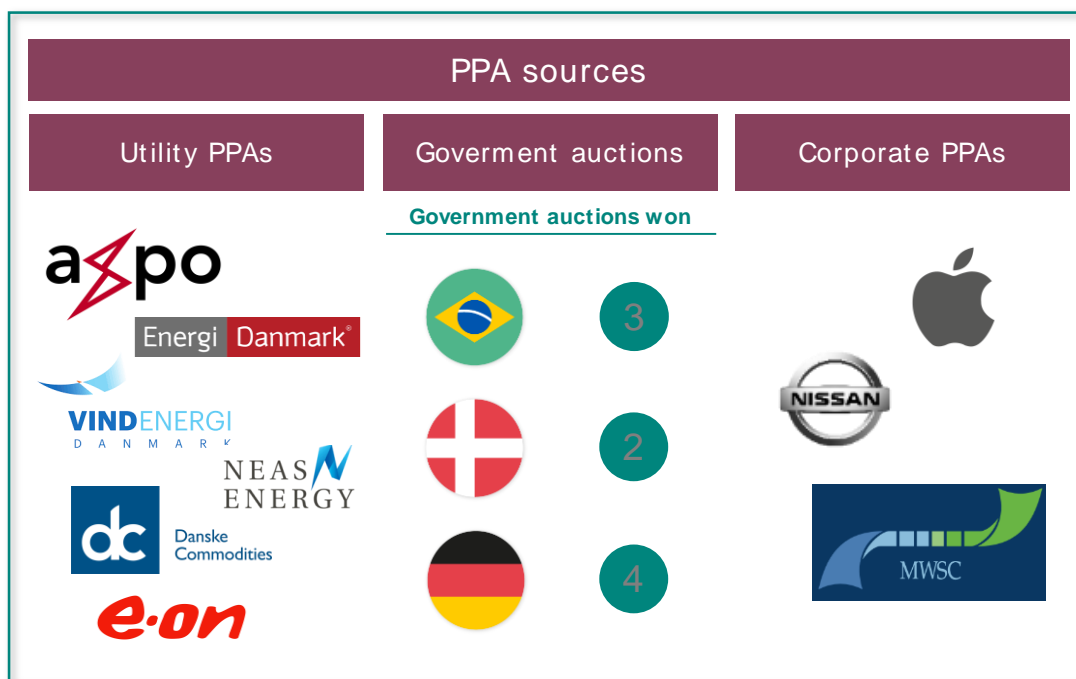
sale of electricity between the two parties, including when the project will begin commercial operation, schedule for delivery of electricity, penalties for failed delivery, payment terms and termination.

The main risk for European Energy when a project has entered into a PPA is penalties if the project is not in operation within the agreed operation date.

In order to de-risk projects and to secure long term financing, long-term PPAs are important to enter into.

Typically the PPA agreement is agreed between the project SPV and the counterpart.

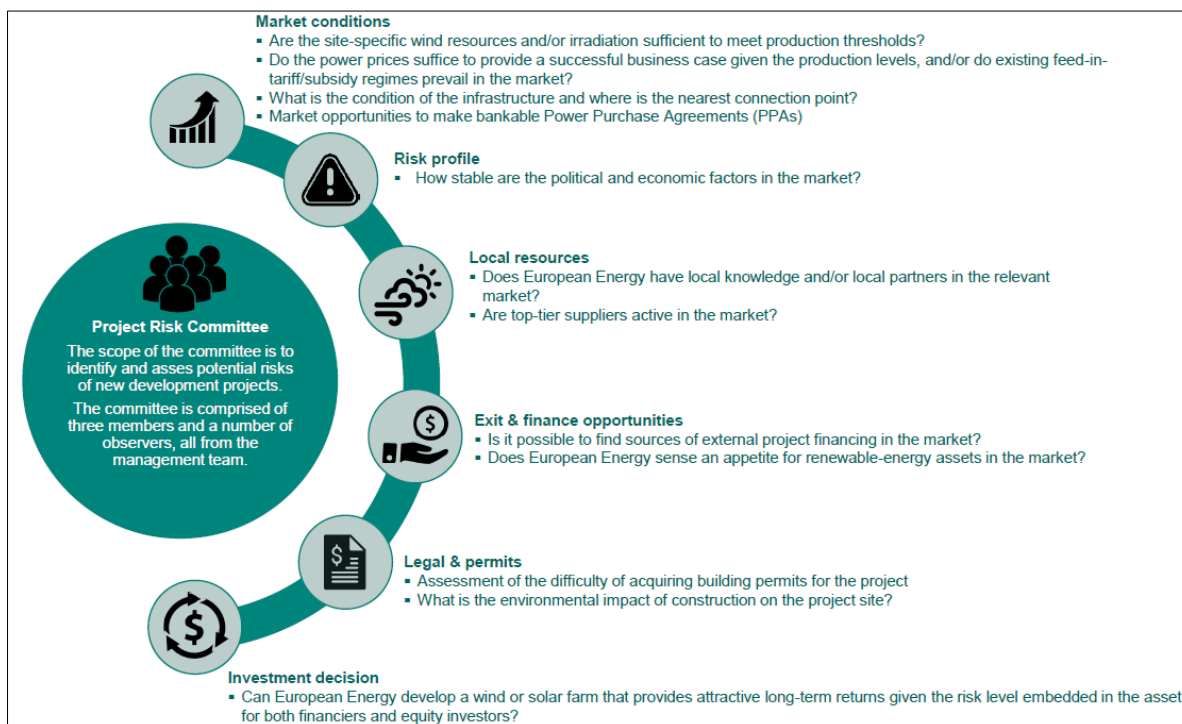
Below is an overview of some of the PPAs entered into by the Issuer:



Overview of PPAs that the Issuer's Group has secured (source: European Energy A/S).

**Investment committee**

The Issuer has a risk and investment committee in place, which assesses a project prior to investment. The committee ensures that an investment follows the Green Bond Framework. Furthermore, the committee assesses projects based on the criteria's listed below:



*The Issuer's risk management process (source: European Energy A/S).*

## Construction

When all the essential rights and permits necessary to initiate the construction phase have been acquired, the project is considered ready to build. The construction of a project is carried out by third party contractors. Depending on the project, a multi-contract setup (where different contractors and suppliers each perform part of the construction and/or delivery of supplies to the construction) may be used or an EPC-agreement (engineering, procurement and construction-agreement where the contractor often undertakes to construct the project on a turn-key basis) may be entered into with a third-party contractor. The Group may also for some projects act as the EPC-contractor.

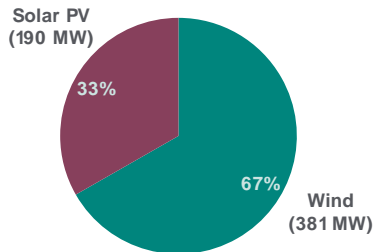
Often the Group will in addition perform project management services with respect to the project, and such management services may include the coordination of the design, procurement and construction of the project and also include separate guarantees and warranties related to the development and construction of the project.

As per end of 2018, the construction pipeline is based on projects in six countries and comprises approx. 571 MW (of which the Issuer's share is approx. 434 MW).

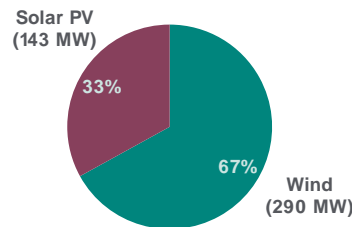
Below is an overview of the Group's construction pipeline as per end of 2018:

## Construction portfolio

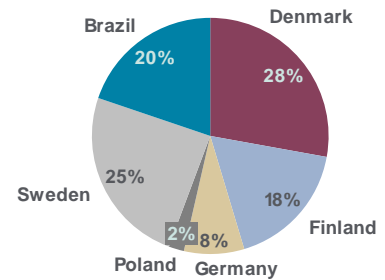
Total portfolio = 571 MW



EE share = 434 MW



Total portfolio = 571 MW



*Overview of the Group's construction pipeline as per end of 2018 (source: European Energy A/S).*

### Sale of projects

The Issuer usually develops and/or constructs wind and solar projects with the purpose of complete or partial divestment. The projects may be sold at various stages depending on the market conditions. If a project is sold before construction is completed, the Issuer typically commits to construct and connect the assets to the grid and deliver a turnkey project to the customer.

The partner base of the Issuer has developed positively over the years and includes, among others, large institutional investors, including pension funds and infrastructure funds. As the Issuer is able to match the requirements of these professional investors, the network of new partners with the same structure and set-up is growing.

Often asset management agreements for the operation of the wind farms are concluded with the respective long-term owners. Operating assets are in most cases sold as share deals.

### Case studies

Below are some illustrative case studies, which shows some of the Issuer's current activities:



Solar PV farms in Denmark with a total nameplate capacity of 70 MW. The project was sold in 2018 to re:cap, an asset manager for renewable energy investments based in Switzerland



Location: Øster Tørebjerg, Denmark



Location: Bodøslingsvejen, Denmark



Location: Stubbekøbing, Denmark



Wind project with a capacity of 53.2 MW, has just been constructed and will be fully grid connected in September 2019





The Coremas project is a cluster of 3 sites with a total capacity of 93 MW. Two thirds of the project is currently operational and the remaining part will be constructed during 2019



The test centre in Risø will give European Energy and Technical University of Denmark (DTU) insights on the potential of the next generation of technical equipment harvesting energy from the sun. European Energy has financed the construction of the test centre at DTU's Risø Campus and is also funding several research projects at the new test centre.



### ***Sale of electricity from operational wind and solar PV farms***

The Issuer holds a diversified portfolio of operating wind and solar farms in, among other countries, Germany, Denmark, Spain, Italy and Bulgaria. Through this diversification, the Issuer seeks to reduce the overall business risk. As per end of 2018, the majority of the Issuer's sale of electricity derives from Denmark (53%) and Germany (37%).

The total electricity production of the Issuer's share of the operating portfolio amounted to 327 GWh in 2018, enough energy to power around 65,000 households and a gross revenue of EUR 35.1 million. An overview of the Group's sale of electricity from 2015 to 2018 is illustrated below. Please note that these figures deviate from the Group's consolidated revenue from the sale of electricity, as they relate to revenue which, to a large extent, is related to



minority shareholdings (which is reflected as income from associated companies and as such does not form part of the Group's consolidated revenue).



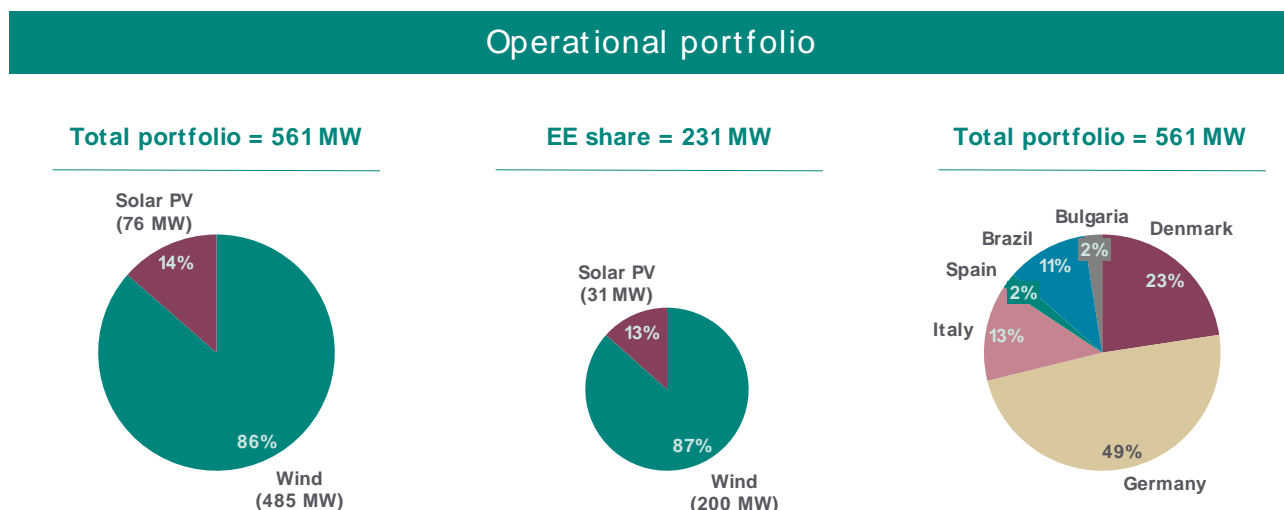
*The Issuer's sale of electricity 2015 - 2018 (source: European Energy A/S).*

The Issuer's management estimates that the 327 GWh of the Issuer's share of the operational portfolio has saved approximately 231,592 tonnes of Co2, the equivalent of: 1,264 railcars' worth of coal burned, 9,467,412 propane cylinders used for barbeques or 29,530,826,764 of smartphones charged.

