European Energy A/S

EURIBOR (3 months) + 7.50% Senior Unsecured Callable Floating Rate Bonds due 3 March 2018

This prospectus (the "Prospectus") has been prepared by European Energy A/S (the "Issuer") for the admittance to trading and official listing on NASDAQ OMX Stockholm AB of EUR 45,000,000 with a total framework amount of EUR 60,000,000 EURIBOR (3 months) + 7.50% Senior Unsecured Callable Floating Rate Bonds 2014/2018 under ISIN code SE0005677796 (the "Bonds" as further defined in the Terms and Conditions of the Bonds).

The Bonds were issued by the Issuer with a total framework amount of EUR 60,000,000 of which EUR 45,000,000 was issued on 3 March 2014.

This Prospectus has been prepared in compliance with Danish laws and regulations, including Consolidated Act No. 831 of 12 June 2014 on Securities Trading, etc., as amended, Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council, as amended, Executive Order No. 1104 of 9 October 2014 on Prospectuses for Securities Admitted to Trading on a Regulated Market and for Offers to the Public of Securities of more than EUR 5,000,000, issued by the Danish Financial Supervisory Authority (the "DFSA").

The Bonds have not been assigned any credit rating of any credit rating agency.

Investing in the Bonds involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Bonds are discussed under the Section entitled *Risk Factors* below.

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 listing the Bonds on NASDAQ OMX Stockholm. The distribution of this Prospectus and the offering or sale of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about and to observe any such restriction.

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, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

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

The date of this Prospectus is 23 February 2015.

IMPORTANT INFORMATION

This Prospectus has been prepared by European Energy A/S for the admittance to trading and official listing on NASDAQ OMX Stockholm AB of the EURIBOR (3 months) + 7.50% Senior Unsecured Callable Floating Rate Bonds 2014/2018 issued by the Issuer on 3 March 2014 under ISIN code SE0005677796.

References in this Prospectus to "European Energy", "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 the 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 have the same meaning when used in this Prospectus, unless expressly stated or the context requires otherwise.

References in the Terms and Conditions of the Bonds to "Subsidiary" means, in relation to any person, any legal entity (whether incorporated or not), 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, at least twenty per cent (20%) but not more than forty nine per cent (49%) of the voting rights and do not exercise any direct or indirect control over such associated entity.

This Prospectus shall be read together with all documents which have been incorporated by attachment (see "Documents incorporated into this Prospectus by attachment") and possible supplements to the Prospectus.

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1. RESPONSIBILITY STATEMENT

European Energy A/S is responsible for this Prospectus pursuant to Danish law.

We hereby declare that we, as the persons responsible for this Prospectus on behalf of European Energy A/S, have taken all reasonable care to ensure that, to the best of our knowledge and belief, the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect the import thereof.

Copenhagen, 23 February 2015

European Energy A/S

Board of Directors

Jens-Peter Zink, Board Member (chairman)

Mikael Dystrup Pedersen, Board Member

Knud Erik Andersen, Board Member

Knud Erik Andersen, Managing Director in European Energy Holding ApS

Jens-Peter Zink, Managing Director in JPZ Assistance ApS

Mikael Dystrup Pedersen, Managing Director in MDP Invest ApS

Executive Board

Knud Erik Andersen, Managing Director, CEO

2. RISK FACTORS

Investing in the Bonds involves certain risks. Prospective investors should carefully consider the risks described below before making an investment decision. The risks described below are not the only risks facing the Issuer and the Issuer's Group. Investment in the Bonds involves a high degree of risk and to the extent any of the risks described below have a material adverse effect on the Issuer's business, holders of the Bonds may lose all or part of their original investment.

The Issuer believes that the factors described below represent the principal risks inherent in the Issuer's business and in investing in the Bonds and risks which could have a negative effect on the Issuer's ability to satisfy its obligations under the Bonds.

The Issuer do not represent that the statements below regarding the risks of holding the Bonds are exhaustive. Additional risk factors not presently known, or that are currently deemed immaterial, may also render the Issuer unable to pay interest, principal or other amounts on or in connection with the Bonds.

2.1 Risks related to the Issuer

2.1.1 Operational Risks

The Group's business depends on the successful development of new renewable energy projects, which may be impaired due to changes of the market conditions or in the regulatory framework

The Group´s result and business depend amongst other factors on the successful development of new wind and solar energy projects. A number of risks are associated with the development of such projects.

The successful development of renewable energy projects depends to a large extent on the regulatory framework. This concerns both the applicable feed-in tariff schemes as well as the permissibility of the projects with regard to competing public interests (such as environmental protection, emission control, aviation or military use of land and airspace). Given the comparably long development periods, the Issuer´s renewable energy projects are particularly vulnerable to changes in this regulatory framework.

Additionally, in most of the Group´s key markets (in particular Denmark and Germany), there is a multitude of public and private stakeholders involved in the process of approving a given project who may delay or stall the successful development of new projects (such as municipalities, governmental authorities or local residents). Both the vulnerability to changes in the regulatory framework and the multitude of stakeholders increase the risk that the Group finds itself unable to finalize the development of new projects and to expand its business as well as the Group may lose funds invested in the development of unsuccessful projects, thus potentially impairing the ability of the Issuer to fulfil its obligations under the Bonds

Successful project development requires the availability of suitable sites for the projects, which satisfy a number of criteria (such as favourable wind or irradiation conditions, availability of grid connection possibilities and capacity or favourable regulatory prospects for renewable energy projects). In parallel with the expansion of renewable energy in some of the Group´s key markets (such as Denmark, Germany and the UK), such sites are becoming more difficult to find and more expensive to acquire or to secure. This can adversely affect the Group´s ability to successfully develop projects and expand its business.

In order to explore business opportunities in different markets, the Group is currently developing renewable energy projects in many different countries. This includes European countries, but also – through the activities of the Issuer´s joint venture company Nordic Power Partners P/S – developing countries outside Europe. Consequently, the Group is constantly engaging in new markets. When entering into new markets, the Group can rely neither on relevant in-house experience nor on tested and reliable external advisors (legal, technical, etc.). By consequence, the information and knowhow necessary for the successful development of such projects may not be available within reasonable time frames or at reasonable costs. This can adversely affect the Group´s ability to successfully develop projects and expand its business.

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 the said 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.

The Group’s business depends on the successful acquisition of new renewable energy projects, which may be difficult or costly

The Group does not only develop green field projects but also acquires projects at different stages of their development. This entails a number of risks regarding availability and pricing of suitable projects as well as their legal and technical quality. These may render the acquisition of projects more difficult and less profitable.

The availability of suitable projects at reasonable prices may vary subject to the general economic situation or due to an increase in demand for such projects in specific countries with attractive feed-in tariff schemes.

The acquisition of projects developed by others bears the risk that the projects have hidden deficiencies, which are not revealed in a buyer’s due diligence (such as missing securities, unrealistic production prognoses or hidden liabilities). The Group’s project acquisitions may thus prove less profitable than expected.

The construction of renewable energy projects is subject to risks affecting the costs or timely completion of the construction works and, thereby, affecting the profitability of the projects for the Group

The construction of renewable energy projects involves certain risks which may affect the cost of construction and, subsequently, the profitability of the projects.

The construction works may be subject to cost-overruns and delays. Those can stem from a poor performance by the counterparties involved in the construction (such as the construction companies, its sub-contractors or manufacturers of key components), including performance issues arising from financial difficulties encountered by such counterparties, or from the occurrence of force majeure events impeding the progress of the construction. Additionally, delayed projects may miss out on an attractive feed-in tariff due to their late completion. In all these cases, projects can become less profitable for the Issuer.

The Issuer or other holding companies of the Group may be required to give guarantees under the construction phase to the benefit of the special purpose companies that own the projects. Thereby, the financial risks associated with the construction are transferred to a bigger part of the Group and the risks for the Group´s overall result are increased.

The Group develops and owns many of its projects with external partners, who may affect the Group's reputation and liquidity or impair the Group's ability to steer these projects according to its own best interest

The Group develops and operates many of its projects in cooperation with other parties. These parties are 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. These collaborations entail a number of risks for the Group. In general, entering into such collaborations means that the Group has to assume the risks related to the partner's behaviour and liquidity.

If the partner's business behaviour is 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 counter parties 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, projects may be confronted with a new ownership structure and subsequent legal uncertainties. This may adversely affect the projects' access to financing 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 cases where the Group does not hold a majority interest in a project, the development and operation of the project is not in the Group´s full control and the Group may thus not be capable of effectively counteracting an undesirable development of the projects. This may impair the successful development or operation of the project and the Group may lose its investments in the project.

Finally, the partnerships may adversely affect the disposability of the projects. If the partners and the Group have conflicting priorities and business interests, they may not be able to agree on the timing and pricing for a sale of their projects. As a consequence, the divestment of the projects may be less profitable for the Group.

The Group's business depends on the successful divestment of its projects, which may become less profitable due to market conditions or other factors affecting the proceeds of the divestments

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 project 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 and increased competitiveness from fossil fuels. This decrease in demand can affect both the market value of and the availability of divestment opportunities for the Group's projects. Finding solvable and reliable buyers can prove to be time and cost intensive. By 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 be obliged to give certain guarantees regarding the project to the buyer. These guarantees 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 sale contract, the revenues resulting from a divestment may be dependent on the productivity of the projects after their divestment and be lower than expected.

The production generated by the Group's projects may be adversely affected by a number of external factors such as weather conditions, insufficient grid capacity and technology lowering the Group's revenues

The operation and production of the Group's projects may be affected by a series of risk factors, which can reduce the Group's revenues stemming from the operation of these projects.

The production of renewable power projects depends on favourable weather conditions (such as wind conditions and irradiation). The actual weather conditions on the projects' sites may fall short of the predicted average conditions and the production and revenue from the respective projects may thus be reduced.

Extreme weather conditions may lead to interruptions of operations as the production may have to be shut down, by precaution or as a result of damages caused to the project facilities. The operation of the projects may also be interrupted by technical defects or other external events (such as cases of force majeure, administrative prohibitions). The interruption of operation may persist for a longer period of time if maintenance services are unavailable or not delivered as contracted. These interruptions of operation can lead to a reduction of the production and thus of the revenue generated by the concerned projects.

The projects may not be able to feed the entirety of their production into the electricity grid in the absence of sufficient grid capacity.

The remuneration for the electricity produced by the Group's projects is partly paid out in currencies which are subject to exchange rate fluctuations to the Group's main currencies. This may adversely affect the profitability of the projects for the Group's accounts.

The technologies used in the Group's projects may entail risks for the production and profitability of the projects. Technologies which are based on the present scientific knowledge and state-of-the-art engineering may reveal themselves as being unreliable or having unexpected deficiencies in the future and thereby impair the productivity of the projects. Future technological developments may render the Group's projects less competitive and adversely affect their profits.

2.1.2 Commercial Risks

Decrease in the market price of electricity and/or certificates can have an adverse effect on the Group

While a large part of the electricity produced by the Group's wind farms and solar photovoltaic ("PV") plants is sold at a fixed price (due to guaranteed feed-in tariffs or long term power purchase agreements) a part of the electricity is sold wholly or partly at market price. This exposes the Group to a risk of decrease in the price of electricity which could occur due to – inter alia – a reduction in the demand for electricity or new capacity being added to the market. Similarly, those of the Group's wind farms and solar photovoltaic plants that receive certificates are exposed to a decrease in the price of such certificates. This risk can be reduced to a certain extent by entering into long-term power and/or certificate purchase agreements or price hedging agreements but as this will not always be the case there will remain an exposure to decreases in the price of electricity and/or certificates. The Group does not operate with a general price hedging strategy.

Furthermore, a decrease in the price of electricity and/or certificates may weaken the market for the Group's projects leading to less demand for projects and/or a decrease in the price that the projects can be sold to which will have an adverse effect on the Group.

The rapid technological development of renewable energy production requires the Issuer to respond quickly and failure to do so may have an adverse impact on the Group's business

The technology of renewable energy generation, including wind turbine generators and solar photovoltaic plants, advances at a very fast pace. This requires the Group to be constantly aware of the technological development and to respond quickly to any changes to the technology employed by the Group in its wind parks and solar photovoltaic plants and a failure to do so may have an adverse impact on the Group´s business.

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.

The Group is operating in a number of different jurisdictions which increases the risk that not all applicable law are being complied with at all times

The Issuer is present in a number of different countries and is required to comply with multiple regulatory requirements pertaining to the operation of its business. This entails a risk that compliance with all requirements cannot be ensured at all times and should one or more violations occur, the Group may become liable to sanctions such as – but not limited to – fines and loss of financial support or revocation of permits requiring the operation of a wind farm or solar photovoltaic plant to be halted or suspended. Such sanctions or other consequences of non-compliance with applicable law may have a material adverse effect on the Group.

The Group or its advisors may be wrong in their interpretation of applicable tax legislation and there may be different views on what is the correct transfer pricing methodology

The Group apply tax legislation based on its – or in some cases, its tax advisors' – interpretation of the relevant regulations and seeks to ensure that local tax filings are made in compliance with all relevant regulations and that its transfer pricing methodology is accurate. The Group or its advisors may commit errors when interpreting the tax legislation, however, and any such errors could have an adverse effect on the Issuer's financial position. Furthermore, local tax authorities may have different interpretations of the correct transfer pricing methodology. Also it cannot be ruled out that the applicable tax legislation is changed, also with retroactive effect, to the detriment of the Group. Additionally, the Group may become involved in disputes regarding its tax positions with relevant local authorities and if decided against the Group, such disputes may affect Issuer's financial position negatively.

Changes to legislation and regulatory regimes, including – but not limited to – changes to support mechanisms for renewable energy, in the countries where the Group operates can impact negatively on the Group's business

The market for renewable energy and renewable energy projects is highly sensitive to changes in legislation and to the regulatory regimes in general. As electricity produced by wind farms and solar photovoltaic plants cannot yet compete directly with non-renewable energy sources (such as coal and gas powered plants), the Group is dependent on support mechanisms being in place. Such support mechanism 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, it cannot be ruled out that changes to support mechanisms are 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 materially 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.

While the Issuer to some extent monitors the changes in legislation and regulatory regimes where the Issuer conducts its business, the large number of jurisdiction in which the Group operates makes it impossible for the Issuer to be aware of all relevant legislative changes. Any delay in reacting to legislative changes that this results in may amplify the potential adverse effect of the changes and could potentially impact the Group´s business negatively

In order to construct and operate the Group's wind parks and solar photovoltaic plants, contracts are concluded with a large number of third parties. Should a third party become financially distressed or default on its obligations it may result in a financial loss for the Group. Similarly, the Group is exposed to

counterpart risks when part of the consideration which the Group is entitled to for a renewable energy project is deferred

When constructing wind parks and solar photovoltaic plants, the Group conclude agreements concerning delivery of construction services, components and infrastructure etc. with third party suppliers. Although the largest part of the payment to the suppliers will often be aligned with the supplier's delivery of goods and/or services, the suppliers will often demand that an advance payment is made before delivery takes place. While some suppliers issue a guarantee that covers the risk of the advance payment, most suppliers do not and if the suppliers becomes financially distressed the advance payment may be lost. Additionally, there are no guarantees that the supplier does not default on its deliveries or is not delayed. If that occurs, it may impact negatively on the construction process which could 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 counterpart 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. While any financial exposure is limited due to the fact that the suppliers of these services are usually not paid in advance, a defaulting supplier could result in an interruption to the operations of a plant until a replacement supplier has been found.

Furthermore, in some instances a part of the consideration that the Group receives for a renewable energy project is deferred (such as earn-out payments tied to the production of the wind farm or solar photovoltaic project in question). 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.

Disagreement or deadlock with third parties whom the Group collaborates with can have a negative impact on the development, construction or divestment of projects and ultimately have a negative impact on the Issuer

The Group has entered into a number of partnerships with third parties. The partnerships are related to all phases of the Group's renewable energy projects (from development to construction, divestment, and/or operation) and takes place both as incorporated and un-incorporated joint ventures/joint arrangements. In a number of partnerships, the Group does not have a controlling interest or only has a controlling interest with regard to some matters. This entails the risk of disagreement or deadlock on substantial matters, including the funding of the project that is the subject matter of the partnership. Disagreement or deadlock may have negative consequences for – inter alia – the development, construction or divestment of the project or could lead to the project not being able to achieve its full economical potential. Furthermore, the fact that, partners may not always be able to honour their commitments poses a risk and could potentially have an adverse impact on the Group.

Disputes that the Group is - or in the future will become - involved in may have a negative effect on the Group should decisions go against it

The Group is currently involved in disputes related to its business, including the development, construction and divestment of wind farms and solar photovoltaic plants. It is very likely that such disputes will also arise in the future. Such disputes may be resolved outside the courts or through court or arbitration proceedings.

The outcome of such disputes could have a negative effect on the Issuer's ability to fulfil its obligations under the Bonds should a decision or settlement go against the Group.

The Issuer is to a large extent dependent on its management, department heads and other key personnel and the Issuer may not be able to retain such individuals and in such case the process of recruiting replacements could last for a prolonged period of time which could affect the Issuer negatively

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. Employment contracts on terms that are deemed to be consistent with the prevailing market conditions have been concluded but that does not eliminate the risk that one or more of these key persons decide to leave the Issuer. New members of the staff are being recruited on a regular basis which to a certain extent mitigates the loss of key personnel. However due to the office's location in Denmark and the fact that positions in the Issuer´s Group 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.

The markets on which the Group is engaged are highly competitive. This requires the Group to continuously react to its competitors, e.g. by increasing its efficiency and cutting costs

The Group is engaged in competitive markets. With regard to the development and subsequent divestment of renewable energy projects, there is 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.

Insurance taken out by the Group to cover its assets may not in all situations cover the losses incurred, e.g. in case of natural disasters and other unforeseen events

While the Group maintains normal insurance both in the construction and operating phase of its assets, there may be situations where the insurance cover is insufficient or the loss incurred exceeds the maximum pay-out of the insurance policy. The resulting losses would affect the Group negatively.

This could occur in a situation – but is not limited to – where natural disasters (such as storms, earthquakes, hail storms, floods etc.) or other unforeseen events (such as war, riots, armed conflict etc.) destroy the Group's operating assets, impair the production or affect an on-going construction negatively.

Price hedging agreements that the Group enters into can expose the Group to losses should the agreed minimum level of production not be reached

The Group 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 - inter alia - electricity and 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. The Group does not operate with a general price hedging strategy.

2.1.3 Financial Risks

An increase in interest rates may have an adverse effect on the Group

A substantial proportion of the Group's renewable energy projects are financed with up to 80 % debt, usually obtained as project financing. While some loans carry a fixed interest rate others 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 which could affect the Issuer negatively. 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.

The Group is exposed to currency risks which may negatively affect the Issuer's financial position

The Group conducts most of its business in EUR and changes in the exchange rate between DKK (the currency in the Issuer's home country) and EUR may therefore influence the Group's financial results, also negatively. Where the Group's business is conducted in other currencies than EUR or DKK (e.g. GBP) changes in the exchange rate between DKK and the local currency can also influence the Group's financial results negatively. 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 are 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.

A reduction in the availability of financing will have an adverse impact on the Group as could any breaches of covenants in existing financing arrangements

The Group finances a substantial proportion of its renewable energy projects with debt. Reduced availability of financing on acceptable terms could consequently 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. 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 e.g. entitle the lender to require that an extraordinary repayment is made or could constitute a default under the terms of the loans. This would affect the Issuer's financial position negatively. 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.

The Group is to a large extent dependent on an effective management of its liquidity since many of the Group's activities have substantial liquidity needs while the timing of the income generated by such activities can be unpredictable which could have a negative effect on the Issuer´s ability to fulfil its obligations under the Bonds

The Group is to a large extent dependent on an effective management of its liquidity. Many of the Group's activities are liquidity intensive (e.g. the acquisition or construction of projects) and also to some extent unpredictable with regard to the timing of the income they generate. For instance, the construction of a project may be delayed which can postpone the income generated by the power produced by the project or – if the project is sold prior to construction being complete – the payment of the purchase price. This requires the Issuer to maintain comprehensive monitoring of its current and future cash flow and failure to do so could have a negative effect on the Issuer's ability to satisfy its obligations under the Bonds.

2.2 Risks related to Investment in the Bonds

The Bonds are unsecured and therefore effectively subordinated to any secured debt

The Bonds are not secured and are effectively subordinated to any secured debt the Issuer have outstanding or may incur. In any liquidation, dissolution, bankruptcy or other similar proceeding relating to the Issuer, the holders of the Issuer's secured debt would be able to assert rights against the secured assets in order to receive full payment of their debt before the assets may be used to pay the holders of the Bonds.

The Issuer may become unable to serve its other debt which may trigger financial covenant provisions in such debt and may thereby adversely impact the value of the Bonds

The Issuer may become unable to pay interest, principal or other amounts on or in connection with the Bonds, caused by the Issuer being unable to serve its other debt which may have financial covenant provisions incorporated which thereby may have an adverse impact on the value of the Bonds. An increased credit risk or decrease in the Issuer's creditworthiness may have a negative effect on the market price of the Bonds.

The Issuer may not be able to finance a change of control put option required by the Terms and Conditions of the Bonds

The Conditions contain provisions relating to a *"Change of Control Event"*. Upon the occurrence of such a Change of Control Event, as further described in Condition 10.4 of the Terms and Conditions of the Bonds, each Holder will have the option to put all, or only some of its Bonds to the Issuer who will have an obligation to be required to redeem or repurchase of 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 Holders. Failure to redeem or repurchase the Bonds would be an event of default under the Conditions.

An investor may not be able to reinvest the redemption proceeds received after the exercise of such put option 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.

The Issuer cannot assure that an active trading market will develop for the Bonds

Although the Issuer will apply for listing of the Bonds on NASDAQ OMX Stockholm AB, the Issuer cannot assure that the Bonds will be or will remain listed on that stock exchange or that an active trading market will develop for the Bonds. The price at which the Bonds may trade will depend on many factors, including, but not limited to, prevailing interest rates, general economic conditions, the Issuer's and the Group's performance and financial results and markets for similar securities. 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 holders of the Bonds.

There may not be a liquid trading market for the Bonds. The Bonds may have no established trading market, and one may never develop, though the Issuer will apply for listing of the Bonds on NASDAQ OMX Stockholm AB. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by attachment in this Prospectus or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where EUR is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Payments on the Bonds could be subject to withholding under the European Savings Directive

Pursuant to Directive 2003/48/EC on the taxation of savings income, if a payment were to be made or collected through a member state in the European Economic Area which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax.

Legislative changes may adversely impact the Bonds

The Terms and Conditions of the Bonds are based on Swedish law as in effect on the issuance of the Bonds. No assurance can be given as to the impact of any possible judicial decision or change to Swedish law as enforcement rights or administrative practice after the date of this Prospectus.

The value of an investment in the Bonds may be subject to exchange rate fluctuations

The Issuer will pay principal and interest on the Bonds in EUR. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than EUR. These include the risk that exchange rates may significantly change (including changes due to devaluation of the EUR or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to EUR would decrease (i) the Investor's Currency-equivalent yield on the Bonds, (ii) the Investor's Currency equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of an investment in the Bonds may be subject to interest rate fluctuations

The Bonds are exposed to the risk of fluctuating interest rate levels as the interest rate of the Bonds is floating. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Bonds are legal investments for it, (ii) Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

Decisions made at Holders' Meetings may be binding upon all Holders who may be adversely affected by such decisions

The Conditions contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting. A Holder may be adversely affected by such decisions.

The Agent may modify, waive, and enforce Holders' rights which may adversely impact the value of the Bonds

In accordance with the Terms and Conditions, the Agent represents each Holder in all matters relating to the Bonds and the Terms and Conditions and shall enforce the Terms and Conditions on behalf of the Holders. The Terms and Conditions contain provisions to the effect that a Holder is prohibited from taking actions of its own against the Issuer. This does not, however, rule out the possibility that the Holders, in certain situations, could bring their own actions against the Issuer, which could negatively impact the chances of an effective enforcement of the Terms and Conditions.

Swedish law may not recognise the concept of a trustee and Holders may under Swedish law have to submit a written power of attorney to enable the Agent to represent the Holders in legal proceedings in court. The failure of all Holders to submit such a power of attorney could negatively impact the enforcement options available to the Agent when considering its enforcement of the Terms and Conditions for and on behalf of the Holders.

Additionally, under the Terms and Conditions the Agent has the right in some cases to amend the Terms and Conditions or waive any provisions in the Terms and Conditions provided that:

(i) such amendment or waiver is not detrimental to the interest of the Holders, or is made solely for the purpose of rectifying obvious errors and mistakes;
(ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority;
(iii) such amendment or waiver is necessary for the purpose of listing the Bonds on the corporate bond list of NASDAQ OMX Stockholm provided such amendment or waiver does not materially adversely affect the rights of the Holders.

A Holder may not take any steps whatsoever against the Issuer or the Issuer's Group to enforce or recover any amount due or owing to it pursuant to these Terms and Conditions, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation or bankruptcy (or its equivalent in any other jurisdiction) of the Issuer or the Issuer's Group in relation to any of the liabilities of the Issuer under the Terms and Conditions.

The choice of law may render it difficult for Holders to exercise or enforce their rights as Holders e.g. against the Issuer

The Issuer is a public limited company under the laws of Denmark, and the Terms and Conditions are subject to Swedish law, which may complicate or make it difficult for Holders to exercise or enforce certain rights. For example, it may be difficult for investors outside Denmark to serve process on or enforce judgments against the Issuer in connection with their rights as Holders.

The Bonds are dematerialised securities, thus investors will have to rely on clearing system procedures of a third party

Because the Bonds are dematerialised securities held in Euroclear Sweden's system, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer. Euroclear Sweden´s general condition and quality of services pose a risk that may adversely impact the value of the

Bonds. The Bonds will not be evidenced by any physical note or document of title other than statements of account made by Euroclear Sweden. Legal title to the Bonds will be recorded and transfer effected only through electronic registration in the book-entry system and register maintained by Euroclear Sweden.

3. 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 with business registration number (in Danish: "*CVR-nr.")* 18 35 13 31.

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 "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. 322 of 11 April 2011 on Public and Private Limited Companies, as amended) 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.

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

3.1 The Issuer's Group in brief

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 farms.

Since 2004, the Issuer's Group has constructed and invested in wind and solar power generating assets for EUR 683 million which has resulted in a total capacity of more than 524 MW consisting of 56 wind farms and 19 solar projects.

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 Group's turnover reaches EUR 15m. The Issuer develops wind farms in Italy, Greece, Poland and Bulgaria. The Danish business magazine "Børsen" awards the Issuer as the company with the

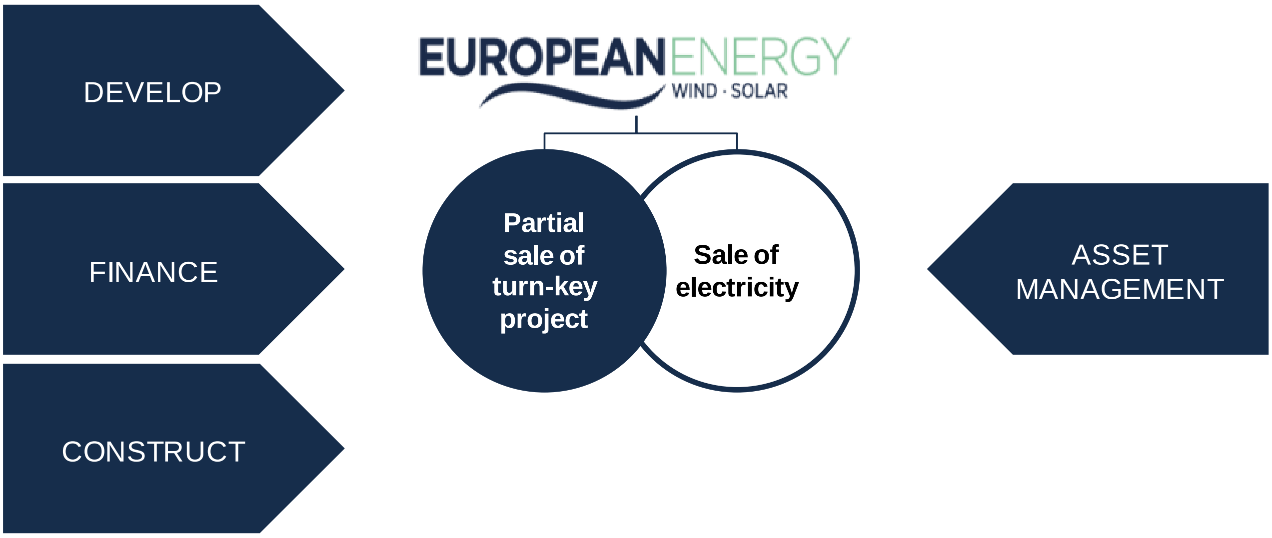
		highest turnover-growth. The development portfolio is expanded with the first Spanish solar photovoltaic farms
⅄	2008	The Group invests approx. EUR 63m in renewable energy plants. The Group operates more than 250 MW and employs 32
⅄	2009	The Group's turnover increases by almost 50 % and EBT increases by 180 %. 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 an Independent Power Producer (IPP) to becoming 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 completes the transaction with the largest solar photovoltaic plant to date; a 4 MW solar photovoltaic plant based in Italy is sold to a Danish utility company. The Group obtains the first Danish building permits for wind farms. Ernst & Young 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 corporation 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
⅄	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 Danish Climate Investment Fund 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 initiates two joint ventures with a listed Canadian power producer and a renowned Dutch bank respectively in order to develop and possibly construct two Danish nearshore wind farms with a potential combined capacity of more than 550 MW. The Group acquires 49.5 % of a German wind park with a total installed and operating capacity of 27 MW. Focus is optimisation and repowering. The Group enters the UK solar photovoltaic 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.

4. BUSINESS OVERVIEW

4.1 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 investments. The Issuer always welcomes new interesting business opportunities – to ensure value creation, and manage risk across technology and geography.

The business model of the Issuer is focused on wind and solar power generating assets including project development, project financing, construction of wind and solar farms, sale and acquisition of wind and solar farms as well as asset management currently with a main focus on the Northern European markets. The Issuer will often divest the developed assets fully or partly to power producers, financial institutions 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 and wind parks in Europe. Further, the Issuer seeks to be the preferred partner of financially strong investors with a wish to invest in solar or wind energy.



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

The Issuer has been active within wind power generating assets since 2004 and solar power generating assets since 2007. 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 product portfolio is therefore diversified and the Issuer has projects in various stages of the value chain across different countries.

10-30 MONTHS	2-6 MONTHS	1-6 MONTHS	20-40 YEARS	ONGOING
DEVELOP	**FINANCE**	**CONSTRUCT**	**OPERATE / EXIT**	**ACQUISITION**
Cooperation with partners on: ▶ Land lease- and power purchase agreements ▶ Environmental assessment ▶ Achieve building permit ▶ Ensure grid connection ▶ Production estimates by independent wind assessors	▶ Completion of financial contracts ▶ Establish cooperation structure with financial partner ▶ Legal, technical and financial due diligence	▶ Construct renewable energy plants ▶ Turbines / Modules selection ▶ Select EPC contractor	▶ B2B power sales to utilities via PPA ▶ Administration of power plant operations ▶ Partial sell-off to third parties, usually 50-80% of the assets ▶ Operations agreements	▶ Due diligence, valuation and acquisition of renewable energy assets. ▶ Take-over performed jointly or individually by European Energy A/S ▶ Repowering

ACTIVITIES

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 turnkey projects and often as share deals of special purpose companies containing the operating asset and all the project rights. In some cases the Issuer delivers services as the engineering, procurement and construction contractor without owning the project itself. For projects in the operational stage the Issuer offers services to investors within asset management.

4.2 Business areas

The main business areas of the Issuer include project development, project financing, construction, sale of energy, sale and acquisition of wind and solar farms as well as asset management.

Current key markets for the Group within project development and construction are Germany, Denmark and United Kingdom. For a further description please refer to "Market conditions for the Issuer's key markets".

Project development

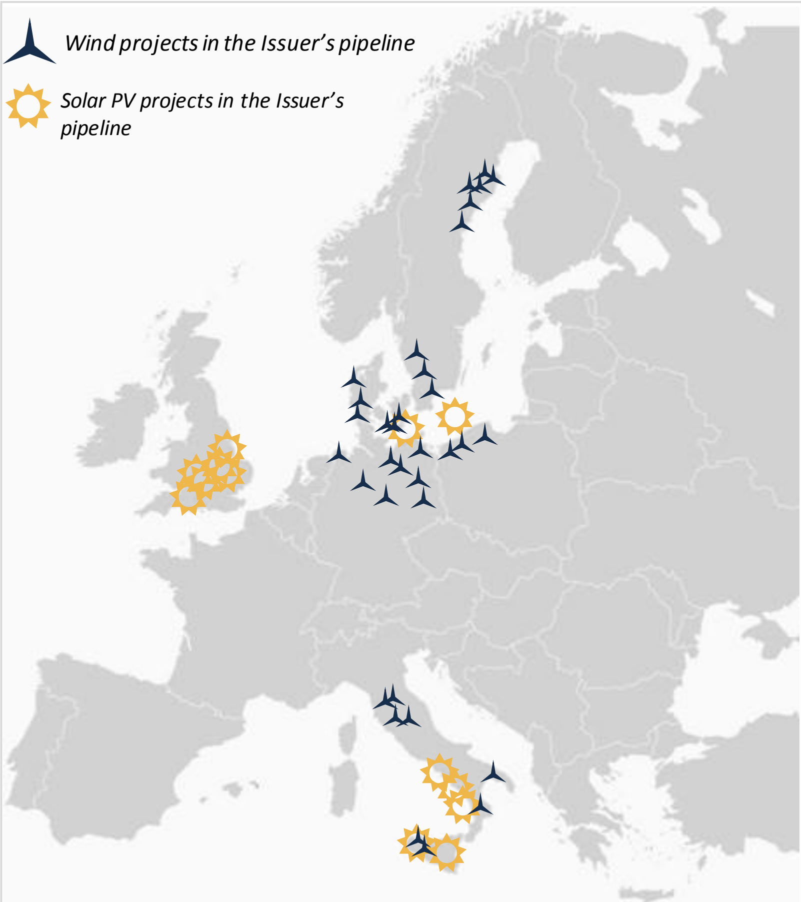
In the development phase the Issuer concludes among others land lease agreements, determines wind and solar resource potential, does environmental assessments, achieves building permits, concludes power purchase agreements, ensures grid connection – either alone or in cooperation with partners.

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 examples the partners may carry out the development activities pro rata.

In the project development stage the demand for liquidity is in most cases not significant compared to the construction phase. However, a project on 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.

The Group currently has development activities in 11 countries, including Denmark, Sweden, Germany, Italy, Poland, United Kingdom, Spain, Greece, Bosnia, Jordan and the Maldives. Below are the Issuer's projects in a selection of countries shown.



Project development pipeline in Europe (source: European Energy A/S)

Repowering

Project development also includes repowering which is 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. 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 can be reused in other regions where they have a better fit with the grid. The Issuer is currently working on re-installing decommissioned turbines in new countries where there is a fine match between the power production and the available grid.

Nearshore projects

The Issuer has applied to the Danish Energy Agency under the ”Open Door” procedure in order to get permission to investigate the business potential in five nearshore locations in Denmark with a potential volume of more than 1,200 MW. The Issuer has at present secured pre-investigation permits for two of the five locations.

Early 2014 the Issuer made a joint venture company with the Dutch bank, NIBC, to develop one of the Issuer’s nearshore sites, Omø South, with a potential capacity of approximately 320 MW. The site covers around 50 square kilometres along the Danish coastline. In July 2014 the Issuer made another joint venture company with the Canadian renewable energy producer, Boralex Inc. to develop the Issuer’s Danish nearshore site called Jammerland Bay with a potential capacity of approximately 240 MW. The Danish authorities have assessed the sites and found them favourable for nearshore wind farms. Earlier in 2014, the Issuer and its partners instructed Orbicon A/S to perform an environmental impact assessment which is expected to be completed in 2015. In both joint ventures the Issuer contributes with the project rights and development capabilities while the partner contributes with the financial resources to complete the development activities until a building permit is achieved.

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 wind and solar photovoltaic projects from green field until ready-to-build stage and the geographical scope is emerging markets and developing countries. The projects are developed through the business model of European Energy and by utilizing IFU’s experience in investments in such countries

Nordic Power Partners currently has projects in development with the first projects almost ready to be built.

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 often carried out.

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.