### Asset management

The Issuer has a dedicated asset management department focusing on the management and optimisation of the operating portfolio of wind and solar PV farms wholly or partly owned by the Group. The total portfolio of power generating assets, in which the Issuer has an ownership stake and actively manages, comprises of 561 MW as per end of 2018.

Below is an overview of the Group's operational portfolios as per the end of 2018:



*Overview of the Group's operational portfolios as per end of 2018 (source: European Energy A/S).*

In addition to the above illustrated operational portfolio, the Issuer manages another 508 MW on behalf of third parties from which it generates revenue in the form of asset management fees. The asset management department is responsible for - *inter alia* - monitoring the performance of the power generating assets and for analysing and implementing optimisation opportunities regarding cost structure and refinancing. As part of the optimisation process

the Issuer reviews service agreements with turbine manufacturers, insurance contracts, direct trading agreements and the possibility of installing advanced grid control and remote control.

### ***Nordic Power Partners***

Nordic Power Partners is a joint venture between European Energy and the Danish Climate Investment Fund which is administered by the government-owned Investment Fund for Developing Countries (IFU). The value proposition is to develop, design and construct wind and solar PV projects in emerging markets and developing countries. The projects are developed through the business model of European Energy and by utilising IFU's experience of investments in such countries. Nordic Power Partners is currently involved in projects across multiple geographic regions, including Brazil and India. In 2017, Nordic Power Partners sold PV projects of 90MW in Brazil. At the end of 2018 NPP had 82 MW ready-to-build assets, 31 MW assets under construction and 62 MW power generating assets.

## **6.4 Market conditions**

From 2004 (when the Issuer was founded) until end of 2018 the global installed capacity of wind and solar PV farms has grown from 42 GW in early 2004 to approx. 1,100 GW (sources: Global market Outlook for Photovoltaics 2018-2022, Solar Power Europe, 2018; Global Wind Statistics 2018 GWEC, 2019; International Renewable Energy Agency – Renewable Capacity Statistics, 2019).

This growth has been stimulated by significant technological breakthroughs, favourable political frameworks and dedicated developers, financiers and subcontractors. During this second decade of the new millennium renewable energy technology has matured. Although renewable energy is still somewhat dependent on subsidies, new renewable energy technology is becoming more competitive with fossil fuelled sources. The levelised cost of energy ("**LCOE**", a system's expected lifetime costs including construction, financing, fuel, maintenance, taxes, insurance and incentives, divided by the system's lifetime expected power output in kWh, adjusted for inflation and discounted for the time-value of money), has been pushed down due to the larger and more efficient wind turbines and scalability of production of solar PV panels and other solar PV components.

Main drivers of renewable energy can be summarized in the following points:

- Increased global need for energy.
- Decreasing costs of renewable energy plants.
- Regulations aiming to decrease pollution from fossil fuel.
- Political will to use clean and sustainable energy sources.
- Incentives and subsidies.

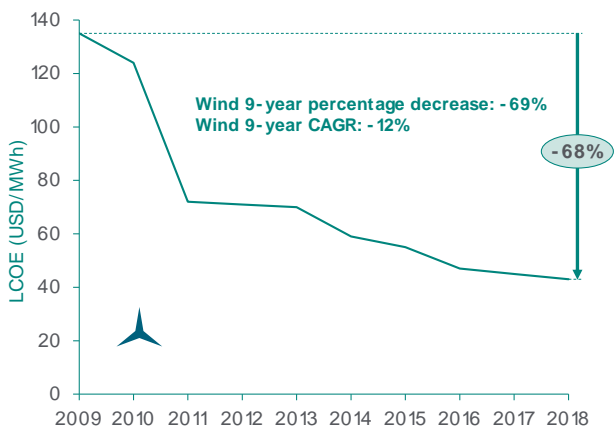
The figures in the following sections show the LCOE for wind and solar energy production. It can be seen from the figures, that the price has been sharply reduced over recent years.

### ***Market conditions for wind power in general***

Onshore wind power is currently one of the most economically competitive alternatives to traditional fossil fuel sources. The technological advances made during recent years have contributed to the lowering of LCOE. One of the main drivers for pushing down LCOE is the turbine manufacturers' ability to produce and install turbines with larger rotor diameter. A larger diameter typically leads to increased production per installed capacity. Secondly, the standard capacity for generators in new turbines is increasing. Finally, the total height (tip height) of new turbines is increasing. The combination of increasing rotor diameter, a growing generator-capacity and higher towers together increases the overall annual energy production ("**AEP**") of new wind turbines.

The figures below show the LCOE for wind energy production in the period 2009 - 2018:

Unsubsidised levelised cost of energy (LCOE) - Wind



Main drivers for decreasing cost of energy - Wind

- A Cost of components:** Can still decrease further, however, not at the same rate as it has in the past
- B Efficiency:** Significant potential for increased efficiency as turbines increase in size and technology enhances

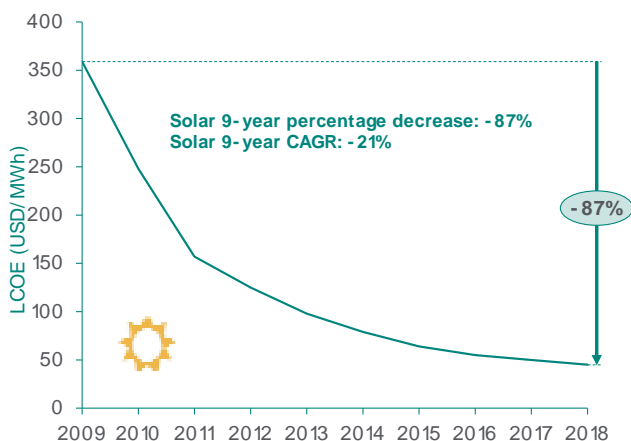
LCOE for wind energy production in the period 2009 -2018 (source: LAZARD and European Energy A/S).

From 2009 to 2018 the LCOE of wind energy production fell by approx. 68%. Under favourable conditions, e.g. sites with good wind resources, onshore wind is already competitive with fossil fuel. During 2018 the installed global capacity of wind turbines grew by 51 GW from 540 GW to 591 GW. Within Europe the installed capacity grew by 14 GW to 171 GW in 2018 (source: Global Wind Statistics 2018 GWEC, 2019).

**Market conditions for solar power in general**

The LCOE for solar PV is also decreasing. The LCOE of solar energy production fell by approx. 87% between 2009 and 2018. The main drivers for the steep decrease in LCOE are – *inter alia* - the increased competition between technology suppliers, improvements of the underlying technology and economies of scale associated with the production of panels and other key components and more efficient production processes.

Unsubsidised levelised cost of energy (LCOE) - Solar



Main drivers for decreasing cost of energy - Solar

- A Cost of components:** Significant potential to decrease cost as competition among suppliers increases
- B Efficiency:** Significant potential for increased efficiency as panels increase in size and technology enhances

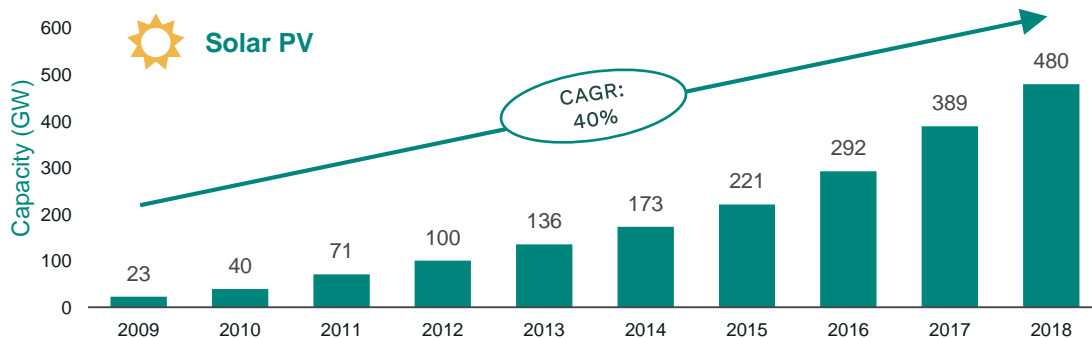
LCOE for solar energy production in the period 2009 - 2018 (source: LAZARD and European Energy A/S).

The predictability and stability of power production from solar assets also supports cost effective financing.

In most countries, the solar PV market remains a policy-driven market.

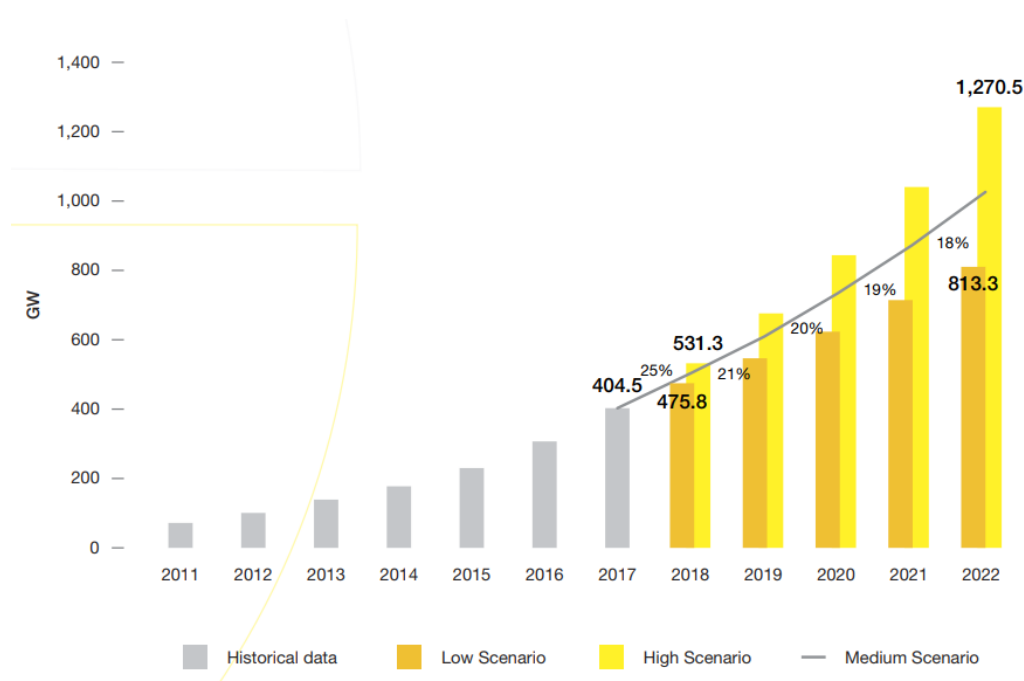
Solar PV is a fast-growing market. By the end of 2017 the total installed solar PV capacity was comprised of 405 GW and is expected to continue growing.

The graph below shows the growth in renewable capacity from 2009 - 2018:



Renewable capacity statistics 2019 (source: International Renewable Energy Agency – Renewable Capacity Statistics, 2019).


The market evolution and the expectation for the coming years up until 2022 can be seen from the figure below:



Evolution and growth experience of global total solar PV installed capacity 2011-2022 (source: Global market Outlook for Photovoltaics 2018-2022, Solar Power Europe, 2018).