Construction

If a fully owned and developed project is considered being profitable for operation the Issuer often carries out the construction of the project itself. The Issuer may also choose to buy project rights from external partners and take on the role as the engineering, procurement and construction contractor itself. In both cases the Issuer may choose to engage with an external engineering, procurement and construction contractor and focus on delivering a high level of project management instead.

In some cases the Issuer also delivers services as the engineering, procurement and construction contractor without owning the project itself.

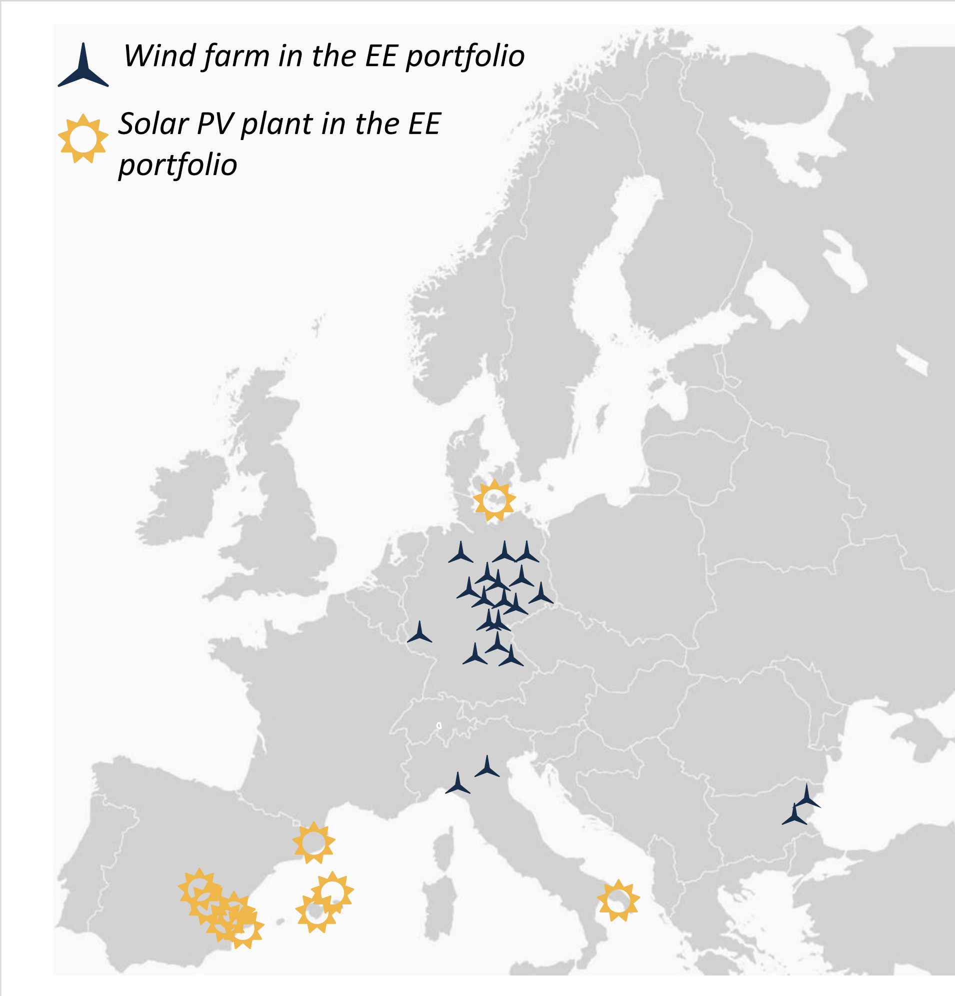
The Issuer currently has construction activities in Denmark and United Kingdom.

Sale of energy

The Issuer holds a diversified portfolio of operating wind and solar farms currently in Germany, Denmark, Spain, Italy and Bulgaria. Through this diversification the Issuer seeks to reduce the risk. The absolute majority of the Issuer's operating assets are wind farms located in Germany.

The table below show the Group's power generating assets. Gross MW is the total size of the wind or solar farms and Net MW is the Group's ownership share of the projects.

Power generating assets as per 31.12.2014	**Gross MW**	**Net MW**	**Net MW in percentage**
Solar	**17.0**	**10.3**	**8.3%**
Denmark	4.2	2.4	1.9%
Italy	1.0	0.5	0.4%
Spain	11.8	7.4	6.0%
Wind	**347.8**	**113.4**	**91.7%**
Bulgaria	14.4	6.2	5.0%
Germany	299.8	101.3	81.9%
Italy	33.6	5.9	4.8%
TOTAL	**364.8**	**123.7**	**100.0%**



The Group's operating assets (source: European Energy A/S)

In the following table the Group's operating assets are specified.

Wind farm	Country	Total capacity (MW)	Group's share	Group's share (MW)
Krupen	Bulgaria	12.0	49.0%	5.9
Straldja	Bulgaria	2.4	12.5%	0.3
Altlandsberg	Germany	14.0	15.0%	2.1
Bad Iburg	Germany	6.1	25.0%	1.5
Brauel II	Germany	6.0	25.0%	1.5
Eichow 1.7	Germany	2.0	50.0%	1.0
Emskirchen	Germany	6.0	25.0%	1.5
Gommern I	Germany	18.0	6.2%	1.1
Gommern II	Germany	4.0	6.2%	0.2
Grosstreben (3 standorte)	Germany	3.9	49.5%	1.9
Güstow	Germany	0.6	100.0%	0.6
Kranenburg	Germany	9.0	49.5%	4.5
Letschin (3 standorte)	Germany	1.8	49.5%	0.9
Löderburg	Germany	4.0	20.0%	0.8
Losheim	Germany	7.5	25.0%	1.9
Mildenberg	Germany	8.0	15.0%	1.2
Ottenhausen	Germany	16.0	34.2%	5.5

Wind farm	Country	Total capacity (MW)	Group's share	Group's share (MW)
Prignitz	Germany	25.5	25.0%	6.4
Prittitz	Germany	27.0	49.5%	13.4
Renkenberge (3 standorte)	Germany	2.0	49.5%	1.0
Salingen	Germany	1.5	49.5%	0.7
Schäcksdorf 6	Germany	2.0	50.0%	1.0
Scheddebrock	Germany	7.5	49.5%	3.7
Timpberg 10	Germany	2.0	50.0%	1.0
Timpberg 9	Germany	2.0	50.0%	1.0
Unseburg	Germany	14.0	20.0%	2.8
Wernikow 7.2	Germany	8.4	50.0%	4.2
Wernikow 7.3	Germany	2.4	50.0%	1.2
Westerberg	Germany	18.0	49.5%	8.9
Windpark TIS	Germany	28.0	49.5%	13.9
Wittstedt	Germany	10.5	49.5%	5.2
Wittstock-Papenbruch 5.4	Germany	2.6	50.0%	1.3
Wittstock-Papenbruch 5.5	Germany	2.6	5.0%	0.1
Wriezener Höhe	Germany	26.0	15.0%	3.9
Wulfshagen	Germany	11.0	49.5%	5.4
Carpinaccio	Italy	13.6	27.0%	3.7
Riparbella	Italy	20.0	11.1%	2.2
Total		**347.80**	**32.6%**	**113.39**

Solar farm	Country	Total capacity (MW)	Group's share	Group's share (MW)
Vores Sol Nakskov II	Denmark	4.2	57.1%	2.4
Soleto	Italy	1.0	50.0%	0.5
Beniarbeig	Spain	2.0	16.0%	0.3
Campllong/St. Dalmai	Spain	1.1	76.8%	0.8
Ibiza	Spain	0.2	76.8%	0.1
La Pobla	Spain	0.2	76.8%	0.2
L'Ollería	Spain	1.5	76.8%	1.2
L'Ollería II	Spain	1.2	45.0%	0.5
Monóvar	Spain	2.0	76.8%	1.5
Ocaña	Spain	1.2	76.8%	0.9
Villanueva de la Jara	Spain	2.4	76.8%	1.8
Total		**16.95**	**60.8%**	**10.31**

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 turn-key project to the customer.

The partner base of the Issuer has developed positively over the years and includes, among others, large and successful investors operating within the renewable energy market in Denmark, Germany, Holland, UK, Italy and China. 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.

Asset management

The Issuer has a dedicated asset management department focusing on managing and optimising the operating portfolio of wind and solar farms wholly or partly owned by the Issuer as well as assets held by third parties. The total portfolio of power generating assets managed by the Issuer comprises of 409 MW. 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.

4.3 Market conditions

From 2004, when the business model of the Issuer was developed, until end of 2013 the global installed capacity of wind and solar power generating farms has grown from 51 GW to 457 GW – nine times the capacity of nine years earlier (source: Global market Outlook For Photovoltaics 2014-2018, EPIA, 2014). 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 levelized cost of energy, LCOE (a system's expected lifetime costs incl. 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 photovoltaic panels and other components for solar photovoltaic.

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

It is expected that onshore wind will reach grid parity for sites with favourable wind conditions in 2015 - for solar grid parity is already existent in areas with high irradiation and costly sources of fossil fuelled energy – e.g. where diesel generators are dominant or remote areas with limited grid connection.

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, increase the overall annual energy production (AEP) of new wind turbines.

From the second quarter in 2009 to the first quarter of 2013 the LCOE fell by 15%. Under favourable conditions, e.g. sites with good wind resources, onshore wind is already competitive with fossil fuel. During 2013 the installed global capacity of wind turbines grew from 273 GW to 318 GW. Within the 28 EU member states the installed capacity grew by 11 GW in 2013 (source: Wind in power - 2013 European Statistics, EWEA, 2014).

Market conditions for solar power in general

The LCOE for solar farms is also decreasing. The LCOE of crystalline silicon photovoltaic systems fell by 57 % between 2009 and 2013 (source: Climate Change 2014 Mitigation of Climate Change - Working Group III Contribution to the Fifth Assessment Report, Intergovernmental Panel on Climate Change, 2014). The main driver for the steep decrease in LCOE is the increased competitions between technology suppliers and economies of scale associated with the production of panels and other key components.

In addition, the solar conversion efficiency continues to improve, and studies show that efficiency of commercial crystalline and cadmium telluride modules can still increase significantly. The predictability and stability of power production from solar assets also supports cost effective financing.

Solar photovoltaic is a fast-growing market. By the end of 2013 the total installed solar photovoltaic capacity comprises of 139 GW. Hereof the capacity was at 81 GW in Europe, compared to 22 GW for Asian Pacific and America with 14 GW (source: Global market Outlook For Photovoltaics 2014-2018, EPIA, 2014).

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

Market conditions for the Issuer's key markets

The Issuer's current key markets for developing and constructing wind and solar projects are Germany, Denmark and United Kingdom which will be described in the following sections.

Renewable energy in Denmark

In Denmark the Issuer's focus is onshore wind power, nearshore wind power and solar power. Denmark has more than 30 years of experience in generating wind energy and in 2013 32 % of the total energy production was generated from wind power (source: Energistatistik 2013, Energistyrelsen, 2014).

Denmark offers favourable wind conditions due to large coastal areas, and has so far had a stable political climate which supports the growth in the renewable sector. The objective is wind power supplying 50 % of Denmark's electricity consumption by 2020 (source: Energiaftalen i korte træk, Klima-, Energi- og Bygningsministeriet, 2012).

At present the Issuer has activities in both the development as well as the construction phase. The projects in construction have all been sold to external parties and are delivered as turnkey projects.

Nearshore is, in Denmark, defined as wind farms with a distance of 4-20 km off the coast. The advantages of nearshore wind farms compared to off-shore wind farms is the lower costs for foundations and grid connection, since the cables are shorter and the transformer stations can be placed on land. The operation and maintenance costs are also lower mainly due to their proximity to service harbours. Due to the vast interest from investors for large scale projects in stable political environments, the Issuer has therefore increased the focus on Danish nearshore projects and has established two joint venture companies for the further development of two nearshore projects. The Issuer currently has activities in the development phase.

The solar power market in Denmark is rather limited at present. The Issuer has currently projects in development as well as in operation.

Renewable energy in Germany

In Germany the grid operators have so far been obliged to take off, transmit and distribute the entire available quantity of electricity and to pay the producer on the basis of statutory tariffs.

Germany remains the EU country with the largest installed wind power capacity with a total installed capacity of 34 GW as end of 2013 (source: Wind in power - 2013 European Statistics, EWEA, 2014). In 2013 renewable energy plants supplied 24 % of Germany's total energy production, hereof 8% by wind power and 5% by solar power plants (source: Bruttostromerzeugung in Deutschland von 1990 bis 2013 nach Energieträgern, Arbeitsgemeinschaft Energiebilanzen, 2014). The primary source for energy in Germany is still coal plants supplying 45 % of the energy production. The German government had originally planned to phase out nuclear energy over a longer period of time, but these phase-out plans were accelerated after the catastrophe in Fukushima. Eight nuclear power plants have already been shut down, with the remaining nine to be switched off before 2022. The capacity gap is to be closed primarily by renewable energy.

Due to the maturity of the German onshore wind market the Issuer has in recent years focused on acquiring already operational wind farms and on repowering.

The Issuer currently has development activities comprising repowering activities as well as operating assets in Germany.

Renewable energy in United Kingdom

Most of the electricity in the United Kingdom is generated by burning fossil fuels, mainly natural gas (30 %) and coal (28 %), as well as nuclear power plants (22 %). Renewable energy's share of electricity generation was 17 % in second quarter of 2014 (source: Energy trends section 5: electricity, Department of Energy & Climate Change, November 2014).

The irradiation in the United Kingdom is above 1,000 kWh per m^2 per year over a large part of the country, in particular the southern regions. This currently makes solar power an economically feasible business case. Generally the irradiation levels in the United Kingdom match the levels of Germany, which is the largest solar market in Europe. With 1.5 GW installed in 2013, the UK took the position as the second largest European solar photovoltaic market over Italy (source: Global market Outlook For Photovoltaics 2014-2018, EPIA, 2014).

The Issuer currently has development and construction activities in the United Kingdom. The projects in construction have been sold to an external party and are delivered as turnkey projects.

5. ORGANISATIONAL STRUCTURE

The Issuer being the parent company of the Issuer's Group has as of the date of this Prospectus ownership interest in 269 companies. The Issuer's current ownership interests are listed in the table attached as Annex A. The column "Ownership" shows the direct mother company's ownership interest, whereas "Group ownership" is the Issuer's direct or indirect ownership share. European Energy Holding ApS holds 76 per cent 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 10 "*Major Shareholders*" below. Because of the ownership structures companies may appear more than once.

6. TREND INFORMATION

There has been no material adverse change in the prospects of the Issuer since 31 December 2013.

7. PROFIT FORECASTS OR ESTIMATES

The Issuer has not for the purpose of this Prospectus prepared any specific profit forecast or profit estimate for the period after the date of this Prospectus.

The Issuer has in its annual report for the financial year 2013 under the section "Outlook for 2014" (page 27) in brief outlined the Issuer's expectations for the financial year 2014 with regard to the renewable energy market and activities of the Issuer.

The Issuer no longer considers these expectations to be valid as the Issuer expected the Danish solar PV regulations to come to effect in the course of 2014, considering these regulations were enacted in July 2013. However, the regulatory framework did not enter into force before February 2015 (due to the necessary EU state aid approval being delayed) and its consequences for the Issuer's Danish solar PV plants remains unresolved at the date of this Prospectus. The development of some of the Issuer's energy projects has also been delayed and, thus, the sale of these projects has been postponed to 2015.

The Issuer considers the abovementioned expectations to be non-material with respect to the Issuer's ability to fulfil its obligations under the Bonds.

8. 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.

8.1 The Board of Directors

The Board of Directors currently consists of three 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 7,600,000.

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 1,400,000.

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 1,000,000.

List of other directorships

Knud Erik Andersen

Country	Company Name	Management title	Board title
Denmark	Bad Iburg Verwaltung ApS	Managing Director	
Denmark	Blue World ApS	Managing Director	
Denmark	Driftsselskabet Heidelberg 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	Enerteq ApS	Managing Director	
Denmark	European Energy Holding ApS	Managing Director	
Denmark	European Energy III A/S		Chairman of board
Denmark	European Energy Offshore A/S	Managing Director	Member of board
Denmark	European Energy Systems I ApS	Managing Director	
Denmark	European Energy Systems II ApS	Managing Director	
Denmark	European Green Fields A/S		Chairman of board
Denmark	European Solar Farms A/S		Chairman of board

Country	Company Name	Management title	Board title
Denmark	European Solar Farms Development ApS	Managing Director	
Denmark	European Solar Farms Greece ApS	Managing Director	
Denmark	European Solar Farms Greece II ApS	Managing Director	
Denmark	European Solar Farms Greece III ApS	Managing Director	
Denmark	European Solar Farms Greece IV 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 Farm No. 2 A/S	Managing Director	Member of board
Denmark	European Wind Farms A/S	Managing Director	
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	European Wind Farms Southeast Europe ApS	Managing Director	
Denmark	European Wind Farms Sverige ApS	Managing Director	
Denmark	Frederiksberg Vind A/S		Chairman of board
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 Holding af 14. November 2011 ApS		Vice Chairman of the board
Denmark	Horskær Wind Park ApS	Managing Director	
Denmark	Jammerland Bay Nearshore A/S	Managing Director	
Denmark	K/S Losheim		Member of board
Denmark	KEA II Holding ApS	Managing Director	
Denmark	Komplementarselskabet EEAR Aps	Managing Director	
Denmark	Komplementarselskabet Heidelberg Aps	Managing Director	
Denmark	Komplementarselskabet Sydlolland Vindmøllelaug ApS	Managing Director	
Denmark	Komplementarselskabet Tjørneby Vindkraft I ApS		Chairman of board
Denmark	Komplementarselskabet Vores Sol ApS	Managing Director	
Denmark	Lidegaard ApS / European Wind Farms Development ApS	Managing Director	
Denmark	Nor Power ApS		Chairman of board
Denmark	Nordic Power Partners P/S		Chairman of board
Denmark	NPP Komplementar ApS		Chairman of board
Denmark	Omø South Nearshore A/S	Managing Director	
Denmark	Plasticueros ApS	Managing Director	
Denmark	Sandvikenvej Infrastrukturselskab Aps	Managing Director	Member of board

Country	Company Name	Management title	Board title
Denmark	SF Ibiza ApS	Managing Director	
Denmark	SF La Pobla ApS	Managing Director	
Denmark	St. Røttinge WTG 3 Aps	Managing Director	
Denmark	Swapselskabet Heidelberg K/S		Chairman of board
Denmark	Sydlolland Vindmøllelaug K/S	Managing Director	
Denmark	Sydlolland Vindmøllepark ApS	Managing Director	
Denmark	Trædeskov Bøge Wind Park ApS	Managing Director	
Denmark	Tvis Wind Park Aps	Managing Director	
Denmark	Ulvemosen Vindkraft I/S		Member of board
Denmark	Ulvemosen Wind Park ApS	Managing Director	
Denmark	Villanueva A/S		Chairman of board
Denmark	Vindpark Straldja Aps	Managing Director	
Denmark	Vindtestcenter Kappel A/S		Chairman of board
Denmark	Vores Sol A/S		Chairman of board
Denmark	Vores Sol A1 K/S	Managing Director	Member of board
Denmark	Vores Sol A10 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
Denmark	Vores Sol A7 K/S	Managing Director	Member of board
Denmark	Vores Sol A8 K/S	Managing Director	Member of board
Denmark	Vores Sol A9 K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov I K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov II K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov III K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov IV K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov IX K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov V K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov VI K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov VII K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov VIII K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov X K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov XI K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov XII K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov XIII K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov XIV K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov XIX K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov XV K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov XVI K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov XVII K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov XVIII K/S	Managing Director	Member of board
Denmark	Vores Sol Nakskov XX K/S	Managing Director	Member of board
Germany	EEA Verwaltungs GmbH	Managing Director	

Country	Company Name	Management title	Board title
Germany	ESF Spanien 01 GmbH	Managing Director	
Germany	ESF Spanien 0424 GmbH	Managing Director	
Germany	ESF Spanien 09 GmbH	Managing Director	
Germany	European Wind Farms Deutschland mbH	Managing Director	
Germany	European Wind Farms Komp GmbH	Managing Director	
Germany	European Wind Farms Verwaltungsgesellschaft mbH	Managing Director	
Germany	TEN Verwaltungsgesellschaft mbH	Managing Director	
Germany	Windenergie Erik Andersen Verwaltungsgesellschaft mbH	Managing Director	
Greece	Doras Paragogi Ilektrikis Energias Apo Ananeosimes Piges Energias EPE	Managing Director	
Greece	Iridanos Paragogi Ilektrikis Energias Apo Ananeosimes Piges Energias EPE	Managing Director	
Greece	Kipheus Paragogi Ilektrikis Energias Apo Ananeosimes Piges Energias EPE	Managing Director	
Italy	Elios 102 Srl	Managing Director	Member of board
Italy	European Solar Farms Italy 1.0 Srl	Managing Director	Member of board
Italy	European Solar Farms Italy 1.1 Srl	Managing Director	Member of board
Italy	European Solar Farms Italy 1.4 Srl	Managing Director	Member of board
Italy	European Solar Farms Italy 1.5 Srl	Managing Director	Member of board
Italy	European Solar Farms Italy 1.6 Srl	Managing Director	Member of board
Italy	European Solar Farms Italy 1.7 Srl	Managing Director	Member of board
Italy	European Solar Farms Italy 1.8 Srl	Managing Director	Member of board
Italy	European Solar Farms Italy 1.9 Srl	Managing Director	Member of board
Italy	European Solar Farms Italy 2.0 Srl	Managing Director	Member of board
Italy	European Solar Farms Italy 2.1 Srl	Managing Director	Member of board
Italy	European Solar Farms Toscana Srl		Member of board
Italy	European Wind Farms Italy II srl	Managing Director	Member of board
Italy	Parco Eolico Badia Tedalda srl	Managing Director	Member of board
Italy	Parco Eolico Barberino di Mugello srl	Managing Director	Member of board
Italy	Parco Eolico Carpinaccio srl		Member of board
Italy	Parco Eolico Casciana Terme-Santa Luce srl		Member of board
Italy	Parco Eolico Riparbella srl		Member of board
Italy	Parco Eolico Sestino srl	Managing Director	Member of board
Italy	Parco Fotovoltaico Bientina Srl	Managing Director	Member of board
Italy	Parco Fotovoltaico Cascina 1 Srl	Managing Director	Member of board
Italy	Parco Fotovoltaico Cascina 2 Srl	Managing Director	Member of board
Italy	Parco Fotovoltaico Chianni 1 Srl	Managing Director	Member of board
Italy	Parco Fotovoltaico Fauglia Srl	Managing Director	Member of board
Italy	Parco Fotovoltaico Peccioli 1 Srl	Managing Director	Member of board
Italy	Parco Fotovoltaico Toscana Srl	Managing Director	Member of board
Italy	Parco Fotovoltaico Vicopisano Srl	Managing Director	Member of board
Italy	REEWF srl	Managing Director	Member of board
Italy	Sol-Teq Srl	Managing Director	Member of board
Poland	ESF Polska Sp.z.o.o.		Member of board
Poland	Windcom Sp.z.o.o	Managing Director	
Sweden	European Wind Farms Sverige AB		Member of board

Country	Company Name	Management title	Board title
United Kingdom	ESF Llwyndu Limited	Managing Director	
United Kingdom	ESF Rooftop Ltd	Managing Director	
United Kingdom	European Energy Photovoltaics Limited	Managing Director	
United Kingdom	Trowbridge PV Limited	Managing Director	

Mikael Dystrup Pedersen

Country	Company Name	Management title	Board title
Denmark	European Energy III A/S		Member of board
Denmark	European Wind Farm No. 2 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
Denmark	Villanueva A/S		Member of board
Germany	MDP Verwaltungsgesellschaft mbh	Managing Director	

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	
Croatia	European Wind Farms d.o.o.	Managing Director	
Denmark	Bad Iburg Verwaltung ApS	Managing Director	
Denmark	EEA Renewables A/S		Member of board
Denmark	Eegw Persano ApS		Member of board
Denmark	European Energy III A/S	Managing Director	Member of board
Denmark	European Energy Offshore A/S		Chairman of board
Denmark	European Energy Systems I ApS	Managing Director	
Denmark	European Energy Systems II ApS	Managing Director	
Denmark	European Green Fields A/S		Member of board
Denmark	European Solar Farms A/S	Managing Director	Member of board
Denmark	European Solar Farms Development ApS	Managing Director	
Denmark	European Solar Farms Greece ApS	Managing Director	
Denmark	European Solar Farms Greece II ApS	Managing Director	
Denmark	European Solar Farms Greece III ApS	Managing Director	
Denmark	European Solar Farms Greece IV 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		Chairman of board
Denmark	European Wind Farm No. 2 A/S		Chairman of board
Denmark	European Wind Farms A/S		Chairman of board
Denmark	European Wind Farms Bulgaria ApS	Managing Director	

Country	Company Name	Management title	Board title
Denmark	European Wind Farms Denmark A/S		Chairman 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	European Wind Farms Southeast Europe ApS	Managing Director	
Denmark	European Wind Farms Sverige ApS	Managing Director	
Denmark	Frederiksberg Vind A/S	Managing Director	Member of board
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	Jammerland Bay Nearshore A/S		Chairman of board
Denmark	JPZ Assistance ApS	Managing Director	
Denmark	JPZ Assistance II ApS	Managing Director	
Denmark	Komplementarselskabet Tjørneby Vindkraft I ApS	Managing Director	Member of board
Denmark	Lidegaard ApS / European Wind Farms Development ApS	Managing Director	
Denmark	Nor Power ApS		Vice Chairman of the board
Denmark	Nordic Power Partners P/S	Managing Director	Member of board
Denmark	Npp Komplementar ApS	Managing Director	Member of board
Denmark	Omø South Nearshore A/S		Chairman of board
Denmark	Ravlundvej Vindkraft I Kommanditaktieselskab		Member of board
Denmark	Sandvikenvej Infrastrukturselskab Aps		Member of board
Denmark	SF Ibiza ApS	Managing Director	
Denmark	SF La Pobla ApS	Managing Director	
Denmark	Swapselskabet Heidelberg K/S	Managing Director	Member of board
Denmark	Ulvemosen Vindkraft I/S		Chairman of board
Denmark	Villanueva A/S	Managing Director	Member of board
Denmark	Vindtestcenter Kappel A/S	Managing Director	Member of board
Denmark	Vores Sol A/S	Managing Director	Member of board
Denmark	Vores Sol A1 K/S		Member of board
Denmark	Vores Sol A10 K/S		Chairman of board
Denmark	Vores Sol A2 K/S		Chairman of board
Denmark	Vores Sol A3 K/S		Chairman of board
Denmark	Vores Sol A4 K/S		Chairman of board
Denmark	Vores Sol A5 K/S		Chairman of board
Denmark	Vores Sol A6 K/S		Chairman of board
Denmark	Vores Sol A7 K/S		Chairman of board
Denmark	Vores Sol A8 K/S		Chairman of board
Denmark	Vores Sol A9 K/S		Chairman of board
Denmark	Vores Sol Nakskov I K/S		Chairman of board
Denmark	Vores Sol Nakskov II K/S		Chairman of board
Denmark	Vores Sol Nakskov III K/S		Chairman of board

Country	Company Name	Management title	Board title
Denmark	Vores Sol Nakskov IV K/S		Chairman of board
Denmark	Vores Sol Nakskov IX K/S		Chairman of board
Denmark	Vores Sol Nakskov V K/S		Chairman of board
Denmark	Vores Sol Nakskov VI K/S		Chairman of board
Denmark	Vores Sol Nakskov VII K/S		Chairman of board
Denmark	Vores Sol Nakskov VIII K/S		Chairman of board
Denmark	Vores Sol Nakskov X K/S		Chairman of board
Denmark	Vores Sol Nakskov XI K/S		Chairman of board
Denmark	Vores Sol Nakskov XII K/S		Chairman of board
Denmark	Vores Sol Nakskov XIII K/S		Chairman of board
Denmark	Vores Sol NakskoV XIV K/S		Chairman of board
Denmark	Vores Sol NakskoV XIX K/S		Chairman of board
Denmark	Vores Sol NakskoV XV K/S		Chairman of board
Denmark	Vores Sol NakskoV XVI K/S		Chairman of board
Denmark	Vores Sol NakskoV XVII K/S		Chairman of board
Denmark	Vores Sol NakskoV XVIII K/S		Chairman of board
Denmark	Vores Sol NakskoV XX K/S		Chairman of board
Greece	European Wind Farms Energy Hellas EPE	Managing Director	
Italy	European Solar Farms Italy 1.0 Srl		Member of board
Italy	European Solar Farms Italy 1.1 Srl		Member of board
Italy	European Solar Farms Italy 1.4 Srl		Member of board
Italy	European Solar Farms Italy 1.5 Srl		Member of board
Italy	European Solar Farms Italy 1.6 Srl		Member of board
Italy	European Solar Farms Italy 1.7 Srl		Member of board
Italy	European Solar Farms Italy 1.8 Srl		Member of board
Italy	European Solar Farms Italy 1.9 Srl		Member of board
Italy	European Solar Farms Italy 2.0 Srl		Member of board
Italy	European Solar Farms Italy 2.1 Srl		Member of board
Italy	Parco Eolico Badia Tedalda srl		Member of board
Italy	Parco Eolico Barberino di Mugello srl		Member of board
Italy	Parco Eolico Casciana Terme-Santa Luce srl		Member of board
Italy	Parco Eolico Sestino srl		Member of board
Italy	Parco Fotovoltaico Cascina 2 Srl		Member of board
Italy	Parco Fotovoltaico Chianni 1 Srl		Member of board
Italy	Parco Fotovoltaico Peccioli 1 Srl		Member of board
Poland	ESF Polska Sp.z.o.o.	Managing Director	Member of board
Poland	European Wind Farms Polska Sp.z.o.o.	Managing Director	
Poland	European Wind Farms Polska Sp.z.o.o. Bialogard Sp.k.	Managing Director	
Poland	European Wind Farms Polska Sp.z o.o. Grzmiaca Sp.k.	Managing Director	
Poland	European Wind Farms Polska Sp.z.o.o. Rabino Sp.k	Managing Director	
Poland	Wind Pro Energy Sp.z.o.o.		Member of board
Sweden	European Wind Farms Sverige AB	Managing Director	Member of board
United Kingdom	ESF Llwyndu Limited	Managing Director	
United Kingdom	European Energy Photovoltaics Limited	Managing Director	

Country	Company Name	Management title	Board title
United Kingdom	Trowbridge PV Limited	Managing Director	

8.2 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 7,600,000.

8.3 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 members 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 7,600,000.

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 1,000,000.

Annette Nylander

Born 1971, Executive Vice President, since 2011. Part of the Group since 2006.

Principal education: eMBA Business Development & Innovation from DTU Executive School of Business, HD(R) from Copenhagen Business School.

Shareholding (own and through legal entities): None.

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 1,400,000.

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.

Holger Bang

Born 1976, Director of Mergers & Acquisitions since 2010. Part of the Group since 2008.

Principal education: M.Sc. Business Administration, CEMS MIM from Copenhagen Business School.

Shareholding (own and through legal entities): None.

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.

Emil Vikjær-Andersen

Born 1980, Director of Legal since 2015. Part of the Group since 2013.

Principal education: Master of Laws from University of Copenhagen, LL.M. from Columbia University, USA.

Shareholding (own and through legal entities): None.

8.4 Statement on conflicts of interest

The members of the Board of Directors, Executive Board, 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 ("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 photovoltaic 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 section a) and b) above, namely agreements related to asset management.

It is the Issuer's opinion that all transactions and agreements between the Issuer and 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.

9. MAJOR SHAREHOLDERS

As of the date of this Prospectus, the Issuer's registered share capital is DKK 10,000,000 divided into shares of DKK 1 each or multiples thereof. The Issuer's shares are non-negotiable.

The shareholders as of the date of this Prospectus:

Name of shareholder	Amount of shares (DKK)	Percentage of votes and share capital
European Energy Holding ApS	7,600,000	76.00 %
JPZ Assistance ApS	1,000,000	10.00 %
MDP Invest ApS	1,400,000	14.00 %
TOTAL	10,000,000	100.00 %

Danish corporate law sets general restrictions on abuse of control as shareholder in order to prevent that certain shareholders or others are not given undue advantage over other shareholders of the Issuer. Control exercised by the shareholders of the Issuer is limited by virtue of the restrictions that follow from the Danish Companies act (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.

10. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

Historical financial Information

The tables set out in this section present financial information derived from the Issuer's audited annual reports for the financial years 2012 and 2013. 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 Danish Financial Statements Act (DK-GAAP). The Issuer has prepared parent company and consolidated financial statements for the financial years 2012 and 2013 which are incorporated by attachments to this Prospectus.

The annual report for the financial year 2014 will be prepared in accordance with the Danish Financial Statements Act (DK-GAAP). At the same time the Issuer has started the process of preparing the conversion of the annual reporting from the use of DK-GAAP to the use of the International Financial Reporting Standards as approved by the European Union as a consequence of the accomplished bond issue and admittance to trading and official listing on NASDAQ OMX Stockholm AB.

Balance sheet

Below are selected key figures from the balance sheet.

EUR'000	Consolidated		Parent company	
	2013	2012	2013	2012
Revenue	29,963	35,682	6,487	2,630
Gross profit	**16,706**	**15,128**	**5,233**	**1,568**
Operating profit/loss	**9,001**	**7,831**	**127**	**-3,023**
Profit for the year	**5,963**	**5,578**	**6,338**	**5,680**

Income statement

Below are selected key figures from the income statement.

EUR'000	Consolidated		Parent company	
	2013	2012	2013	2012
ASSETS				
Total non-current assets	116,947	118,901	72,358	73,652
Total current assets	30,904	18,114	1,765	4,714
TOTAL ASSETS	**147,851**	**137,015**	**90,008**	**78,366**
EQUITY AND LIABILITIES				
Share capital	1,340	1,340	134	134
Reserve for net revaluation according to the equity method	0	0	23,023	25,866
Total equity	**52,558**	**46,005**	**52,558**	**46,005**
Non-controlling interests	1,636	1,777	0	0
Provisions	932	763	328	445
Non-current liabilities other than provisions	51,241	48,971	605	605
Current liabilities other than provisions	41,484	39,499	36,517	31,311
TOTAL EQUITY AND LIABILITIES	**147,851**	**137,015**	**90,008**	**78,366**

Statement regarding audit

The historical financial information has been audited and the auditor's report has been included in the annual report for 2012 and 2013.

Other audited information

No other information than the financial data in the section "Historical financial Information" in the Prospectus has been audited.

Source of financial data

All financial information regarding the financial years 2012 and 2013 in the section "Historical financial Information" has been extracted from the Issuer's audited annual financial statement for these years.

Age of latest financial information

The last year of audited financial information was for the financial year ending 31 December 2013.

Legal and arbitration proceedings

Group companies are currently involved in three disputes which may have significant effects on the Issuer's financial position and profitability.

One dispute relates to a claim filed by an associated company in which the Issuer has a 25 % ownership stake. The claim of approximately EUR 9 million was filed in the ordinary courts in Denmark against the associated company's previous board of directors. The court of first instance decided against the Group company and ordered the company to pay the defendants approximately EUR 1.5 million in costs. The associated company has appealed the decision to the High Court of Eastern Denmark. If the court also decides against the Group company, the costs payable to the defendants could be increased. The potential financial impact on the Issuer of any loss or income will be equal to the Issuer's ownership stake, i.e. 25 %.

The other dispute relates to the interpretation of a lease agreement entered into by a Group company and a landowner. The landowner has filed a claim of app. EUR 1.5 million. The dispute will be decided by an arbitrational tribunal which is expected to hand down its decision within 2-4 months after the date of the Prospectus. Should the arbitrational tribunal decide against the Group company, the negative impact on the Issuer could amount up to approximately EUR 1 million.

Furthermore, a number of Group Companies which own solar photovoltaic plants in Spain have dispatched a notice to the Spanish government under Article 26 of the Energy Charter Treaty, requesting the government to settle an alleged breach amicably. Should the dispute not be settled amicably, the Group companies may submit the dispute for resolution in accordance with the Energy Charter Treaty. The size of the claims has not yet been finally established but will likely be in the range of EUR 40 – 60 million. However, the anticipated financial impact on the Issuer will be less than the aggregate size of the claims should the companies be successful due to the substantial costs associated with arguing the case which could reach up to 30-40 % of the damages awarded.

Apart from the above mentioned 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.

Significant change in the Issuer's financial or trading position

There are significant changes in the Issuer's financial and trading position since the end of the financial year 2013 for which an audited annual report as per 31 December 2013 has been published and till the date of this Prospectus.

On 3 March 2014, the Issuer issued the EUR 45 million corporate Bonds, which this Prospectus concern, with the opportunity to increase the bond by EUR 15 million within the same framework and subject to the Term and Conditions attached in Annex B. The proceeds raised with the issuance of the Bonds enabled the Issuer to repay all its existing corporate debt.

The Bonds have an interest rate of EURIBOR (3 months) + 7.50%. The interest rate of the Bonds has impacted the financial expenses of the Issuer compared to 2013, leading to an expected increase in the financial expenses in 2014 and an expected increase in the total assets and liabilities of the Issuer.

The Issuer's Group entered the UK market for solar photovoltaic plants in 2014. As part of the activity in this market, the Issuer's Group acquired two solar photovoltaic projects with a total size of approximately 28 MW. Construction finance was obtained and the projects were sold on a turn-key basis, requiring the Issuer's Group to complete construction of the plants and connect them to the grid before they are handed over to the purchaser.

Overall, the business activities in 2014 of Issuer's Group are expected to have an impact on the Issuer's financial position for financial year 2014. The Issuer's expected turn-over has increased significantly which is caused – *inter alia* – by the activities in the UK market. The expected profit of the Issuer for the financial year 2014 has decreased significantly, primarily due to a significant increase in the financial expenses related to the issuance of the Bonds. Furthermore, the issue of the Bonds and the activities in the UK market are the main factors behind an anticipated increase in the total assets and liabilities of the Issuer.

11. 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.

12. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Except as set out in "BUSINESS OVERVIEW" and the relevant sources for third party information are referred to therein, this Prospectus is not based on any information from third parties, statements by experts or any declarations of interest. 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.

13. DOCUMENTS ON DISPLAY

During the term of the Bonds the following documents (or copies thereof), where applicable, may be inspected at the Issuer's registered office and address at Gyngemose Parkvej 50, DK-2860 Søborg, Denmark:

- this Prospectus;
- the memorandum and articles of association of the Issuer;
- the historical financial information of the Issuer (including annual reports for 2012 and 2013); and
- the historical financial information of the Issuer's Group (including annual reports for 2012 and 2013 for the subsidiaries of the Issuer's Group).

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

14. OVERVIEW OF THE BONDS

The following description of key features of the Bonds does not purport to be complete and is qualified in its entirety by the remainder of this Prospectus. Words and expressions defined in "Terms and Conditions of the Bonds" below or elsewhere in this Prospectus shall have the same meanings in this description of key features of the Bonds. References to a numbered "Condition" shall be to the relevant Condition in the Terms and Conditions of the Bonds.

The Bonds were issued by the Issuer on 3 March 2014 with a total framework amount of EUR 60,000,000 of which EUR 45,000,000 was issued in the first tranche. The issue of the Bonds was authorised and approved by the Issuer's Board of Directors at a board meeting held on 31 January 2014.

Issuer:	European Energy A/S
Description:	Up to EUR 60,000,000 EURIBOR (3 months) + 7.5% Senior Unsecured Callable Floating Rate due 3 March 2018
ISIN code:	SE0005677796
Agent:	The Agent under these Terms and Conditions from time to time; initially CorpNordic Sweden AB, reg. no. 556625-5476
Issuing Agent:	ABG Sundal Collier Norway ASA
Issue Date:	3 March 2014
Issue Price:	100.00%
Denomination:	EUR
Maturity date:	3 March 2018
Form of Bonds:	The Bonds are issued in dematerialised book-entry form in the electronic register of Euroclear Sweden AB, reg. no. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden and the Bonds will be registered for the Holders on their respective securities accounts in their names and no physical Bonds will be issued.
EURIBOR	"EURIBOR" is defined in Condition 1.1 (Annex B-5) of the Terms and Conditions of the Bonds.
Status of the Bonds:	The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among them.
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 Redemption Date.
Interest and Interest Payment Dates:	The Bonds will bear interest at the Interest Rate applied to the Nominal Amount from, but excluding, the Issue Date up to and including the relevant Redemption Date at the rate of EURIBOR (3 months) + 7.5% per annum. Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made quarterly in arrears on 3 March, 3 June, 3 September and 3 December each year, with the first Interest Payment Date being 3 June 2014 and the last Interest Payment Date being the Final Maturity Date on 3 March 2018. 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.
Indication of yield:	The yield of the Bonds cannot be calculated.

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):	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 per cent 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.
Holders' put option upon the occurrence of a Change of Control Event:	Upon a Change of Control Event occurring, as further described in Condition 10.4, each Holder shall have the right to request that all, or only some, of its Bonds be repurchased (put option) at a price equal to 105.00 per cent of the Nominal Amount together with accrued but unpaid Interest.
Negative pledge:	The terms of the Bonds contain a negative pledge provision with respect to the Issuer and its subsidiaries as described in Condition 11.4.
Event of Default:	Following an Event of Default, any Bond may be declared immediately due and payable in accordance with Condition 14.1.
Cross-acceleration:	The terms of the Bonds contain a cross-acceleration provision relating to Financial Indebtedness as further described in Condition 14.1 paragraph (d).
Meetings of Holders and Modifications:	The Bonds contain provisions for calling meetings of the Holders to consider and decide on matters affecting their interests generally. These provisions permit defined majorities to bind all Holders irrespective of them being present or represented at the Holders' Meeting or responding in the Written Procedure. The Issuer and the Agent may also, subject to the provision of Conditions 19.1, make any amendments to the Bonds, which is not prejudicial to the interests of the Holders without the consent of the Holders. Any such modification shall be binding on the Holders.
Conflicts of Interest:	Apart from as set out in section 8.4, the Issuer is not aware of other interest or conflict of interest with any significance with regard 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 Sweden.
Listing:	Application has been made to NASDAQ OMX Stockholm AB for the Bonds issued under the Prospectus to be admitted to trading and official listing on NASDAQ OMX Stockholm AB on 2 March 2015.
Function of the Agent:	By subscribing for Bonds, each initial Holder appoints the Agent to act as its agent in all matters relating to the Bonds and these 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 Holder. By acquiring Bonds, each subsequent Holder confirms such appointment and authorisation for the Agent to act on its behalf. Each Holder 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 these Terms and Conditions. The Agent is under no obligation to represent a Holder which does not comply with such request.
Transferability:	The Bonds are freely transferable. All Bond transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Bond transferees upon completed transfer.
Financial Indebtedness:	The Issuer shall not incur any Financial Indebtedness or maintain or prolong any existing Financial Indebtedness, provided however that the Issuer has a right to incur, maintain and prolong Financial Indebtedness constituting Permitted Debt as described in Condition 11.3.
Subsequent Bond Issue:	The Issuer may choose not to issue the full amount of Bonds on the Issue Date and may in such case, provided that no Event of Default is continuing or would result from such issue, choose to issue the remaining amount of Bonds at one or more subsequent dates ("Subsequent Bond Issue"). The price of Bonds issued in a Subsequent Bond Issue may be set at the Nominal Amount or at a higher or lower amount than the Nominal Amount. Bonds issued in a Subsequent Bond Issue shall have the same ISIN, Interest Rate, Nominal Amount, Final Maturity Date and other rights as Bonds issued on the Issue Date.
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.

15. GENERAL INFORMATION

This Prospectus is prepared for purposes of listing the Bonds only. The Bonds were issued 3 March 2014. The Issuer estimates that the total expenses related to the admission to trading and official listing on NASDAQ OMX Stockholm AB shall not exceed DKK 600.000.
Provided that the application made to NASDAQ OMX Stockholm AB for the Bonds to be listed on NASDAQ OMX Stockholm AB is approved, the Bonds will be admitted to trading and official listing on the regulated market of NASDAQ OMX Stockholm AB with effect from 2 March 2015.

Requirements pursuant to the rules of NASDAQ OMX Stockholm

The Issuer will continuously comply with the most recent rule book for issuers as prepared by NASDAQ OMX Stockholm AB 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 as prepared by NASDAQ OMX Stockholm AB.

16. STATUTORY AUDITORS

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

Ernst & Young P/S ("EY"), CVR-No. 30700228, Osvald Helmuths Vej 4, Postboks 250, 2000 Frederiksberg, Denmark.

EY represented by state authorised public accountant Poul Erik Olsen and state authorised public accountant Kenn W. Hansen have audited and signed the consolidated financial statements of the Group and the financial statements of the Issuer for 2012 and 2013. EY represented by state authorised public accountant Poul Erik Olsen is expected to audit and sign the consolidated financial statements of the Group and the financial statements of the Issuer for 2014. At the time of issuing its unqualified opinions on such consolidated financial statements EY was named KPMG Statsautoriseret Revisionspartnerselskab, being the relevant independent public auditors of the Issuer for such period. KPMG Statsautoriseret Revisionspartnerselskab left the KPMG network and joined the EY network on 1 July 2014 in which connection its name was changed to Ernst & Young P/S. The signing State Authorised Public Accountants in EY are members of "FSR – Danske Revisorer" (Association of State Authorised Public Accountants).

17. DEFINITIONS AND GLOSSARY

The following table sets forth 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.

Board of Directors	Means the board of directors of the Issuer
Bonds	Means the up to EUR 60,000,000 EURIBOR (3 months) + 7.50% Senior Unsecured Callable Floating Rate Bonds 2014/2018 issued by the Issuer pursuant to the Terms and Conditions.
DKK	The official currency of Denmark
EUR	The currency used by the institutions of the European Union and is the official currency of the Eurozone
Group	See Issuer's Group
IPP	Independent power producer
Issuer's Group	"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.
LCOE	A system's expected lifetime costs incl. 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
Open Door procedure	Procedure under the Danish Energy Agency whereby the project developer takes the initiative to establish a wind farm of a chosen size in a specific area by submitting an unsolicited application for a licence to carry out preliminary investigations in the given area
PPA	Power purchase agreement
PV	Solar photovoltaic
Repowering	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

18. DOCUMENTS INCORPORATED INTO THIS PROSPECTUS BY ATTACHMENT

ANNEX A (4 pages):	LIST OF SUBSIDIARIES ……………………………………………………………………………………….	A-1
ANNEX B (33 pages):	TERMS AND CONDITIONS ………………………………………………………………………………..	B-1
ANNEX C (61 pages):	ANNUAL REPORT 2012 – European Energy A/S ………………………………………………	C-1
ANNEX D (60 pages):	ANNUAL REPORT 2013 – European Energy A/S ………………………………………………	D-1

ANNEX A - LIST OF SUBSIDIARIES

COMPANY NAME	COUNTRY	OWNERSHIP	GROUP OWNERSHIP
Aktiv Wind GmbH & Co. WEA Timpberg KG	Germany	50%	50%
Einspeisegemeinschaft Klein Mutz-Timpberg GmbH &Co. OHG	Germany	25%	13%
Bond II Erste GmbH & Co. KG	Germany	100%	100%
Bond II Zweite GmbH & Co. KG	Germany	100%	100%
Driftsselskabet Heidelberg ApS	Denmark	50%	50%
FWE Windpark TIS K/S	Denmark	100%	50%
FWE Windpark Wulfshagen K/S	Denmark	100%	50%
FWE WindparkWittstedt K/S	Denmark	100%	50%
FWE Windpark 3 Standorte K/S	Denmark	100%	50%
FWE Windpark Kranenburg K/S	Denmark	100%	50%
FWE Windpark Scheddebrock K/S	Denmark	100%	50%
FWE Windpark Westerberg K/S	Denmark	100%	50%
Swapselskabet Heidelberg K/S	Denmark	100%	50%
Windpark Prittitz GmbH & Co. KG	Germany	100%	50%
Windpark Prittitz Verwaltungsgesellschaft mbH	Germany	100%	50%
EE Construction GmbH & Co. KG	Germany	100%	100%
EE Repowering GmbH & Co. KG	Germany	30%	30%
EE Repowering Verwaltungs GmbH	Germany	100%	30%
EE Sieben Drei GmbH & Co. KG	Germany	50%	50%
Vento Erste Windparkbeteiligungsgesellschaft mbH & Co. KG	Germany	67%	33%
EE Sieben Fünf GmbH & Co. KG	Germany	100%	100%
EE Sieben Null GmbH & Co. KG	Germany	50%	50%
UW Schäcksdorf GmbH & Co. KG	Germany	13%	6%
EE Sieben Zwei GmbH & Co. KG	Germany	50%	50%
Vento Erste Windparkbeteiligungsgesellschaft mbH & Co. KG	Germany	67%	33%
EEA Renewables A/S	Denmark	50%	50%
EEAR Olleria II ApS	Denmark	90%	45%
Komplementarselskabet EEAR ApS	Denmark	100%	50%
Vindpark Straldja ApS	Denmark	50%	25%
ASPI Energy EOOD	Bulgaria	50%	25%
Elios 102 Srl	Italy	100%	50%
Parco Fotovoltaico Bientina SRL	Italy	100%	50%
Parco Fotovoltaico Cascina 1 SRL	Italy	100%	50%
Parco Fotovoltaico Fauglia Srl	Italy	100%	50%
Parco Fotovoltaico Peccioli 1 srl	Italy	100%	50%
Parco Fotovoltaico Toscana SRL (Pontedera)	Italy	100%	50%
EEA Stormy ApS	Denmark	50%	50%
GWE Holding af 14/11 2011 ApS	Denmark	50%	25%
GW Energi A/S	Denmark	100%	25%
GWE Verwaltungs-GmbH	Germany	100%	25%
Windpark Brauel II GmbH & Co. WP BR II KG	Germany	100%	25%
Windpark Emskirchen GmbH & Co. KG	Germany	100%	25%
Windpark Prignitz GmbH & Co. KG	Germany	100%	25%
K/S Losheim	Denmark	70%	18%
K/S Losheim	Denmark	30%	8%
Windpark Losheim Nr. 30 ApS & Co. KG	Germany	100%	25%
EEA SWEPOL A/S	Denmark	50%	50%
European Wind Farms Polen ApS	Denmark	100%	50%
European Wind Farms Polska Sp.z o.o.	Poland	100%	50%
European Wind Farms Polska Sp.z o.o. Bialogard Sp.k.	Poland	99%	50%
European Wind Farms Polska Sp.z o.o. Grzmiaca Sp.k.	Poland	99%	50%
European Wind Farms Polska Sp.z.o.o. Rabino Sp.k	Poland	99%	50%
Wind Pro Energy Sp. z o.o.	Poland	50%	25%
European Wind Farms Sverige AB	Sweden	100%	50%
Byholma Vind AB	Sweden	10%	5%
EEA Verwaltungs GmbH	Germany	50%	50%
EEGW Persano ApS	Denmark	50%	50%
Erste WEA Vetschau GmbH & Co. KG	Germany	100%	50%
European Solar Farms Italy 2.1 Srl	Italy	100%	50%
Enerteq ApS	Denmark	56%	56%
Parco Eolico Carpinaccio Srl	Italy	27%	15%
ESF Llwyndu Limited	United Kingdom	100%	100%
European Energy III (formerly Villanueva A/S)	Denmark	100%	100%
European Energy Offshore A/S	Denmark	72%	72%
Jammerland Bay Nearshore A/S	Denmark	50%	36%
Omø South Nearshore A/S	Denmark	50%	36%
European Energy Sales & Administration ApS	Denmark	23%	23%
European Energy Systems I ApS	Denmark	100%	100%
European Energy Systems II ApS	Denmark	100%	100%
EWF Eins Sieben GmbH & Co. KG	Germany	50%	50%
UW Eichow GmbH & Co. KG	Germany	17%	8%
Windpark Unseburg Nord GmbH & Co. KG	Germany	20%	20%
European Solar Farms A/S	Denmark	77%	77%
European Solar Farms Development ApS	Denmark	100%	77%
ESF Polska Bialogard Sp.z.o.o. Sp.k.	Poland	99%	76%
ESF Polska Sp.z.o.o.	Poland	99%	76%
European Solar Farms Greece ApS	Denmark	100%	77%
Doras Production EPE	Greece	97%	74%
Iridanos Production EPE	Greece	97%	74%
Kipheus Production EPE	Greece	97%	74%
European Solar Farms Italy ApS	Denmark	100%	77%
European Solar Farms Italy 1.0 Srl	Italy	100%	77%
European Solar Farms Italy 1.1 Srl	Italy	100%	77%
European Solar Farms Italy 1.4 Srl	Italy	100%	77%
European Solar Farms Italy 1.5 Srl	Italy	100%	77%
European Solar Farms Italy 1.6 Srl	Italy	100%	77%

COMPANY NAME			COUNTRY	OWNERSHIP	GROUP OWNERSHIP
	European Solar Farms Italy 1.7 Srl		Italy	100%	77%
	European Solar Farms Italy 1.8 Srl		Italy	100%	77%
	European Solar Farms Italy 1.9 Srl		Italy	100%	77%
	European Solar Farms Italy 2.0 Srl		Italy	100%	77%
	European Solar Farms Toscana Srl		Italy	70%	54%
	Parco Fotovoltaico Cascina 2 Srl		Italy	70%	54%
	Parco Fotovoltaico Chianni 1 Srl		Italy	70%	54%
	Parco Fotovoltaico Vicopisano Srl		Italy	70%	54%
	Sol-Teq Srl		Italy	90%	69%
European Solar Farms Spain ApS			Denmark	100%	77%
	SF Ibiza ApS		Denmark	100%	77%
		ESF Spanien 0428 S.L.U.	Spain	100%	77%
	SF La Pobla ApS		Denmark	100%	77%
		ESF Spanien 0423 S.L.U.	Spain	100%	77%
	Villanueva A/S		Denmark	100%	77%
	ESF Spanien 01 GmbH		Germany	100%	77%
		ESF Spanien 01 S.L.U.	Spain	100%	77%
		ESF Spanien 0101 S.L.U.	Spain	100%	77%
		ESF Spanien 0102 S.L.U.	Spain	100%	77%
		ESF Spanien 0103 S.L.U.	Spain	100%	77%
		ESF Spanien 0104 S.L.U.	Spain	100%	77%
		ESF Spanien 0105 S.L.U.	Spain	100%	77%
		ESF Spanien 0106 S.L.U.	Spain	100%	77%
		ESF Spanien 0107 S.L.U.	Spain	100%	77%
		ESF Spanien 0108 S.L.U.	Spain	100%	77%
		ESF Spanien 0109 S.L.U.	Spain	100%	77%
		ESF Spanien 0110 S.L.U.	Spain	100%	77%
		ESF Spanien 0111 S.L.U.	Spain	100%	77%
		ESF Spanien 0112 S.L.U.	Spain	100%	77%
		ESF Spanien 0113 S.L.U.	Spain	100%	77%
		ESF Spanien 0114 S.L.U.	Spain	100%	77%
		ESF Spanien 0115 S.L.U.	Spain	100%	77%
	ESF Spanien 02 S.L.U.		Spain	100%	77%
	ESF Spanien 0201 S.L.U.		Spain	100%	77%
	ESF Spanien 0202 S.L.U.		Spain	100%	77%
	ESF Spanien 0203 S.L.U.		Spain	100%	77%
	ESF Spanien 0204 S.L.U.		Spain	100%	77%
	ESF Spanien 0205 S.L.U.		Spain	100%	77%
	ESF Spanien 0206 S.L.U.		Spain	100%	77%
	ESF Spanien 0207 S.L.U.		Spain	100%	77%
	ESF Spanien 0208 S.L.U.		Spain	100%	77%
	ESF Spanien 03 S.L.U.		Spain	100%	77%
	ESF Spanien 0301 S.L.U.		Spain	100%	77%
	ESF Spanien 0302 S.L.U.		Spain	100%	77%
	ESF Spanien 0303 S.L.U.		Spain	100%	77%
	ESF Spanien 0304 S.L.U.		Spain	100%	77%
	ESF Spanien 0305 S.L.U.		Spain	100%	77%
	ESF Spanien 0306 S.L.U.		Spain	100%	77%
	ESF Spanien 0307 S.L.U.		Spain	100%	77%
	ESF Spanien 0308 S.L.U.		Spain	100%	77%
	ESF Spanien 0309 S.L.U.		Spain	100%	77%
	ESF Spanien 0310 S.L.U.		Spain	100%	77%
	ESF Spanien 0311 S.L.U.		Spain	100%	77%
	ESF Spanien 04 S.L.U.		Spain	100%	77%
	ESF Spanien 0401 S.L.U.		Spain	100%	77%
	ESF Spanien 0402 S.L.U.		Spain	100%	77%
	ESF Spanien 0403 S.L.U.		Spain	100%	77%
	ESF Spanien 0404 S.L.U.		Spain	100%	77%
	ESF Spanien 0405 S.L.U.		Spain	100%	77%
	ESF Spanien 0406 S.L.U.		Spain	100%	77%
	ESF Spanien 0407 S.L.U.		Spain	100%	77%
	ESF Spanien 0408 S.L.U.		Spain	100%	77%
	ESF Spanien 0409 S.L.U.		Spain	100%	77%
	ESF Spanien 0410 S.L.U.		Spain	100%	77%
	ESF Spanien 0411 S.L.U.		Spain	100%	77%
	ESF Spanien 0412 S.L.U.		Spain	100%	77%
	ESF Spanien 0413 S.L.U.		Spain	100%	77%
	ESF Spanien 0414 S.L.U.		Spain	100%	77%
	ESF Spanien 0415 S.L.U.		Spain	100%	77%
	ESF Spanien 0416 S.L.U.		Spain	100%	77%
	ESF Spanien 0417 S.L.U.		Spain	100%	77%
	ESF Spanien 0418 S.L.U.		Spain	100%	77%
	ESF Spanien 0419 S.L.U.		Spain	100%	77%
	ESF Spanien 0420 S.L.U.		Spain	100%	77%
	ESF Spanien 0424 GmbH		Germany	21%	16%
		ESF Spanien 0424 S.L.U.	Spain	100%	77%
		HERRERA SOLAR FOTOVOLTAICA NUM. 29, S.L.U.	Spain	100%	77%
		HERRERA SOLAR FOTOVOLTAICA NUM. 30, S.L.U.	Spain	100%	77%
		HERRERA SOLAR FOTOVOLTAICA NUM. 31, S.L.U.	Spain	100%	77%
		HERRERA SOLAR FOTOVOLTAICA NUM. 32, S.L.U.	Spain	100%	77%
		HERRERA SOLAR FOTOVOLTAICA NUM. 33, S.L.U.	Spain	100%	77%
		HERRERA SOLAR FOTOVOLTAICA NUM. 34, S.L.U.	Spain	100%	77%
		HERRERA SOLAR FOTOVOLTAICA NUM. 35, S.L.U.	Spain	100%	77%
		HERRERA SOLAR FOTOVOLTAICA NUM. 38, S.L.U.	Spain	100%	77%
		SUN INVEST IBERIA CINCUENTA , S.L.U.	Spain	100%	77%
		SUN INVEST IBERIA CINCUENTA Y CUATRO, S.L.U.	Spain	100%	77%
		SUN INVEST IBERIA CINCUENTA Y DOS, S.L.U.	Spain	100%	77%
		SUN INVEST IBERIA CINCUENTA Y TRES, S.L.U.	Spain	100%	77%
		SUN INVEST IBERIA CINCUENTA Y UNO,S.L.U.	Spain	100%	77%

COMPANY NAME	COUNTRY	OWNERSHIP	GROUP OWNERSHIP
SUN INVEST IBERIA CUARENTA Y CINCO, S.L.U.	Spain	100%	77%
SUN INVEST IBERIA CUARENTA Y CUATRO, S.L.U.	Spain	100%	77%
SUN INVEST IBERIA CUARENTA Y NUEVE, S.L.U.	Spain	100%	77%
SUN INVEST IBERIA CUARENTA Y OCHO, S.L.U.	Spain	100%	77%
SUN INVEST IBERIA CUARENTA Y SEIS, S.L.U.	Spain	100%	77%
SUN INVEST IBERIA CUARENTA Y SIETE, S.L.U.	Spain	100%	77%
SUN INVEST IBERIA CUARENTA Y TRES, S.L.U.	Spain	100%	77%
ESF Spanien 05 S.L.U.	Spain	100%	77%
ESF Spanien 09 GmbH	Germany	100%	77%
ESF Spanien 0901 S.L.U.	Spain	100%	77%
ESF Spanien 0902 S.L.U.	Spain	100%	77%
ESF Spanien 0903 S.L.U.	Spain	100%	77%
ESF Spanien 0904 S.L.U.	Spain	100%	77%
ESF Spanien 0905 S.L.U.	Spain	100%	77%
ESF Spanien 0906 S.L.U.	Spain	100%	77%
ESF Spanien 0907 S.L.U.	Spain	100%	77%
ESF Spanien 0908 S.L.U.	Spain	100%	77%
ESF Spanien 0909 S.L.U.	Spain	100%	77%
ESF Spanien 0910 S.L.U.	Spain	100%	77%
ESF Spanien 0911 S.L.U.	Spain	100%	77%
ESF Spanien 0912 S.L.U.	Spain	100%	77%
ESF Spanien 0913 S.L.U.	Spain	100%	77%
ESF Spanien 0914 S.L.U.	Spain	100%	77%
ESF Spanien 0915 S.L.U.	Spain	100%	77%
ESF Spanien 0916 S.L.U.	Spain	100%	77%
ESF Spanien 0917 S.L.U.	Spain	100%	77%
ESF Spanien 0918 S.L.U.	Spain	100%	77%
ESF Spanien 0919 S.L.U.	Spain	100%	77%
ESF Spanien 0920 S.L.U.	Spain	100%	77%
REESE SOLAR S.L.U	Spain	100%	77%
SOLAR POWER 7 ISLAS S.L.U.	Spain	100%	77%
European Wind Farms Development ApS	Denmark	100%	77%
Lidegaard ApS (tidl. European Wind Farms Development ApS)	Denmark	100%	77%
European Energy Photovoltaics Limited	United Kingdom	100%	77%
ESF Rooftop Ltd	United Kingdom	100%	77%
European Wind Farms A/S	Denmark	72%	72%
Enerteq ApS	Denmark	44%	32%
Bad Iburg Verwaltung ApS	Denmark	100%	72%
European Wind Farms Bulgaria ApS	Denmark	100%	72%
European Wind Farms Greece ApS	Denmark	100%	72%
European Wind Farms Energy Hellas EPE	Greece	97%	69%
European Wind Farms Italy ApS	Denmark	100%	72%
European Wind Farms Italy II Srl	Italy	100%	72%
Parco Eolico Badia Tedalda srl	Italy	100%	72%
Parco Eolico Barberino di Mugello srl	Italy	100%	72%
Parco Eolico Riparbella Srl	Italy	11%	8%
Parco Eolico Sestino srl	Italy	100%	72%
REEWF Srl.	Italy	90%	64%
European Wind Farms Southeast Europe ApS	Denmark	100%	72%
European Wind Farms d.o.o.	Croatia	70%	50%
European Wind Farms Sverige ApS	Denmark	100%	72%
European Wind Farms Komp GmbH	Germany	100%	72%
EWF Fünf Fünf GmbH & Co. KG	Germany	10%	7%
Windpark Wittstock-Papenbruch GbR	Germany	33%	2%
UW Vier GmbH & Co. KG	Germany	100%	72%
Windcom Sp.z o.o	Poland	80%	57%
Windkraft Gommern GmbH & Co. KG	Germany	27%	20%
Windkraft Ottenhausen GmbH & Co. KG	Germany	25%	18%
European Wind Farms Denmark A/S	Denmark	100%	100%
Frederiksberg Vind A/S	Denmark	66%	66%
Horskær Wind Park ApS	Denmark	67%	67%
Komplementarselskabet Tjørneby Vindkraft I ApS	Denmark	100%	100%
Trædeskov Bøge Wind Park ApS	Denmark	67%	67%
Tvis Wind Park ApS	Denmark	67%	67%
Vindtestcenter Kappel	Denmark	67%	67%
European Wind Farms Deutschland mbH	Germany	100%	100%
European Wind Farms Invest No.2 A/S	Denmark	6%	6%
Windkraft Gommern GmbH & Co. KG	Germany	17%	1%
Windkraft Ottenhausen GmbH & Co. KG	Germany	17%	1%
European Wind Farms No.2 A/S	Denmark	100%	100%
European Wind Farms Verwaltungsgesellschaft mbH	Germany	100%	100%
EWF Fünf Eins GmbH & Co. KG	Germany	25%	25%
EWF Fünf Vier GmbH & Co. KG	Germany	50%	50%
Windpark Wittstock-Papenbruch GbR	Germany	33%	17%
EWF Vier Sechs GmbH & Co. KG	Germany	100%	100%
Komplementarselskabet Heidelberg ApS	Denmark	50%	50%
Nordic Power Partners P/S	Denmark	51%	51%
NPP Maldives Private Limited	Maldives	99%	50%
NPP Komplementar ApS	Denmark	51%	51%
NPP Maldives Private Limited	Maldives	1%	1%
Søllested Vindkraft I/S	Denmark	7%	7%
Vores Sol Nakskov VII K/S	Denmark	100%	100%
Vores Sol Nakskov VIII K/S	Denmark	100%	100%
Vores Sol Nakskov IX K/S	Denmark	100%	100%
Vores Sol Nakskov X K/S	Denmark	100%	100%
TEN Verwaltungs GmbH	Germany	15%	15%
Trowbridge PV Limited	United Kingdom	100%	100%
Wind Energy EOOD	Bulgaria	49%	49%
Wind Power 2 EOOD	Bulgaria	49%	49%

COMPANY NAME	COUNTRY	OWNERSHIP	GROUP OWNERSHIP
Wind Stream EOOD	Bulgaria	49%	49%
Wind Systems EOOD	Bulgaria	49%	49%
Windkraft Ottenhausen GmbH & Co. KG	Germany	8%	8%
Windpark Badingen GmbH & Co. KG	Germany	100%	100%
Windpark Mildenberg GbR	Germany	25%	25%
Windpark Timpberg GmbH & Co. Zehnte Wind KG	Germany	50%	50%
Windpark Wriezener Höhe GmbH & Co. KG	Germany	15%	15%
Green Wind Energy GmbH & Co. Umspannwerk Altlandsberg KG	Germany	56%	8%
Zweite WEA Vetschau GmbH & Co. KG	Germany	100%	100%

TERMS AND CONDITIONS FOR

EUROPEAN ENERGY A/S

MAXIMUM EUR 60,000,000

SENIOR UNSECURED CALLABLE FLOATING RATE BONDS 2014/2018

ISIN: SE0005677796

Issue Date: 3 March 2014

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The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons.

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TERMS AND CONDITIONS FOR
EUROPEAN ENERGY A/S
MAXIMUM EUR 60,000,000
SENIOR UNSECURED CALLABLE FLOATING RATE BONDS
2014/2018
ISIN: SE0005677796

1. DEFINITIONS AND CONSTRUCTION

1.1 Definitions

In these terms and conditions (the "**Terms and Conditions**"):

"**Account Operator**" means a bank or other party duly authorised to operate as an account operator pursuant to the Financial Instruments Accounts Act and through which a Holder has opened a Securities Account in respect of its Bonds.

"**Accounting Principles**" means (i) until the Bonds are listed on the corporate bond list of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable), the generally accepted local accounting principles, standards and practices in Denmark and (ii) once the Bonds are listed on the corporate bond list of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable), the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

"**Adjusted Nominal Amount**" means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time less the Nominal Amount of all Bonds owned by a Group Company or an Affiliate, irrespective of whether such person is directly registered as owner of such Bonds.

"**Advance Purchase Agreements**" means (a) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services and payment is due not more than 120 calendar days after the date of supply, or (b) any other trade credit incurred in the ordinary course of business.

"**Affiliate**" means any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person. For the purpose of this definition, "**control**" when used with respect to any person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agent**" means the agent under these Terms and Conditions from time to time; initially CorpNordic Sweden AB, reg. no. 556625-5476, P.O. Box 16285, 103 25 Stockholm Sweden.

"**Agent Agreement**" means the agency, fee and indemnity agreement entered into on or about the Issue Date between the Issuer and the Agent, or any replacement agent agreement entered into after the Issue Date between the Issuer and an Agent.

"**Applicable Premium**" means the higher of (a) 1.00 per cent. of the Nominal Amount, and (b) an amount equal to (i) 104.00 per cent. of the Nominal Amount; plus (ii) all remaining scheduled interest payments on the Bonds until the First Call Date (but excluding accrued but unpaid Interest up to the relevant redemption date) discounted (for the time period starting from the date the relevant Bonds are redeemed to the First Call Date) using a discount rate equal to the German Government Bond Rate plus 50 basis points; minus (iii) the Nominal Amount.

"**Bond**" means a debt instrument (Sw. *skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which are governed by and issued under these Terms and Conditions, including any Bond issued in a Subsequent Bond Issue.

"**Bond Issue**" means the issuance of the Bonds on the Issue Date.

"**Business Day**" means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve (Sw. *midsommarafton*), Christmas Eve (Sw. *julafton*) and New Year's Eve (Sw. *nyårsafton*) shall for the purpose of this definition be deemed to be public holidays.

"**Business Day Convention"** means the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day.

"**Business Report**" has the meaning set forth in paragraph (c) of Clause 11.11 (*Financial reporting and information*).

"**Call Option Amount**" means:

(a) 104.00 per cent. of the Nominal Amount if the call option is exercised on or after the First Call Date up to (but excluding) the date falling 30 months after the Issue Date;

(b) 103.00 per cent. of the Nominal Amount if the call option is exercised on or after the date falling 30 months after the Issue Date up to (but excluding) the date falling 36 months after the Issue Date;

(c) 102.00 per cent. of the Nominal Amount if the call option is exercised on or after the date falling 36 months after the Issue Date up to (but excluding) the date falling 42 months after the Issue Date; or

(d) 101.00 per cent. of the Nominal Amount if the call option is exercised on or after the date falling 42 months after the Issue Date up to (but excluding) the Final Maturity Date.

"**Cash**" means, at any time, cash in hand held by the Issuer or at a reputable bank credited to an account in the name of the Issuer and in each case to which the Issuer is beneficially and legally entitled and which is immediately available to be applied in repayment or prepayment of the Bonds or payment of interest (for the avoidance of doubt, not including any cash subject to a pledge or similar arrangement or any amount standing on client accounts).

"**Change of Control Event**" means the occurrence of an event or series of events whereby one or more persons, not being a direct or indirect shareholder in the Issuer as of the Issue Date, acting together, acquire control over the Issuer and where "**control**" means (a) acquiring or controlling, directly or indirectly, more than 50.00 per cent. of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

"**Choleva Loan**" means the DKK 5,000,000 loan provided under a loan agreement entered into between the Issuer (as borrower) and Aktieselskabet af 12. marts 1914 (as lender).

“**Compliance Certificate**” means a certificate signed by the Issuer certifying that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it, and, if the Compliance Certificate is provided in connection with a Financial Report being made available, the Compliance Certificate shall include relevant calculations and figures in respect of the Financial Covenants.

“**Conditions Precedent for Disbursement**” means all actions and documents set forth in Clause 12.1.

“**Construction Principal**” means each of the contractors appointed by or partnered with the Issuer or a Subsidiary for the purposes of constructing a renewable energy project.

“**CSD**” means the Issuer’s central securities depository and registrar in respect of the Bonds from time to time, initially Euroclear Sweden AB (reg. no. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden).

“**DKK**” means the official currency of Denmark.

“**Equity**” means the aggregate book value of the Group’s total equity in accordance with the Accounting Principles.

“**Escrow Account**” means a bank account of the Issuer held by the Escrow Bank, into which the Net Proceeds will be transferred and which has been pledged in favour of the Agent and the Holders (represented by the Agent) under the Escrow Account Pledge Agreement.

“**Escrow Account Pledge Agreement**” means the pledge agreement entered into between the Issuer and the Agent on or about the Issue Date in respect of a first priority pledge over the Escrow Account and all funds held on the Escrow Account from time to time, granted in favour of the Agent and the Holders (represented by the Agent).

“**Escrow Bank”** means Nykredit Bank A/S.

“**EURIBOR**” means:

(a) the applicable percentage rate per annum displayed on Reuters screen EURIBOR01 (or through another system or website replacing it) as of or around 11.00 a.m. (Brussels time) on the Quotation Day for the offering of deposits in Euro and for a period comparable to the relevant Interest Period; or

(b) if no screen rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places), as supplied to the Issuing Agent at its request quoted by Nordea Bank AB (publ), Svenska Handelsbanken AB (publ) and Skandinaviska Enskilda Banken AB (publ) (or such other banks as may be appointed by the Issuing Agent in consultation with the Issuer), for deposits of EUR 10,000,000 for the relevant period; or

(c) if no quotation is available pursuant to paragraph (b) above, the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Euro offered for the relevant period; and

if any such rate is below zero, EURIBOR will be deemed to be zero.