### Market conditions for the Issuer's key markets

The Issuer's current key markets for screening, developing and constructing wind and solar projects are specified in the text boxes below with a description of the market characteristics for each of these markets:

|                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Denmark</b>  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Market characteristics                                                                               | <ul style="list-style-type: none"> <li>• Early adopter of onshore wind and with high future ambitions of on- and offshore capacity. Over the last few years, large scale PV projects have emerged, which provides a good balancing input into the electrical energy system</li> <li>• Stable, well-regulated and market based electricity market</li> <li>• Auction scheme in place, including technology neutral auctions. Corporate PPAs have emerged as a route to market for renewable power plants.</li> <li>• Stable political climate including general consensus on further development of off-shore wind parks</li> </ul> |

## Finland



### Market characteristics

- Strong wind power fundamentals in terms of wind resources, grid and political stability, but relatively low power prices
- Average cost of grid connection
- Grid parity projects being realized with private PPAs

## France



### Market characteristics

- France was the top G20 country for renewable energy investments in 2018
- France is one of few G20 countries that follows a concrete and binding long-term de-carbonisation strategy
- French regulatory framework provides a high degree of stability for investors and is characterized by positive political environment.
- France possesses a comprehensive support policy for renewables including FIT, auction scheme and guarantees of origins.
- France faces various problems in renewable energy deployment such as underbidding and time consuming administrative procedures

## Italy



### Market characteristics

- The government is still supporting the development of renewable energy projects. The new "Decreto FER" (Incentive scheme) based on auctions is expected to be approved within Q2 2019
- On-shore wind and PV remain the core categories for the development pursued by European Energy
- Off-takers are now focusing on long term PPAs, with a duration from 10 to 15 years. This allows to have viable projects even without the support of incentive schemes
- Big-size projects, in particular in the PV environment, are becoming more and more common, allowing stronger business cases
- The use of storage solutions is currently being explored by different parties, and it looks like a promising solution for the future, which is also likely to be backed up by public incentives
- Local authorities have been rather permissive with the authorizations of renewable plants, so stricter procedures for obtaining building permits are expected to be put in place from 2021

## Lithuania



### Market characteristics

- Good wind resources and possibility of deployment of latest technology (turbines with tip-height of 250-300 m)
- Auction scheme expected to be adopted by the government within 2019
- Part of Nordpool power market
- Stable macroeconomic environment, EURO membership

## Poland



### Market characteristics

- The energy market is dependent on coal power plants and imported gas, making the wholesale electricity market price one of the highest in the EU, which has a positive impact on PPA contract prices.
- Currently, Poland does not deliver on EU energy & climate goals set out in 2008. It is expected that costly virtual transfers of green energy from other countries will be needed. To avoid that, the government has unlocked auctions for renewables with 1 GW devoted for wind. An executive order is expected to come into force summer 2019 securing the auction of over 2.5 GW of new wind and solar projects which will get a floor contract price for 15 years.
- Poland has good natural resources – especially wind.

## Spain



### Market characteristics

- Energy yield from solar projects among the best in Europe with the majority of the country offering global horizontal irradiation of 1.400 – 1.900 kWh/m<sup>2</sup>.
- Ambitious political 2030 and 2050 goals for energy transition has provided interesting opportunities in the renewables sector and Spain is currently experiencing its 2nd boom in renewables with PV projects taking a clear lead.
- Grid parity projects are dominating the market, but auctions of 3 GWh/Year from 2020 – 2030 have been announced by the government.
- PPA market is in its infancy and some challenges must be overcome while spot market has been providing average price of approximately 55 EUR/MWh.
- Largest obstacle to overcome is the saturation of grid capacity for renewables. Grid guarantee requirement of 40 kEUR/MW has been implemented (previously 10 kEUR/MW) to mitigate speculation, but the effect has been limited.

## Sweden



### Market characteristics

- Strong wind power fundamentals in terms of wind resources, grid and political stability, but relatively low power prices
- 15 years el-certificate system in place
- High cost of grid connection
- Grid parity projects being realized with private PPAs

## United Kingdom



### Market characteristics

- Option for private PPAs with major UK companies
- Brexit causes uncertain situation
- UK has high electricity pricing compared to other European countries, making non-subsidy renewable investments possible due to the continued cost reductions of renewables
- The use of storage solutions is currently being explored by different parties, and it looks like a promising solution for the future, which is also likely to be backed up by public incentives
- Northern Ireland has its own transmission network. The electricity prices are more or less at the same level as England and Scotland.

## Australia



### Market characteristics

- Good natural resources for PV (whole country) and wind (especially in the south).
- Relatively high electricity prices compared to most European countries
- Australia has been lagging behind in the development of renewable energy, but is now moving quickly forward in this area
- Stable currency and political climate
- Grid capacity can be an issue – especially in remote areas with high natural resources
- No “firm connections” to grid meaning that the capacity provided by the grid operator can vary depending on the market price
- Auctions expected to be introduced in certain states in the near future. Corporate and retail PPA market is also rapidly developing.
- The use of storage solutions is currently being explored by different parties, and it looks like a promising solution for the future, which is also likely to be backed up by public incentives

## Brazil



### Market characteristics

- Well established auction system for wind and solar PV development
- High natural resources
- Local content manufacturing of wind and solar technology is emerging
- Competitive bidding and private PPAs pave the way for grid parity projects
- Macroeconomic environment with the characteristics of emerging market

## USA & Canada



### Market characteristics

- Natural resources and commercial viability differ significantly from state to state
- Some states have auctions and a market based power market
- For certain states the market is quite competitive but also attractive to investors in renewable energy.
- In some states the market is governed by public auctions and private PPAs with relatively high electricity prices. In other states, large scale market based renewable power plants are emerging.
- For Canada in particular, only Alberta has a de-regulated power market

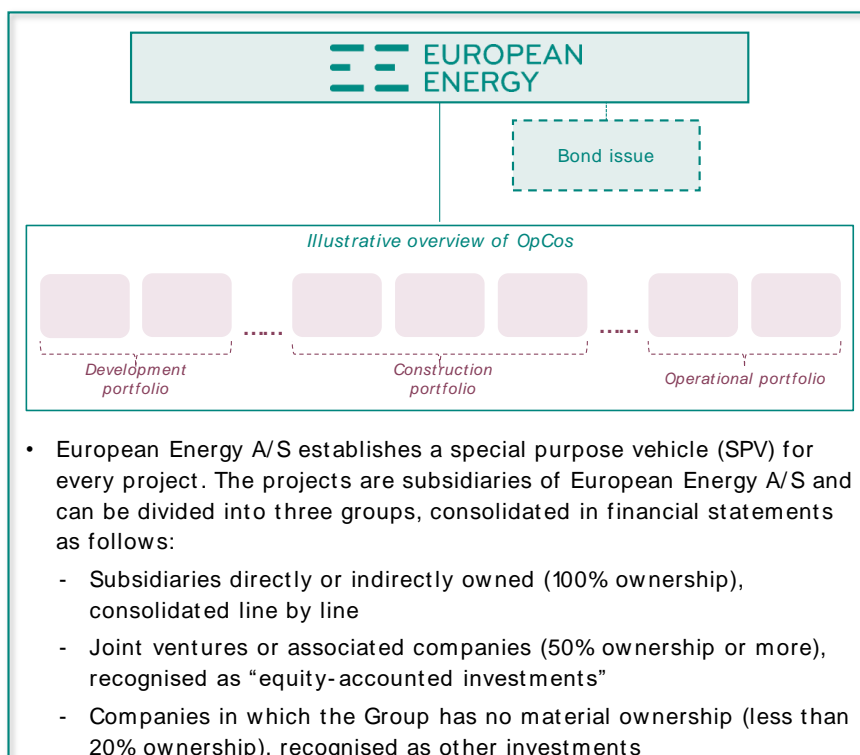
### 6.5 Competitive position

No statements regarding the Issuer's competitive position has for the purpose of this Prospectus been prepared or included in this Prospectus.

## 7 ORGANISATIONAL STRUCTURE

The Issuer, being the parent company of the Issuer's Group, has as of the date of this Prospectus ownership interest in 232 companies.

Below is a simplified illustration of the composition of the Issuer's Group:



*Simplified structure of European Energy (source: European Energy A/S).*

The Issuer's current ownership interests are listed in the table attached as Annex A to this Prospectus. The column "Ownership" shows the direct parent company's ownership interest, whereas "Group ownership" is the Issuer's direct or indirect ownership share. Please note that because of the ownership structures companies may appear more than once.

European Energy Holding ApS holds approx. 76% of the share capital of the Issuer and is the holding company of the Issuer. The shareholders of the Issuer as of the date of this Prospectus are listed in Section 11 of this Prospectus entitled "*Major Shareholders*".

### 7.1 Dependencies upon Group entities

The Issuer is dependent upon receipt of sufficient income and cash flow related to the operations of its subsidiaries as a significant part of the Group's assets and revenues relate to the Issuer's subsidiaries.

## 8 TREND INFORMATION

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements and no significant change in the financial performance of the Group since the end of the last financial period for which financial information has been published to the date of this Prospectus.

## 9 PROFIT FORECASTS OR ESTIMATES

The Issuer has chosen not to include a profit forecast or profit estimate in this Prospectus as in the Issuer's view such profit forecasts or profit estimates are non-material with respect to the Issuer's ability to fulfil its obligations under the Bonds.



## **10 BOARD OF DIRECTORS, EXECUTIVE BOARD AND MANAGEMENT GROUP**

Set out below are the names of the current members of the Board of Directors, the Executive Board and the Management Group, their positions and the principal activities performed by them outside of the Group where these are significant with respect to the Issuer or the Group.

The business address for all members of the Board of Directors, the Executive Board and the Management Group is c/o European Energy A/S, Gyngemose Parkvej 50, DK-2860 Søborg, Denmark.

### **10.1 The Board of Directors**

The Board of Directors currently consists of five members.

#### **Knud Erik Andersen**

Born 1960, executive member of the Board of Directors and co-founder.

Principal education: M.Sc. Engineering from Technical University of Denmark.

See list of other directorships below.

Shareholding (own and through legal entities): DKK 228,000,000.

Warrants: 400,000 (each with a right to subscribe one share of DKK 1.00).

#### **Mikael Dystrup Pedersen**

Born 1961, executive member of the Board of Directors and co-founder.

Principal education: M.Sc. Engineering from Technical University of Denmark.

See list of other directorships below.

Shareholding (own and through legal entities): DKK 42,000,000.

Warrants: 400,000 (each with a right to subscribe one share of DKK 1.00).

#### **Jens-Peter Zink**

Born 1974, executive member and chairman of the Board of Directors since 2006.

Principal education: M.Sc. Finance & Accounting from Copenhagen Business School.

See list of other directorships below.

Shareholding (own and through legal entities): DKK 30,030,722.

Warrants: 390,000 (each with a right to subscribe one share of DKK 1.00).

#### **Claus Dyhr Christensen**

Born 1967, member of the Board of Directors since 18 March 2017.

Principal education: Cand. merc. aud. from Copenhagen Business School, State Authorized Public Accountant.

See list of other directorships below.

Shareholding (own and through legal entities): None.

Warrants: None.

### **Jesper Helmuth Larsen**

Born 1966, member of the Board of Directors since 18 March 2017.

Principal education: Cand. oecon. from Aarhus University.

See list of other directorships below.

Shareholding (own and through legal entities): None.

Warrants: None.