“**Euro**” and “**EUR**” means the currency used by the institutions of the European Union and is the official currency of the Eurozone.

“**Event of Default**” means an event or circumstance specified in Clause 14.1.

"**Existing Guarantees and Security**" means each of the guarantees and security provided by the Issuer for the purposes of guaranteeing or securing the obligations of:

(a) European Energy Systems II ApS under a EUR 1,100,000 loan provided by FS Finans A/S;

(b) European Solar Farms Spain ApS under a EUR 1,500,000 loan provided by Merkur Andelskasse;

(c) SF Ibiza ApS under a EUR 475,000 loan provided by Merkur Andelskasse;

(d) SF La Pobla ApS under a EUR 500.000 loan provided by Merkur Andelskasse; and

(e) itself under the Choleva Loan.

"**Existing Nykredit Corporate Debt**" means the:

(a) DKK 143,800,000 credit facility provided under a facility agreement dated 18 November 2011; and

(b) DKK 47,300,000 credit facility provided under a facility agreement dated 22 March 2013 (as amended on 10 July 2013),

entered into between the Issuer (as borrower), Nykredit Bank A/S (as lender) and certain Subsidiaries and direct and indirect shareholders of the Issuer (as guarantors).

"**Existing Nykredit Security**" means any and all security and guarantees provided by the Issuer, any Subsidiary or any direct or indirect shareholder of the Issuer for the purposes of securing and/or guaranteeing the Issuer's and/or any guarantor's obligations under the Existing Nykredit Corporate Debt.

"**Final Maturity Date**" means 3 March 2018.

"**Financial Covenants**" means the financial covenants specified in Clause 11.7 (*Financial Covenants*).

"**Financial Indebtedness**" means any indebtedness in respect of:

(a) monies borrowed or raised, including Market Loans;

(b) the amount of any liability in respect of any finance leases, to the extent the arrangement is treated as a finance lease in accordance with the accounting principles applicable on the Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability);

(c) receivables sold or discounted (other than on a non-recourse basis, provided that the requirements for de-recognition under the accounting principles applicable on the Issue Date are met);

(d) any amount raised pursuant to any note purchase facility or the issue of any bond or note or similar instrument;

(e) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(f) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account);

(g) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(h) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)–(g).

"**Financial Instruments Accounts Act**" means the Swedish Financial Instruments Accounts Act (Sw. *lag (1998:1479) om kontoföring av finansiella instrument*).

"**Financial Report**" means the annual audited consolidated financial statements of the Group, the annual audited unconsolidated financial statements of the Issuer, the quarterly interim unaudited consolidated reports of the Group and the Business Report.

"**First Call Date**" means the date falling 24 months after the Issue Date or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention.

"**Force Majeure Event**" has the meaning set forth in Clause 25.1.

"**German Government Bond Rate**" means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Ge: *Bund or Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that have become publicly available at least 2 Business Days (but not more than 5 Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the relevant redemption date to (but excluding) the First Call Date, provided, however that if the period from the relevant redemption date to (but excluding) the First Call Date is not equal to the constant maturity of the direct obligations of the Federal Republic of Germany for which a weekly average yield is given, the German Government Bond Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to (but excluding) the First Call Date is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

"**Group**" means the Issuer and its Subsidiaries from time to time (each a "**Group Company**").

"**Holder**" means the person who is registered on a Securities Account as direct registered owner (Sw. *ägare*) or nominee (Sw. *förvaltare*) with respect to a Bond.

"**Holders' Meeting**" means a meeting among the Holders held in accordance with Clause 17 (*Holders' Meeting*).

"**Interest**" means the interest on the Bonds calculated in accordance with Clauses 9.1 to 9.3.

"**Interest Payment Date**" means 3 March, 3 June, 3 September and 3 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 first Interest Payment Date on 3 June 2014 and the last Interest Payment Date being the Final Maturity Date).

"**Interest Period**" means (i) in respect of the first Interest Period, the period from (but excluding) the Issue Date up to (and including) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date up to (and including) the next succeeding Interest Payment Date (or a shorter period if applicable).

"**Interest Rate**" means a floating rate of EURIBOR (3 months) + 7.50 per cent. per annum.

"**Issue Date**" means 3 March 2014.

"**Issuer**" means European Energy A/S, (reg. no. 18351331, Diplomvej 377, 2800 Kgs. Lyngby, Denmark).

"**Issuing Agent**" means ABG Sundal Collier Norge ASA (reg. no. 883 603 362, Munkedamsveien 45, 0205 Oslo, Norway) or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

"**Market Loan**" means any loan or other indebtedness where an entity issues commercial paper, certificates, convertibles, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, medium term note programmes and other market funding programmes), provided in each case that such instruments and securities are or can be subject to trade on any regulated or unregulated recognised market place.

"**Material Adverse Effect**" means a material adverse effect on (i) the business, financial condition or operations of the Group taken as a whole, (ii) the Issuer's ability to perform and comply with its payment undertakings under these Terms and Conditions and with the undertakings set out in Clause 11 (*Special undertakings*), or (iii) the validity or enforceability of these Terms and Conditions.

"**NASDAQ OMX Stockholm**" means NASDAQ OMX Stockholm AB (reg. no. 556383-9058, 105 78 Stockholm, Sweden).

"**Net Proceeds**" means the proceeds from the Bond Issue which, after deduction has been made for the Transaction Costs, shall be transferred to the Escrow Account and used in accordance with Clause 4 (*Use of proceeds*).

"**Nominal Amount**" has the meaning set forth in Clause 2.1.

"**Operational Unit**" means a group of entities together holding a renewable energy project which is divided into different parts (all of which are located at the same location (or within close proximity of each other)) where each part is being held by a separate entity and where all entities within the group benefit from the same financial arrangement with an external finance provider for the purpose of financing the operation of the Operational Unit.

"**Payment In Kind Investment**" means an arrangement in writing on arm's length terms between the Issuer and another shareholder in a Subsidiary, whereby part of such shareholder's equity investment in a Subsidiary is agreed to be by way of contributing free of charge work force and engagement (or any other similar value increase investments) instead of by way of contributing cash.

"**Permitted Debt**" means any Financial Indebtedness:

(a) incurred under the Bonds (including Bonds issued under any Subsequent Bond Issues);

(b) related to any agreements under which the Issuer leases office space (Sw. *kontorshyresavtal*) provided that such Financial Indebtedness is incurred in the ordinary course of the Issuer's business;

(c) arising under a derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price where such exposure arises in the ordinary course of business or in respect of payments to be made under these Terms and Conditions, but not a derivative transaction for investment or speculative purposes;

(d) incurred in the ordinary course of business under Advance Purchase Agreements;

(e) incurred under an existing intra-group loan in the amount of EUR 1,000,000 provided by Bond II Erste GmbH & Co. KG to the Issuer;

(f) incurred under an existing intra-group loan in the amount of EUR 680,000 provided by Bond II Zweite GmbH & Co. KG to the Issuer;

(g) taken up from a wholly-owned Group Company;

(h) related to any Shareholder Loans;

(i) incurred under the Choleva Loan;

(j) incurred under an existing loan in the amount of DKK 430,000 provided by Sydbank A/S; and

(k) any Financial Indebtedness not permitted by paragraphs (a) to (j) above, provided that the aggregate amount of such indebtedness, does not exceed EUR 2,000,000.

"**Permitted Security**" means any guarantee or security:

(a) arising by operation of law or in the ordinary course of business (including set-off under standard terms for bank accounts or collateral or retention of title arrangements in connection with Advance Purchase Agreements but, for the avoidance of doubt, not including guarantees or security in respect of any monies borrowed or raised);

(b) provided by the Issuer for the purposes of guaranteeing or securing a Subsidiary's obligations owed to a third party under a construction facility entered into in connection with the construction of any renewable energy project, under which guarantee the Issuer shall on demand and as if the Issuer was the principal obligor pay any amount due to the third party whenever the Subsidiary entity does not under the construction facility punctually pay any amount due thereunder to the third party, provided, however, that (i) the arrangement is in the ordinary course of the Group's business (ii) such guarantee from the Issuer is only valid until the renewable energy project has been completed and the later of: (a) the project has been in operation for a full year, or (b) there are no ongoing appeals regarding legal (including building) permits in relation to such renewable energy projects, and (iii) a back-to-back guarantee arrangement with the Construction Principal has been entered into whereby the Construction Principal will indemnify the Issuer and/or the relevant Subsidiary should any loss during the construction phase occur due to a fault which the Construction Principal is liable for;

(c) provided by the Issuer for the purposes of guaranteeing or securing a Subsidiary's obligations under its Financial Indebtedness but which shall not in aggregate exceed EUR 4,000,000 during the term of the Bonds;

(d) provided by the Issuer prior to the Issue Date for the purpose of guaranteeing or securing expectations relating to debt service coverage ratios to be met by certain Subsidiaries whereby the Issuer's obligation under such guarantee consists of having to contribute capital to such Subsidiary in accordance with a specific instalment schedule that becomes applicable if the Subsidiary fails to meet the expected ratios within a set time period;

(e) provided by a Subsidiary (the "**Subsidiary Guarantor**") for the purpose of guaranteeing or securing the obligations of another Subsidiary (the "**Subsidiary Borrower**" and together with the Subsidiary Guarantor and any indirect or direct Subsidiaries of each of the Subsidiary Guarantor and the Subsidiary Borrower a "**Subsidiary Group**") under a loan agreement (or any refinancing thereof) entered into with an external finance provider for the purpose of finance the operations of the Subsidiary Group and provided such guarantee is part of a financial arrangement of a portfolio of renewable energy projects which have been directly or indirectly acquired by the Issuer as a unit (constituting the Subsidiary Group) having a shared financing set-up;

(f) provided by a Subsidiary Guarantor for the purpose of guaranteeing or securing the obligations of a Subsidiary Borrower (provided the Subsidiary Borrower and the Subsidiary Guarantor belong to the same Operational Unit) under a loan agreement entered into with an external finance provider for the purpose of finance the operations of the Operational Unit;

(g) provided by each of Parcoeolico Carpanaccio s.r.l. and Parcoeolico Riparbella s.r.l. for the purpose of guaranteeing or securing each other's respective obligations under a loan agreement entered into with an external lender; and

(h) provided by a Subsidiary for the purpose of securing its own obligations under any Financial Indebtedness.

"**Purpose of the Bond Issue**" has the meaning set forth in Clause 4.2.

"**Quotation Day**" means, in relation to any period for which an interest rate is to be determined, 2 Business Days before the first day of that period.

"**Record Date**" means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Holders is to be made under Clause 15 (*Distribution of proceeds*), (iv) the date of a Holders' Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

"**Redemption Date**" means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 10 (*Redemption and repurchase of the Bonds*).

"**Regulated Market**" means any regulated market (as defined in Directive 2004/39/EC on markets in financial instruments).

"**Securities Account**" means the account for dematerialised securities maintained by the CSD pursuant to the Financial Instruments Accounts Act in which (i) an owner of such security is directly registered or (ii) an owner's holding of securities is registered in the name of a nominee.

"**Shareholder Loans**" means any shareholder loans of the Issuer or any of its Subsidiaries, where the Issuer or the relevant Subsidiary is the debtor, if such shareholder loans (a) are provided by any direct or indirect shareholder of the Issuer, (b) according to its terms are subordinated to the obligations of the Issuer under these Terms and Conditions, (c) according to its terms can be repaid only after the Issuer's payment obligations under these Terms and Conditions have been discharged and (d) according to its terms yield payment-in-kind interest or prescribes that interest can only be paid after the issuer's payment obligations under these Terms and Conditions have been discharged.

"**Subsequent Bond Issue**" has the meaning set forth in Clause 0.

"**Subsidiary**" means, in relation to any person, any legal entity (whether incorporated or not), in respect of which such person, directly or indirectly, (a) owns shares or ownership rights representing more than 50.00 per cent. of the total number of votes held by the owners, (b) otherwise controls more than 50.00 per cent. 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, at least twenty per cent. (20 per cent.) but not more than forty nine per cent. (49 per cent.) of the voting rights and do not exercise any direct or indirect control over such associated entity.

"**Total Assets**" means the aggregate book value of the Group's total assets in accordance with the Accounting Principles.

"**Transaction Costs**" means all fees, costs and expenses incurred by a Group Company in connection with the Bond Issue, a Subsequent Bond Issue and the listing of the Bonds on NASDAQ OMX Stockholm (or any other Regulated Market, as applicable).

"**Written Procedure**" means the written or electronic procedure for decision making among the Holders in accordance with Clause 18 (*Written Procedure*).

1.2 **Construction**

1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:

(a) "**assets**" includes present and future properties, revenues and rights of every description;

(b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;

(c) a "**regulation**" includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;

(d) an Event of Default is continuing if it has not been remedied or waived;

(e) a provision of law is a reference to that provision as amended or re-enacted; and

(f) a time of day is a reference to Stockholm time.

1.2.2 When ascertaining whether a limit or threshold specified in EUR has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against EUR for the previous Business Day, as published by the Swedish Central Bank (Sw. *Riksbanken*) on its website (www.riksbank.se). If no such rate is available, the most recently published rate shall be used instead.

1.2.3 A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.

1.2.4 No delay or omission of the Agent or of any Holder to exercise any right or remedy under these Terms and Conditions shall impair or operate as a waiver of any such right or remedy.

2. THE AMOUNT OF THE BONDS AND UNDERTAKING TO MAKE PAYMENTS

2.1 The aggregate amount of the bond loan will be an amount of up to EUR 60,000,000 and will be represented by Bonds, each of a nominal amount of EUR 100,000 or full multiples thereof (the "Nominal Amount"). All Bonds issued in the Bond Issue are issued on a fully paid basis at an issue price of 100.00 per cent. of the Nominal Amount. The ISIN for the Bonds is SE0005677796. The minimum permissible investment in connection with the Bond Issue is EUR 100,000 and integral multiples thereof.

2.2 The Issuer may choose not to issue the full amount of Bonds on the Issue Date and may in such case, provided that no Event of Default is continuing or would result from such issue, choose to issue the remaining amount of Bonds at one or more subsequent dates ("**Subsequent Bond Issue**"). The price of Bonds issued in a Subsequent Bond Issue may be set at the Nominal Amount or at a higher or lower amount than the Nominal Amount. Bonds issued in a Subsequent Bond Issue shall have the same ISIN, Interest Rate, Nominal Amount, Final Maturity Date and other rights as Bonds issued on the Issue Date.

2.3 The Issuer undertakes to repay the Bonds, to pay Interest and to otherwise act in accordance and comply with these Terms and Conditions.

2.4 The Bonds are denominated in EUR and each Bond is constituted by these Terms and Conditions.

2.5 By subscribing for Bonds, each initial Holder agrees that the Bonds shall benefit from and be subject to these Terms and Conditions and by acquiring Bonds each subsequent Holder confirms such agreements.

3. STATUS OF THE BONDS

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

4. USE OF PROCEEDS

4.1 The Net Proceeds shall be transferred by the Issuing Agent to the Escrow Account. For the purpose of securing that the Conditions Precedent for Disbursement have been fulfilled before the disbursement of the Net Proceeds, the Escrow Account has been pledged in favour of the Holders and the Agent under the Escrow Account Pledge Agreement until the Conditions Precedent for Disbursement have been fulfilled.

4.2 Upon fulfilment of the Conditions Precedent for Disbursement, the Net Proceeds shall be used towards repayment of the Existing Nykredit Corporate Debt and any Net Proceeds remaining after the repayment shall be used as growth capital and for general corporate purposes (the "**Purpose of the Bond Issue**").

4.3 The proceeds from any Subsequent Bond Issue (after deduction has been made for any Transaction Costs) shall be transferred by the Issuing Agent directly to the Issuer to be used as growth capital and for general corporate purposes.

5. THE BONDS AND TRANSFERABILITY

5.1 Each Holder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with.

5.2 The Bonds are freely transferable. All Bond transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Bond transferees upon completed transfer.

5.3 Upon a transfer of Bonds, any rights and obligations under these Terms and Conditions relating to such Bonds are automatically transferred to the transferee.

5.4 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Holder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds, (due to, *e.g.*, its nationality, its residency, its registered address or its place(s) of business). Each Holder must ensure compliance with such restrictions at its own cost and expense.

5.5 For the avoidance of doubt and notwithstanding the above, a Holder which allegedly has purchased Bonds in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under these Terms and Conditions and shall be entitled to exercise its full rights as a Holder hereunder in each case until such allegations have been resolved.

6. BONDS IN BOOK-ENTRY FORM

6.1 The Bonds will be registered for the Holders on their respective Securities Accounts and no physical Bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.

6.2 Those who according to assignment, security, the provisions of the Swedish Children and Parents Code (Sw. *föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.

6.3 The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (Sw. *skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.

6.4 For the purpose of or in connection with any Holders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds. If the Agent does not otherwise obtain information from such debt register as contemplated under these Terms and Conditions, the Issuing Agent shall at the request of the Agent obtain information from the debt register and provide it to the Agent.

6.5 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Holders.

6.6 At the request of the Agent, the Issuer shall promptly instruct the Issuing Agent to obtain information from the debt register kept by the CSD in respect of the Bonds and provide it to the Agent.

7. RIGHT TO ACT ON BEHALF OF A HOLDER

7.1 If any person other than a Holder wishes to exercise any rights under these Terms and Conditions, it must obtain a power of attorney (or, if applicable, a coherent chain of powers of attorney), a certificate from the authorised nominee or other sufficient proof of authorisation for such person.

7.2 A Holder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under these Terms and Conditions in relation to the Bonds for which such representative is entitled to represent the Holder and may further delegate its right to represent the Holder by way of a further power of attorney.

7.3 The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 7.1 and 7.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

8. PAYMENTS IN RESPECT OF THE BONDS

8.1 Any payment or repayment under these Terms and Conditions, or any amount due in respect of a repurchase of any Bonds, shall be made to such person who is registered as a Holder on the Record Date prior to the relevant payment date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.

8.2 If a Holder has registered, through an Account Operator, that principal, Interest and any other payment that shall be made under these Terms and Conditions shall be deposited in a certain bank account; such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Holder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Holders on the relevant Record Date as soon as possible after such obstacle has been removed.

8.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 9.4 during such postponement.

8.4 If payment or repayment is made in accordance with this Clause 8, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.

8.5 The Issuer shall pay any stamp duty and other public fees accruing in connection with the Bond Issue or any Subsequent Bond Issue, but not in respect of trading in the secondary market (except to the extent required by applicable law), and shall deduct at source any applicable withholding tax payable pursuant to law.

8.6 The Issuer is not liable to reimburse any stamp duty or public fee or to gross-up any payments under these Terms and Conditions by virtue of any withholding tax, public levy or the similar.

9. INTEREST

9.1 The Bonds will bear interest at the Interest Rate applied to the Nominal Amount from, but excluding, the Issue Date up to and including the relevant Redemption Date. Any Bond issued pursuant to a Subsequent Bond Issue will, however, carry Interest at the Interest Rate from, but excluding, the Interest Payment Date falling immediately prior to its issuance up to and including the relevant Redemption Date.

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

9.3 Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

9.4 If the Issuer fails to pay any amount payable by it under these Terms and Conditions on its due date, default interest shall accrue on the overdue amount from, but excluding, the due date up to and including the date of actual payment at a rate which is 200 basis points higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

10. REDEMPTION AND REPURCHASE OF THE BONDS

10.1 Redemption at maturity

The Issuer shall redeem all, but not only some, of the outstanding Bonds in full on the Final Maturity Date (or, to the extent such day is not a Business Day, on the Business Day following from an application of the Business Day Convention) with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest.

10.2 The Group Companies' purchase of Bonds

Any Group Company may, subject to applicable law, at any time and at any price purchase Bonds. The Bonds held by a Group Company may at such Group Company's discretion be retained, sold or, if held by the Issuer, cancelled.

10.3 Early voluntary redemption by the Issuer (call option)

10.3.1 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 per cent. of the Nominal Amount together with accrued but unpaid Interest, plus the Applicable Premium.

10.3.2 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.

10.3.3 Redemption in accordance with Clause 10.3.1 and 10.3.2 shall be made by the Issuer giving not less than 15 Business Days' notice to the Holders and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

10.4 **Mandatory repurchase due to a Change of Control Event (put option)**

10.4.1 Upon a Change of Control Event occurring, each Holder shall have the right to request that all, or only some, of its Bonds be repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to 105.00 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of 60 calendar days following a notice from the Issuer of the Change of Control Event pursuant to paragraph (f) of Clause 11.11 (*Financial reporting and information*). The 60 calendar days' period may not start earlier than upon the occurrence of the Change of Control Event.

10.4.2 The notice from the Issuer pursuant to paragraph (f) of Clause 11.11 (*Financial reporting and information*) shall specify the repurchase date and include instructions about the actions that a Holder needs to take if it wants Bonds held by it to be repurchased. If a Holder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to paragraph (f) of Clause 11.11 (*Financial reporting and information*). The repurchase date must fall no later than 20 Business Days after the end of the period referred to in Clause 10.4.1.

10.4.3 The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 10.4, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 10.4 by virtue of the conflict.

10.4.4 Any Bonds repurchased by the Issuer pursuant to this Clause 10.4 may at the Issuer's discretion be retained, sold or cancelled.

11. SPECIAL UNDERTAKINGS

So long as any Bond remains outstanding, the Issuer undertakes to comply with the special undertakings set forth in this Clause 11.

11.1 **Distributions**

The Issuer shall not, and shall procure that none of its Subsidiaries, (i) pay any dividend on shares, (ii) repurchase any of its own shares, (iii) redeem its share capital or other restricted equity with repayment to shareholders, (iv) repay or pay interest under any shareholder loans or (v) make any other similar distribution or transfers of value (Sw. *värdeöverföringar*) to the Issuer's, or its Subsidiaries', direct and indirect shareholders or the Affiliates of such direct and indirect shareholders (items (i)-(v) above are together and individually referred to as a "**Restricted Payment**"), provided however that any such Restricted Payment can be made, if no Event of Default is continuing or would result from such Restricted Payment, by any of the Issuer's Subsidiaries if such Restricted Payment is made to the Issuer or any of its Subsidiaries and, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, any such Restricted Payments shall be made *pro rata* (or to the Issuer's advantage) in relation to each shareholder's respective investment in such Subsidiary which shall include investments made by way of shareholder loans and regardless of whether there are different classes of shares, however, has a Payment In Kind Investment been made any such Restricted Payment may be made *pro rata* in relation to each shareholder's shareholding not taking into account investments by shareholder loans provided such arrangement has been agreed in writing between the Issuer and the shareholder having made the Payment In Kind Investment.

11.2 **Listing of Bonds**

The Issuer shall take all measures required to ensure (i) that the Bonds are listed on the corporate bond list of NASDAQ OMX Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market, within 12 months after the Issue Date, (ii) that the Bonds, once listed on the corporate bond list of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable), continue being listed thereon for as long as any Bond is outstanding (however, taking into account the rules and regulations of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds) and (iii) that, upon any Subsequent Bond Issue, the volume of Bonds listed on the corporate bond list of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) promptly, and not later than 10 Business Days after the relevant issue date, is increased accordingly.

11.3 **Financial Indebtedness**

The Issuer shall not incur any Financial Indebtedness or maintain or prolong any existing Financial Indebtedness, provided however that the Issuer has a right to incur, maintain and prolong Financial Indebtedness constituting Permitted Debt.

11.4 **Negative pledge**

The Issuer shall not, and shall procure that none of its Subsidiaries will, create or allow to subsist, retain, provide, prolong or renew any guarantee or security over any of its/their assets (present or future) to secure any loan or other indebtedness, provided however that the Group Companies have a right to retain, provide, prolong and renew any Permitted Security.

11.5 **Loans and shareholder contributions**

The Issuer shall not be a creditor in respect of any future Financial Indebtedness unless the debtor under such arrangement is a wholly-owned Subsidiary of the Issuer or, if the debtor is a Subsidiary not wholly-owned by the Issuer, such loan is granted as part of the investment in such Subsidiary in the ordinary course of the Group's business. Furthermore, the Issuer shall not make any shareholder contributions to any of its Subsidiaries unless made in the ordinary course of the Group's business.

11.6 **Disposals of assets**

The Issuer shall not, and shall procure that no Group Company will, sell or otherwise dispose of (including through any mergers or demerges) all or some of the shares in any Group Company to any person not being the Issuer or any of its wholly-owned Subsidiaries unless such disposal is made on customary arm's length terms at fair market value not having a Material Adverse Effect.

11.7 **Financial Covenants**

(a) **Minimum Equity**: The Issuer shall ensure that the Equity does not fall below EUR 40,000,000.

(b) **Minimum Total Assets**: The Issuer shall ensure that the Total Assets does not fall below EUR 115,000,000.

(c) **Equity to Total Assets ratio**: The Issuer shall ensure that Equity to Total Assets does not fall below 25.00 per cent..

(d) **Minimum Liquidity**: The Issuer shall ensure that the total Cash at least equals an amount of interest payable for three (3) consecutive Interest Periods by reference to the interest payable in the latest Interest Period.

Compliance with each Financial Covenant shall be determined by reference to the most recent Financial Report either prepared in accordance with the Accounting Principles adopted by the Issuer as of the Issue Date or any other subsequent Accounting Principles adopted by the Issuer after the Issue Date (at the Issuer's sole discretion).

11.8 **Nature of business**

The Issuer shall procure that no substantial change is made to the general nature of the business carried out by the Group as of the Issue Date.

11.9 **Dealings with related parties**

The Issuer shall, and shall procure that its Subsidiaries will, conduct all dealings with the direct and indirect shareholders of the Group Companies (excluding other Group Companies) and/or any Affiliates of such direct and indirect shareholders, at arm's length terms.

11.10 **Compliance with laws etcetera**

The Issuer shall, and shall procure that its Subsidiaries will, (i) comply in all material respects with all laws and regulations applicable from time to time and (ii) obtain, maintain, and in all material respects comply with, the terms and conditions of any authorisation, approval, licence or other permit required for the business carried out by a Group Company.

11.11 **Financial reporting and information**

The Issuer shall:

(a) prepare and make available the annual audited consolidated financial statements of the Group, the annual audited unconsolidated financial statements of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, on its website not later than 4 months after the expiry of each financial year (for the first time in connection with the Financial Report relating to the financial period ending on 31 December 2014);

(b) starting from 1 July 2014, prepare and make available the quarterly interim unaudited consolidated reports of the Group, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, on its website not later than 2 months after the expiry of each relevant interim period;

(c) within 2 months from 30 June 2014, prepare and make available a report on the Issuer's business covering the period 1 January 2014 to 30 June 2014 including a description of the business and business development, a profit and loss account and a balance sheet (the "**Business Report**");

(d) issue a Compliance Certificate to the Agent in connection with a Financial Report being made available and at the Agent's request, within 20 days from such request;

(e) keep the latest version of these Terms and Conditions (including documents amending these Terms and Conditions) available on the website of the Group;

(f) promptly notify the Agent (and, as regards a Change of Control Event, the Holders) upon becoming aware of the occurrence of (i) a Change of Control Event or (ii) an Event of Default, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice; and

(g) prepare the Financial Reports in accordance with the Accounting Principles and, once the Bonds are listed on the corporate bond list of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable), in addition make them available in accordance with the rules and regulations of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) (as amended from time to time).

11.12 **Agent Agreement**

11.12.1 The Issuer shall, in accordance with the Agent Agreement:

(a) pay fees to the Agent;

(b) indemnify the Agent for costs, losses and liabilities;

(c) furnish to the Agent all information reasonably requested by or otherwise required to be delivered to the Agent; and

(d) not act in a way which would give the Agent a legal or contractual right to terminate the Agent Agreement.

11.12.2 The Issuer and the Agent shall not agree to amend any provisions of the Agent Agreement without the prior consent of the Holders if the amendment would be detrimental to the interests of the Holders.

12. CONDITIONS PRECEDENT FOR DISBURSEMENT OF THE NET PROCEEDS

12.1 The Agent's approval of the disbursement from the Escrow Account of the Net Proceeds is subject to the following documents being received by the Agent, in form and substance satisfactory to it (acting reasonably):

(a) a duly executed release notice from the lender under the Existing Nykredit Corporate Debt confirming that all Existing Nykredit Security will be released upon repayment; and

(b) evidence that the amounts to be released from the Escrow Account shall be applied towards repayment in full of the Existing Nykredit Corporate Debt in accordance with the Purpose of the Bond Issue.

12.2 When the Conditions Precedent for Disbursement set out in Clause 12.1 above have been fulfilled to the satisfaction of the Agent, the Agent shall instruct the Escrow Bank to transfer the funds from the Escrow Account for the purpose of repayment in full of the Existing Nykredit Corporate Debt. The Agent shall instruct the Escrow Bank to transfer any residual funds from the Escrow Account to the bank account specified by the Issuer, to be used as growth capital and for general corporate purposes in accordance with the Purpose of the Bond Issue.

12.3 When the Conditions Precedent for Disbursement have been fulfilled, the Escrow Account Pledge Agreement shall have no further effect and the security created thereunder shall be released. The Agent shall execute and deliver any documents and take any other actions necessary to give effect to such termination of the Escrow Account Pledge Agreement and such release of security in accordance with the terms of the Escrow Account Pledge Agreement.

12.4 The Agent may assume that the documents presented under Clause 12.1 are correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such documents.

13. CONDITIONS SUBSEQUENT

The Issuer shall provide evidence to the Agent, in form and substance satisfactory to the Agent, showing that:

(a) the Existing Nykredit Corporate Debt has been fully repaid, such evidence to be provided immediately after the Conditions Precedent for Disbursement have been fulfilled and the payments from the Escrow Account have been made; and

(b) all Existing Nykredit Security and Existing Guarantees and Security have been released with no remaining obligations of any of the Group Companies, such evidence to be provided as soon as possible after the Conditions Precedent for Disbursement have been fulfilled and the payments from the Escrow Account have been made, but no later than 14 calendar days after the Issue Date.

14. TERMINATION OF THE BONDS

14.1 The Agent is entitled, on behalf of the Holders, to terminate the Bonds and to declare all, but not only some, of the Bonds due for payment immediately or at such later date as the Agent determines (such later date not falling later than 20 Business Days from the date on which the Agent made such declaration), if:

(a) **Non-payment**: the Issuer fails to pay an amount on the date it is due in accordance with these Terms and Conditions unless its failure to pay is due to technical or administrative error and/or is remedied within 5 Business Days of the due date;

(b) **Conditions subsequent**: the Issuer has not provided the Agent with evidence, in form and substance satisfactory to the Agent, showing that the actions described under Clause 13 (*Conditions subsequent*) have been taken or that the events described therein have occurred not later than immediately after the Conditions Precedent for Disbursement have been fulfilled and the payments from the Escrow Account have been made and/or 14 calendar days after the Issue Date (as applicable);

(c) **Other obligations**: the Issuer does not comply with these Terms and Conditions in any other way than as set out under (a) and (b) above, provided that the Agent has requested the Issuer in writing to remedy such failure and the Issuer has not remedied the failure within 20 Business Days from such request (if the failure or violation according to the Agent (acting reasonably) is not capable of being remedied, the Agent may declare the Bonds payable without such prior written request);

(d) **Cross-acceleration:** any Financial Indebtedness of one or several Group Companies is not paid when due nor within any originally applicable grace period, or is declared to be due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this paragraph (d) until the aggregate amount of all such Financial Indebtedness for one or several Group Companies exceeds EUR 2,000,000 and provided that it does not apply to any Financial Indebtedness owed to a Group Company;

(e) **Insolvency**:

(i) the Issuer is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors with a view to rescheduling its Financial Indebtedness; or

(ii) a moratorium is declared in respect of the Financial Indebtedness of the Issuer;

(f) **Insolvency proceedings**: any corporate action, legal proceedings or other procedures are taken (other than proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within 30 days of commencement or, if earlier, the date on which it is advertised) in relation to:

(i) the suspension of payments, winding-up, dissolution, administration or reorganisation (Sw. *företagsrekonstruktion*) (by way of voluntary agreement, scheme of arrangement or otherwise) of the Issuer;

(ii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the Issuer or any of its assets (which for the avoidance of doubt does not include the Subsidiaries); or

(iii) any analogous procedure or step is taken in any jurisdiction in respect of the Issuer;

(g) **Mergers and demergers**: the Issuer merges with any other person, or is subject to a demerger, with the effect that the Issuer is not the surviving entity;

(h) **Creditors' process**: Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets (which for the avoidance of doubt does not include assets of any Subsidiary) of the Issuer having an aggregate value exceeding EUR 2,000,000, is targeted against the Issuer and is not discharged within 30 days;

(i) **Impossibility or illegality**: it is or becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of these Terms and Conditions or if the obligations under these Terms and Conditions are not, or cease to be, legal, valid, binding and enforceable; or

(j) **Continuation of the business**: the Issuer ceases to carry on its business.

14.2 Termination for payment prematurely on the grounds mentioned in paragraph (c) or (d) of Clause 14.1 above may only occur if the nature of the particular circumstance is such that it would have a Material Adverse Effect and that the cause of termination is continuing at the time of the Agent's declaration. However, if a moratorium occurs, the ending of that moratorium will not prevent termination for payment prematurely on the ground mentioned in paragraph (e) of Clause 14.1 above.

14.3 If the right to terminate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of termination to be deemed to exist.

14.4 The Issuer is obliged to inform the Agent immediately if any circumstance of the type specified in Clause 14.1 should occur. Should the Agent not receive such information, the Agent is entitled to assume that no such circumstance exists or can be expected to occur, provided that the Agent does not have knowledge of such circumstance. The Agent is under no obligations to make any investigations relating to the circumstances specified in Clause 14.1. The Issuer shall further, at the request of the Agent, provide the Agent with details of any circumstances referred to in Clause 14.1 and provide the Agent with all documents that may be of significance for the application of this Clause 14.

14.5 The Issuer is only obliged to inform the Agent according to Clause 14.4 if informing the Agent would not conflict with any statute or the Issuer's registration contract with NASDAQ OMX Stockholm (or any other Regulated Market, as applicable). If such a conflict would exist pursuant to the listing contract with NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) or otherwise, the Issuer shall however be obliged to either seek the approval from NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to Clause 14.4.

14.6 If the Agent has been notified by the Issuer or has otherwise determined that there is a default under these Terms and Conditions according to Clause 14.1, the Agent shall decide, within 20 Business Days of the day of notification or determination, if the Bonds shall be declared terminated. If the Agent has decided not to terminate the Bonds, the Agent shall, at the earliest possible date, notify the Holders that there exists a right of termination and obtain instructions from the Holders according to the provisions in Clause 16 (*Decisions by Holders*). If the Holders vote in favour of termination and instruct the Agent to terminate the Bonds, the Agent shall promptly declare the Bonds terminated. However, if the cause for termination according to the Agent's appraisal has ceased before the termination, the Agent shall not terminate the Bonds. The Agent shall in such case, at the earliest possible date, notify the Holders that the cause for termination has ceased. The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default and whether such event has a Material Adverse Effect.

14.7 If the Holders, without any prior initiative to decision from the Agent or the Issuer, have made a decision regarding termination in accordance with Clause 16 (*Decisions by Holders*), the Agent shall promptly declare the Bonds terminated. The Agent is however not liable to take action if the Agent considers cause for termination not to be at hand, unless the instructing Holders agree in writing to indemnify and hold the Agent harmless from any loss or liability and, if requested by the Agent in its discretion, grant sufficient security for such indemnity.

14.8 If the Bonds are declared due and payable in accordance with the provisions in this Clause 14, the Agent shall take every reasonable measure necessary to recover the amounts outstanding under the Bonds.

14.9 For the avoidance of doubt, the Bonds cannot be terminated and become due for payment prematurely according to this Clause 14 without relevant decision by the Agent or following instructions from the Holders' pursuant to Clause 16 (*Decisions by Holders*).

14.10 If the Bonds are declared due and payable, the Issuer shall redeem all Bonds with an amount per Bond equal to 104.00 per cent. of the Nominal Amount or, if the Bonds are declared due and payable on or after the First Call Date, at the applicable Call Option Amount.

15. DISTRIBUTION OF PROCEEDS

15.1 If the Bonds have been declared due and payable due to an Event of Default, all payments by the Issuer relating to the Bonds shall be distributed in the following order of priority, in accordance with the instructions of the Agent:

(a) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent, (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds or the protection of the Holders' rights, (iii) any non-reimbursed costs incurred by the Agent for external experts, and (iv) any non-reimbursed costs and expenses incurred by the Agent in relation to a Holders' Meeting or a Written Procedure;

(b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);

(c) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and

(d) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under these Terms and Conditions.

Any excess funds after the application of proceeds in accordance with paragraphs (a) to (d) above shall be paid to the Issuer. The application of proceeds in accordance with paragraphs (a) to (d) above shall, however, not restrict a Holders' Meeting or a Written Procedure from resolving that accrued Interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.

15.2 If a Holder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 15.1, such Holder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 15.1.

15.3 Funds that the Agent receives (directly or indirectly) in connection with the termination of the Bonds constitute escrow funds (Sw. *redovisningsmedel*) according to the Escrow Funds Act (Sw. *lag (1944:181) om redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Holders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 15 as soon as reasonably practicable.

15.4 If the Issuer or the Agent shall make any payment under this Clause 15, the Issuer or the Agent, as applicable, shall notify the Holders of any such payment at least 15 Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 8.1 shall apply.

16. DECISIONS BY HOLDERS

16.1 A request by the Agent for a decision by the Holders on a matter relating to these Terms and Conditions shall (at the option of the Agent) be dealt with at a Holders' Meeting or by way of a Written Procedure.

16.2 Any request from the Issuer or a Holder (or Holders) representing at least 10 per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Holder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Holders, be made by them jointly) for a decision by the Holders on a matter relating to these Terms and Conditions shall be directed to the Agent and dealt with at a Holders' Meeting or by way of a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Holders' Meeting than by way of a Written Procedure, it shall be dealt with at a Holders' Meeting.

16.3 The Agent may refrain from convening a Holders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Holders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.

16.4 Only a person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 7 (*Right to act on behalf of a Holder*) from a person who is, registered as a Holder:

(a) on the Record Date prior to the date of the Holders' Meeting, in respect of a Holders' Meeting, or

(b) on the Business Day specified in the communication pursuant to Clause 18.3, in respect of a Written Procedure,

may exercise voting rights as a Holder at such Holders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.

16.5 The following matters shall require consent of Holders representing at least the following proportion of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3:

(a) two thirds (2/3) to (i) waive a breach of an undertaking in Clause 11 (*Special undertakings*), and (ii) amend a provision in these Terms and Conditions, subject to (b) below; and

(b) three quarters (3/4) to (i) reduce the principal amount, Interest Rate or Interest which shall be paid by the Issuer, (ii) amend any payment day for principal or Interest or waive any breach of a payment undertaking, and (iii) amend the provisions in this Clause 16.5.

16.6 Any matter not covered by Clause 16.5 shall require the consent of Holders representing more than 50 per cent. of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3. This includes, but is not limited to, any waiver of the terms of these Terms and Conditions that does not require a higher majority (other than an amendment permitted pursuant to paragraph (a), (b) or (c) of Clause 19.1) or termination of the Bonds.

16.7 If the number of votes or replies are equal, the opinion which is most beneficial for the Issuer, according to the chairman at a Holders' Meeting or the Agent in a Written Procedure, will prevail.

16.8 Quorum at a Holders' Meeting or in respect of a Written Procedure only exists if a Holder (or Holders) representing at least 20 per cent. of the Adjusted Nominal Amount:

(a) if at a Holders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or

(b) if in respect of a Written Procedure, reply to the request.

16.9 If a quorum does not exist at a Holders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Holders' Meeting (in accordance with Clause 17.1) or initiate a second Written Procedure (in accordance with Clause 18.1), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Holders' consent. The quorum requirement in Clause 16.8 shall not apply to such second Holders' Meeting or Written Procedure.

16.10 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under these Terms and Conditions shall be subject to the Issuer's or the Agent's consent, as appropriate.

16.11 A Holder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.

16.12 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Holders that consent at the relevant Holders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.

16.13 A matter decided at a duly convened and held Holders' Meeting or by way of Written Procedure is binding on all Holders, irrespective of them being present or represented at the Holders' Meeting or responding in the Written Procedure. The Holders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Holders.

16.14 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Holders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.

16.15 If a decision shall be taken by the Holders on a matter relating to these Terms and Conditions, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) their Affiliates, irrespective of whether such person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company or an Affiliate of a Group Company.

16.16 Information about decisions taken at a Holders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Holders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Holders' Meeting or Written Procedure shall at the request of a Holder be sent to it by the Issuer or the Agent, as applicable.

17. HOLDERS' MEETING

17.1 The Agent shall convene a Holders' Meeting by sending a notice thereof to each Holder no later than 5 Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons).

17.2 Should the Issuer want to replace the Agent, it may convene a Holders' Meeting in accordance with Clause 17.1 with a copy to the Agent. After a request from the Holders pursuant to Clause 20.4.3, the Issuer shall no later than 5 Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Holders' Meeting in accordance with Clause 17.1.

17.3 The notice pursuant to Clause 17.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Holders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Holders' Meeting. Should prior notification by the Holders be required in order to attend the Holders' Meeting, such requirement shall be included in the notice.

17.4 The Holders' Meeting shall be held no earlier than 10 Business Days and no later than 20 Business Days from the notice.

17.5 If the Agent, in breach of these Terms and Conditions, has not convened a Holders' Meeting within 10 Business Days after having received such notice, the requesting person may convene the Holders' Meeting itself. If the requesting person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD and, if no person to open the Holders' Meeting has been appointed by the Agent, the meeting shall be opened by a person appointed by the requesting person.

17.6 At a Holders' Meeting, the Issuer, the Holders (or the Holders' representatives/proxies) and the Agent may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Holders' Meeting. The Holders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Holders' Meeting instead of the Holder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Holder.

17.7 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Holders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Holders to vote without attending the meeting in person.

18. WRITTEN PROCEDURE

18.1 The Agent shall instigate a Written Procedure no later than 5 Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Holder on the Record Date prior to the date on which the communication is sent.

18.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 18.1 to each Holder with a copy to the Agent.

18.3 A communication pursuant to Clause 18.1 shall include (i) each request for a decision by the Holders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Holder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Holder must reply to the request (such time period to last at least 10 Business Days from the communication pursuant to Clause 18.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.

18.4 If the Agent, in breach of these Terms and Conditions, has not instigated a Written Procedure within 10 Business Days after having received such notice, the requesting person may instigate a Written Procedure itself. If the requesting person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD.

18.5 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 16.5 and 16.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16.5 or 16.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

19. AMENDMENTS AND WAIVERS

19.1 The Issuer and the Agent (acting on behalf of the Holders) may agree to amend these Terms and Conditions or waive any provision in these Terms and Conditions, provided that:

(a) such amendment or waiver is not detrimental to the interest of the Holders, or is made solely for the purpose of rectifying obvious errors and mistakes;

(b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority;

(c) such amendment or waiver is necessary for the purpose of listing the Bonds on the corporate bond list of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) provided such amendment or waiver does not materially adversely affect the rights of the Holders; or

(d) such amendment or waiver has been duly approved by the Holders in accordance with Clause 16 (*Decisions by Holders*).

19.2 The consent of the Holders is not necessary to approve the particular form of any amendment or waiver to these Terms and Conditions. It is sufficient if such consent approves the substance of the amendment or waiver.

19.3 The Agent shall promptly notify the Holders of any amendments or waivers made in accordance with Clause 19.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to these Terms and Conditions are available on the websites of the Issuer and the Agent. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.

19.4 An amendment or waiver to these Terms and Conditions shall take effect on the date determined by the Holders Meeting, in the Written Procedure or by the Agent, as the case may be.

20. APPOINTMENT AND REPLACEMENT OF THE AGENT

20.1 **Appointment of Agent**

20.1.1 By subscribing for Bonds, each initial Holder appoints the Agent to act as its agent in all matters relating to the Bonds and these 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 Holder. By acquiring Bonds, each subsequent Holder confirms such appointment and authorisation for the Agent to act on its behalf.

20.1.2 Each Holder 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 these Terms and Conditions. The Agent is under no obligation to represent a Holder which does not comply with such request.

20.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under these Terms and Conditions.

20.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in these Terms and Conditions and the Agent Agreement and the Agent’s obligations as agent under these Terms and Conditions are conditioned upon the due payment of such fees and indemnifications.

20.1.5 The Agent may act as agent for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

20.2 **Duties of the Agent**

20.2.1 The Agent shall represent the Holders in accordance with these Terms and Conditions. However, the Agent is not responsible for the execution or enforceability of these Terms and Conditions, the Escrow Account Pledge Agreement, the Agent Agreement, subordination agreements relating to Shareholder Loans or other documents entered into by the Agent relating to these Terms and Conditions. The Agent shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available on the website of the Agent.

20.2.2 The Agent shall upon request by a Holder disclose the identity of any other Holder who has consented to the Agent in doing so.

20.2.3 When acting in accordance with these Terms and Conditions, the Agent is always acting with binding effect on behalf of the Holders. The Agent shall carry out its duties under these Terms and Conditions in a reasonable, proficient and professional manner, with reasonable care and skill.

20.2.4 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under these Terms and Conditions.

20.2.5 The Agent shall treat all Holders equally and, when acting pursuant to these Terms and Conditions, act with regard only to the interests of the Holders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in these Terms and Conditions and the Agent Agreement.

20.2.6 The Agent shall be entitled to disclose to the Holders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Holders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

20.2.7 The Agent is entitled to engage external experts when carrying out its duties under these Terms and Conditions. The Issuer shall on demand by the Agent pay all costs for external experts engaged (i) after the occurrence of an Event of Default, (ii) for the purpose of investigating or considering an event which the Agent reasonably believes is or may lead to an Event of Default or a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Holders under these Terms and Conditions or (iii) when the Agent is to make a determination under these Terms and Conditions. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under these Terms and Conditions shall be distributed in accordance with Clause 15 (*Distribution of proceeds*).

20.2.8 Notwithstanding any other provision of these Terms and Conditions to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.

20.2.9 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Holders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.

20.2.10 The Agent shall give a notice to the Holders (i) before it ceases to perform its obligations under these Terms and Conditions by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under these Terms and Conditions or the Agent Agreement, or (ii) if it refrains from acting for any reason described in Clause 20.2.9.

20.3 **Limited liability for the Agent**

20.3.1 The Agent will not be liable to the Holders for damage or loss caused by any action taken or omitted by it under or in connection with these Terms and Conditions, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.

20.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Holders to delay the action in order to first obtain instructions from the Holders.

20.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to these Terms and Conditions to be paid by the Agent to the Holders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.

20.3.4 The Agent shall have no liability to the Holders for damage caused by the Agent acting in accordance with instructions of the Holders given in accordance with Clause 16 (*Decisions by Holders*).

20.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, these Terms and Conditions shall not be subject to set-off against the obligations of the Issuer to the Holders under these Terms and Conditions.

20.4 **Replacement of the Agent**

20.4.1 Subject to Clause 20.4.6, the Agent may resign by giving notice to the Issuer and the Holders, in which case the Holders shall appoint a successor Agent at a Holders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.

20.4.2 Subject to Clause 20.4.6, if the Agent is insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within 10 Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

20.4.3 A Holder (or Holders) representing at least 10 per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Holder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Holders, be given by them jointly), require that a Holders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Holders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Holders that the Agent be dismissed and a new Agent appointed.

20.4.4 If the Holders have not appointed a successor Agent within 90 calendar days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Holders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

20.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under these Terms and Conditions.

20.4.6 The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.

20.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of these Terms and Conditions but shall remain entitled to the benefit of these Terms and Conditions and remain liable under these Terms and Conditions in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Holders shall have the same rights and obligations amongst themselves under these Terms and Conditions as they would have had if such successor had been the original Agent.

20.4.8 In the event that there is a change of the Agent in accordance with this Clause 20.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under these Terms and Conditions and the Agent Agreement. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

21. APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT

21.1 The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Bonds.

21.2 The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

22. NO DIRECT ACTIONS BY HOLDERS

22.1 A Holder may not take any steps whatsoever against the Issuer or a Subsidiary to enforce or recover any amount due or owing to it pursuant to these Terms and Conditions, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer or a Subsidiary in relation to any of the liabilities of the Issuer under these Terms and Conditions.

22.2 Clause 22.1 shall not apply if the Agent has been instructed by the Holders in accordance with these Terms and Conditions to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Holder to provide documents in accordance with Clause 0), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under these Terms and Conditions or the Agent Agreement or by any reason described in Clause 20.2.9, such failure must continue for at least 40 Business Days after notice pursuant to Clause 20.2.10 before a Holder may take any action referred to in Clause 22.1.

22.3 The provisions of Clause 22.1 shall not in any way limit an individual Holder's right to claim and enforce payments which are due to it under Clause 10.4 (*Mandatory repurchase due to a Change of Control Event (put option)*) or other payments which are due by the Issuer to some but not all Holders.

23. TIME-BAR

23.1 The right to receive repayment of the principal of the Bonds shall be prescribed and become void 10 years from the Redemption Date. 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. The Issuer is entitled to any funds set aside for payments in respect of which the Holders' right to receive payment has been prescribed and has become void.

23.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (Sw. *preskriptionslag (1981:130)*), a new time-bar period of 10 years with respect to the right to receive repayment of the principal of the Bonds, and of 3 years with respect to receive payment of Interest (excluding capitalised Interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

24. NOTICES AND PRESS RELEASES

24.1 **Notices**

24.1.1 Any notice or other communication to be made under or in connection with these Terms and Conditions:

(a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to such email address notified by the Agent to the Issuer from time to time;

(b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or, if sent by email by the Agent, to such email address notified by the Issuer to the Agent from time to time; and

(c) if to the Holders, shall be given at their addresses as registered with the CSD, on the Record Date prior to dispatch, and by either courier delivery or letter for all Holders. A notice to the Holders shall also be published on the websites of the Issuer and the Agent.

24.1.2 Any notice or other communication made by one person to another under or in connection with these Terms and Conditions shall be sent by way of courier, personal delivery or letter (and, if between the Agent and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 24.1.1 or, in case of letter, 3 Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 24.1.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 24.1.1.

24.1.3 Failure to send a notice or other communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

24.2 **Press releases**

24.2.1 Any notice that the Issuer or the Agent shall send to the Holders pursuant to Clauses 10.3 (*Early voluntary redemption by the Issuer (call option)*), 11.11 (f), 14.6, 16.16, 17.1, 18.1 and 19.3 shall also be published by way of press release by the Issuer or the Agent, as applicable.

24.2.2 In addition to Clause 24.2.1, if any information relating to the Bonds, the Issuer or the Group contained in a notice the Agent may send to the Holders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Holders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Holders, the Agent shall be entitled to issue such press release.

25. FORCE MAJEURE AND LIMITATION OF LIABILITY

25.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.

25.2 The Issuing Agent shall have no liability to the Holders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.

25.3 Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.

25.4 The provisions in this Clause 25 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

26. GOVERNING LAW AND JURISDICTION

26.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.

26.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 26.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.

26.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Agent (or the Holders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

* * *

We hereby certify that the above Terms and Conditions are binding upon ourselves.

Place:

EUROPEAN ENERGY A/S
as Issuer

____
Name:

We hereby undertake to act in accordance with the above Terms and Conditions to the extent they refer to us.

Place:

CORPNORDIC SWEDEN AB
as Agent

____
Name:

European Energy A/S

ANNUAL REPORT 2012

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European Energy A/S

Annual report 2012

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

CVR no. 18 35 13 31

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of European Energy A/S for the financial year 1 January – 31 December 2012.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2012 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2012.

In our opinion, the Management's review gives a fair review of the development in the Group's and the parent company's operations and financial matters, the results for the year and the Group's and the parent company's financial position.

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

Lyngby, 31 May 2013
Executive Board:

Knud Erik Andersen

Board of Directors:

Jens-Peter Zink Chairman	Knud Erik Andersen	Mikael Dystrup Pedersen

Independent auditors' report

To the shareholders of European Energy A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of European Energy A/S for the financial year 1 January – 31 December 2012. The consolidated financial statements and the parent company financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2012 and of the results of the Group's and the parent company's operations and the consolidated cash flows for the financial year 1 January – 31 December 2012 in accordance with the Danish Financial Statements Act.

Independent auditors' report

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 31 May 2013
KPMG
Statsautoriseret Revisionspartnerselskab

Poul Erik Olsen	Kenn W. Hansen
State Authorised	State Authorised
Public Accountant	Public Accountant

Management's review

Company details

European Energy A/S
Diplomvej 377
DK-2800 Kgs. Lyngby

CVR no.: 18 35 13 31
Established: 16 February 1995
Registered office: Lyngby-Taarbæk
Financial year: 1 January – 31 December

Board of Directors

Jens-Peter Zink, chairman
Knud Erik Andersen
Mikael Dystrup Pedersen

Executive Board

Knud Erik Andersen

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Osvald Helmuths Vej 4
P.O. Box 250
DK-2000 Frederiksberg

Management's review

EUR'000	2012	2011	2010	2009	2008
Key figures					
Revenue	35,682	30,801	35,858	20,801	12,712
Direct costs	-20,554	-19,293	-17,341	-7,058	-4,245
Gross profit	15,128	11,508	18,517	13,743	8,467
Operating profit	7,831	3,635	10,514	7,233	4,839
Special items	0	300	0	3,106	0
Loss from financial income and expense	-1,807	-3,918	-5,927	-4,224	-2,692
The Group's share of profit for the year	**5,680**	**760**	**3,191**	**5,646**	**1,342**
Total assets	137,015	142,974	184,007	198,464	159,947
Equity	**46,005**	**40,526**	**40,028**	**36,988**	**31,468**
Cash flows from operating activities	6,194	-1,641	-1,651	-1,937	5,039
Net cash flows from investing activities	4,557	35,671	-6,383	-4,840	-55,750
Portion relating to investment in property, plant and equipment, net	-301	-880	-26,543	-7,160	-38,142
Cash flows from financing activities	-12,190	-34,700	6,359	3,696	54,332
Total cash flows	**-1,439**	**-670**	**-1,675**	**-3,081**	**3,621**
Financial ratios					
Gross margin	42.4%	37.4%	51.6%	66.1%	66.6%
Operating margin	21.9%	11.8%	29.3%	34.8%	38.1%
Equity ratio	33.6%	28.3%	21.8%	18.6%	19.6%
Return on equity	12.9%	2.8%	11.5%	16.5%	4.3%
Average number of full-time employees	38	39	43	35	12

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010". For terms and definitions, please see the accounting policies.

Management's review

Operating review

2012 was a good year for the European Energy Group. The high level of activity continued, which has led to development of more projects, sale of energy assets and forging of more strategic partnerships. The strategy to focus on Northern Europe has proven to be a wise decision and has resulted in the best results for the past six years.

In 2012, development activities were primarily focused on Denmark, Germany, Poland and Sweden, where significant progress has been made in many projects. Wind energy is still the prevailing technology even though Management is still very interested in constructing solar power plants. With the falling price of solar panels, it is expected that solar energy will hold a prominent position in the Group's future pipeline.

In 2012, European Energy effected several large sales, including the sale of the first two Danish wind projects. They are both expected to be constructed in 2013. Thus, several years' development work has proven successful. Management still expects Denmark to be a significant market for the European Energy Group in the coming years.

Even though focus is on the nearby markets in Northern Europe, European Energy constructed and commissioned two wind parks in Italy and one solar park in Spain in 2012.

European Energy – wind park in Italy

Management's review

Operating review

Financial highlights and milestones for 2012

- Sale of energy assets to the tune of EUR 29.1 million (DKK 217.2 million)
- Profit after tax of EUR 5.7 million (DKK 42.4 million)
- New building permits in Denmark and Spain obtained
- Sale of the first two wind energy projects in Denmark
- Construction and commissioning of two wind parks in Italy and one solar park in Spain
- Increase in equity of 13.5% to EUR 46.0 million (DKK 343.2 million)
- Improvement of equity ratio from 28.3% to 33.6%

2012 – a year with a continued high level of activity

European Energy aims to be among the leading project developers within land-based solar and wind parks in Europe. Further, European Energy seeks to be the preferred partner of financially strong investors with a wish to invest in solar or wind energy.

Consequently, development activities have been given strong focus, and particularly the development work in Denmark has progressed significantly. Moreover, the European Energy Group has acquired parks under development and commissioned parks, which means that, despite the sale of several energy assets in 2012, the Group has realised net growth in MW.

Among other things, the European Energy Group has acquired 25% of GWE Energi A/S (EEA Stormy ApS) together with an investor and some of the former bondholders in GWE Energi A/S. GWE Energi A/S, which was under restructuring until May 2012, owns and operates four German wind parks with a total capacity of 45 MW. Simultaneously the administration and operations were moved to European Energy. Together with another investor, the Group has acquired Vetschau – a 12 MW wind project under development. The acquisitions of GWE and Vetschau support the Group's strong focus on Germany. In addition, the European Energy Group has, together with another investor, acquired the solar park Soleto in Puglia in Italy with a capacity of 1 MW. Moreover, a number of small solar energy plants in Germany have also been acquired.

The demand for commissioned energy assets was great in 2012, and again this year, the demand was directed towards several countries. The strategy not to be exposed towards a single country and a single technology has again proven to be beneficial as the European Energy Group can offer those assets currently in demand by investors. In 2012, the European Energy Group sold energy assets in Denmark, Germany and Italy.

Despite the European Energy Group's increased focus on Northern Europe, the Group has constructed and commissioned two wind parks in Italy and one solar park in Spain. The Spanish solar park L'Olleria II is the second phase of L'Olleria I, which was constructed and commissioned in 2008. The 1.2 MWp park, co-owned with two other investors, is situated near Valencia in Spain. In 2011, the Italian energy company which acquired a share of Parco Eolico Monte Vitalba in 2006 also acquired shares in the two Italian wind parks Carpinaccio and Riparbella. Both parks have now been constructed and were commissioned in November 2012. In aggregate, the parks comprise 33.6 MW. Management is very pleased that, despite the focus on the more stable markets of Northern Europe, the Group has constructed these parks and that it is also possible to obtain project financing for energy plants in Southern Europe.

Management's review

Operating review

Project financing, which is one of the European Energy Group's core competences, was an important part of operations in 2012, and due to the low interest rates, refinancing of several parks has been prioritised. The project financing of the two Italian parks is expected to be completed within the coming months, and the refinancing of several of the German parks is expected to be carried out in the first half of 2013.

In 2012, the European Energy Group strengthened the strategic partnerships, which are of great importance to the Group. The construction of the two Italian wind parks in cooperation with an Italian energy company, the construction of the Spanish solar park in cooperation with two investors and the acquisition of Vetschau are examples thereof. Often, former cooperative partners contact European Energy again wanting to make additional acquisitions or enter into a more strategic business relationship with the European Energy Group. A development that is very satisfactory to Management.

European Energy – wind park in Denmark under construction

Nordic Power Partners

One major strategic business relationship entered into in 2012 was the establishment of Nordic Power Partners. Nordic Power Partners is a cooperation with the Danish government where the Danish Climate Investment Fund, which is administered by the government-owned Investment Fund for Developing Countries (IFU), and European Energy have established the development company Nordic Power Partners, which is to identify and develop solar and wind energy projects in new growth markets and subsequently either sell or construct these projects.

Management's review

Operating review

For at long time, the Management of European Energy has wanted to erect solar or wind energy plants in emerging market economies outside Europe. Many developing countries have an increasing energy need and high energy prices, and many of the countries benefit from high sun radiation and/or good wind resources. At the same time, the European Energy Group can contribute to fulfilling the increasing energy need whilst contributing to the growth in the local economies. Additionally, the need will be covered by sustainable energy solutions and not fossil energy, which is often the solution today. Until now, it has been Management's assessment that the risk of operating in these markets has been too high, but the cooperation with IFU now makes it possible to take on projects outside Europe due to the possibility to draw on IFU's experience from developing countries and the funds which are expected to be provided through Nordic Power Partners.

The Danish Climate Investment Fund was established by the government in the autumn 2012 with a total contribution from the Danish government and IFU of EUR 37 million, and it is expected that pension funds will contribute additional capital.

The Management of European Energy has great expectations for this cooperation. The cooperation was published in January 2013 but is the result of many months' hard work.

2012 – a year with focus on expanding the Northern European portfolio

The development activities in the European Energy Group primarily take place in Northern Europe where focus is primarily on development of solar and wind energy projects in Denmark, Germany, Poland and Sweden. In 2012, the Company saw positive development in many of the projects, and many of the projects have progressed significantly in the development phase. The pipeline in the European Energy Group and development of projects primarily consist of wind energy projects as the Group wishes to reduce the dependence on subsidies.

In Denmark, the development work on many wind energy projects has progressed significantly, and in 2012, two of the Danish wind energy projects were granted building permits. These projects have both been sold to a large Danish utility company, and both projects are expected to be commissioned in 2013. The construction is managed by European Energy on behalf of the new owner.

The Company has experienced a high demand for both Danish and German wind turbine projects, and as a result, these are expected to generate a significant increase in value for the European Energy Group in the coming years.

In both Sweden and Poland, the development work is progressing as planned even though Poland is a very bureaucratic country where many of the processes take a long time. However, several Polish projects are close to obtaining building permits.

In Italy, the European Energy Group focused on existing projects in 2012, and consequently, the existing pipeline was not expanded upon further. Correspondingly, European Energy's pipeline in Spain has not been expanded either.

Management's review

Operating review

Repowering

Germany is a mature wind energy market where the total installed capacity of wind turbines amounts to approx. 30,000 MW from approx. 22,000 wind turbines. Most of the existing wind turbines have been erected on the most obvious sites, and therefore, the remaining vacant sites do not have the most optimal wind conditions. Consequently, the European Energy Group's focus in Germany is on optimising already existing parks and/or repowering.

Repowering means that old wind turbines are taken down and replaced by a smaller number of larger, more modern wind turbines with considerably increased capacity. The capacity increase will normally constitute 2-5 times the original capacity. Apart from the increase in capacity, benefits include that the new wind turbines are more effective, have higher hub height, which entails increased production output, and are more intelligent, thereby better adapted to the public utility network.

The European Energy Group already owns parks in Germany which have been in operation for several years and where repowering may be an option, in conjunction the Group also acquires old commissioned parks with optimisation potential and repowering possibilities. An example hereof is the acquisition of the wind park Wernikow (acquired in February and May 2013), which consists of 18 wind turbines with a total capacity of 10.8 MW. The repowering development work typically takes 2-4 years before the building permit is in place. Moreover, an advantage of acquiring commissioned old parks is that these parks often have favourable wind conditions as the sites with the best wind conditions were originally chosen as areas in which wind turbines could be constructed in Germany. At present, a repowering bonus of 0.5 eurocent per kWh is granted in Germany. However, reportedly, this bonus will no longer apply as from 1 January 2014.

European Energy – Italian wind park under construction

Management's review

Operating review

Thüga Erneuerbare Energien

As part of both the partnering and repowering strategies, the European Energy Group entered into an important strategic business relationship with Thüga Erneuerbare Energien in 2012 focusing on acquiring already commissioned wind parks in Germany demonstrating repowering potential.

Thüga Erneuerbare Energien is an association of 35 municipal electricity and utility companies located all over Germany focusing on expanding the electricity and utility companies' share of the electricity generation through alternative energy sources; first and foremost through wind energy. The goal is to invest EUR 1 billion in renewable energy before 2020.

Thüga Erneuerbare Energien is part of the parent group Thüga AG, which consists of approx. 100 municipal electricity and utility companies distributed across 12 German lands. Overall, Thüga AG and its members have more than 18,000 employees, revenue of more than EUR 22 billion and more than 2 million gas customers and 3.6 million electricity customers.

EE has an ownership interest of 30% in the newly established company EE Repowering GmbH & Co. KG and is responsible for identifying, acquiring and developing new wind parks. The cooperation was formalised in the beginning of 2013.

European Energy's organisation has become even more professional and better adapted for the changeable market conditions

To the extent possible, the European Energy Group's project development in the individual countries takes place based on a uniform and structured method in the form of teams where focus is on professional skills. European Energy is a very international company with employees from 12 different nationalities speaking 10 different languages. The Company has specialists in-house combining their know-how with local cooperative partners thus creating a high level of knowledge in all countries and making it possible to draw on experiences across borders. Thus, the individual teams comprise multi-disciplinary skills in the form of commercial, legal and technical employees. In order to ensure as flexible and dynamic an organisation as possible, all the Group's 45 employees work at the head office in Lyngby so that the employees can be easily transferred to project developments in other countries if the development conditions in one of the countries should deteriorate.

The Management of European Energy is convinced that, within the next few years, the solar and wind energy hardware will become a standard item that can produce energy at market terms without subsidies, and consequently, Management believes that value creation depends on effective and cost-conscious project development. Therefore, great focus is given to process innovation, which entails constant focus on improving internal functions and the organisation in European Energy in order to create a unique product that will be hard to imitate.

Management's review

Operating review

In 2012, focus was on making the organisation of European Energy even more professional, and therefore, the sales department was expanded so that even more sales processes may be carried out simultaneously. The European Energy Group is also responsible for the operation and maintenance of the parks in operation – also on behalf of third parties. In order to align, structure and utilise to a greater extent the economies of scale related to the administration of that many solar and wind parks, a separate department was established in 2012 for the purpose of handling these tasks. In 2012, the organisation was restructured so that, to a higher degree, it employs employees focusing on the Northern European markets. The number of employees is expected to increase to 50 by the end of 2013.

The work on optimising and making more efficient the internal procedures continued in 2012. Microsoft Dynamics NAV has been fully implemented. Much of the work previously performed by external finance functions is now performed at the head office in Lyngby, which has entailed marked optimisation and simplification in financial management and reporting. The entire project management is now being incorporated in Microsoft Dynamics NAV and is expected to be fully implemented in the upcoming months. In 2013, a new consolidation system will be acquired, and thus, the upgrading of the financial management commenced in 2010 will be completed.

The simplification of European Energy's group structure, which began in 2011, has been followed up in Spain in 2012 where the number of companies has been reduced by 44 companies. These changes will take effect in 2013.

European Energy – solar park in Spain

Management's review

Operating review

The overall vision: a society where the future energy consumption is solely based on renewable energy sources

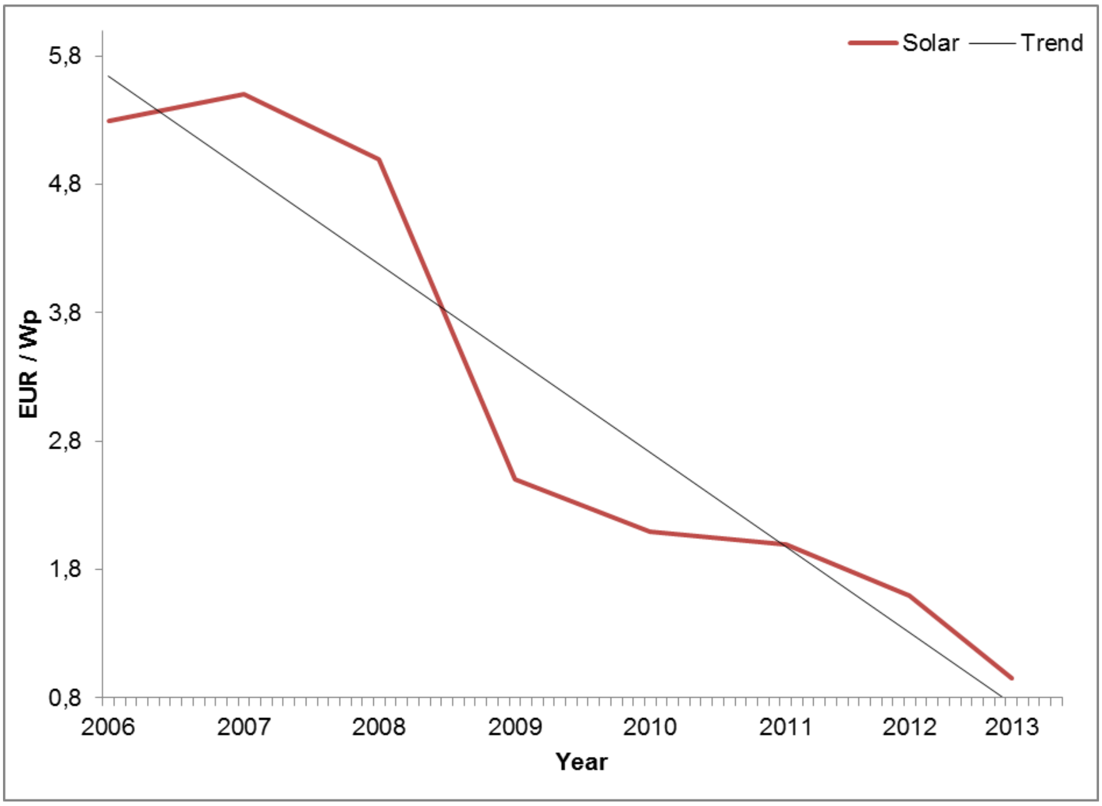
European Energy wishes to take part in the global change of the energy supply from fossil energy to renewable energy so that society's energy consumption will solely be based on renewable energy sources within a relatively short period of time. Therefore, the Group only engages in development, construction and operation of solar energy and wind energy plants contributing to reducing the consumption of fossil fuels.

European Energy has two great wishes:

- To reduce the costs of solar and wind energy so that grid parity may be reached (meaning that wind energy and solar energy plants may produce energy at the same price as fossil fuels) so that solar and wind energy may outcompete fossil fuels
- That the development of renewable energy becomes completely free from political interference

As shown in the below graph, the development towards grid parity has show a steady decreasing line in recent years, which is primarily attributable to two factors:

1. The renewable technologies have experienced constant decreases in prices as the technologies have improved, and the volume of for instance solar panels has increased
2. In general, the price of fossil fuels has been increasing

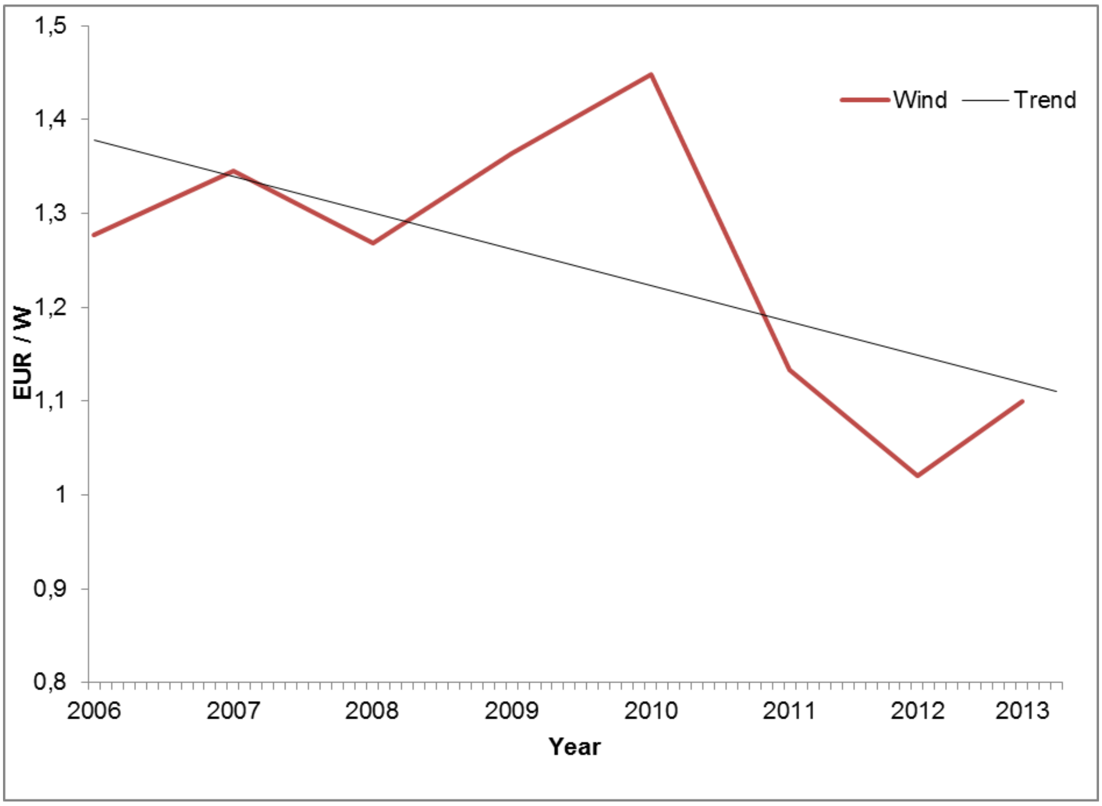


Costs of installation of solar energy

Management's review

Operating review

The corresponding graph for wind energy, which is a significantly more mature technology, shows that the price of wind turbines has only decreased to a limited extent in comparison.