### **List of directorships**

#### **Knud Erik Andersen**

| Country   | Company Name                       | Management title  | Board title     |
|-----------|------------------------------------|-------------------|-----------------|
| Australia | Cocamba Stage One Holdings Pty Ltd | Managing Director |                 |
| Australia | Cocamba Stage One Project Pty Ltd  | Managing Director |                 |
| Denmark   | Boa Hora Solar ApS                 | Managing Director |                 |
| Denmark   | Driftsselskabet Heidelberg ApS     | Managing Director |                 |
| Denmark   | EE Dupp ApS                        | Managing Director |                 |
| Denmark   | EE PV 2 ApS                        | Managing Director |                 |
| Denmark   | EE Sprogø OWF ApS                  | Managing Director |                 |
| Denmark   | EE Svindbæk Køberetsselskab ApS    | Managing Director |                 |
| Denmark   | EE Verwaltung ApS                  | Managing Director |                 |
| Denmark   | EEA Renewables A/S                 | Managing Director | Member of board |
| Denmark   | EEA Stormy ApS                     | Managing Director |                 |
| Denmark   | EEA Swepol A/S                     | Managing Director | Member of board |
| Denmark   | EEAR Olleria II ApS                |                   | Member of board |
| Denmark   | EEGW Persano ApS                   | Managing Director | Member of board |
| Denmark   | Ejendomsselskabet Kappel ApS       | Managing Director | Member of board |
| Denmark   | Ejendomsselskabet Læsø K/S         | Managing Director |                 |
| Denmark   | Ejendomsselskabet Stubbekøbing K/S | Managing Director |                 |
| Denmark   | Enerteq ApS                        | Managing Director |                 |

|         |                                        |                   |                            |
|---------|----------------------------------------|-------------------|----------------------------|
| Denmark | European Energy A/S                    | Managing Director | Member of board            |
| Denmark | European Energy Bond Buy Back ApS      | Managing Director |                            |
| Denmark | European Energy Byg ApS                | Managing Director |                            |
| Denmark | European Energy Giga Storage A/S       | Managing Director | Member of board            |
| Denmark | European Energy Holding ApS            | Managing Director |                            |
| Denmark | European Energy Offshore A/S           | Managing Director | Member of board            |
| Denmark | European Energy Systems II ApS         | Managing Director |                            |
| Denmark | European Solar Farms A/S               |                   | Chairman of board          |
| Denmark | European Solar Farms Greece ApS        | Managing Director |                            |
| Denmark | European Solar Farms Italy ApS         | Managing Director |                            |
| Denmark | European Solar Farms Spain ApS         | Managing Director |                            |
| Denmark | European Wind Farm Invest No. 2 A/S    | Managing Director | Member of board            |
| Denmark | European Wind Farms A/S                | Managing Director | Member of board            |
| Denmark | European Wind Farms Bulgaria ApS       | Managing Director |                            |
| Denmark | European Wind Farms Denmark A/S        | Managing Director | Member of board            |
| Denmark | European Wind Farms Greece ApS         | Managing Director |                            |
| Denmark | European Wind Farms Italy ApS          | Managing Director |                            |
| Denmark | European Wind Farms Polen ApS          | Managing Director |                            |
| Denmark | Flensbjergvej Infrastrukturselskab ApS | Managing Director |                            |
| Denmark | Frederikshavn OWF ApS                  | Managing Director |                            |
| Denmark | FWE Windpark 3 Standorte K/S           |                   | Member of board            |
| Denmark | FWE Windpark Kranenburg K/S            |                   | Member of board            |
| Denmark | FWE Windpark Scheddebrock K/S          |                   | Member of board            |
| Denmark | FWE Windpark Tis K/S                   |                   | Member of board            |
| Denmark | FWE Windpark Westerberg K/S            |                   | Member of board            |
| Denmark | FWE Windpark Wittstedt K/S             |                   | Member of board            |
| Denmark | FWE Windpark Wulfshagen K/S            |                   | Member of board            |
| Denmark | GW Energi A/S                          |                   | Chairman of board          |
| Denmark | GWE Contractors K/S                    | Managing Director |                            |
| Denmark | GWE Holding af 14. November 2011 ApS   |                   | Vice Chairman of the board |
| Denmark | Holmen II Holding ApS                  | Managing Director |                            |

|         |                                                       |                   |                   |
|---------|-------------------------------------------------------|-------------------|-------------------|
| Denmark | Holmen II V90 ApS                                     | Managing Director |                   |
| Denmark | Horskær Wind Park ApS                                 | Managing Director |                   |
| Denmark | Jammerland Bay Nearshore A/S                          | Managing Director |                   |
| Denmark | K/S Losheim                                           |                   | Member of board   |
| Denmark | K/S Svindbæk WTG 8-9                                  | Managing Director |                   |
| Denmark | KEA II Holding ApS                                    | Managing Director |                   |
| Denmark | KEA Holding I ApS                                     | Managing Director |                   |
| Denmark | Komplementar Mexico Ventures ApS                      | Managing Director |                   |
| Denmark | Komplementarselskabet EE PV Denmark ApS               | Managing Director |                   |
| Denmark | Komplementarselskabet EEAR ApS                        | Managing Director |                   |
| Denmark | Komplementarselskabet GWE Contractors ApS             | Managing Director |                   |
| Denmark | Komplementarselskabet Heidelberg Aps                  | Managing Director |                   |
| Denmark | Komplementarselskabet Solkraftværket GPI Mando 29 Aps | Managing Director |                   |
| Denmark | Komplementarselskabet Sprogø OWF Aps                  | Managing Director |                   |
| Denmark | Komplementarselskabet Vindtestcenter Måde ApS         | Managing Director |                   |
| Denmark | Komplementarselskabet Vores Sol ApS                   | Managing Director |                   |
| Denmark | Lidegaard ApS                                         | Managing Director |                   |
| Denmark | Malmøvej Infrastrukturselskab ApS                     | Managing Director |                   |
| Denmark | Meldgaard Architects & Development A/S                | Managing Director | Member of board   |
| Denmark | Mexico Investments I P/S                              | Managing Director |                   |
| Denmark | Mexico Partnership P/S                                | Managing Director | Member of board   |
| Denmark | Måde Wind Park ApS                                    | Managing Director |                   |
| Denmark | Måde WTG 1-2 K/S                                      | Managing Director |                   |
| Denmark | Nor Power ApS                                         |                   | Chairman of board |
| Denmark | Nordic Power Partners P/S                             |                   | Chairman of board |
| Denmark | NPP Brazil I K/S                                      |                   | Chairman of board |
| Denmark | NPP Brazil II K/S                                     |                   | Chairman of board |
| Denmark | NPP Komplementar ApS                                  |                   | Chairman of board |
| Denmark | Næssundvej Holding ApS                                | Managing Director |                   |
| Denmark | Næssundvej Ejendomsselskab ApS                        | Managing Director |                   |
| Denmark | Nøjsomheds Odde WTG 2-3 ApS                           | Managing Director |                   |

|         |                                   |                   |                   |
|---------|-----------------------------------|-------------------|-------------------|
| Denmark | Omnia Vind ApS                    | Managing Director |                   |
| Denmark | Omø South Nearshore A/S           | Managing Director |                   |
| Denmark | Plasticueros ApS                  | Managing Director |                   |
| Denmark | Renewables Insight ApS            | Managing Director |                   |
| Denmark | Rødby Fjord Vindkraft Mølle 3 I/S | Managing Director |                   |
| Denmark | SF Ibiza ApS                      | Managing Director |                   |
| Denmark | SF La Pobla ApS                   | Managing Director |                   |
| Denmark | Solar Park Agersted ApS           | Managing Director |                   |
| Denmark | Solar Park Evetofte ApS           | Managing Director |                   |
| Denmark | Solar Park Hanstholmvej ApS       | Managing Director |                   |
| Denmark | Solar Park Harre ApS              | Managing Director |                   |
| Denmark | Solar Park Næssundvej ApS         | Managing Director |                   |
| Denmark | Solar Park Rødby Fjord ApS        | Managing Director |                   |
| Denmark | Solar Park Ålbæk ApS              | Managing Director |                   |
| Denmark | Solarpark Vandel Services ApS     | Managing Director |                   |
| Denmark | Sprogø OWF K/S                    | Managing Director |                   |
| Denmark | Svindbæk Holding ApS              | Managing Director |                   |
| Denmark | Svindbæk Komplementar ApS         | Managing Director |                   |
| Denmark | Swapselskabet Heidelberg K/S      |                   | Chairman of board |
| Denmark | Trædeskov Bøge Wind Park ApS      | Managing Director |                   |
| Denmark | Tønder PV K/S                     | Managing Director |                   |
| Denmark | Vindpark Straldja ApS             | Managing Director |                   |
| Denmark | Vinge Wind Park ApS               | Managing Director |                   |
| Denmark | Vintestcenter Måde K/S            | Managing Director |                   |
| Denmark | Vores Sol A/S                     | Managing Director | Chairman of board |
| Denmark | Vores Sol A1 K/S                  | Managing Director | Member of board   |
| Denmark | Vores Sol A2 K/S                  | Managing Director | Member of board   |
| Denmark | Vores Sol A3 K/S                  | Managing Director | Member of board   |
| Denmark | Vores Sol A4 K/S                  | Managing Director | Member of board   |
| Denmark | Vores Sol A5 K/S                  | Managing Director | Member of board   |
| Denmark | Vores Sol A6 K/S                  | Managing Director | Member of board   |

|                |                                                 |                   |                   |
|----------------|-------------------------------------------------|-------------------|-------------------|
| <b>Denmark</b> | Vores Sol A7 K/S                                | Managing Director | Member of board   |
| <b>Denmark</b> | Vores Sol A8 K/S                                | Managing Director | Member of board   |
| <b>Denmark</b> | Vores Sol A9 K/S                                | Managing Director | Member of board   |
| <b>Denmark</b> | Vores Sol A10 K/S                               | Managing Director | Member of board   |
| <b>Denmark</b> | Vores Sol Ejendomsselskab IVS                   |                   | Chairman of board |
| <b>Denmark</b> | Vores Sol Nakskov I K/S                         | Managing Director | Member of board   |
| <b>Denmark</b> | Vores Sol Nakskov II K/S                        | Managing Director | Member of board   |
| <b>Denmark</b> | Vores Sol Nakskov III K/S                       | Managing Director | Member of board   |
| <b>Denmark</b> | Vores Sol Nakskov IV K/S                        | Managing Director | Member of board   |
| <b>Denmark</b> | Vores Sol Nakskov V K/S                         | Managing Director | Member of board   |
| <b>Denmark</b> | Vores Sol Nakskov VI K/S                        | Managing Director | Member of board   |
| <b>Denmark</b> | Vores Sol Nakskov XIV K/S                       | Managing Director | Member of board   |
| <b>Denmark</b> | Vores Sol Nakskov XV K/S                        | Managing Director | Member of board   |
| <b>Denmark</b> | Vores Sol Nakskov XVI K/S                       | Managing Director | Member of board   |
| <b>Denmark</b> | Vores Sol Nakskov XVII K/S                      | Managing Director | Member of board   |
| <b>Denmark</b> | Vores Sol Nakskov XVIII K/S                     | Managing Director | Member of board   |
| <b>Finland</b> | EE Finland Oy                                   |                   | Member of board   |
| <b>Finland</b> | EE Primus Oy                                    |                   | Member of board   |
| <b>Finland</b> | Vihreäsaari Wind Oy                             |                   | Member of board   |
| <b>Germany</b> | EE Cocamba GmbH                                 | Managing Director |                   |
| <b>Germany</b> | EE PV Denmark Holding GmbH                      | Managing Director |                   |
| <b>Germany</b> | EE Sieben Drei GmbH & Co. KG                    | Managing Director |                   |
| <b>Germany</b> | EE Sieben Null GmbH & Co. KG                    | Managing Director |                   |
| <b>Germany</b> | EE Sieben Zwei GmbH & Co. KG                    | Managing Director |                   |
| <b>Germany</b> | EEA Verwaltungs GmbH                            | Managing Director |                   |
| <b>Germany</b> | ESF Spanien 01 GmbH                             | Managing Director |                   |
| <b>Germany</b> | ESF Spanien 0424 GmbH                           | Managing Director |                   |
| <b>Germany</b> | ESF Spanien 09 GmbH                             | Managing Director |                   |
| <b>Germany</b> | European Wind Farms Deutschland mbH             | Managing Director |                   |
| <b>Germany</b> | European Wind Farms Komp GmbH                   | Managing Director |                   |
| <b>Germany</b> | European Wind Farms Verwaltungsgesellschaft mbH | Managing Director |                   |