Costs of installation of wind energy

With the massive emergence of shale gas in the USA and the spill-over effect on both the global gas and coal markets, there are two new factors to take into consideration:

1. The price developments in oil and gas prices have been disconnected, and the decreasing gas prices are expected to entail that gas will be used in more and more of the areas in which oil was previously used. Thus, a global change from oil to gas has started, which can already be seen in the transportation and power plant sectors where gas-fuelled plants gain ground
2. The global prices of coal are at an all-time low, which means that electricity generation and prices have flattened and even decreased in some periods

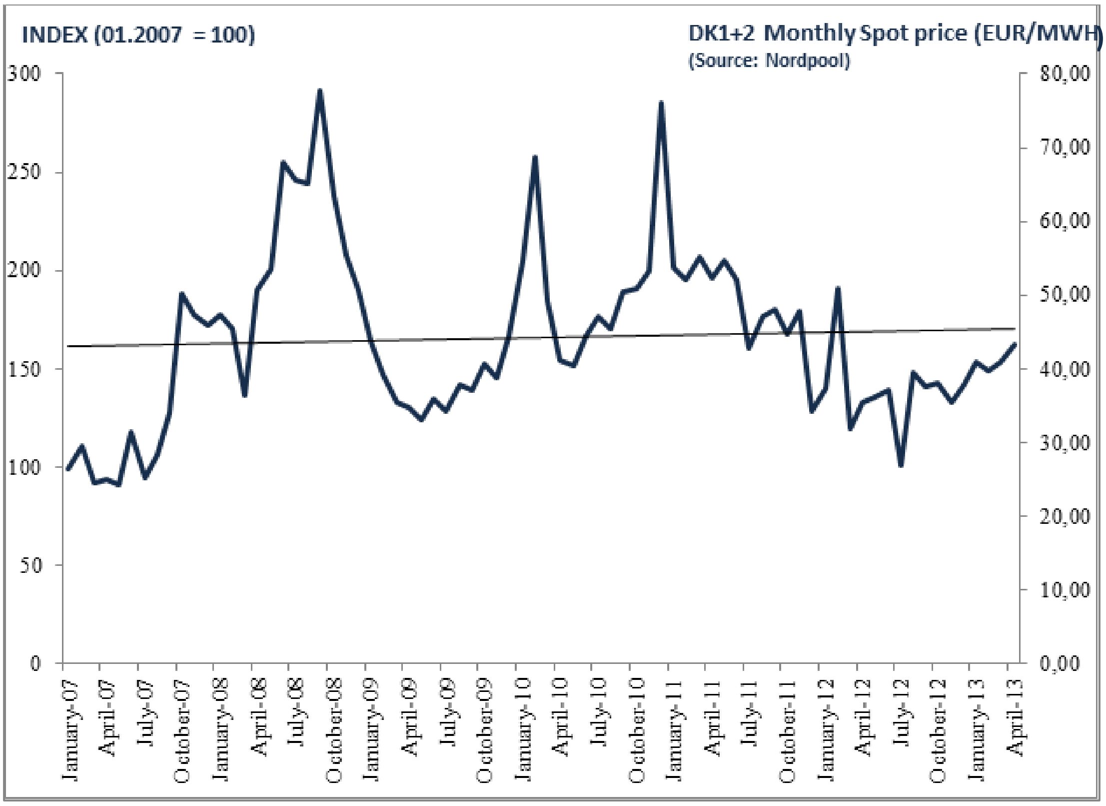
These two factors entail that the renewable energy sources are subject to severe price pressure in order to reach grid parity. In addition, countries such as Germany and Denmark have so much capacity of solar and wind energy that these renewable energy technologies press the market price at the local electricity exchanges down. This is of great significance to the profitability of the renewable energy sources which are not settled with a feed-in tariff but are settled on an electricity exchange.

Management's review

Operating review

In contrast to these trends, electricity lines between countries are being extended so that low price markets can export electricity to high price markets more easily. For instance, Norway is being connected to not only Denmark and Sweden but also England, the Netherlands and Germany, which should result in a levelling of the electricity prices in the low price area in Scandinavia and the high prices in England and Central Europe. Improved electricity lines also constitute a large benefit in terms of security of supply of renewable energy as it may even out the differences arising in connection with production of solar and wind energy, respectively, between the countries as the wind energy plants produce most electricity in the autumn and spring, and the solar energy plants produce most electricity in the summer.

Despite decreasing electricity consumption, financial crisis, etc., the spot price on Nord Pool showed an increase of approx. 4% annually in the years 2007-2013, which is illustrated in the figure below:



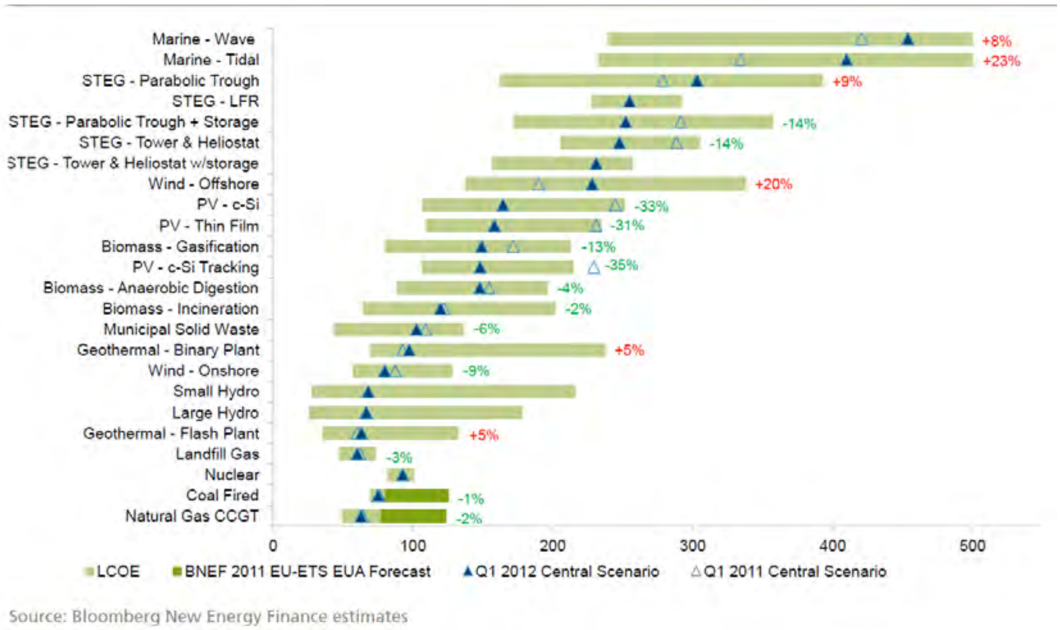
Monthly spot price on Nord Pool in the period January 2007 – April 2013.
January 2007 = index 100 (left), average spot price in absolute figures (right)

In January 2007, the average spot price amounted to approx. EUR 26, while it amounted to approx. EUR 41 for the same month in 2013. If the average price for 2007 (EUR 32) is compared to the average spot price for January 2013, this corresponds to a constant average growth rate of 3.9% p.a. The above figure shows an increase in the spot price of approx. 50% from January 2007 to January 2013.

Management's review

Operating review

The combination of decreasing hardware prices and moderately increasing electricity prices makes renewable energy a still more competitive energy source compared to fossil fuels. As shown in the below figure, onshore wind energy has already taken the lead in respect of delivery of cheap energy where only a few other sources such as water power are cheaper to produce than onshore wind energy. The Danish company MAKE Consult anticipates that onshore wind energy will reach grid parity in 2015.



Production costs incl. capital investments, etc., of various technologies (in USD/kWh)
Source: Bloomberg New Energy Finance estimates

Corporate social responsibility

The European Energy Group's business is structured in a socially and financially responsible way. The Group solely engages in development, construction and operation of renewable energy plants so that the consumption of fossil fuels can be reduced. The overall vision of a society in which the future energy consumption is solely based on renewable energy sources provides Management with a strong incentive to reduce CO_2 emissions and create a sustainable society. Moreover, Management wishes to help others do the same.

The European Energy Group's head office is located in Lyngby in Denmark where all the Group's employees work. However, the Group's employees work closely together with local cooperative partners and subsuppliers in many European countries, and therefore, it is Management's assessment that the Group overall contributes to the employment of more than 150 persons. As the European Energy Group's parks are often located in peripheral areas around Europe, the Group also contributes to the employment of both skilled as unskilled workers in these areas.

Management's review

Operating review

Many developing countries are experiencing growth resulting in an increased energy need. The Management of the European Energy Group also wants to help ensure that these developing countries get better access to energy in the future so that they are not forced to operate with reduced production as is the case in many of these economies today. The establishment of Nordic Power Partners is therefore expected to act as a lever in order to address this challenge.

The European Energy Group wishes to support the local population in the municipalities in which solar and wind energy plants are erected. Therefore, the Group actively backs local associations, etc., and the Group uses local manpower to the extent possible such as local contractors, etc. As most of the plants are located in peripheral areas, this may substantially affect the economy in the area.

When new wind turbines are erected in a municipality in Denmark, it is possible to apply for grants under "Grøn Ordning" (the Green Scheme) for initiatives beneficial to the local population. Under Grøn Ordning, grants are provided for construction work strengthening scenic and recreational values in the municipality and cultural and informative activities in local associations, etc., in order to increase the acceptance of the use of renewable energy sources in the municipality.

Environmental matters

In 2012, the energy assets in which the European Energy Group has ownership interests produced more electricity than what was consumed in Aarhus. Overall, the assets produced 516,000 MWh, which according to the Danish Energy Agency corresponds to the electricity consumption of 149,000 Danish households or 320,000 persons. The part of the energy assets owned by the European Energy Group produced 91,000 MWh, corresponding to the consumption of 27,000 Danish households or 57,000 persons, corresponding to the population of Denmark's seventh largest town, Kolding.

During the entire operating period, neither the solar nor the wind energy plants emit any CO_2 emissions, and therefore, it is solely during the production and scrapping phases that the plants have an adverse effect on the environment. "The energy payback time" – which is a measure of how long it takes to generate the energy used to construct the solar or wind energy plant by means of solar and wind energy – is also very short for solar and wind energy plants. After the construction, the solar and wind energy plants contribute significantly to reducing the CO_2 emissions in the countries in which the electricity is generated so that the consumption of fossil fuels is reduced significantly.

In connection with the construction of solar and wind energy plants in the European Energy Group, it is considered very important to ensure that the local population and wildlife are taken care of to the widest extent possible. This entails that detailed reports on any environmental impacts are prepared in all countries. For this purpose, independent specialists are consulted ensuring that all relevant rules and regulations are complied with, and safety conditions, scenic conditions, environmental impacts on neighbours, other environment impacts such as air pollution, geology, nature protection, socio-economic conditions and health conditions are thoroughly examined. The European Energy Group's day-to-day operations are managed at the head office in Lyngby, and as the primary activity comprises administrative work, the head office is not considered to have a large environmental impact. The Company strives to reduce the environmental impact as much as possible by for instance reducing paper consumption by means of duplex printing and paper recycling.

Management's review

Operating review

Overall, the European Energy Group has very positive CO_2 accounts where the saved CO_2 emissions by far exceed the CO_2 emissions from the Group's activities. The Management of the European Energy Group is very conscious of its corporate social responsibility, and it is an integral part of the Group's strategy to manage the Group in an economic but also socially responsible manner.

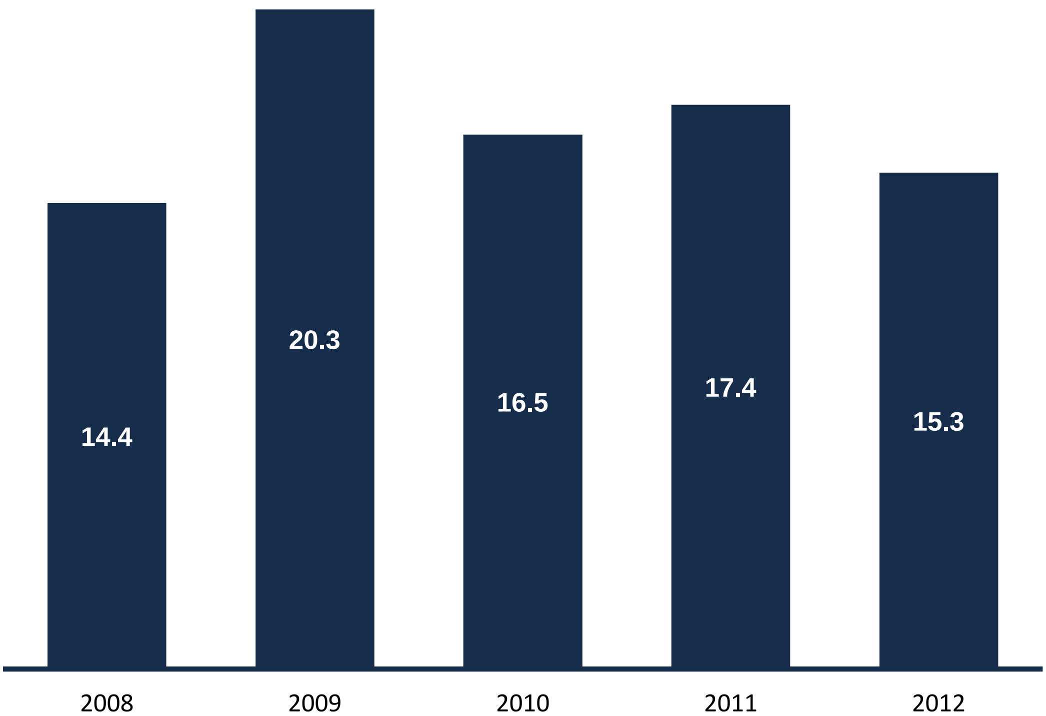
Revenue and results for 2012

Development in electricity sales

In general, both the solar and wind energy portfolios generated electricity in line with projections for 2012. The annual variations are partly an expression of the European Energy Group's additions and disposals of assets and of the number of operating months in which the individual asset has been part of the portfolio.

The below overview shows the total net electricity sales in the wind parks in which the European Energy Group has ownership interests. The electricity generation is included in proportion to the Group's ownership interests.

The European Energy Group's total net electricity sales
(EURm)



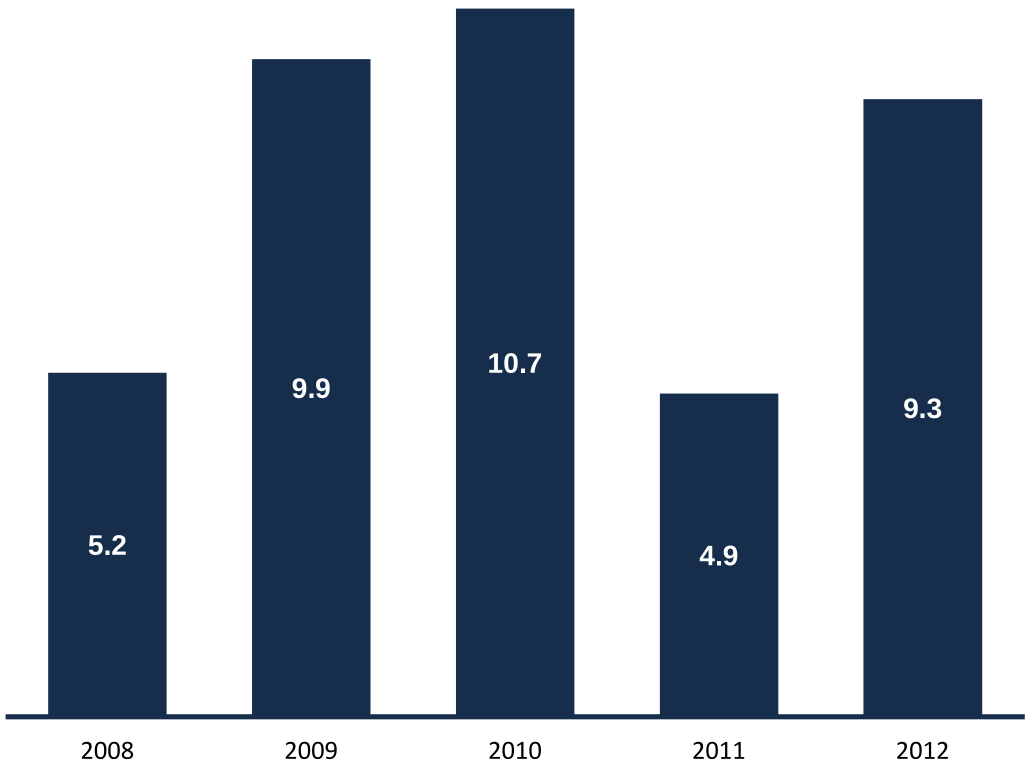
Management's review

Operating review

EBIT and profit from associates

A large part of the Group's earnings are attributable to assets of which the Group owns 50% or less and are therefore recognised as profit from associates, which is a part of financial income and expenses. Consequently, earnings before interest and tax – EBIT– does not reflect the European Energy Group's gross activity, and therefore, EBIT has been added to the profit from associates in the below graph. EBIT and profit from associates amounted to EUR 9.3 million in 2012 compared to EUR 4.9 million in 2011.

EBIT + associates
(EURm)



Management's review

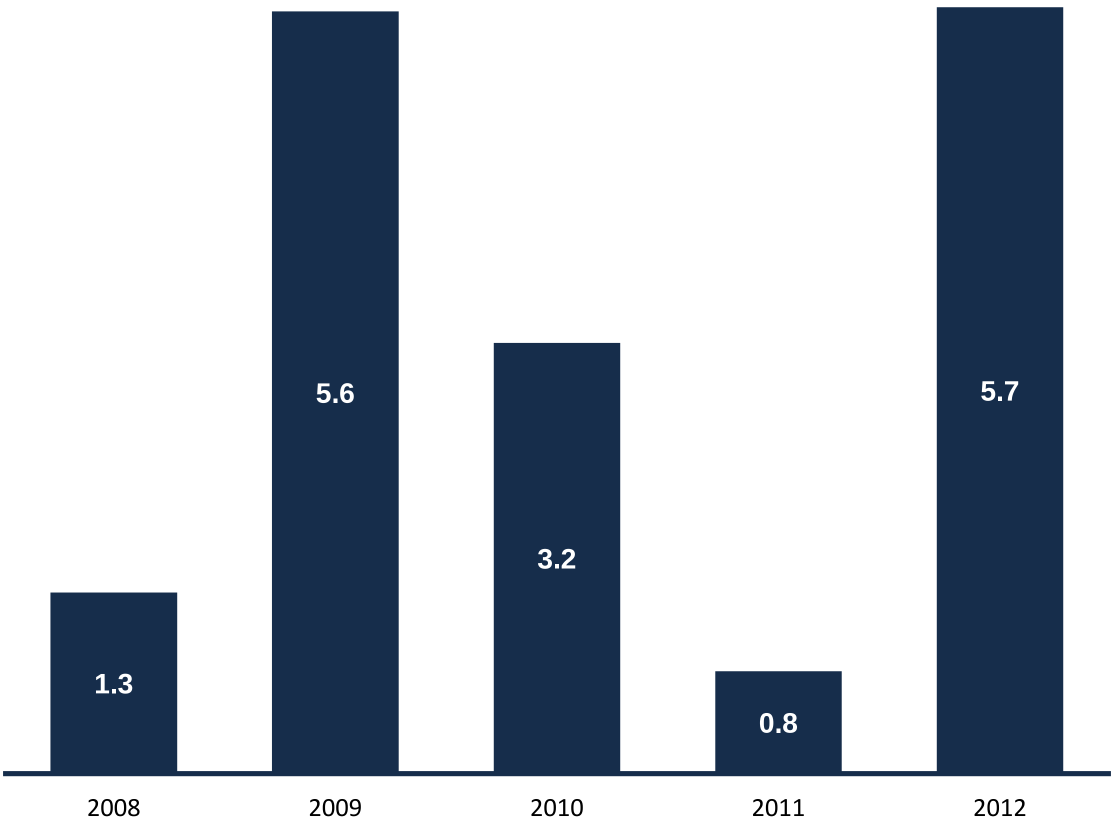
Operating review

Development in profit after tax

The European Energy Group's share of profit for the year amounted to EUR 5.7 million in 2012 compared to EUR 0.8 million in 2011. Among other things, the profit was generated by the completion of more and larger sales than in 2011, by the reduction of interest-bearing debt, by the associates realising satisfactory results and by the expansion of the Group's activities regarding operations and administration of solar and wind parks in 2012.

Management is satisfied with the profit, which constitutes the best results of the last six years, and in general, Management is very pleased with the positive development of the Group in 2012, which is expected to entail a considerable operating profit in the coming years.

The Group's share of profit for the year
(EURm)



Management's review

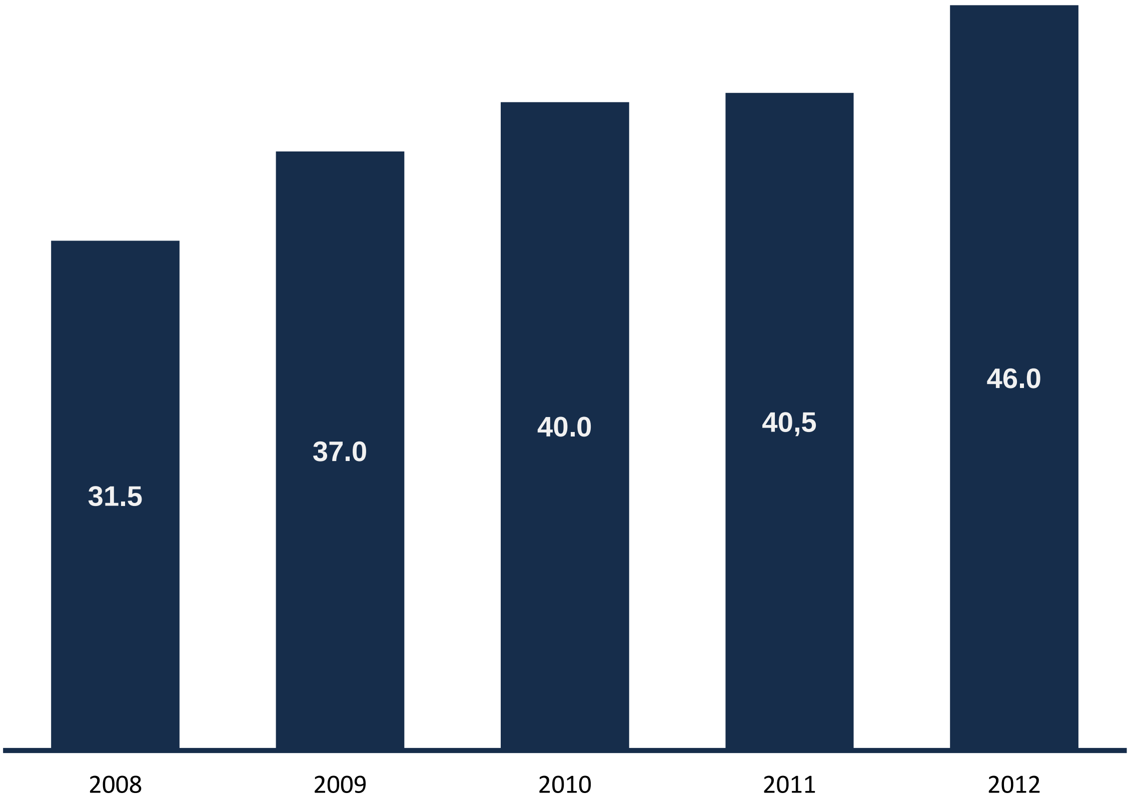
Operating review

Development in equity

The European Energy Group's equity amounted to EUR 46.0 million in 2012, which is an increase of EUR 5.5 million compared to 2011.

The Management of the European Energy Group wants to ensure sound equity as development activities within solar and wind energy are capital intensive. Consequently, Management does not expect that significant dividends will be distributed to the shareholders in the coming years as the expected profit will remain in the Company in order to strengthen the Group's growth.

Equity
(EURm)



Management's review

Operating review

Operating assets

Commissioned solar and wind parks

In 2012, the European Energy Group's total portfolio of commissioned solar and wind energy assets amounted to 69.0 MW, which is an increase of 8.7 MW compared to 2011 when the total portfolio amounted to 60.3 MW. The increase was realised despite the fact that several energy assets were disposed of during 2012.

The net growth in MW for the solar and wind energy assets is to due the fact that in-house developed assets have been commissioned and that the Group has acquired solar and wind energy assets already commissioned.

The Group has experienced net growth in energy assets within both technologies; the largest increase was realised within wind energy. In 2012, the European Energy Group's total portfolio of commissioned wind energy assets amounted to 58.2 MW compared to 51.5 MW in 2011 – an increase of 6.7 MW. The largest increase was seen in Germany due to, among other things, the acquisition of 25% of GWE. This supports the Group's strong focus on Germany.

Commissioned wind turbine and solar parks

Wind

Country	Park	Number of wind turbines	Total MW	European Energy's share in %	European Energy's share in MW
Germany	Altlandsberg	7	14.0	15%	2.1
Germany	Bad Iburg	3	6.1	25%	1.5
Germany	Bönen	4	8.0	50%	4.0
Germany	Brauel	3	6.0	25%	1.5
Italy	Carpinaccio	17	13.6	27%	3.7
Germany	Eichow	6	12.0	8%	1.0
Germany	Emskirchen	3	6.0	25%	1.5
Germany	Gommern	11	22.0	6%	1.4
Germany	Güstow	1	0.6	10%	0.6
Germany	Kasel-Golzig	2	4.0	50%	2.0
Bulgaria	Krupen	4	12.0	49%	5.9
Germany	Lohsheim	5	7.5	25%	1.9
Germany	Mildenberg	4	8.0	15%	1.2
Germany	Nielitz	5	10.0	20%	2.0
Germany	Ottenhausen	8	16.0	34%	5.5
Germany	Prignitz	17	25.5	25%	6.4
Italy	Riparbella	10	20.0	11%	2.2
Germany	Schäcksdorf	6	12.0	25%	3.0
Germany	Timpberg 9 + 10	2	4.0	50%	2.0
Germany	Unseburg-Löderburg	9	18.0	20%	3.6
Germany	Wittstock-Papenbruch I + II	7	7.1	19%	1.4
Germany	Wriezener Höhe	13	26.0	15%	3.9
Total		149	258.4		58.2

Management's review

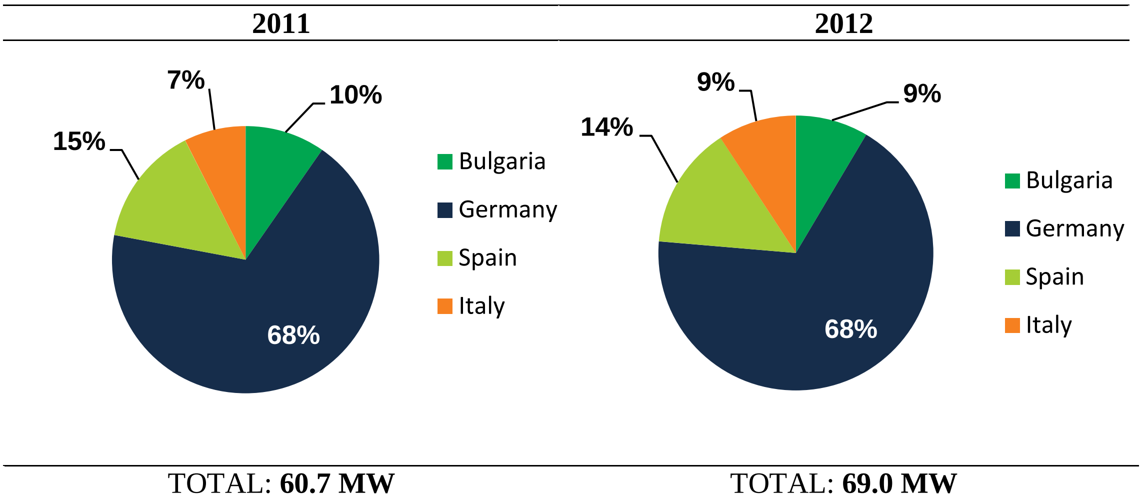
Operating review

The solar energy assets increased by 2.0 MW to 10.8 MW in 2012 from 8.8 MW in 2011.

Solar

Country	Park	Total MW	European Energy's share in %	European Energy's share in MW
Spain	Beniarbeig	2.0	41%	0.8
Spain	Campllong	1.1	100%	1.1
Spain	Ibiza	0.2	100%	0.2
Spain	La P obla	0.2	100%	0.2
Spain	L'Olleria	1.5	100%	1.5
Spain	L'Olleria II	1.2	45%	0.5
Germany	Mando 20	0.6	48%	0.3
Germany	Mando 29	0.9	10%	0.1
Spain	Monovar	2.0	100%	2.0
Spain	Ocaña	1.2	100%	1.2
Italy	Soleto	0.9	50%	0.5
Spain	Villanueva	2.4	100%	2.4
Total		14.3		10.8

As the below figures show, the relative share of energy assets in Germany remains unchanged from 2011 to 2012, but as the total capacity increased by 8.7 MW – corresponding to approx. 14% – the total installed capacity in Germany increased during the period. The increase in Italy is due to the acquisition of Soleto and the fact that Carpinaccio and Riparbella have been commissioned.



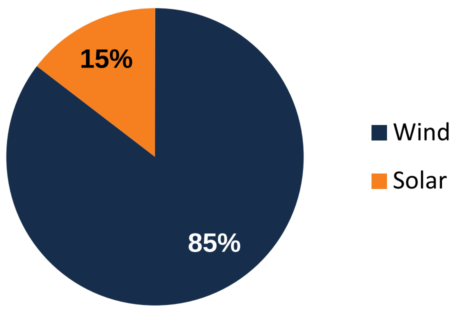
Distribution of European Energy's installed energy assets by geography (in MW)

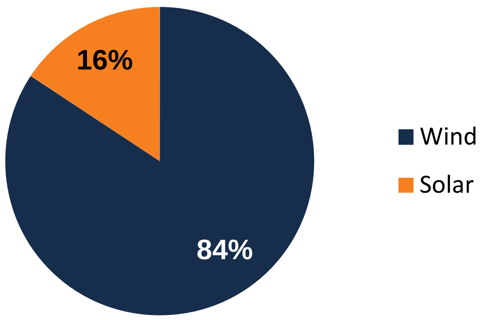
Management's review

Operating review

The European Energy Group's primary focus area is wind energy, which is also reflected in the portfolio where the wind energy assets amount to 84%. The increase in the installed capacity of 8.7 MW primarily took place within wind energy, and consequently, the distribution between the two technologies is relatively similar in 2011 and 2012 as shown in the below figures.

2011	2012





TOTAL: **60.7 MW**	TOTAL: **69.0 MW**

Distribution of European Energy's installed energy assets by technology (in MW)

Building permits

In 2012, the European Energy Group obtained building permits for two Danish wind energy projects. One of the projects is a 15 MW wind energy project in Lolland, and the other project is a 6.9 MW wind energy project in Jutland.

Moreover, the European Energy Group has obtained the final building permit in Spain for the solar energy project L'Olleria II, which is the second phase of L'Olleria I, which was constructed and commissioned in 2008. The 1.2 MWp park is situated near Valencia in Spain. The park was both constructed and commissioned in 2012.

Pipeline and risk management

Development in the pipeline

The European Energy Group's total pipeline of solar and wind energy projects amounted to 1,103 MW, including partner interests, in 2012 compared to 1,178 MW in 2011. The majority of the pipeline relates to wind energy projects.

During recent years, the Group has chosen to focus on the existing pipeline rather than expanding it, and consequently, there are fewer new projects. The pipeline has therefore been reduced by a natural decrease in projects which it is not possible to complete, by the adjustment of certain projects and by obtaining building permits for, commissioning or selling projects.

Management's review

Operating review

The portfolio of solar and wind energy projects comprises projects in different phases and projects in different countries. The majority of the portfolio relates to projects in Northern Europe.

European Energy – concreting foundation in Danish wind park

Risk management

Recognition and measurement of development activities

The valuation of development projects is always subject to uncertainty. The uncertainty mainly consists of three components:

- whether building permit will be obtained for the project,
- whether it is financially favourable to construct the project if a building permit has been obtained,
- whether a project is attractive financially and if it is possible to obtain long-term financing for the project.

Management's review

Operating review

In both 2011 and 2012, the uncertainty as to the last two components has been more distinct than previously. In recent years, politicians in many countries have changed legislation and framework terms on an ongoing basis, which has led to increased political and financial uncertainty.

The European Energy Group assesses the project portfolio regularly, and the Group has paid particular attention to the project development in the more unstable markets, including, in particular, Greece.

As it is assessed that both the Greek settlement prices and the Greek ability to pay are subject to uncertainty, the European Energy Group has chosen to significantly write down the Greek project portfolio for both solar and wind energy projects despite the fact that the projects themselves are considered good in terms of sun radiation and wind conditions. For now, the Group has therefore put all development activities in Greece on hold, but if the political preconditions for project development in Greece become favourable for the European Energy Group once again, the project development will be resumed.

The prices of constructing solar and energy plants continue to decrease, and grid parity is expected to be reached within a short period of time. Therefore, the European Energy Group awaits more stability in the unstable markets in which the Group has development activities, and the Group continuously monitors when it will become favourable to continue the development activities in these markets. As the construction of solar and wind energy plants is subject to uncertainty, the Group chose in 2012 to perform a large write-down of development projects, and this write-down substantially relates to projects in Southern Europe.

European Energy – solar park in Spain

Management's review

Operating review

Events after the balance sheet date

In the first five months of 2013, the European Energy Group has continued the high level of activity and has, at this point, concluded several large agreements.

Solar energy activities in Denmark

Together with cooperative partners, the European Energy Group has worked on a number of solar energy projects in Denmark in 2012 and 2013. At the date of the presentation of the annual report, a number of these projects are still subject to legislative uncertainty. However, the Company hopes to be able to realise a number of solar energy projects in Denmark during 2013 due to a proposed transition arrangement.

Nearshore

The European Energy Group has secured the pilot survey rights to five locations for near-shore wind parks in Denmark. At present, the Group is examining the possibilities on behalf of cooperative partners of the further development of these parks, and it is expected that the Group will have a full overview of partners and financing in respect of the development of the projects as well as construction and operation in the summer 2013. The total potential amounts to a capacity of up to 1,000 MW with a total investment amount of approx. EUR 2 billion.

Management's review

Operating review

Wernikow

Together with another investor, the European Energy Group acquired 18 Repower wind turbines in Wernikow, Germany, in February and May 2013. The 600 kW wind turbines constructed in 2001 provide a total capacity of 10.8 MW. This provides great potential for repowering and optimisation of operations in the wind park.

Danish wind turbine project

After the year end, the European Energy Group acquired a Danish wind turbine project with an expected capacity of up to 20 MW. The development of the project is almost completed, and the project is expected to be constructed in 2014.

INSEAD New Business Award

The INSEAD New Business Award is an award granted to a dynamic person who, with his or her enterprise, has established a new, promising enterprise in Denmark. The award is granted annually in cooperation with INSEAD, IDA and Børsen magazine and is granted upon nomination by a selection committee which selects and nominates eight candidates. Subsequently, a jury, including chairman Niels Bjørn Christiansen, president and CEO of Danfoss, selects three finalists and the winner.

At a combined award show and conference held on 8 April 2013, European Energy took second place. The Management of European Energy is very pleased with this acknowledgement and is very proud of the second place.

Management's review

Operating review

Outlook

The renewable energy market

During recent years, the renewable energy market has proven to be one of the best performing markets, and this trend continues in 2013. Investors seem increasingly to favour investments in renewable energy, and the increasing demand has led to lower required rates of return from the European Energy Group's investors. Consequently, the value of both development assets and operating assets has increased. Management expects that the renewable energy market will continue to grow and that the high demand for the energy assets will continue.

Activities

The Management of European Energy also expects that 2013 will see a high level of activity where project development, construction of solar and wind parks, project financing and sale of energy assets will be the focus of attention.

It is expected that local development plan approvals or building permits will be obtained for several of the projects in Denmark, Sweden, Germany and Poland, and consequently, even more assets will be sellable in 2013. Moreover, it is expected that building permits for the first projects in Nordic Power Partners will be obtained, and thus, the first construction projects outside Europe can be initiated.

The Management of the European Energy Group still wants to strengthen the equity ratio and the Group's capital resources so that it will still be possible to utilise the many possibilities arising in the market. Therefore, the European Energy Group continues to dispose of both fully developed solar and wind energy projects and commissioned projects. In isolated cases, the Group may choose to dispose of projects at the building permit stage.

At the presentation of the annual report, the European Energy Group has a very large number of projects under negotiation, and some of them are expected to be completed in the near future.

It is therefore expected that the European Energy Group will have increased liquidity, lower level of borrowing and increased equity ratio at the end of 2013 so that the Group is well-equipped to utilise the many possibilities in the market.

Results

Electricity generation from commissioned plants is expected to be in line with 2012, and sales activities are expected to generate a profit which is at least in line with 2012. At present, many sales negotiations are in progress, and these are expected to be completed in the near future. As the transaction size of the individual sales may be relatively large, the profit for 2013 may be significantly affected by whether the transactions are carried out in 2013 or 2014.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

The annual report of European Energy A/S has been prepared in accordance with the provisions applying to reporting class C enterprises under the Danish Financial Statements Act. In addition, the Group has chosen to include specific notes applying to reporting class C (large).

The Group has chosen to present the annual report in euro (EUR).

At 31 December 2012, the EUR/DKK rate was 7.46 (31 December 2011: 7.43).

The Group has chosen to change accounting policies in respect of recognition of revenue and direct costs related to the disposal of energy plants placed in independent legal entities (subsidiaries and associates). Previously, the Group recognised the selling price of the energy plants based on the carrying amount of the plants at the date of disposal plus the accounting gain from the disposal. The direct costs comprised the carrying amount of the energy plants disposed of.

In 2012, the accounting policies have been changed so that revenue from the disposal of energy plants comprises the selling price of the equity investments disposed of, etc., while direct costs comprise the carrying amount of the equity investments disposed of, etc.

The change was made for the purpose of providing a more true and fair view of the Group's actual revenue.

The change included a reduction of the Group's revenue and direct costs of EUR 36,020 thousand (2011: EUR 25,792 thousand), while the parent company's revenue and direct costs were reduced by EUR 416 thousand (2011: EUR 8,869 thousand). Profit for the year, balance sheet total and equity remain unchanged despite the change.

Comparative figures and key figures have been restated.

Apart from the above, the accounting policies used are consistent with those of last year.

Recognition and measurement

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

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

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

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the interim financial statements that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Equally, costs incurred to generate the period's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Foreign currency translation

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

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currencies are translated at the exchange rate at the transactions date.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

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

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Consolidated financial statements

The consolidated financial statements comprise the parent company, European Energy A/S, 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. Enterprises in which the 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.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the purchase method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years.

Non-controlling interests

In the consolidated financial statements, the items of subsidiaries are recognised in full. The non-controlling interests' proportionate shares of the subsidiaries' results and equity are adjusted annually and recognised separately in the income statement and balance sheet.

Income statement

The Group has the following income generating activities:

- Disposal of energy plants
- Sale of electricity
- Sale of services

Disposal of energy plants

Revenue from the disposal of energy plants is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received.

For business and structure purposes, all energy plants are placed in independent legal entities, and consequently, disposal of energy plants is made by full or partial transfer of

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

equity investments, etc., in underlying legal entities. The selling price of the equity investments disposed of, etc., is recognised as revenue.

Sale of electricity

Revenue from the sale of electricity is recognised in the income statement at the amount paid by the purchaser as the electricity is generated and supplied to the purchaser's network provided that the electricity generation has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties.

Sale of services

Revenue from the sale of services is recognised in the income statement as the services are provided and in accordance with concluded agreements. Revenue is measured ex. VAT and taxes charged on behalf of third parties.

Direct costs

Direct costs comprise costs incurred in generating the revenue for the year. On disposal of energy plants placed in independent legal entities, direct costs comprise the carrying amount of the equity investments disposed of, etc., plus costs directly related to the disposal. In addition, direct costs comprise operating costs related to constructed energy plants.

Staff costs

Staff costs comprise wages and salaries, remuneration, pensions and other costs regarding the Company's employees, including members of the Executive Board and the Board of Directors.

Other external costs

Other external costs comprise administrative expenses.

Depreciation and amortisation

Depreciation and amortisation comprise depreciation on property, plant and equipment for the year and amortisation of intangible assets as well as gains and losses on the disposal of other non-current assets than energy plants.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The Company is subject to the Danish rules on joint taxation of the Group's Danish companies.

The Group's ultimate parent company is the administrative company under the joint taxation and accordingly pays all corporation taxes to the tax authorities.

On payment of joint taxation contributions, the current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits (full absorption).

Tax for the year comprises joint taxation contributions for the year and changes in deferred tax, including changes as a result of a change in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to changes directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

Other rights

Other rights comprise rights to acquire and construct wind parks. Other rights are measured at cost less accumulated amortisation and impairment losses. The rights are amortised over the rights period, not exceeding 20 years.

Gains and losses on the disposal of other rights are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Wind energy plants	25 years
Solar energy plants	40 years
Tools and equipment	3-5 years

Gains and losses on the disposal of wind and solar energy plants are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains and losses on the disposal of tools and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as depreciation.

Investments in subsidiaries and associates

Income statement

The proportionate share of the results before tax of the individual subsidiaries is recognised in the income statement after full elimination of intra-group profits/losses and less amortisation of goodwill.

The proportionate share of the results after tax of the associates is recognised in the income statement after elimination of the proportionate share of intra-group profits/losses and less amortisation of goodwill.

Balance sheet

Investments in subsidiaries and associates are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the purchase method.

Subsidiaries and associates with negative net asset value are measured at EUR 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the subsidiary's deficit.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Net revaluation of investments in subsidiaries and associates is transferred to the reserve for net revaluation in equity according to the equity method to the extent that the carrying amount exceeds cost.

Enterprises acquired or formed during the year are recognised in the financial statements from the date of acquisition or formation. Enterprises disposed of are recognised up to the date of disposal.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus anticipated disposal costs.

Other investments

Other investments recognised under non-current assets are measured at fair value. Other investments are recognised at cost if the fair value cannot be determined reliably. If cost exceeds the net realisable value, write-down is made to this lower value.

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment, investments in subsidiaries and associates and other investments is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

When there is an indication of impairment, each asset or a group of assets is impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net income from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Project portfolio

The project portfolio comprises projects in progress within development and construction of renewable energy plants. The projects can be categorised as follows:

- Projects under development
- Projects under construction
- Finished projects for resale

Constructed projects are transferred to property, plant and equipment when the plant is put into commercial operation.

Project portfolios are measured at the lower of cost and net realisable value.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Projects under development

Projects under development comprise projects for which construction has not yet been commenced.

Cost comprises direct and indirect costs incurred in respect of development of projects, including interest in the project period.

Projects under construction

Projects under construction comprise projects for which construction has begun but has not yet been completed.

Cost comprises cost incurred in the development phase (projects under development) and cost in relation to the construction phase, which comprises direct and indirect costs for subcontractors, project management and financing as well as interest in the construction period.

Finished projects for resale

Finished projects for resale comprise projects for which construction has been completed but where the sales process has not been completed.

Cost comprises cost incurred in the development phase (projects under development) and cost in relation to the construction phase, which comprises direct and indirect costs for subcontractors, project management and financing as well as interest in the period up to the completion of the construction project.

If the expected selling price of the project less selling costs (net realisable value) is deemed to be lower than the carrying amount, write-down is made to this lower amount.

Receivables

Receivables are measured at amortised cost. Write-down is made for expected losses at the net realisable value.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Securities

Securities recognised under current assets are measured at fair value at the balance sheet date. Listed securities are measured at market price.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Corporation tax and deferred tax

In accordance with the joint taxation rules, as administrative company, the Group's ultimate parent company assumes the liability for payment to the tax authorities of the Company's corporation taxes as the joint taxation contributions are received.

Payable and receivable joint taxation contributions are recognised under balances with group companies.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit after tax x 100}}{\text{Average equity}}$

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Income statement

		Consolidated		Parent company	
EUR'000	Note	2012	2011	2012	2011
Revenue	1	35,682	30,801	2,630	9,026
Direct costs		-20,554	-19,293	-1,062	-7,392
Gross profit		15,128	11,508	1,568	1,634
Staff costs	2	-3,362	-3,112	-3,362	-3,112
Other external costs		-2,235	-1,748	-1,075	-759
Depreciation, amortisation and impairment losses	6.7	-1,700	-3,013	-154	-139
Operating profit/loss		7,831	3,635	-3,023	-2,376
Special items		0	300	0	0
Profit/loss before financial income and expenses		7,831	3,935	-3,023	-2,376
Profit from subsidiaries	8	0	0	8,126	1,893
Profit from associates	9	1,503	948	1,038	288
Financial income	3	1,315	1,572	1,184	2,003
Financial expenses	4	-4,625	-6,438	-1,605	-2,173
Profit/loss before tax		6,024	17	5,720	-365
Tax on profit/loss for the year	5	-446	1,108	-40	1,125
Profit for the year		5,578	1,125	5,680	760
Non-controlling interests' share of profit for the year		102	-365	0	0
The Group's share of profit for the year		5,680	760	5,680	760

Proposed profit appropriation

Net revaluation according to the equity method	9,164	2,181
Retained earnings	-3,484	-1,421
	5,680	760

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

		Consolidated		Parent company	
EUR'000	Note	2012	2011	2012	2011
ASSETS					
Non-current assets					
Intangible assets	6				
Goodwill		251	270	0	0
		251	270	0	0
Property, plant and equipment	7				
Wind energy plants		2,596	10,177	0	0
Solar energy plants		49,141	49,000	0	0
Tools and equipment		142	242	142	242
		51,879	59,419	142	242
Investments					
Investments in subsidiaries	8	0	0	34,078	25,993
Investments in associates	9	15,872	14,721	9,437	6,466
Other investments	10	5,172	5,348	2,069	2,209
Receivables from parent company	11	10,332	9,926	10,332	9,926
Receivables from subsidiaries	12	0	0	14,441	20,980
Receivables from associates	12	7,337	7,917	3,153	2,574
Other receivables	13	20,586	9,753	0	0
		59,299	47,665	73,510	68,148
Total non-current assets		111,429	107,354	73,652	68,390
Current assets					
Project portfolio	14	7,472	10,173	0	0
Receivables					
Trade receivables		3,878	7,256	1,360	2,187
Deferred tax asset	17	5,163	4,405	2,831	1,607
Other receivables		2,546	5,729	185	671
Prepayments		229	320	161	114
		11,816	17,710	4,537	4,579
Cash at bank and in hand		6,298	7,737	177	1,957
Total current assets		25,586	35,620	4,714	6,536
TOTAL ASSETS		137,015	142,974	78,366	74,926

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

		Consolidated		Parent company	
EUR'000	Note	2012	2011	2012	2011
EQUITY AND LIABILITIES					
Equity	15				
Share capital		1,340	1,340	1,340	1,340
Reserve for net revaluation according to the equity method		0	0	25,866	16,840
Retained earnings		44,665	39,186	18,799	22,346
Total equity		46,005	40,526	46,005	40,526
Non-controlling interests	16	1,777	2,430	0	0
Provisions					
Deferred tax	17	763	2,149	445	437
Liabilities other than provisions					
Non-current liabilities other than provisions	18				
Liabilities related to the issue of bonds		7,600	7,600	0	0
Credit institutions		39,169	47,118	0	0
Other payables		337	297	605	0
		47,106	55,015	605	0
Current liabilities other than provisions					
Credit institutions	18	25,694	29,987	12,065	15,733
Trade payables		5,256	7,623	895	2,178
Payables to group enterprises		0	0	16,182	13,644
Amounts owed to associates		105	51	6	50
Corporation tax		1,164	1,441	1,086	1,389
Other payables		9,145	3,752	1,077	969
		41,364	42,854	31,311	33,963
Total liabilities other than provisions		88,470	97,869	31,916	33,963
TOTAL EQUITY AND LIABILITIES		137,015	142,974	78,366	74,926

Mortgages and collateral	19
Contractual obligations and contingencies, etc.	20
Fees paid to auditors appointed at the annual general meeting	21
Related party disclosures	22

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Cash flow statement

EUR'000	Consolidated 2012	Consolidated 2011
Profit before financial income and expenses	7,831	3,935
Adjustment for non-cash operating items, etc.:		
Depreciation, amortisation, etc.	4,404	3,479
Cash generated from operations (operating activities) before changes in working capital	12,235	7,414
Change in self-financing of project portfolio	234	22
Change in receivables	-4,572	2,229
Change in current liabilities	3,068	-6,296
Cash generated from operations (operating activities)	10,965	3,369
Interest, etc., received	1,304	1,572
Interest, etc., paid	-4,625	-6,438
Cash generated from operations (ordinary activities) before tax	7,644	-1,497
Corporation tax paid	-1,450	-144
Cash flows from operating activities	6,194	-1,641
Acquisition of property, plant and equipment	-301	-880
Disposal of subsidiaries and activities	3,916	39,911
Disposal of equity investments and securities	0	68
Changes in loans to associates	932	-3,428
Dividends received	10	0
Cash flows from investing activities	4,557	35,671
Change in long-term project financing	-7,949	-30,849
Other changes in payables to credit institutions	-4,293	-3,612
Changes in payables to associates	52	-239
Cash flows from financing activities	-12,190	-34,700
Cash flows for the year	-1,439	-670
Cash and cash equivalents at 1 January	7,737	8,407
Cash and cash equivalents at 31 December	6,298	7,737

The cash flow statement cannot be directly derived from the other components of the consolidated and parent company financial statements.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes

		Consolidated		Parent company	
	EUR'000	2012	2011	2012	2011
1	**Revenue**				
	Disposal of energy plants	29,114	19,764	1,250	8,462
	Sale of electricity	5,644	10,387	0	0
	Other income	924	650	1,380	564
		35,682	30,801	2,630	9,026
	Distribution on segments:				
	Revenue from solar energy	5,779	14,241	0	0
	Revenue from wind energy	29,903	16,560	2,630	9,026
		35,682	30,801	2,630	9,026
2	**Staff costs**				
	Wages and salaries	3,142	2,915	3,142	2,915
	Other social security costs	40	38	40	38
	Other staff costs	180	159	180	159
		3,362	3,112	3,362	3,112
	Average number of employees	38	39	38	39

Pursuant to section 98b(3)(ii) of the Danish Financial Statements Act, information on remuneration of the Executive Board and the Board of Directors has been omitted.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes

		Consolidated		Parent company	
	EUR'000	2012	2011	2012	2011
3	**Financial income**				
	Interest income, bank	25	328	0	2
	Interest income, group enterprises and associates	492	765	1,092	1,728
	Dividends, other investments	10	141	10	141
	Exchange gains	96	34	77	0
	Other financial income	692	304	5	132
		1,315	1,572	1,184	2,003
4	**Financial expenses**				
	Interest expense, banks	4,251	5,302	874	998
	Interest expense, group enterprises and associates	2	8	677	770
	Interest expense, corporate bonds	304	335	0	0
	Interest expense, other	45	618	54	242
	Foreign exchange loss, etc.	23	175	0	163
		4,625	6,438	1,605	2,173
5	**Tax on profit for the year**				
	Tax on profit for the year	-1,720	-302	-1,062	-50
	Change in deferred tax	1,486	1,474	981	1,276
	Adjustment to tax relating to previous years	-212	-64	41	-101
		-446	1,108	-40	1,125

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes

6 Intangible assets
Consolidated

EUR'000	Goodwill
Cost at 1 January 2012	370
Additions for the year	0
Cost at 31 December 2012	370
Amortisation and impairment losses at 1 January 2012	-100
Amortisation for the year	-19
Amortisation and impairment losses at 31 December 2012	-119
Carrying amount at 31 December 2012	251
Amortised over	20 years

7 Property, plant and equipment

Consolidated

EUR'000	Wind energy plants	Solar energy plants	Tools and equipment	Total
Cost at 1 January 2012	12,769	53,670	606	67,045
Reclassification	0	-327	0	-327
Transferred from former associates	0	1,503	0	1,503
Additions for the year	121	124	56	301
Disposals for the year	-9,362	0	-2	-9,364
Cost at 31 December 2012	3,528	54,970	660	59,158
Depreciation and impairment losses at 1 January 2012	-2,592	-4,670	-364	-7,626
Reclassification	0	327	0	327
Transferred from former associates	0	-111	0	-111
Depreciation for the year	-152	-1,375	-154	-1,681
Disposals for the year	1,812	0	0	1,812
Depreciation and impairment losses at 31 December 2012	-932	-5,829	-518	-7,279
Carrying amount at 31 December 2012	2,596	49,141	142	51,879
Depreciated over	25 years	40 years	3-5 years	

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes

7 Property, plant and equipment (continued)

Parent company

EUR'000	Tools and equipment
Cost at 1 January 2012	606
Additions for the year	56
Disposals for the year	-2
Cost at 31 December 2012	660
Depreciation and impairment losses at 1 January 2012	-364
Depreciation for the year	-154
Depreciation and impairment losses at 31 December 2012	-518
Carrying amount at 31 December 2012	142
Depreciated over	3-5 years

8 Investments in subsidiaries

	Parent company	
EUR'000	2012	2011
Cost at 1 January	9,010	8,723
Disposals relating to mergers	0	-770
Additions for the year	296	7,935
Disposals for the year relating to investments	-140	-4,549
Transferred to associates	0	-2,329
Cost at 31 December	9,166	9,010
Value adjustments at 1 January	16,983	19,134
Disposals relating to mergers	0	-4,349
Share of profit for the year	8,126	1,893
Hedges	-198	-268
Reversed value adjustments on disposal	0	296
Transferred to associates	0	277
Other value adjustments	1	0
Value adjustments at 31 December	24,912	16,983
Carrying amount at 31 December	34,078	25,993
Investments in subsidiaries are recognised as follows:		
Investments in subsidiaries	34,078	25,993
Set off in receivables from subsidiaries	0	0
	34,078	25,993

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes

8 Investments in subsidiaries (continued)

Investments in subsidiaries at 31 December 2012 are as follows:

EUR'000 Name	Ownership interest at 31/12 2012	Share of profit for the year	Share of equity
European Wind Farms A/S, Lyngby-Taarbæk	100.0%	-854	16,191
European Wind Farm Denmark A/S, Lyngby-Taarbæk	100.0%	9,802	9,870
European Wind Farm No. 2 A/S, Lyngby-Taarbæk	100.0%	0	104
European Energy Systems I ApS, Lyngby-Taarbæk	100.0%	54	152
European Energy Systems II ApS, Lyngby-Taarbæk	100.0%	1,070	1,736
European Solar Farms A/S, Lyngby-Taarbæk	76.3%	-188	5,716
Enerteq Vitalba ApS, Lyngby-Taarbæk	88.5%	95	1,808
Enerteq ApS, Lyngby-Taarbæk	55.7%	-127	393
EWF Deutschland GmbH, Germany	100.0%	-16	72
EWF Vier Sechs GmbH & Co. KG, Germany	100.0%	44	272
Bond II Erste GmbH & Co. KG, Germany	100.0%	-2	10
Bond II Zweite GmbH & Co. KG, Germany	100.0%	-2	10
EWF Verwaltung GmbH, Germany	100.0%	-2	34
European Energy III A/S	100.0%	0	68
Nordic Power Partners P/S	60.0%	-6	50
NPP Komplementar	60.0%	0	6
		9,868	36,492
Intra-group profits and other adjustments		-1,742	-2,414
		8,126	34,078

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

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9 Investments in associates

Group

EUR'000	2012	2011
Cost at 1 January	15,333	13,443
Additions for the year	2,123	0
Transferred to/from subsidiaries	0	4,677
Disposals for the year	-2,880	-2,787
Cost at 31 December	14,576	15,333
Value adjustments at 1 January	-612	-646
Profit for the year	1,503	948
Reversed value adjustments on disposal	674	-530
Dividends	0	-38
Transferred to/from subsidiaries	0	-391
Hedges	23	0
Other adjustments	-292	45
Value adjustments at 31 December	1,296	-612
Carrying amount at 31 December	15,872	14,721

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

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9 Investments in associates (continued)

Investments in associates at 31 December 2012 are as follows:

EUR'000 Name	Ownership interest	Share of profit for the year	Share of equity
EEA Renewables A/S, Lyngby-Taarbæk	50.0%	-35	1,485
EEGW Persano ApS, Lyngby-Taarbæk	50.0%	-166	444
European Energy Sales & Adm. ApS, Copenhagen	22.5%	-129	0
EWF Fünf Eins GmbH & Co. KG, Germany	25.0%	44	735
EWF Fünf Vier GmbH & Co. KG, Germany	50.0%	13	394
UW Nielitz GmbH & Co. KG, Germany	50.0%	117	761
Aktiv Wind GmbH & Co. WEA Timpberg KG, Germany	50.0%	27	252
WP Timpberg GmbH & Co. Zehnte, Germany	50.0%	23	245
EE Sieben Null GmbH & Co. KG, Germany	50.0%	64	181
EEA Verwaltungs GmbH, Germany	50.0%	5	18
EEA Stormy ApS, Lyngby-Taarbæk	50.0%	1,058	1,088
WK Ottenhausen GmbH & Co. KG., Germany	33.3%	-17	1,617
EE Sieben Zwei GmbH & Co. KG, Germany	50.0%	-2	-3
Komplementarselskabet Solkraftværket GPI Mando 20 ApS	50.0%	0	5
K/S Solkraftværket GPI Mando 20	50.0%	0	119
Casciana Terme, Italy	20.0%	0	0
EWF Eins Sieben GmbH & Co. KG, Germany	50.0%	16	379
EWF Zwei Acht GmbH & Co. KG, Germany	50.0%	49	391
EWF Zwei Neun GmbH & Co. KG, Germany	50.0%	51	388
Windpark Unseburg Nord GmbH & Co. Betriebs KG, Germany	20.0%	110	1,066
Zehnte Windpark Support GmbH & Co. KG, Germany	50.0%	199	1,960
Sol-Teq srl, Italy	50.0%	0	-1
Reewf Srl., Italy	50.0%	0	-1
Wind Energy EOOD, Bulgaria	49.0%	11	572
Wind Power 2 EOOD, Bulgaria	49.0%	9	497
Wind Stream EOOD, Bulgaria	49.0%	-14	469
Wind Systems EOOD, Bulgaria	49.0%	30	557
Beniarbeig (several companies; see below)	40.8%	41	714
Parco Eolico Carpinaccio Srl., Italy	27.0%	-1	1,540
		1,503	15,872

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes

9 Investments in associates (continued)

Name and registered office	Ownership interest at 31/12 2012
Beniarbeig	
ESF Spain 0424 GmbH, Germany	40.82%
HSF 29 S.L.U., Spain	40.82%
HSF 30 S.L.U., Spain	40.82%
HSF 31 S.L.U., Spain	40.82%
HSF 32 S.L.U., Spain	40.82%
HSF 33 S.L.U., Spain	40.82%
HSF 34 S.L.U., Spain	40.82%
HSF 35 S.L.U., Spain	40.82%
HSF 36 S.L.U., Spain	40.82%
HSF 37 S.L.U., Spain	40.82%
HSF 38 S.L.U., Spain	40.82%
SIIC 43 S.L.U., Spain	40.82%
SIIC 44 S.L.U., Spain	40.82%
SIIC 45 S.L.U., Spain	40.82%
SIIC 46 S.L.U., Spain	40.82%
SIIC 47 S.L.U., Spain	40.82%
SIIC 48 S.L.U., Spain	40.82%
SIIC 49 S.L.U., Spain	40.82%

Parent company

EUR'000	2012	2011
Cost at 1 January	6,609	5,984
Transferred from subsidiaries	0	2,329
Additions for the year	2,386	0
Disposals for the year	-512	-1,704
Cost at 31 December	8,483	6,609
Value adjustments at 1 January	-143	204
Transferred from subsidiaries	0	-277
Profit for the year	1,038	288
Reversed value adjustments on disposal	0	-358
Hedges	23	0
Other value adjustments	36	0
Value adjustments at 31 December	954	-143
Carrying amount at 31 December	9,437	6,466

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes

9 Investments in associates (continued)

Investments in associates at 31 December 2012 are as follows:

EUR'000 Name	Ownership interest	Share of profit for the year	Share of equity
EEA Renewables A/S, Lyngby-Taarbæk	50.0%	-35	1,485
EEGW Persano ApS, Lyngby-Taarbæk	50.0%	-166	444
European Energy Sales & Adm. ApS, Copenhagen	22.5%	-129	0
EWF Fünf Eins GmbH & Co. KG, Germany	25.0%	44	735
EWF Fünf Vier GmbH & Co. KG, Germany	50.0%	13	394
UW Nielitz GmbH & Co. KG, Germany	20.0%	117	761
Aktiv Wind GmbH & Co. WEA Timpberg KG, Germany	50.0%	27	252
WP Timpberg GmbH & Co. Zehnte, Germany	50.0%	23	245
EE Sieben Null GmbH & Co. KG, Germany	50.0%	64	181
EEA Verwaltungs GmbH, Germany	50.0%	5	18
EEA Stormy ApS	50.0%	1,058	1,088
WK Ottenhausen GmbH & Co. KG	33.3%	-17	1,617
EE Sieben Zwei GmbH & Co. KG	50.0%	-2	-3
Komplementarselskabet Solkraftværket GPI Mando 20 ApS	50.0%	0	5
K/S Solkraftværket GPI Mando 20	50.0%	0	119
Wind Energy EOOD, Bulgaria	49.0%	11	572
Wind Power 2 EOOD, Bulgaria	49.0%	9	497
Wind Stream EOOD, Bulgaria	49.0%	-14	470
Wind Systems EOOD, Bulgaria	49.0%	30	557
		1,038	9,437

10 Other investments

EUR'000	Consolidated	Parent company
Cost at 1 January 2012	5,348	2,209
Reclassification	48	84
Additions for the year	40	39
Disposals for the year	-264	-263
Cost at 31 December 2012	5,172	2,069
Value adjustment at 1 January 2012	0	0
Value adjustments for the year	0	0
Value adjustment at 31 December 2012	0	0
Carrying amount at 31 December 2012	5,172	2,069

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

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11 Receivables from parent company

No specific conditions for the repayment of the balance with the parent company have been laid down.

12 Receivables from subsidiaries and associates

Non-current receivables are attributable to the financing of project development costs in subsidiaries and associates.

No specific conditions for the repayment of balances have been laid down.

13 Other receivables

Other receivables recognised in investments comprise lending from proceeds from the issue of bonds of EUR 5.9 million. The loan carries variable interest of 4-11% per year.

14 Project portfolio

	Consolidated	
EUR'000	2012	2011
Project portfolio at 1 January	10,638	22,426
Additions for the year	1,823	3,674
Disposals for the year	-2,013	-15,462
Project portfolio at 31 December before value adjustments	10,448	10,638
Value adjustments at 1 January	-465	0
Value adjustments during the year	-2,511	-465
Value adjustments at 31 December	-2,976	-465
Total project portfolio at 31 December	7,472	10,173
The project portfolio at 31 December comprises:		
Projects under development	7,472	10,173
Projects under construction	0	0
Total project portfolio at 31 December	7,472	10,173
Wind energy plants	7,792	7,433
Solar energy plants	2,656	3,205
Project portfolio at 31 December before value adjustments	10,448	10,638
Impairment losses	-2,976	-465
Total project portfolio at 31 December	7,472	10,173

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

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15 Equity

Group EUR'000	Share capital	Retained earnings	Total
Equity at 1 January 2012	1,340	39,186	40,526
Profit for the year	0	5,680	5,680
Value adjustments of hedging instruments	0	-175	-175
Foreign exchange adjustment	0	-26	-26
Equity at 31 December 2012	1,340	44,665	46,005

Parent company EUR'000	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Total
Equity at 1 January 2012	1,340	16,840	22,346	40,526
Profit for the year	0	9,164	-3,484	5,680
Value adjustments of hedging instruments	0	-175	0	-175
Foreign exchange adjustment	0	-26	0	-26
Transfer on disposal, etc.	0	63	-63	0
Equity at 31 December 2012	1,340	25,866	18,799	46,005

The share capital consists of nom. 10,000,000 shares of DKK 1 each, corresponding to EUR 1,340 thousand.

The share capital has remained unchanged for the last 5 years.

16 Non-controlling interests

EUR'000	Consolidated	
	2012	2011
Balance at 1 January	2,430	3,218
Additions for the year	31	-6
Disposals for the year	-519	-1,062
Non-controlling interests' share of profit/loss for the year	-102	365
Non-controlling interests' share of changes in equity	-63	-85
	1,777	2,430

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

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17 Deferred tax

	Consolidated		Parent company	
EUR'000	2012	2011	2012	2011
Deferred tax at 1 January	2,256	763	1,170	-102
Change in deferred tax through profit or loss	1,486	1,474	981	1,276
Deferred tax on changes in equity	121	165	0	0
Adjustment relating to the disposal of subsidiaries, etc.	537	-146	0	-4
Transferred as joint taxation contribution, etc.	0	0	235	0
	4,400	2,256	2,386	1,170
Deferred tax is recognised as follows:				
Deferred tax asset	5,163	4,405	2,831	1,607
Deferred tax	-763	-2,149	-445	-437
	4,400	2,256	2,386	1,170

Deferred tax is substantially attributable to wind turbine projects in German limited partnerships and solar energy plants in Spain.

18 Financial liabilities

	Consolidated	Parent company
Financial liabilities are recognised in the following financial statement items:		
Liabilities related to the issue of bonds	7,600	0
Credit institutions	64,853	12,065
Other payables (current and non-current)	347	605
	72,800	12,670

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

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18 Financial liabilities (continued)

Group EUR'000	Debt at 1/1 2012	Total debt at 31/12 2012	Current portion	Non-current portion	Outstanding debt after 5 years
Liabilities related to the issue of bonds	7,600	7,600	0	7,600	7,600
Long-term project financing	44,979	40,890	2,326	38,564	27,235
Payables to credit institutions, etc., regarding project portfolio	304	347	10	337	158
Other payables to credit institutions, etc.	32,119	23,963	23,358	605	0
	85,002	72,800	25,694	47,106	34,993

Parent company EUR'000					
Other payables to credit institutions, etc.	15,723	12,670	12,065	605	0

In 2008, the Group issued own bond series of a total nominal value of EUR 7,600 thousand. The issued bonds carry variable interest of 4-11% per year. The interest rate is dependent on the energy generation in German wind parks.

19 Mortgages and collateral

Wind and solar energy plants with a carrying amount of EUR 51,737 thousand at 31 December 2012 have been provided as collateral for the Group's bank loans, etc., of EUR 65,200 thousand. Moreover, investments in associates and specific cash at bank and in hand have been provided as collateral.

Investments in specific subsidiaries and associates have been provided as collateral for the parent company's bank loans of EUR 12,670 thousand.

Investments in German limited partnerships with a carrying amount of EUR 4,572 thousand at 31 December 2012 have been provided as collateral for second mortgage financing in German limited partnerships. Moreover, the parent company has provided surety for the subsidiaries' payables to credit institutions.

The parent company and certain subsidiaries have provided ordinary declarations of subordination to other creditors in the German limited partnerships as equity in the German limited partnerships ordinarily comprises granted loans. In addition, dividends from the German limited partnerships are contingent on adequate account balances in collateral accounts in accordance with concluded agreements with first mortgage financed German credit institutions.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

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20 Contractual obligations and contingencies, etc.

As part of the termination of the cooperation agreement with a former shareholder in a subsidiary, it has been agreed that the former shareholder will receive a success fee of EUR 20 thousand per MW for projects commissioned or sold to a third party during the period up to 31 December 2012. According to the agreement, a success fee of EUR 2.3 million has been guaranteed.

In 2012, the German tax authorities commenced a tax audit of a number of the Group's German limited partnerships and previously owned German limited partnerships. The outcome of the tax authorities' examination is still uncertain but will not be material to the financial statements.

The parent company has provided a subsidiary of European Wind Farms A/S with a guarantee that it will cover any losses that the subsidiary may incur in respect of a receivable from a third party. At 31 December 2012, the receivable amounted to EUR 515 thousand.

21 Fees paid to auditors appointed at the annual general meeting

	Consolidated		Parent company	
EUR'000	2012	2011	2012	2011
Fee relating to statutory audit	195	128	42	26
Assurance engagements	0	2	0	2
Tax assistance	46	27	46	23
Other assistance	86	45	8	45
	327	202	96	96

22 Related party disclosures

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

European Energy Holding ApS, Peter Rørdams Vej 30, 2800 Kgs. Lyngby
Mikael Dystrup Pedersen, Vandstjernevej 36, 4600 Køge

The Company is included in the consolidated financial statements of European Energy Holding ApS.

Other related parties

The Company other related parties include subsidiaries, associates as well as the Executive Board and the Board of Directors.

Related party transactions

In the financial year, the Company has invoiced ordinary administration fees to subsidiaries and associates.

In the financial year, the Company has had intercompany balances with subsidiaries and associates. Interest has been paid on an arm's length basis during the financial year.

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EUROPEANENERGY
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SIEMENS

ANNUAL REPORT 2013
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2013
AT A GLANCE

Our business model has proven to be successful. The success is based on our ability to apply our in-house competences on the development and sale of turn-key projects as well as on the management of our wind and solar assets. This has led to both growing profits, a growing demand for our assets as well as an increased willingness to co-invest with us and invest in our company as a whole.

A POSITIVE RESULT FOR 2013

2013 has been positive – both in terms of activity levels and in outcomes. Especially the sales of projects in Denmark and Germany which has contributed positively to our revenue and result of the year. With our continued focus on value generating activities we managed to increase our margin - profit increased to EUR 6.3 million (up from EUR 5.7 million).

2013 offered a variety of different activities. Among others we commissioned our first Danish wind farm and we acted as EPC (engineering, procurement and construction) contractor for the construction of solar farms in the Danish market. We have also completed a repowering project in Germany on behalf of a client as well as completing a major refinancing of one of our co-owned German wind farms, comprising of 48 MW. Other milestones were the acquisitions of two wind farm portfolios with a total capacity of more than 100 MW which were acquired together with shareholders of European Energy. Throughout the year Nordic Power Partners has increased its work on developing activities in emerging markets outside of Europe. Finally, we have developed a new partnering model for joint development which is being used for some of our developing activities.

Even though we have sold more than 43 MW, in 2013, our portfolio of power generating assets has grown. The acquisitions of two major wind portfolios, in Germany, led to a net increase of more than 40 MW - portfolios which are now being reviewed in order to optimize the value and operational return. In 2013 the total production of the power generating assets, fully or partially owned by European Energy, comprised more than 570 GWh which corresponds to the consumption of approx. 185,000 Danish households or 398,000 persons.

Our operating activities have benefitted from our newly established Asset Management Department. Having a designated department which is responsible for administering and optimizing our power generating assets, not only maximizes our returns but also that of the clients whose assets we manage.

With wind and solar energy projects' totalling more than 2,200 MW our pipeline also continues to grow (1,103 MW in 2012). The significant increase in our pipeline is associated with our decision of extending our normal onshore activities with near-shore projects. The European Energy group (European Energy) is in the process of securing preliminary investigation approval for five locations for near-shore wind projects in Denmark with a total potential of more than 1,100 MW.

A SUCCESSFUL RAISE OF NEW CAPITAL IN 2014

In late 2013 we initiated activities in order to raise new capital enabling us among others to convert our pipeline into power generating assets which ensures more flexibility. By March 2014 European Energy issued senior unsecured bonds of EUR 45 million with the possibility to issue additional EUR 15 million on identical terms. The bonds, which will be listed on Nasdaq OMX, provide us with flexibility and the possibility to act on favourable market environment within renewables. The successful bond issue illustrates that investors have confidence in European Energy, our business model and renewable energy as a whole.

A POSITIVE OUTLOOK FOR 2014

At the end of 2013 we were 45 dedicated international and national colleagues working from our office in Lyngby. Our professional, diverse cultural and educational backgrounds enable us to pursue complex business opportunities primarily by leveraging our in-house competences. This provides us with a competitive advantage in the fast-paced market of renewable energy where grid parity, in many markets, are getting closer.

I believe that European Energy will grow stronger and keep creating value to our stakeholders as well as the environment in the future.