|                  |                                                                          |                   |                    |
|------------------|--------------------------------------------------------------------------|-------------------|--------------------|
| <b>Germany</b>   | EWF Eins Acht GmbH & Co. KG                                              | Managing Director |                    |
| <b>Germany</b>   | EWF Eins Neun GmbH & Co. KG                                              | Managing Director |                    |
| <b>Germany</b>   | EWF Eins Sechs GmbH & Co. KG                                             | Managing Director |                    |
| <b>Germany</b>   | EWF Eins Sieben GmbH & Co. KG                                            | Managing Director |                    |
| <b>Germany</b>   | EWF Fünf Vier GmbH & Co. KG                                              | Managing Director |                    |
| <b>Germany</b>   | EWF Zwei Fünf GmbH & Co. KG                                              | Managing Director |                    |
| <b>Germany</b>   | EWF Zwei Null GmbH & Co. KG                                              | Managing Director |                    |
| <b>Germany</b>   | MBBF Windpark Letschin GmbH & Co. I Betriebs KG                          | Managing Director |                    |
| <b>Germany</b>   | MBBF Windpark Letschin GmbH & Co. II Betriebs KG                         | Managing Director |                    |
| <b>Germany</b>   | MBBF Windpark Letschin GmbH & Co. III Betriebs KG                        | Managing Director |                    |
| <b>Germany</b>   | Solarpark Vandel GmbH                                                    | Managing Director |                    |
| <b>Germany</b>   | TEN Verwaltungsgesellschaft mbH                                          | Managing Director |                    |
| <b>Germany</b>   | UW Nielitz GmbH & Co. KG                                                 | Managing Director |                    |
| <b>Germany</b>   | UW Schäcksdorf GmbH & Co. KG                                             | Managing Director |                    |
| <b>Germany</b>   | Vento Erste Windparkbeteiligungsgesellschaft mbH & Co. KG                | Managing Director |                    |
| <b>Germany</b>   | Windenergie Erik Andersen Verwaltungsgesellschaft mbH                    | Managing Director |                    |
| <b>Germany</b>   | Windpark Hellberge GmbH & Co. KG                                         | Managing Director |                    |
| <b>Germany</b>   | Windpark Prittitz Verwaltungsgesellschaft mbH                            | Managing Director |                    |
| <b>Germany</b>   | Windpark Unseburg Nord GmbH & Co. Betriebs KG                            | Managing Director |                    |
| <b>Germany</b>   | Windpark Wriezener Höhe GmbH & Co. KG                                    | Managing Director |                    |
| <b>Greece</b>    | Doras Paragogi Ilektrikis Energias Apo Ananeosimes Piges Energias EPE    | Managing Director |                    |
| <b>Greece</b>    | Iridanos Paragogi Ilektrikis Energias Apo Ananeosimes Piges Energias EPE | Managing Director |                    |
| <b>Greece</b>    | Kipheus Paragogi Ilektrikis Energias Apo Ananeosimes Piges Energias EPE  | Managing Director |                    |
| <b>Italy</b>     | Parco Eolico Carpinaccio srl                                             |                   | Member of board    |
| <b>Italy</b>     | Parco Eolico Riparbella srl                                              |                   | Member of board    |
| <b>Lithuania</b> | European Energy Lithuania UAB                                            | Managing Director | Member of board    |
| <b>Poland</b>    | European Wind Farms Polska Sp.z o.o.                                     |                   | Member of board    |
| <b>Poland</b>    | European Wind Farms Polska Sp.z o.o. Bialogard Sp.k.                     |                   | Member of board    |
| <b>Poland</b>    | European Wind Farms Polska Sp.z o.o. Grzmiaca Sp.k.                      |                   | Member of board    |
| <b>Poland</b>    | European Wind Farms Polska Sp.z.o.o. Rabino Sp.k                         |                   | Member of board    |
| <b>Poland</b>    | Windcom Sp.z.o.o                                                         | Managing Director | President of board |

|                |                                                |                   |                 |
|----------------|------------------------------------------------|-------------------|-----------------|
| Sweden         | Björnåsen Vind AB                              |                   | Member of board |
| Sweden         | European Wind Farms Kåre 1 AB                  |                   | Member of board |
| Sweden         | European Wind Farms Sverige AB                 |                   | Member of board |
| Sweden         | Skåramåla Vind AB                              |                   | Member of board |
| Sweden         | Vindkraft i Fimmerstad AB                      |                   | Member of board |
| Sweden         | Vindkraft i Grevekulla AB                      |                   | Member of board |
| Sweden         | Västanby Vindbruksgrupp i Fjellie 2 Aktiebolag |                   | Member of board |
| Sweden         | Zinkgruvan Vindkraft AB                        |                   | Member of board |
| United Kingdom | European Energy Photovoltaics Limited          | Managing Director |                 |

### Mikael Dystrup Pedersen

| Country | Company Name                                              | Management title  | Board title                |
|---------|-----------------------------------------------------------|-------------------|----------------------------|
| Denmark | European Energy A/S                                       |                   | Member of board            |
| Denmark | European Energy Giga Storage A/S                          |                   | Member of board            |
| Denmark | European Solar Farms A/S                                  |                   | Member of board            |
| Denmark | European Wind Farms A/S                                   |                   | Vice chairman of the board |
| Denmark | MDP Invest ApS                                            | Managing Director | Chairman of board          |
| Denmark | Nor Power ApS                                             |                   | Member of board            |
| Germany | MDP Verwaltungsgesellschaft mbh                           | Managing Director |                            |
| Poland  | European Wind Farms Polska Sp.z o.o.                      |                   | Member of board            |
| Poland  | European Wind Farms Polska Sp.z o.o. Bi-<br>alogard Sp.k. |                   | Member of board            |
| Poland  | European Wind Farms Polska Sp.z o.o. Grzmi-<br>aca Sp.k.  |                   | Member of board            |
| Poland  | European Wind Farms Polska Sp.z.o.o. Rabino<br>Sp.k.      |                   | Member of board            |

### Jens Peter Zink

| Country  | Company Name      | Management title  | Board title |
|----------|-------------------|-------------------|-------------|
| Bulgaria | Wind Energy EOOD  | Managing Director |             |
| Bulgaria | Wind Power 2 EOOD | Managing Director |             |
| Bulgaria | Wind Stream EOOD  | Managing Director |             |
| Bulgaria | Wind Systems EOOD | Managing Director |             |



|                |                                        |                   |                   |
|----------------|----------------------------------------|-------------------|-------------------|
| <b>Croatia</b> | European Wind Farms d.o.o.             | Managing Director |                   |
| <b>Denmark</b> | Boa Hora Solar ApS                     | Managing Director |                   |
| <b>Denmark</b> | EE Verwaltung ApS                      | Managing Director |                   |
| <b>Denmark</b> | EEA Renewables A/S                     |                   | Member of board   |
| <b>Denmark</b> | EEGW Persano ApS                       |                   | Member of board   |
| <b>Denmark</b> | EE PV 2 ApS                            | Managing Director |                   |
| <b>Denmark</b> | EE Verwaltung ApS                      | Managing Director |                   |
| <b>Denmark</b> | Ejendomsselskabet Kappel ApS           |                   | Chairman of board |
| <b>Denmark</b> | European Energy A/S                    |                   | Chairman of board |
| <b>Denmark</b> | European Energy Giga Storage A/S       |                   | Chairman of board |
| <b>Denmark</b> | European Energy Offshore A/S           |                   | Chairman of board |
| <b>Denmark</b> | European Energy Systems II ApS         | Managing Director |                   |
| <b>Denmark</b> | European Solar Farms A/S               | Managing Director | Member of board   |
| <b>Denmark</b> | European Solar Farms Greece ApS        | Managing Director |                   |
| <b>Denmark</b> | European Solar Farms Italy ApS         | Managing Director |                   |
| <b>Denmark</b> | European Solar Farms Spain ApS         | Managing Director |                   |
| <b>Denmark</b> | European Wind Farm Invest No. 2 A/S    |                   | Chairman of board |
| <b>Denmark</b> | European Wind Farms A/S                |                   | Chairman of board |
| <b>Denmark</b> | European Wind Farms Bulgaria ApS       | Managing Director |                   |
| <b>Denmark</b> | European Wind Farms Denmark A/S        |                   | Chairman of board |
| <b>Denmark</b> | European Wind Farms Greece ApS         | Managing Director |                   |
| <b>Denmark</b> | European Wind Farms Italy ApS          | Managing Director |                   |
| <b>Denmark</b> | European Wind Farms Polen ApS          | Managing Director |                   |
| <b>Denmark</b> | Ejendomsselskabet Kappel ApS           |                   | Chairman of board |
| <b>Denmark</b> | Flensbjergvej Infrastrukturselskab ApS | Managing Director |                   |
| <b>Denmark</b> | FWE Windpark 3 Standorte K/S           |                   | Member of board   |
| <b>Denmark</b> | FWE Windpark Kranenburg K/S            |                   | Member of board   |
| <b>Denmark</b> | FWE Windpark Scheddebrock K/S          |                   | Member of board   |
| <b>Denmark</b> | FWE Windpark TIS K/S                   |                   | Member of board   |
| <b>Denmark</b> | FWE Windpark Westerberg K/S            |                   | Member of board   |
| <b>Denmark</b> | FWE Windpark Wittstedt K/S             |                   | Member of board   |
| <b>Denmark</b> | FWE Windpark Wulfshagen K/S            |                   | Member of board   |

|         |                                                       |                   |                   |
|---------|-------------------------------------------------------|-------------------|-------------------|
| Denmark | GW Energi A/S                                         |                   | Member of board   |
| Denmark | Holmen II Holding ApS                                 | Managing Director |                   |
| Denmark | Holmen II V90 ApS                                     | Managing Director |                   |
| Denmark | Jammerland Bay Nearshore A/S                          |                   | Chairman of board |
| Denmark | JPZ Assistance ApS                                    | Managing Director |                   |
| Denmark | JPZ Assistance II ApS                                 | Managing Director |                   |
| Denmark | Komplementarselskabet EE PV Denmark ApS               | Managing Director |                   |
| Denmark | Komplementarselskabet Solkraftværket GPI Mando 29 ApS | Managing Director |                   |
| Denmark | K/S Solkraftværket GPI Mando 29                       | Managing Director |                   |
| Denmark | Lidegaard ApS                                         | Managing Director |                   |
| Denmark | Malmøvej Infrastrukturselskab ApS                     | Managing Director |                   |
| Denmark | Meldgaard Architects & Development A/S                |                   | Member of board   |
| Denmark | Mexico Partnership P/S                                |                   | Member of board   |
| Denmark | Nordic Power Partners P/S                             | Managing Director | Member of board   |
| Denmark | NPP Komplementar ApS                                  | Managing Director | Member of board   |
| Denmark | NPP Brazil I K/S                                      | Managing Director | Member of board   |
| Denmark | NPP Brazil II K/S                                     | Managing Director | Member of board   |
| Denmark | Omø South Nearshore A/S                               |                   | Chairman of board |
| Denmark | Renewables Insight ApS                                | Managing Director |                   |
| Denmark | Rødby Fjord Vindkraft Mølle 3 I/S                     | Managing Director |                   |
| Denmark | SF Ibiza ApS                                          | Managing Director |                   |
| Denmark | SF La Pobla ApS                                       | Managing Director |                   |
| Denmark | Solar Park Agersted ApS                               | Managing Director |                   |
| Denmark | Solar Park Evetofte ApS                               | Managing Director |                   |
| Denmark | Solar Park Hanstholmvej ApS                           | Managing Director |                   |
| Denmark | Solar Park Harre ApS                                  | Managing Director |                   |
| Denmark | Solar Park Næssundvej ApS                             | Managing Director |                   |
| Denmark | Solar Park Rødby Fjord ApS                            | Managing Director |                   |
| Denmark | Solar Park Ålbæk ApS                                  | Managing Director |                   |
| Denmark | Sustedt Komplementar ApS                              |                   | Member of board   |
| Denmark | Svindbæk Komplementar ApS                             | Managing Director |                   |

|                  |                                       |                   |                    |
|------------------|---------------------------------------|-------------------|--------------------|
| <b>Denmark</b>   | Svindbæk Køberetsselskab ApS          |                   | Member of board    |
| <b>Denmark</b>   | Vores Sol A/S                         | Managing Director | Member of board    |
| <b>Denmark</b>   | Vores Sol A1 K/S                      |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol A2 K/S                      |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol A3 K/S                      |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol A4 K/S                      |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol A5 K/S                      |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol A6 K/S                      |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol A7 K/S                      |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol A8 K/S                      |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol A9 K/S                      |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol A10 K/S                     |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol Ejendomsselskab IVS         | Managing Director | Member of board    |
| <b>Denmark</b>   | Vores Sol Nakskov I K/S               |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol Nakskov II K/S              |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol Nakskov III K/S             |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol Nakskov IV K/S              |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol Nakskov V K/S               |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol Nakskov VI K/S              |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol Nakskov XIV K/S             |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol Nakskov XV K/S              |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol Nakskov XVI K/S             |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol Nakskov XVII K/S            |                   | Chairman of board  |
| <b>Denmark</b>   | Vores Sol Nakskov XVIII K/S           |                   | Chairman of board  |
| <b>Finland</b>   | EE Finland Oy                         |                   | Chairman of board  |
| <b>Finland</b>   | EE Primus Oy                          |                   | Chairman of board  |
| <b>Finland</b>   | Vihreäsaari Wind Oy                   |                   | Chairman of board  |
| <b>Greece</b>    | European Wind Farms Energy Hellas EPE | Managing Director |                    |
| <b>Lithuania</b> | European Energy Lithuania UAB         |                   | Member of board    |
| <b>Maldives</b>  | NPP Maldives Private Limited          |                   | Member of board    |
| <b>Poland</b>    | European Wind Farms Polska Sp.z.o.o.  | Managing Director | President of board |

|                       |                                                       |                   |                        |
|-----------------------|-------------------------------------------------------|-------------------|------------------------|
| <b>Poland</b>         | European Wind Farms Polska Sp.z.o.o. Bi-alogard Sp.k. | Managing Director | President of board     |
| <b>Poland</b>         | European Wind Farms Polska Sp.z o.o. Grzmi-aca Sp.k.  | Managing Director | President of board     |
| <b>Poland</b>         | European Wind Farms Polska Sp.z.o.o. Rabino Sp.k      | Managing Director | President of board     |
| <b>Poland</b>         | Wind Pro Energy Sp.z.o.o.                             | Managing Director | Vicepresident of board |
| <b>Sweden</b>         | Björnåsen Vind AB                                     |                   | Member of board        |
| <b>Sweden</b>         | European Wind Farms Kåre 1 AB                         | Managing Director | Member of board        |
| <b>Sweden</b>         | European Wind Farms Sverige AB                        | Managing Director | Member of board        |
| <b>Sweden</b>         | Skåramåla Vind AB                                     |                   | Member of board        |
| <b>Sweden</b>         | Vindkraft i Fimmerstad AB                             |                   | Chairman of board      |
| <b>Sweden</b>         | Vindkraft i Grevekulla AB                             |                   | Chairman of board      |
| <b>Sweden</b>         | Västanby Vindbruksgrupp i Fjellie 2 Aktiebolag        |                   | Chairman of board      |
| <b>Sweden</b>         | Skåramålar Vindkraft AB                               |                   | Member of board        |
| <b>United Kingdom</b> | European Energy Photovoltaics Limited                 | Managing Director |                        |

### Claus Dyhr Christensen

| Country        | Company Name                 | Management title | Board title                         |
|----------------|------------------------------|------------------|-------------------------------------|
| <b>Denmark</b> | Basis Bank A/S               | CFO              |                                     |
| <b>Denmark</b> | Car Holding A/S              |                  | Member of board                     |
| <b>Denmark</b> | European Energy A/S          |                  | Member of board                     |
| <b>Denmark</b> | Kronborg Auto A/S            |                  | Member of board                     |
| <b>Denmark</b> | Autohuset Glostrup A/S       |                  | Member of board                     |
| <b>Denmark</b> | Autohuset Glostrup-Valby A/S |                  | Member of board                     |
| <b>Denmark</b> | Autohuset Ringsted A/S       |                  | Member of board                     |
| <b>Denmark</b> | Autohuset Frederikssund A/S  |                  | Member of board                     |
| <b>Denmark</b> | Nykredit                     |                  | Member of board of represent-atives |

### Jesper Helmuth Larsen

| Country        | Company Name      | Management title  | Board title     |
|----------------|-------------------|-------------------|-----------------|
| <b>Denmark</b> | AJ Vaccines A/S   | CEO               | Member of board |
| <b>Denmark</b> | Dikman Invest ApS | Managing Director |                 |

|                |                                   |                 |
|----------------|-----------------------------------|-----------------|
| Denmark        | European Energy A/S               | Member of board |
| Denmark        | ToTec Holding ApS                 | Member of board |
| United Kingdom | Totaltec Oilfield Service Limited | Member of board |

## 10.2 Executive Board

The Executive Board currently consists of one individual employed by the Issuer and registered with the Danish Business Authority as Managing Director.

### Knud Erik Andersen

Born 1960, co-founder and CEO.

Principal education: M.Sc. Engineering from Technical University of Denmark.

Shareholding (own and through legal entities): DKK 228,000,000.

Warrants: 400,000 (each with a right to subscribe one share of DKK 1.00).

## 10.3 Management Group

The Management Group currently consists of eight individuals. All members of the Management Group are employed by the Issuer. Apart from the members of the Board of Directors as well as the member of the Executive Board, the members of the Management Group do not have any principal activities outside of the Issuer of significance with respect to the Issuer.

### Knud Erik Andersen

Born 1960, co-founder and CEO.

Principal education: M.Sc. Engineering from Technical University of Denmark.

Shareholding (own and through legal entities): DKK 228,000,000.

Warrants: 400,000 (each with a right to subscribe one share of DKK 1.00).

### Jens-Peter Zink

Born 1974, Executive Vice President since 2008. Part of the Group since 2005.

Principal education: M.Sc. Finance & Accounting from Copenhagen Business School.

Shareholding (own and through legal entities): DKK 30,030,722.

Warrants: 390,000 (each with a right to subscribe one share of DKK 1.00).

### Mikael Dystrup Pedersen

Born 1961, CTO and co-founder.

Principal education: M.Sc. Engineering from Technical University of Denmark.

Shareholding (own and through legal entities): DKK 42,000,000.

Warrants: 400,000 (each with a right to subscribe one share of DKK 1.00).

### **Jonny Thorsted Jonasson**

Born 1964, CFO since 2012. Part of the Group since 2012.

Principal education: M.Sc. Finance & Accounting Copenhagen Business School.

Shareholding (own and through legal entities): None.

Warrants: 400,000 (each with a right to subscribe one share of DKK 1.00).

### **Thorvald Spanggaard**

Born 1974, Project Director since 2017. Part of the Group since 2017.

Principal education: Master of Laws from University of Copenhagen, LL.M. from Harvard University, USA, MBA from Copenhagen Business School.

Shareholding (own and through legal entities): None.

Warrants: 300,000 (each with a right to subscribe one share of DKK 1.00).

### **Thomas Hvalsø Hansen**

Born 1976, COO since 2012. Part of the Group since 2012.

Principal education: M.Sc. Engineering from Technical University of Denmark, HD(F) from Copenhagen Business School.

Shareholding (own and through legal entities): None.

Warrants: 400,000 (each with a right to subscribe one share of DKK 1.00).

### **Lars Bo Jørgensen**

Born 1960, Head of Transaction Services and Project Economy since 2016. Part of the Group since 2016.

Principal education: M.Sc. Business Economics and Auditing from Copenhagen Business School.

Shareholding (own and through legal entities): None.

Warrants: 300,000 (each with a right to subscribe one share of DKK 1.00).

### **Simon Bjørnholt**

Born 1977, Director of Legal since 2018. Part of the Group since 2018.

Principal education: Master's degree in Law, Aarhus University.

Shareholding (own and through legal entities): None.

Warrants: 100,000 (each with a right to subscribe one share of DKK 1.00).

## **10.4 Statement on conflicts of interest**

The members of the Board of Directors, the Executive Board and the Management Group and the shareholders of the Issuer are considered to be related parties as they exercise significant influence on the operations of the Group. Related parties also include such persons' relatives as well as undertakings in which such persons have significant interests (the "**Related Parties**").

Potential conflicts of interest exist between the duties to the Issuer of Related Parties and their private interests and/or other duties. These potential conflicts of interests can be divided into three different groups:

- a) Related Parties participate in economic activities similar to the Issuer's. This is the case – *inter alia* – with a number of used wind turbines purchased and operated by Related Parties and with solar PV plants developed and constructed by Related Parties. Some of the assets owned by Related Parties have been purchased from the Issuer.
- b) In a number of companies partly owned by the Issuer (some being inside the Issuer's Group while others are outside) Related Parties also have an ownership stake.
- c) Agreements have been concluded between the Issuer and Related Parties related to the assets and companies referred to in items a) and b) above, namely agreements related to asset management.

It is the Issuer's opinion that all transactions and agreements between the Issuer or the Issuer's Group, on the one hand, and Related Parties, on the other hand, have been concluded and are carried out at arm's length terms.

## 11 MAJOR SHAREHOLDERS

As of the date of this Prospectus, the Issuer's registered share capital is DKK 300,111,354 divided into shares of DKK 1 each or multiples thereof. The Issuer's shares are non-negotiable.

The shareholders in the Issuer as of the date of this Prospectus are listed below:

| Name of shareholder         | Nominal amount of shares (DKK) | Percentage of votes and share capital |
|-----------------------------|--------------------------------|---------------------------------------|
| European Energy Holding ApS | 228,000,000                    | 75.97180%                             |
| JPZ Assistance ApS          | 30,030,722                     | 10.00653%                             |
| MDP Invest ApS              | 42,000,000                     | 13.99481%                             |
| MIP shareholders            | 80,632                         | 0.00027%                              |
| <b>TOTAL</b>                | <b>300,111,354</b>             | <b>99.97341%</b>                      |

The Board of Directors has decided to introduce an incentive scheme for management, board members and selected staff members in the Issuer's Group (the "**MIP**"). The MIP scheme is based on issuance of warrants that gives the right to subscribe for new shares in the Issuer in the future. Under the incentive scheme as set forth in the articles of association of the Issuer, the Board of Directors is authorised until 31 December 2021 to grant up to in total 15 million warrants, which each gives a right to subscribe for one share at a nominal value of DKK 1.00 in the Issuer against cash payment. On 29 December 2017, the Board of Directors decided to make use of the authorisation and issued 3 million warrants corresponding to 1% of the share capital.

Control exercised by the shareholders of the Issuer is subject to restrictions under Danish corporate law, including restrictions that follow from the Danish Companies Act (Consolidated Act No. 763 of 23 July 2019 on Public and Private Limited Companies, as amended) (in Danish: *selskabsloven*). There are no other measures in place to ensure that such control is not abused.

The Issuer is not aware of any arrangements or agreements which may result in a change of control of the Issuer subsequent to the date of this Prospectus.

## **12 FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFIT AND LOSSES**

### **12.1 Historical financial information**

The tables set out in this Section 12 present financial information derived from the Issuer's audited Annual Reports for the financial years 2017 and 2018. The Annual Reports are audited by the Issuer's external independent auditor and include an audit report for each year.

The Annual Reports have been prepared in accordance with the International Financial Reporting Standards (IFRS). The Issuer has prepared parent company and consolidated financial statements for the financial years 2017 and 2018 which are incorporated by reference to this Prospectus.

The financial data referred to in this Prospectus, in addition to the conventional financial performance measures established by IFRS, contains certain alternative performance measures, including EBITDA (defined as profit/loss before depreciation, amortisation, financial income, expenses and tax) and EBIT (defined as profit/loss before financial income, expenses and tax), which are not required by or presented in accordance with IFRS. These non-IFRS measures are presented for purposes of providing investors with a better understanding of the Issuer's financial performance as they are used by the Issuer when managing its business. Such measures should not be considered as a substitute for those required by IFRS and may not be calculated by other issuers in the same manner.

In late 2016, European Energy decided to adopt the International Financial Reporting Standard 15 (IFRS 15) before the mandatory implementation in 2018.

The adoption of IFRS 15 means that revenue from contracts regarding the sale of solar and wind farms will be recognised on the basis of contractual performance obligations. This means that sale of wind and solar farms will usually be recognised when the asset is constructed and delivered to the buyer, the buyer has accepted the acquisition and the sale has been completed on the closing date. The adoption of IFRS 15 has resulted in revenue typically being recognised three to nine months later than revenue was recognised under the previous revenue recognition policy.

Adoption of IFRS 16 on 1 January 2019 did not have any significant impact on recognition and measurement in the consolidated statement of financial position of European Energy in the first quarter of 2019.

In the context of the transition to IFRS 16, right-of-use assets of EUR 7.2 million (property, plant and equipment EUR 2.2 million and inventory EUR 5.0 million) and lease liabilities of EUR 7.2 million were recognised in the consolidated statement of financial position of European Energy as at 1 January 2019. The effect on the consolidated statement of profit or loss was limited and related to depreciation of right of use assets and interest expense on lease liabilities with limited impact on key ratios. European Energy transitioned to IFRS 16 in accordance with the modified retrospective approach. The prior-year figures were not adjusted.

#### ***Income statement***

Below are selected key figures from the income statement:



| EUR'000                                            | Consolidated             |                          |               |                | Parent company |                |
|----------------------------------------------------|--------------------------|--------------------------|---------------|----------------|----------------|----------------|
|                                                    | H1 2019<br>(Not audited) | H1 2018<br>(Not audited) | 2018          | 2017           | 2018           | 2017           |
| <b>Revenue</b>                                     | <b>128.517</b>           | <b>18.584</b>            | <b>96.182</b> | <b>186.716</b> | <b>64.798</b>  | <b>110.809</b> |
| Profit after tax from equity-accounted investments | 0.864                    | 3.079                    | 5.795         | 5.432          |                |                |
| Profit after tax from subsidiaries                 |                          |                          |               |                | 6.933          | 5.304          |
| Profit after tax from associates and JV's          |                          |                          |               |                | 4.251          | 5.219          |
| Other income                                       | 0.978                    | -                        | 1.182         | 1.400          | 1.646          |                |
| Direct costs                                       | (98.672)                 | -10.587                  | -60.589       | -148.550       | -47.753        | -92.750        |
| <b>Gross profit</b>                                | <b>31.687</b>            | <b>11.076</b>            | <b>42.570</b> | <b>44.998</b>  | <b>29.875</b>  | <b>28.582</b>  |
| Staff costs                                        | (2.925)                  | (3.914)                  | -5.030        | -6.970         | -4.823         | -6.569         |
| Other external costs                               | (2.283)                  | (1.723)                  | -3.933        | -3.854         | -3.188         | -2.564         |
| <b>EBITDA</b>                                      | <b>26.479</b>            | <b>5.439</b>             | <b>33.607</b> | <b>34.174</b>  | <b>21.864</b>  | <b>19.449</b>  |
| <b>Operating profit/loss (EBIT)</b>                | <b>24.930</b>            | <b>4.501</b>             | <b>31.117</b> | <b>32.451</b>  | <b>21.730</b>  | <b>19.394</b>  |
| <b>Profit for the year (before tax)</b>            | <b>22.425</b>            | <b>0.935</b>             | <b>25.924</b> | <b>25.789</b>  | <b>22.260</b>  | <b>18.045</b>  |
| <b>Profit for the year</b>                         | <b>19.886</b>            | <b>0.471</b>             | <b>22.521</b> | <b>21.189</b>  | <b>21.328</b>  | <b>17.575</b>  |

### Balance sheet

Below are selected key figures from the balance sheet:

| EUR'000                             | Consolidated             |                          |                |                | Parent company |                |
|-------------------------------------|--------------------------|--------------------------|----------------|----------------|----------------|----------------|
|                                     | H1 2019<br>(Not audited) | H1 2018<br>(Not audited) | 2018           | 2017           | 2018           | 2017           |
| <b>ASSETS</b>                       |                          |                          |                |                |                |                |
| Total non-current assets            | 120.994                  | 147.830                  | 165.224        | 112.370        | 187.114        | 134.805        |
| Total current assets                | 378.462                  | 268.558                  | 281.857        | 175.394        | 33.589         | 16.045         |
| <b>TOTAL ASSETS</b>                 | <b>499.456</b>           | <b>416.388</b>           | <b>447.081</b> | <b>287.764</b> | <b>220.703</b> | <b>150.850</b> |
| <b>EQUITY AND LIABILITIES</b>       |                          |                          |                |                |                |                |
| Share capital                       | 40.316                   | 40.314                   | 40.316         | 40.311         | 40.316         | 40.311         |
| Reserve (equity methods)            |                          |                          | 21.379         | 20.748         | 21.379         | 20.748         |
| Hedging reserves                    | 71.787                   | 36.913                   | (0.070)        | -              | (0.070)        | -              |
| Retained earnings                   |                          |                          | 34.463         | 14.254         | 34.463         | 14.254         |
| Non-controlling interest            | 12.301                   | 10.834                   | 11.597         | 15.687         | -              | -              |
| <b>Total equity</b>                 | <b>124.404</b>           | <b>88.061</b>            | <b>107.685</b> | <b>91.000</b>  | <b>96.088</b>  | <b>75.313</b>  |
| Notal non-current liabilities       | 170.868                  | 246.880                  | 248.286        | 115.830        | 102.422        | 60.221         |
| Total current liabilities           | 204.184                  | 81.447                   | 91.110         | 80.934         | 22.193         | 15.316         |
| <b>Total liabilities</b>            | <b>375.052</b>           | <b>328.327</b>           | <b>339.396</b> | <b>196.764</b> | <b>124.615</b> | <b>75.537</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>499.456</b>           | <b>416.388</b>           | <b>447.081</b> | <b>287.764</b> | <b>220.703</b> | <b>150.850</b> |

### 12.2 Age of latest financial information

The last year of audited financial information was for the financial year ending 31 December 2018.

### 12.3 Statement regarding audit

The historical financial information for the full financial years 2017 and 2018 has been independently audited and the independent auditor's report has been included in the Annual Reports for 2017 and 2018.

Except for the financial data in Section 12.1 of this Prospectus entitled "*Historical Financial Information*" above relating to the full financial years 2017 and 2018 (but not H1 2018 and H1 2019), no other information in the Prospectus has been audited.

## 12.4 Source of financial data

All financial information regarding the full financial years 2017 and 2018 in Section 12.1 of this Prospectus entitled "*Historical Financial Information*" above has been extracted from the Issuer's audited Annual Reports for these years which are included by reference to this Prospectus.

The financial information regarding H1 2018 and H1 2019 in Section 12.1 of this Prospectus entitled "*Historical Financial Information*" above has been extracted from the Issuer's unaudited Interim Financial Report for H1 2019 which is included by attachment to this Prospectus.

## 12.5 Legal and arbitration proceedings

### *ESF arbitration*

On 5 December 2018, European Solar Farms A/S ("**ESF**"), a company within the Group, filed a request for arbitration against the Kingdom of Spain pursuant to Articles 25 and 36 of the ICSID Convention, ICSID Institution Rules 1 and 2, and Article 26(4)(a)(i) of the Energy Charter Treaty.

ESF owned and operated 101 solar PV plants located in Spain, which are divided into 8 different projects of a combined capacity of 9.7 MW (10.6 MWp). ESF invested more than EUR 57 million in these projects in reliance on Spain's express guarantees that the plants would receive a (high) feed-in tariff for the entire operating lives of the plants (being 25 years). However, these feed-in tariffs did not materialise due to certain changes to the relevant Spanish energy regulations during the course of 2012 - 2014, regarding economic support schemes for - inter alia - solar PV plants. ESF has made claims for compensation against the Kingdom of Spain based on these changes to the incentive scheme regimes.

If the arbitration turns out successful, this would have a positive impact on the Group. The size of the claims has not yet been finally established but will likely be in the range of EUR 30 – 50 million. However, the anticipated positive financial impact on the Issuer will be less due to partial ownership of the Group companies involved and the substantial costs associated with arguing the case which in itself could reach up to 30-40% of the damages awarded.

### *VAT dispute*

In May 2019, the Danish tax authorities carried out a VAT audit of the Issuer, specifically in relation to the Issuer's right to deduct input VAT on expenses. Based on the VAT audit, the Danish tax authorities have concluded that the Issuer has wrongly made full VAT deductions on general costs, which the Danish tax authorities do not deem as being fully deductible. As a result, the Danish tax authorities have requested that the Issuer adjusts its VAT deductions for the financial years of 2017 and 2018 which will likely result in the Issuer having to pay an additional amount to the Danish state. The amount to be paid is uncertain at this stage, but the Issuer believes that it should not exceed EUR 1,000,000.

The Issuer disputes the views of the Danish tax authorities. Accordingly, the Issuer expects to subsequently seek to recover the amount paid and may initiate proceedings in that respect.

Apart from the abovementioned, the Issuer is not at the date of this Prospectus aware of any pending or threatening governmental, legal or arbitration proceedings or any such proceedings that during the last 12 months preceding the date of this Prospectus may have or have in such period had a significant effect on the Issuer's and/or the Issuer's Group's financial position or profitability.

## 12.6 Significant changes in the Issuer's financial position since year-end 2018

There are significant changes in the Issuer's financial position between the end of the financial year 2018, for which an audited Annual Report as per 31 December 2018 has been published, and the end of H1 2019.

The interim financial report for H1 2019 (attached as Annex C to this Prospectus) (unaudited) was published on 30 August 2019 and includes the following consolidated key figures: i) EBITDA of EUR 26.5 million, ii) Profit before tax of EUR 22.4 million; iii) Total equity and liabilities of EUR 499.5 million; and iv) Equity of EUR 124.4 million.

The changes described below have been included in the interim financial report for H1 2019:

In March 2019, the Group divested two projects. The first project divested was a wind farm in Denmark with a total capacity of 18MW, which was divested to Aquila Capital, a German alternative investment manager. The wind farm is located in the municipality of Ringkøbing-Skjern, Denmark. The wind farm was commissioned in early 2018 and consists of a total of 6 Vestas V126-3.6 MW turbines. The buyer has acquired 5 turbines, while the remaining turbine will remain in the ownership of the Issuer.

The second divestment made in March 2019 was a divestment of a wind farm in Italy with a total capacity of 39 MW to Quercus Italian Wind 2 S.r.l, a group company of Quercus Assets Selection S.C.A SICA.V-SIF, a Luxembourg fund. The wind farm is located in the municipalities of Tolve and Vaglio in the Basilicata region, Italy. The wind farm was commissioned in 2018 and consists of a total of 13 Siemens SWT 3.0-113 MW turbines.

In Q2 2019, European Energy divested 6 solar PV plants with a combined capacity of 10.1 MW in Spain. The plants were constructed in 2008, when European Energy entered the Spanish market. The Spanish projects generated significant liquidity for the Group.

On 20 June 2019, European Energy successfully issued EUR 140 million EURIBOR (3 months) + 5.35% Senior Secured Callable Floating Rate Green Bonds 2019/2023. The new green bond issue was settled on 3 July 2019 and the green bonds were listed on Nasdaq Copenhagen A/S on 5 July 2019. Part of the net proceeds of the new green bonds was used to redeem European Energy's existing EUR 85 million bonds. The existing bond debt (including the early redemption fee) was repaid on 3 July 2019 and is included in the balance of the Group as at the end of H1 2019 as short term bond liabilities of EUR 88.4 million.

The interest rate for the new bonds is EURIBOR (3 months) + 5.35% compared to EURIBOR (3 months) + 7.0% on the old bonds. The Group has calculated the net financial impact from the reduced interest rate to be a gain of EUR 4.5 million, which will be expensed over the lifecycle of the new bonds. The gain will be recognised in the Group's results for Q3 2019.

As a result of the issue of the new bonds, the total balance of the Group increased from EUR 407.3 million as at the end of Q1 2019 to EUR 499.5 million as at the end of Q2 2019, e.g., an increase of EUR 92.2 million. The net proceeds from the new bonds of EUR 138.6 million are recognised as part of restricted cash, as the amount was conditional escrowed until the repayment of the old bond loan on 3 July 2019.

The sale of electricity and asset management has increased from EUR 6.9 million in H1 2018 to EUR 13.8 million in H1 2019.

During H1 2019, the Issuer also began construction of the Troia solar PV project with a full capacity of 103MW. The solar farm will be constructed in two phases. The Troja project is expected to be completed in the first quarter of 2020 and is expected to be the largest solar farm in Italy.

## **12.7 Significant changes in the Issuer's financial position since the end of H1 2019**

There are significant changes in the Issuer's financial position between the end of H1 2019, for which an interim financial report of H1 2019 has been published (attached as Annex C to this Prospectus) (unaudited), and the date of this Prospectus.

The Group has in the third quarter of 2019 concluded a strategic investment through the acquisition of the AEZ group of companies located in Leipzig, Germany with an operational pipeline, a development pipeline and with staff of 9 employees.

AEZ has 30 operating Enercon wind turbines. AEZ has 92 wind turbines under technical and commercial asset management and a significant development and repowering pipeline of more than 100 MW wind and PV. Closing of the investment was made on 10 July 2019, but the final purchase price calculation and the allocation hereof have not been compiled. The impact of the acquisition of the AEZ group of companies will be incorporated into the Group accounts for Q3 2019.

On 9 September 2019 European Energy declared an extraordinary dividend of approx. EUR 7.4m. The dividend was principally made on a non-cash basis and used to settle an existing EUR 7.4m intercompany loan from European Energy to European Energy Holding ApS (directly and indirectly via settlement of intercompany balances between European Energy Holding ApS and each of JPZ Assistance ApS and MDP Invest ApS). Minority MIP shareholders did,

however, receive cash paid dividends in the aggregate amount of approx. EUR 2,000. The extraordinary dividend was made in accordance with the Terms and Conditions.

### **13 MATERIAL CONTRACTS**

The Issuer is not aware of any material contracts entered into outside the ordinary course of the Group's business which could result in a Group company being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to the Bondholders in respect of the Bonds.

### **14 THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST**

European Energy is the source of all company specific data contained in this Prospectus.

This Prospectus does not include any statement or report from any experts.

This Prospectus includes certain information sourced from third parties as set out in Section 6 entitled "*Business Overview*" and Section 20 entitled "*Additional Information*" and the relevant sources for third party information, which are referred to therein. The Issuer confirms that any such third party information has been accurately reproduced and as far as the Issuer is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **15 DOCUMENTS AVAILABLE**

During the term of the Bonds, the following documents can be inspected at the Issuer's registered office and address at Gyngemose Parkvej 50, DK-2860 Søborg, Denmark and, in electronic form, on the Issuer's website ([www.europeanenergy.com](http://www.europeanenergy.com)):

- this Prospectus;
- the up-to-date memorandum and articles of association of the Issuer;
- the Group's historical financial information of the Issuer (Annual Reports for 2017 and 2018);
- the historical financial information of the Issuer's Group (Annual Reports for 2017 and 2018 for the subsidiaries of the Issuer's Group);
- the latest version of the Terms and Conditions; and
- the Issuer's Green Bond Framework.

### **16 GENERAL INFORMATION**

This Prospectus has been prepared solely for the purpose of the admission to trading and official listing of the Bonds on Nasdaq Copenhagen A/S. Provided that the application to Nasdaq Copenhagen A/S for the Bonds to be listed on Nasdaq Copenhagen A/S is approved, the Bonds will be admitted to trading and official listing on the regulated market of Nasdaq Copenhagen A/S with effect from 1 October 2019.

The Issuer estimates that the total expenses related to the admission to trading and official listing on Nasdaq Copenhagen A/S shall not exceed DKK 500,000.

## Requirements pursuant to the rules for issuers of bonds of Nasdaq Copenhagen A/S

The Issuer will continuously comply with the most recent rule book for issuers of bonds as prepared by Nasdaq Copenhagen A/S and will at all times observe the Issuer's obligation to disclose all information which is required by the applicable securities legislation and the rule book for issuers of bonds as prepared by Nasdaq Copenhagen A/S.

### 17 STATUTORY AUDITORS

As of the date of this Prospectus, the Issuer's external independent auditors are:

KPMG P/S, Dampfærgevej 28, DK-2100 København, Denmark.

KPMG represented by state authorised public accountant Lau Bent Baun and state authorised public accountant Martin Eiler have audited and signed the consolidated financial statements of the Group and the financial statements of the Issuer for 2017 and 2018. The signing State Authorised Public Accountants in KPMG are members of "FSR – Danske Revisorer" (Association of State Authorised Public Accountants).

### 18 DEFINITIONS AND GLOSSARY

The following table sets forth some of the definitions and glossary of terms used in this Prospectus. They are not intended as technical definitions, but are provided purely for assistance in understanding certain terms used in this Prospectus.

|                             |                                                                                                                                                                                                                                                                                       |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>AEP</b>                  | Annual energy production.                                                                                                                                                                                                                                                             |
| <b>Annual Reports</b>       | The audited Annual Reports of the Issuer for 2017 and 2018 prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations of these standards as adopted by the European Union.                                                                |
| <b>Board of Directors</b>   | The board of directors of the Issuer.                                                                                                                                                                                                                                                 |
| <b>Bondholders</b>          | The holders of the Bonds.                                                                                                                                                                                                                                                             |
| <b>Bonds</b>                | The EUR 60,000,000 EURIBOR (3 months) + 5.35% Senior Secured Callable Floating Rate Green Bonds 2019/2023 issued by the Issuer as "Subsequent Bonds" under, and as defined in, the Terms and Conditions to be consolidated, and form part of a single series, with the Initial Bonds. |
| <b>DKK</b>                  | The official currency of Denmark.                                                                                                                                                                                                                                                     |
| <b>EUR</b>                  | The currency used by the institutions of the European Union and is the official currency of the Eurozone.                                                                                                                                                                             |
| <b>European Energy</b>      | See Issuer.                                                                                                                                                                                                                                                                           |
| <b>Green Bond Framework</b> | The Issuer's green bond framework.                                                                                                                                                                                                                                                    |
| <b>Group</b>                | See Issuer's Group.                                                                                                                                                                                                                                                                   |
| <b>Initial Bonds</b>        | The EUR 140,000,000 EURIBOR (3 months) + 5.35% Senior Secured Callable Floating Rate Green Bonds 2019/2023 issued by the Issuer on 20 June 2019 pursuant to the Terms and Conditions.                                                                                                 |
| <b>IPP</b>                  | Independent power producer.                                                                                                                                                                                                                                                           |
| <b>Issuer</b>               | "Issuer" or "European Energy" means European Energy A/S, a public limited liability company (in Danish: <i>aktieselskab</i> ) incorporated in Denmark under registration (CVR) no. 18351331.                                                                                          |

|                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Issuer's Group</b>        | "Issuer's Group" or the "Group" have the same meaning as used in the consolidated financial statements comprising European Energy A/S (as parent company), and subsidiaries in which European Energy A/S, directly or indirectly, holds more than 50% of the voting rights or which it, in some other way, controls. Companies in which the Issuer's Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates. |
| <b>LCOE</b>                  | A system's expected lifetime costs including construction, financing, fuel, maintenance, taxes, insurance and incentives, divided by the system's lifetime expected power output in kWh, adjusted for inflation and discounted for the time-value of money.                                                                                                                                                                                                                                                            |
| <b>MIP</b>                   | An incentive scheme for management, board members and selected staff members in the Issuer's Group.                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>PPA</b>                   | Power purchase agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Prospectus Regulation</b> | Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.                                                                                                                                                                                                                                                                  |
| <b>Repowering</b>            | A term used for the decommissioning of older turbines and subsequent replacement with fewer, modern turbines with a higher capacity, total height and capacity resulting in a significantly higher power production.                                                                                                                                                                                                                                                                                                   |
| <b>Second Party Opinion</b>  | The second party opinion dated 3 June 2019 issued by DNV GL for an independent evaluation of the Green Bond Framework.                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Solar PV</b>              | Solar photovoltaic.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Terms and Conditions</b>  | The terms and conditions for the Bonds dated 18 June 2019, as amended pursuant to an amendment agreement dated 25 June 2019.                                                                                                                                                                                                                                                                                                                                                                                           |

## 19 DOCUMENTS INCORPORATED INTO THIS PROSPECTUS BY ATTACHMENT OR REFERENCE

### List of documents incorporated into this Prospectus by attachment:

| ANNEX                      | CONTENT                          | REFERENCE |
|----------------------------|----------------------------------|-----------|
| <b>ANNEX A (6 pages):</b>  | LIST OF SUBSIDIARIES             | A-1       |
| <b>ANNEX B (42 pages):</b> | TERMS AND CONDITIONS             | B-1       |
| <b>ANNEX C (29 pages):</b> | INTERIM FINANCIAL REPORT H1 2019 | C-1       |

### List of documents incorporated into this Prospectus by reference:

The additional information explicitly listed in the table below has been incorporated by reference in the Prospectus pursuant to Article 19 of the Prospectus Regulation.

Direct and indirect references in the Annual Reports to other documents or websites are not incorporated by reference and do not form part of the Prospectus. The Annual Reports include information which is reliable only as of the date of their respective publications and have not been updated. To some extent the Annual Reports have been

made superfluous by the information in this Prospectus. The Issuer's business, financial condition, cash flows and results of operations may have changed since the publication dates.

| <b>Financial information</b>                   | <b>Cross-references in Prospectus</b> | <b>Date of publication on the website of the Danish FSA (Finanstilsynet.dk)</b> |
|------------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------|
| <b>European Energy A/S, Annual Report 2017</b> | Item 10                               | 01 May 2018                                                                     |
| <b>European Energy A/S, Annual Report 2018</b> | Item 10                               | 01 May 2019                                                                     |

The financial information of the Issuer to which reference is made in this Prospectus is available at the Issuer's website, [www.europeanenergy.dk](http://www.europeanenergy.dk).

Any information which is contained in the documents listed in the table above and which does not appear in the text paragraphs incorporated by reference in this Prospectus does not form part of this Prospectus.

## **20 ADDITIONAL INFORMATION**

### **Legal advisor to the Issuer**

Plesner Advokatpartnerselskab, Amerika Plads 37, 2100 København Ø, Denmark.

### **Second party opinion**

The Issuer has appointed DNV GL for an independent evaluation of the Green Bond Framework. The evaluation has resulted in the Second Party Opinion.

No assurance or representation is given by the Issuer as to the suitability or reliability for any purpose whatsoever of the Second Party Opinion. For the avoidance of doubt, any such opinion or certification (i) is not, nor shall be deemed to be, incorporated in and/or form part of this Prospectus, (ii) is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any Bonds and (iii) would only be current as of the date that it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification, the information contained therein and the provider of such opinion or certification for the purpose of any investment in the Bonds.