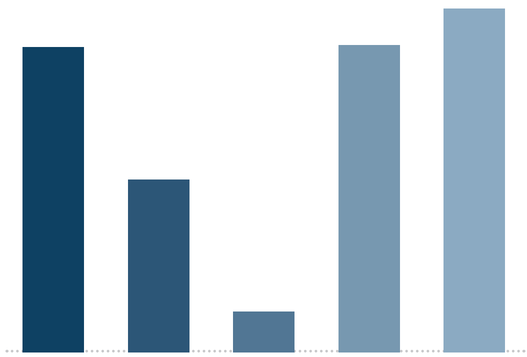
Knud Erik Andersen, CEO, European Energy A/S

GROUP FINANCIAL HIGHLIGHTS AND KEY RATIOS

EUR'000	2013	2012	2011	2010	2009
Key figures					
Revenue	29,963	35,682	30,801	35,858	20,801
Direct costs	-13,257	-20,554	-19,293	-17,341	-7,058
Gross profit	16,706	15,128	11,508	18,517	13,743
Operating profit	9,001	7,831	3,635	10,514	7,233
Special items	0	0	300	0	3,106
Loss from financial income and expense	-2,262	-1,807	-3,918	-5,927	-4,224
The Group's share of profit for the year	6,338	5,680	760	3,191	5,646
Total assets	147,851	137,015	142,974	184,007	198,464
Equity	52,558	46,005	40,526	40,028	36,988
Cash flows from operating activities	-1,252	5,802	-1,641	-1,651	-1,937
Net cash flows from investing activities	3,060	4,947	35,671	-6,383	-4,840
Portion relating to investment in property, plant and equipment, net	-7	-301	-880	-26,543	-7,160
Cash flows from financing activities	-2,996	-12,188	-34,700	6,359	3,696
Total cash flows	-1,188	-1,439	-670	-1,675	-3,081
Financial ratios					
Gross margin	55.8%	42.4%	37.4%	51.6%	66.1%
Operating margin	30.0%	21.9%	11.8%	29.3%	34.8%
Equity ratio	35.5%	33.6%	28.3%	21.8%	18.6%
Return on equity	12.9%	13.1%	1.9%	8.3%	16.5%
Average number of full-time employees	41	38	39	43	35

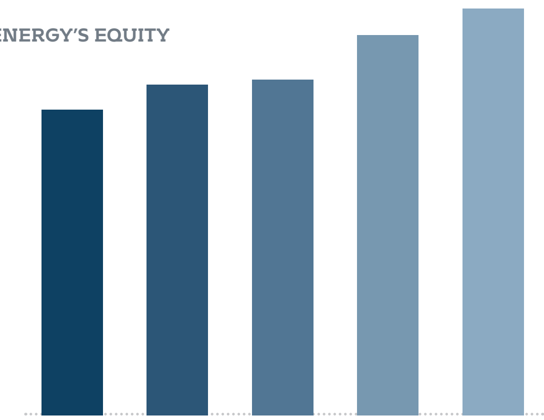
Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010". For terms and definitions, please see the accounting policies.

EUROPEAN ENERGY'S SHARE OF PROFIT



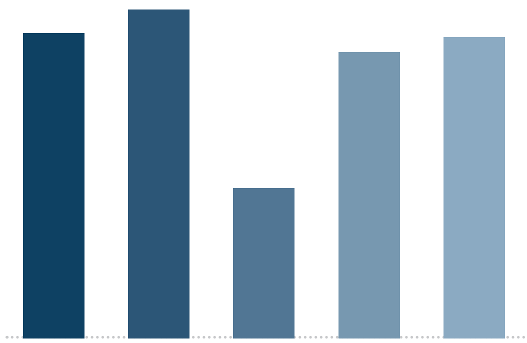
YEAR	2009	2010	2011	2012	2013
EURm	5.6	3.2	0.8	5.7	6.3

EUROPEAN ENERGY'S EQUITY



YEAR	2009	2010	2011	2012	2013
EURm	37.0	40.0	40.5	46.0	52.6

EBIT + PROFIT FROM ASSOCIATES



YEAR	2009	2010	2011	2012	2013
EURm	9.9	10.7	4.9	9.3	9.8

A large part of European Energy's earnings are attributable to assets of which we own 50 % or less and are therefore recognized as profit from associates, which is a part of financial income and expenses. Consequently, earnings before interest and tax – EBIT – do not reflect our gross activity, and therefore, EBIT has been added to the profit from associates in the graph shown. EBIT and profit from associates amounted to EUR 9.8 million in 2013 (up from 9.3 million in 2012).

FINANCIAL PERFORMANCE OF 2013

The business model of European Energy is focused on project development, project financing, construction of wind and solar farms, sale and acquisition of wind and solar farms as well as asset management with a main focus on the Northern European markets.

We aim at a continuous growth with stable cash flows. Our primary source of income for European Energy is the sale of energy farms and electrical power and furthermore asset management also contributes to our result.

A POSITIVE RESULT FOR 2013

2013 has been positive for European Energy where almost all parameters showed progress. Even though there was a slight decline in revenue all other parameters showed progress. Revenue totalled EUR 30.0 million (EUR 35.7 million in 2012) which was mainly driven by sales of projects in Denmark and Germany. Gross profit totalled EUR 16.7 million (EUR 15.1 million in 2012) which resulted in a gross margin of 55.8 % (up from 42.4 % in 2012).

EBIT increased by 14.9 % and totalled EUR 9.0 million (EUR 7.8 million in 2012).

European Energy's share of the profit, for the year, reached EUR 6.3 million (up from EUR 5.7 million in 2012) - the best result in the past seven years. The result means that each of the employees in our company has contributed to the result after tax with more than a million Danish kroner, which is a remarkable milestone to achieve, and shows the value of our employees.

THE BALANCE STATEMENT – HIGHER EQUITY RATIO AND LOWERED LEVERAGE

Each of our projects is structured into one or more SPVs (special purpose vehicles) which is supported by our business model. Each SPV can further hold one or more wind or solar power generating assets. Our equity interests, in our wind power generating assets, are primarily in the range of 20-50 % and therefore are classified as associated companies. For most of our solar power generating assets our equity interests are more than 50 % and therefore a part of our consolidated accounts. Therefore our fixed assets mainly consist of solar power generating assets plants (EUR 47.8 million) whereas only EUR 2.4 million of our wind power generating assets are consolidated.

The investments in associated companies has decreased, in 2013, to EUR 13.5 million (from EUR 15.9 million in 2012) primarily due to sale of projects in Denmark and Germany. The cash flow from the sale of Danish wind projects will mostly be in 2014 which explains the increase in short term trade receivables from EUR 3.9 million in 2012 to EUR 17.4 million in 2013.

The equity increased by EUR 6.6 million to EUR 52.6 million which is the net results of 2013 and EUR 0.3 million in value adjustment on hedging instruments. There has not been any payment of dividends to the shareholders. The free cash flow from our activities has primarily been used to decrease our short term liabilities to credit institutions to EUR 23.2 million (from EUR 23.8 million in 2012) and to pay installments on project financing which has lowered the long term debt, as well.

SALE OF POWER GENERATING ASSETS

The demand for renewable power generating assets in our focus markets, Northern Europe, remains high. Sales transactions of assets primarily in Denmark and Germany, for more than 43 MW, were concluded in 2013 leading to sale of power generating assets to the tune of EUR 23.1 million.

SALE OF POWER GENERATING ASSETS – NORTHERN EUROPE REMAINED THE KEY MARKET IN 2013

Our Danish project development team has successfully developed wind projects on advantageous locations in Denmark and in 2013 two projects, Ulvemosen (33 MW) and St. Røttinge (9.9 MW), were fully developed. The interest from local utility companies, funds and institutional investors has been significant and led to the sale of Ulvemosen, to a large pension fund in Denmark, and of St. Røttinge to a Danish utility company. In both transactions European Energy is committed to construct and connect the wind farms to the grid. In addition, to the sales, an asset management agreement for the operation of the wind farms on behalf of the respective long term owners was established.

OTHER NOTABLE TRANSACTIONS

European Energy has also completed several other transactions in various countries and with various international partners. For the first time European Energy concluded a transaction with a non-European investor as the German wind farm Bönen (8 MW) was sold to a major Chinese utility company. Despite commercial and cultural differences, we succeeded on this first endeavour and are now in the process of developing the relationship, so that the partners can extend the cooperation to additional projects.

Despite the uncertainty regarding the Spanish regulatory framework for solar farms, European Energy succeeded to close a follow-up deal with a professional investor on the 2 MWp project, Beniarbeig, in Spain, thereby reducing our ownership to a minority share. These two transactions prove that we are able to conclude transactions in different markets and with various types of investors.

OUR M&A DEPARTMENT IS READY FOR THE FUTURE

Over the past years the M&A Department, at European Energy, has built up significant expertise within sales and acquisition of wind and solar farms. We extend these competences on an ongoing basis and have today a team which consists of people who are able to match the demands and requirements of the market.

The partner base of European Energy has developed positively over the years. The partner base includes, among others, large and successful investors operating within the renewables markets in Denmark, Germany, Holland, Italy and China.

As European Energy is able to match the requirements of these professional investors, the network of new partners with the same structure and set-up is growing. The increasing demand for our projects as well as the increased partner base gives us a positive look into 2014 where we expect a high level of sales activity.

SALE OF POWER

THROUGH A DIVERSIFIED PORTFOLIO OF POWER GENERATING ASSETS

European Energy holds a diversified portfolio of power generating assets with operating wind and solar farms in Germany, Spain, Italy and Bulgaria. Through this diversification we seek to reduce the risk. However, the absolute majority of power generating assets are wind power generating assets (wind farms) located in Germany in line with our strong focus on Germany.

THE OPERATING PORTFOLIO INCREASED THROUGH ACQUISITIONS

In 2013 we successfully expanded our German portfolio of wind power generating assets. Due to the maturity of the German market, attractive undeveloped wind turbine sites are scarce. Therefore we have focused on acquiring already operational wind farms. Through the use of our in-house competences we are able to screen potential target farms within a very short timeline. In the screening process we determine if our team can lessen various deficiencies of the potential targets and make the buy-and-hold base case attractive. An additional upside case in a full or partial repowering scenario presents significant value add in the medium and long term.

THE ACQUISITION OF THE HEIDELBERG WIND FARM PORTFOLIO AND THE WERNIKOW WIND FARM

In November 2013 we closed the Heidelberg transaction which includes the acquisition of seven operational German wind farms with a combined capacity of 93 MW distributed on 55 wind turbines where European Energy has 49.5 % ownership. The co-investors, in the portfolio, are shareholders in European Energy. The wind farms consist of wind turbines from leading turbine manufacturers such as Vestas, Siemens, Enercon and GE which were installed, in the years, 2001-2003. The transaction has economical effect as of 15th of March 2013.

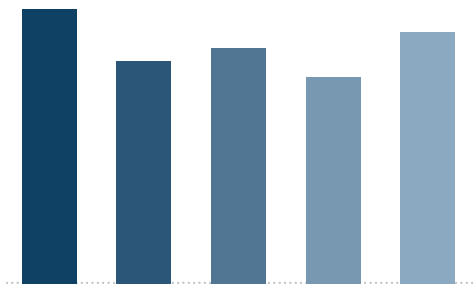
In cooperation, with an investor, we acquired a wind farm comprising of 18 REpower (now Senvion) wind turbines in Wernikow, Germany with a total capacity of 10.8 MW. The wind farm was installed in 2001 and has great potential for optimisation of its operations and, in the longer term, for repowering.

Due to the nature of the projects, the transactions have been very complex in both the due diligence and the transaction structure. Despite the challenges, we managed to find solutions and conclude transactions on these wind farm portfolios with a total capacity of more than 100 MW in 2013.

The total German wind portfolio now constitutes of 278.8 MW of which European Energy owns 92.0 MW.

DEVELOPMENT IN THE SALE OF POWER

The overview below shows the total net power sales in the wind and solar farms in which European Energy has equity interests. The power generation is included in proportion to our equity interests. The power sales in 2013 has grown to EUR 18,6 million (up from 15,3 in 2012) and this increase is mainly due to the acquisitions of the Heidelberg portfolio as well as the Wernikow wind farm.



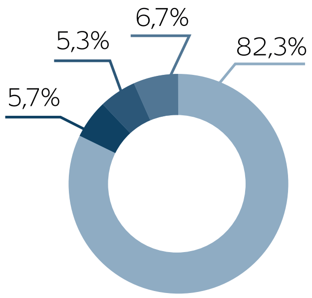
YEAR	2009	2010	2011	2012	2013
EURm	20.3	16.5	17.4	15.3	18.6

A TOTAL PORTFOLIO OF POWER GENERATING ASSETS OF MORE THAN 110 MW

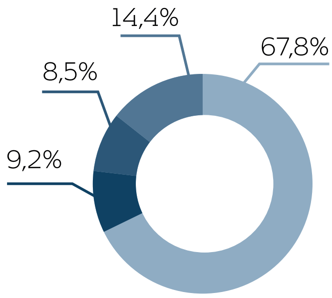
European Energy had at the end of 2013 a total portfolio of both solar and wind power generating assets of 111.7 MW which is an increase of 42.7 MW compared to 2012 (69.0 MW in 2012). European Energy's average ownership of the power generating assets is 33 %.

European Energy's total portfolio of solar power generating assets amounted to 7.9 MW in 2013 which was a slight decrease, of 2.9 MW, from 2012 (10.8 MW in 2012). The decrease is due to the partial sale of the Spanish solar farm Beniarbeig and changes in the ownership structure of the mother company.

European Energy' Net MW end of 2013	Total MW	Equity interest	Net MW
Equity in solar			
Italy			**0,5**
Soleto	1,0	50,0%	0,5
Spain			**7,4**
Beniarbeig	2,0	16,0%	0,3
Campllong	1,1	76,7%	0,8
Ibiza	0,2	76,7%	0,2
La Pobla	0,2	76,7%	0,2
L'Olleria	1,5	76,7%	1,2
L'Olleria II	1,2	45,0%	0,5
Monovar	2,0	76,7%	1,5
Ocaña	1,2	76,7%	0,9
Villanueva	2,4	76,7%	1,8
Solar total			**7,9**
Equity in wind			
Bulgaria			**5,9**
Krupen	12,0	49,0%	5,9
Germany			**92,0**
Bad Iburg	6,1	25,0%	1,5
Brauel II	6,0	25,0%	1,5
Eichow 1.7	2,0	50,0%	1,0
Emskirchen	6,0	25,0%	1,5
FWE Windpark 3 Standorte K/S	7,7	49,5%	3,8
FWE Windpark Kranenburg K/S	10,5	49,5%	5,2
FWE Windpark Scheddebrock K/S	7,5	49,5%	3,7
FWE Windpark TIS K/S	28,0	49,5%	13,9
FWE Windpark Westerberg K/S	18,0	49,5%	8,9
FWE Windpark Wittstedt K/S	10,5	49,5%	5,2
FWE Windpark Wulfshagen K/S	11,0	49,5%	5,4
Gommern I	18,0	6,2%	1,1
Gommern II	4,0	6,2%	0,2
Güstow	0,6	100,0%	0,6
Kasel Golzig 2.8	2,0	50,0%	1,0
Kasel Golzig 2.9	2,0	50,0%	1,0
Losheim	7,5	25,0%	1,9
Ottenhausen	16,0	34,2%	5,5
Prignitz	25,5	25,0%	6,4
Schäcksdorf 2.7	2,0	100,0%	2,0
Schäcksdorf VI	2,0	50,0%	1,0
Timpberg 10	2,0	50,0%	1,0
Timpberg 9	2,0	50,0%	1,0
Unseburg Löderburg	18,0	20,0%	3,6
Wernikow 7.2	8,4	50,0%	4,2
Wernikow 7.3	2,4	50,0%	1,2
Wittstock-Papenbruch 5.4	2,6	50,0%	1,3
Wittstock-Papenbruch 5.5	2,6	5,0%	0,1
Wriezner Höhe	48,0	15,0%	7,2
Italy			**5,9**
Carpinaccio	13,6	27,0%	3,7
Riparbella	20,0	11,1%	2,2
Wind total			**103,7**
Total solar and wind			**111,7**

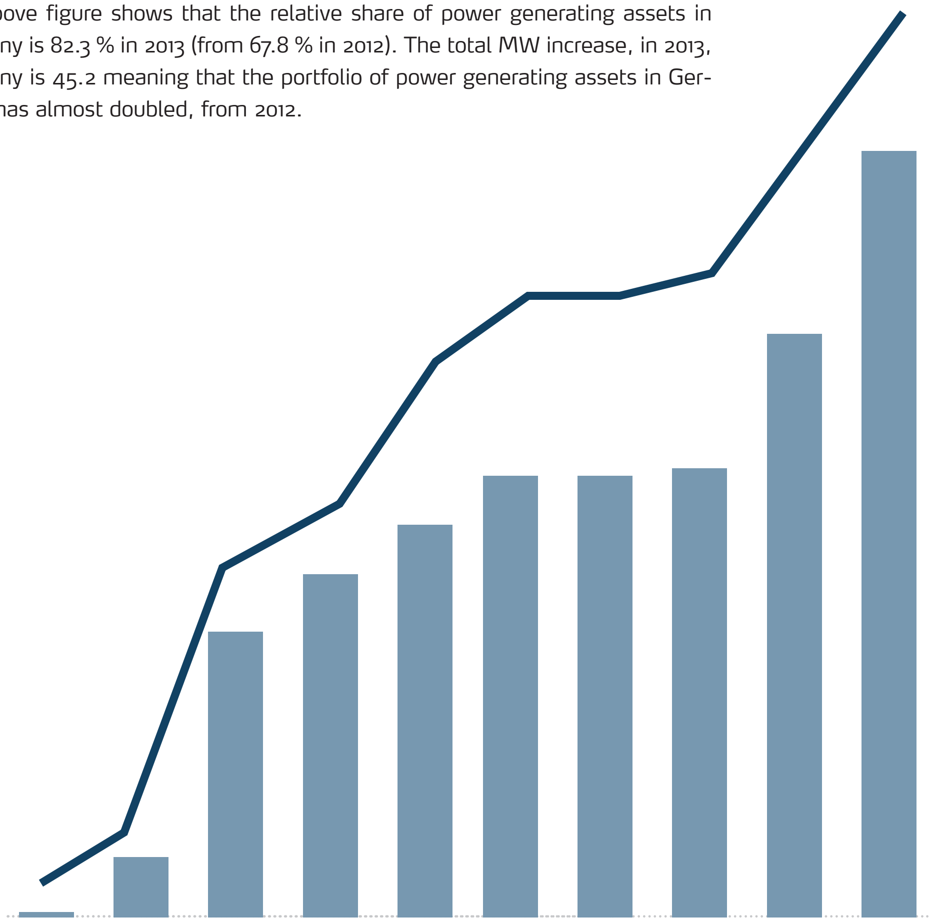


	2013	2012
GERMANY	92,0 MW	46,8 MW
ITALY	6,4 MW	6,3 MW
BULGARIA	5,9 MW	5,8 MW
SPAIN	7,4 MW	9,9 MW
TOTAL (MW)	**111,7 MW**	**69,0 MW**



GERMANY IS OUR FOCUS MARKET FOR POWER GENERATING ASSETS

The above figure shows that the relative share of power generating assets in Germany is 82.3 % in 2013 (from 67.8 % in 2012). The total MW increase, in 2013, Germany is 45.2 meaning that the portfolio of power generating assets in Germany has almost doubled, from 2012.



YEAR	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
MW	18,0	45,1	176,0	211,4	241,9	271,9	272,1	276,6	360,9	471,8
EURm	22,6	64,9	224,1	270,2	372,8	414,0	414,9	431,5	530,6	635,0

INVESTMENT VOLUME OF EUR 635 MILLION AND MORE THAN 470 MW

Since 2004 European Energy has constructed and invested in wind and solar power generating assets for EUR 635 million which has resulted in a total capacity of more than 470 MW.

The graph illustrates the development in our investment activities. Of the total accumulated investment volume in 2013 of EUR 635.0 million, European Energy has developed and constructed power generating assets for EUR 463.9 million and purchased power generating assets for EUR 171.1 million.

ASSET MANAGEMENT

In early 2013 European Energy dedicated a department to manage and optimise the operating portfolio of wind and solar farms wholly or partly owned by European Energy as well as assets held by third parties. Our Asset Management Department is responsible for monitoring the performance of the power generating assets and for analysing and implementing opportunities for optimisation regarding cost structure, refinancing and repowering. Other areas of responsibility are legal and technical compliance, relations to financing banks and reporting to stakeholders. The total portfolio of power generating assets managed by European Energy comprises of 392.8 MW.

OPTIMISATION OF WIND AND SOLAR FARMS

SERVICE AGREEMENTS

As part of the optimisation, of power generating assets, we review service agreements with turbine manufacturers, insurance contracts, direct trading agreements and the possibility of installing advanced grid control and remote control.

Service agreements remain the single most important operational cost for operating wind and solar farms. The agreements define the level of availability of the power generating assets which service providers are obliged to deliver. Equally important, the agreements determine whether the service providers assume the risk of breakdowns of large components (generator, rotor and gearbox) in case these are not covered by insurance.

We seek out the opportunities for improving service agreements which is a natural outcome of the increased competition among service providers. Overall we are experiencing a downward price movement on service agreements and an increased willingness from the service providers to include e.g. foundations in full service agreements for the entire wind portfolio. This constitutes an important contribution to the overall return on investment of the power generating wind farms.

Both of the acquired wind farms portfolios - Heidelberg and Wernikow - have potential for optimisation in terms of power purchase agreements, technical upgrades and service agreements, among other things.

REFINANCING

Financing, both in terms of long term project financing as well as refinancing, is one of our core competences. The low interest rate environment and the increased interest and confidence from financial institutions in wind and solar energy projects, especially in Northern Europe, have created attractive opportunities for our renewable power generating assets both in terms of interest rate reduction, ordinary interest rate adjustments as well as optimization of the capital structure in our operating SPVs.

In 2013 we completed a refinancing of a 48 MW wind portfolio in Germany with a partner. Furthermore another refinancing process was initiated with a Danish bank of a 10 MW German wind farm which is expected to be completed in 2014.

PROJECTS
IN DEVELOPMENT OR CONSTRUCTION

We have been developing projects at European Energy since 2004 and have therefore a large amount of experience in the field. In the development phase we conclude land lease agreements, determine wind and solar resource potential, do environmental assessments, achieve building permits, conclude power purchase agreements, ensure grid connection and many other things – either ourselves or in cooperation with partners.

When a project is fully developed we normally carry out the construction of the project. This implies either taking on the role as the EPC contractor ourselves or engaging with an external EPC contractor and focus on delivering a high level of project management, instead.

2013 INTRODUCED NEW WAYS OF DOING DEVELOPING ACTIVITIES AT EUROPEAN ENERGY

At European Energy we have been active in Poland and Sweden since 2005 and 2007 respectively, where we have developed a significant pipeline in the two countries. During the Autumn of 2013 we identified a co-investor for our Swedish and Polish development activities and decided to establish a joint venture company in order to carry out the development activities in a joint partnership. The agreement was finalized in the beginning of January 2014. The joint venture is in line with our strategy of approaching countries without fixed feed-in-tariffs for renewable energy sources. In 2014 the joint venture will focus on maturing the pipeline further and possibly construct our first Polish wind farm late 2014 or early 2015.

CONSTRUCTION ACTIVITIES IN 2013

In 2013 the majority of our construction activities have been carried out in Denmark. The two wind farms Ravlundvej and Tjørneby – both sold to a Danish utility company in 2012 - were constructed in the Autumn of 2013 and early 2014 respectively. The wind farms have a combined capacity of 21.9 MW.

EUROPEAN ENERGY AS EPC CONTRACTOR FOR SOLAR ACTIVITIES IN DENMARK

In 2013 European Energy acted as an EPC contractor in relation to the construction of six solar farms in Denmark. In this way European Energy proved to possess the necessary in-house competencies for the construction of turnkey installation of solar farms. Within a very short time we managed to construct 3.6 MW and have it connected to the grid. The solar farms have been in operation since December 2013 and have been producing power according to the budgeted expectations.

REPOWERING

Repowering is 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. 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 can be reused in other regions where they have a better fit with the grid. We are currently working on re-installing decommissioned turbines in new countries where there is a fine match between the power production and the available grid. This is a natural, sustainable extension to our business. The use of old turbines makes us competitive in new markets since we do not have to acquire new turbines.

In Germany we completed the first repowering project on behalf of a client in 2013. Two 850 KW turbines were decommissioned and replaced with two new 2 MW turbines. This resulted in a quadrupled annual production from the project. Repowering is assumed to play an important role in our business going forward.

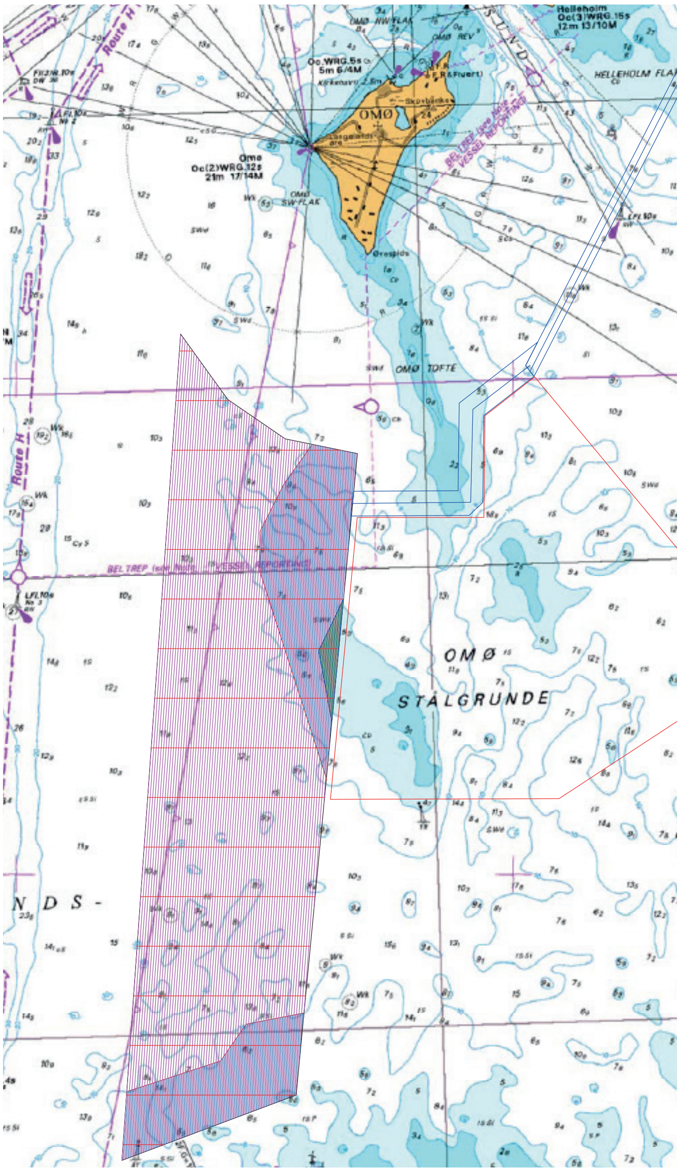
NEW LARGE-SCALE OPPORTUNITIES – NEAR-SHORE PROJECTS IN DENMARK

Near-shore is, in Denmark, defined as wind farms with a distance of 4-20 km off the coast. Due to the vast interest from investors for large scale projects in stable political environments, European Energy has increased the focus on Danish near-shore projects. European Energy has managed to obtain preliminary investigation approval for the first Danish near-shore project and for four other projects we have established priority for the issuance of preliminary investigation approval. European Energy has the potential of more near-shore wind farms in Denmark where the power price is more competitive alternative to off shore wind farms on deep water.

Two of the five projects show high potential on the short to medium term and European Energy has decided to share the development risks and projects with partners and has invited financial partners to join the development phase accordingly. This activity was launched in 2013 and has successfully been completed in the spring 2014 for the first project.

In the joint venture, European Energy contributes with the project rights and development capabilities and the partner contributes with the financial resources to complete the development activities until a building permit is achieved.

THE SITE COVERS APPROX.
50 SQUARE KILOMETERS



IFU

IFU was founded in 1967 and is a development financing institution offering advice and risk capital to Danish companies investing in developing countries and emerging markets. The purpose of IFU is to assist Danish companies to successfully establish their business and to contribute to the economic and social development in the host countries. IFU has participated in 786 projects in 85 countries with share capital and/or loans. IFU is fund manager for KIF (climate investment facility funded by the Danish State and IFU), presently mobilising institutional investors into a climate fund to invest in energy and climate projects in all emerging markets and developing countries. Early 2014 IFU raised additional DKK 1.2bn (EUR 160+m) in the climate investment fund (Klimainvesteringsfonden). The fund is to carry out investments of EUR 1-1.2 bn. in developing and emerging economies

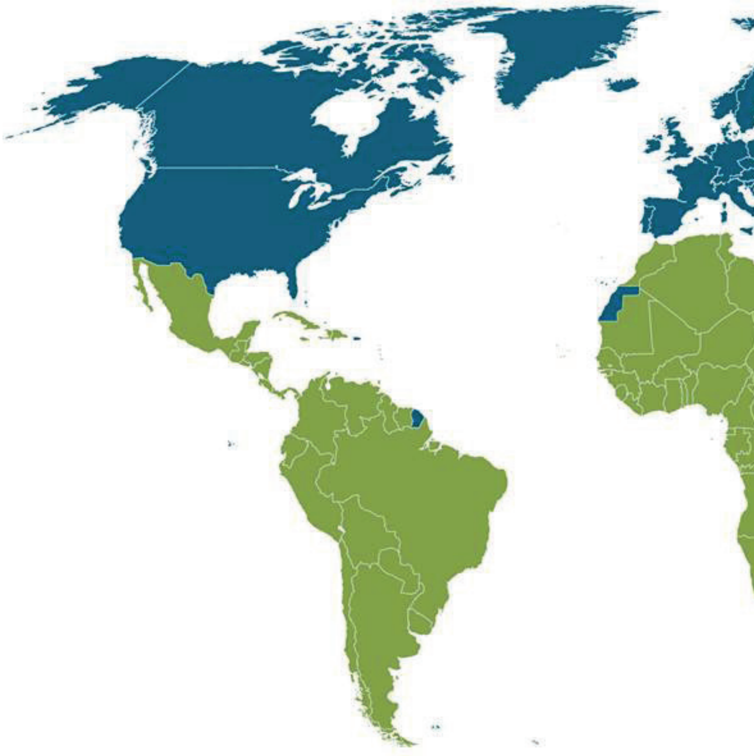
EUROPEAN ENERGY GOES OUTSIDE EUROPE IN COOPERATION WITH THE DANISH CLIMATE INVESTMENT FUND

In 2012 European Energy and the Danish Climate Investment Fund (DCIF), which is administered by the government-owned Investment Fund for Developing Countries (IFU) established Nordic Power Partners (NPP).

The joint venture is the perfect match for value creation. It enables European Energy to expand the geographical scope of our developing activities to emerging markets outside Europe and utilize IFU's broad and deep knowledge of these countries. For DCIF the value add lies in utilizing European Energy's commercial, legal and technical expertise within project development, management and execution, in order to supplement IFU's primary strengths within project operation.

In 2013 the focus of NPP has been to build up a pipeline of projects – either in green field projects or in cooperation with local partners who have already been developing part of a project but who are in need of assistance in order to succeed with the project development.

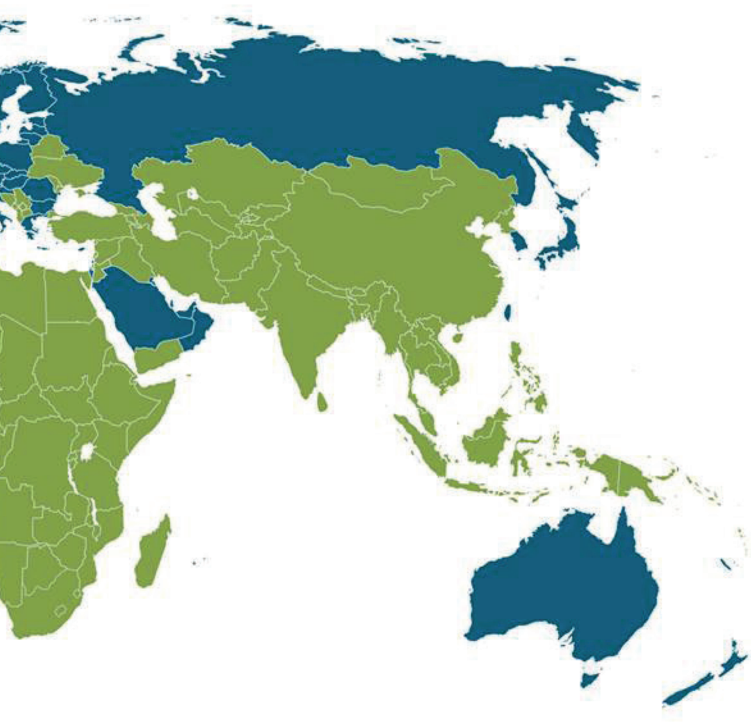
During the year projects with local partners were signed, despite these projects being fairly advanced, there is at current no firm timeline on when we will reach financial closure and begin construction. Furthermore, a number of projects are being developed from green field stage. Some of these projects have good chances to be constructed within a reasonable timeline, the first probably within 2014. In 2014 Nordic Power Partners will continue to build up the pipeline as well as developing the existing pipeline to more advanced stages.



· NPP FOCU

TOTAL PIPELINE END OF 2013:

· ONSHORE	1,174
· NEAR-SHORE	1,100



S MARKETS

BUILDING PERMITS AND OTHER APPROVALS OBTAINED IN 2013

During 2013, 84.1 MW of our Danish wind projects were accepted into the Danish local plans which is one of the most critical milestones for the development of Danish wind projects. During early 2014, 46.2 MW of the projects which were accepted in the local local plans have received the building permit.

In Poland we obtained building permit for a cable way where we already had obtained the other required permits meaning we can start the construction of a 6 MW wind farm.

PIPELINE OF MORE THAN 2,200 MW WITH FOCUS ON NORTHERN EUROPE

A continuous development of our pipeline is a crucial part of our business as a large part of our pipeline is converted into power generating assets. Since 2012 our pipeline has grown significantly, primarily due to the inclusion of the near-shore opportunities of more than 1,100 MW. The pipeline now comprises of 2,274 MW where the majority of the pipeline relates to wind energy projects.

We make sure to maintain a diversified pipeline with development activities in several countries which also enables us to diversify our development activities according to the attractiveness of the market as well as not being exposed to a single market. Furthermore, the pipeline consists of projects at various development stages.

RISK MANAGEMENT IN EUROPEAN ENERGY

DEVELOPMENT ACTIVITIES

The projects at European Energy are always being assessed according to risk as well as return. Our large pipeline of projects makes us capable of only choosing and carrying out the most economically favourable projects after an extensive project assessment process.

When approaching new markets we always conduct a thorough analysis. The main risk parameters on a macro level are political stability and the public support of renewable energy support schemes, structure of support (fixed or partly fixed subsidy), potential corruption, availability of wind and/or solar resources, quality and existence of infrastructure and grid connection.

On a micro level we look into probability of harsh weather conditions (e.g. landslides, typhoons, etc.), counterpart risk from local utilities or alternative power purchasers. This implies that we always make sure to carry out environmental impact studies and utilise proven technology and reputable suppliers to ensure quality.
Ultimately, we try to determine:

· *If it is possible to obtain a building permit for a given project on the specific site*
· *If a wind or solar farm is a solid business case on the site given the available financing opportunities*

In low risk markets the availability of affordable debt financing supports the business case whereas projects in medium to high risk markets must be able to provide a solid business case even in the absence of long term debt-financing.

We often invite partners to join the development activities. The joint ventures Nordic Power Partners and the joint venture of our Swedish and Polish development activities are good examples of how we assess the projects and markets differently. Furthermore large projects are often carried out with reputable strong financial partners. Prior to the construction phase the development costs are typically immaterial.

CONSTRUCTION ACTIVITIES

When performing construction activities we always make sure to mitigate the risks. This implies that no construction will be initiated until all relevant permits have been obtained prior to initiation of the construction unless the risk is assessed to be very immaterial and in case all participants must be in agreement.

Construction is furthermore only carried out by reputable contractors and with top-tier suppliers as Vestas, Siemens, Enercon etc.

MARKET RISK

Our geographic diversification reduces the production output risk as does the the mix of solar and wind farms. The combination of high production of wind power in the winter period in Northern Europe combined with the high production of solar power during the summer period in Southern Europe enables us to ensure a stable cash flow.

The majority of all our produced power is sold in Germany. According to the EEG legislation renewable energy power produced receives a guaranteed Feed-in-Tariff (FiT) for 20 years from commissioning.


SIEMENS

CORPORATE SOCIAL RESPONSIBILITY

CSR INITIATIVES

The core of our business is to replace fossil fuel-based generation capacity with renewable energy capacity. Outside the European markets we pursue the opportunity to install renewable energy capacity in areas with unstable or costly power production. In these markets renewable capacity replace far more polluting energy sources, such as diesel generators and dated coal-fired power plants. The developing and emerging economies will also reap the obvious benefit from access to electricity from renewable energy capacity.

CLEAN ELECTRICITY PRODUCTION

The renewable energy power plants partially owned by us produced more than 570 GWh corresponding to the consumption in more than approx. 185,000 average Danish households or 398,000 persons.

During the entire operating period neither solar nor wind farms emit any CO_2. Even though manufacturing and installing wind turbines consume energy completed studies indicates, that a modern turbine can produce 30 times the electricity needed to produce it.

We are currently working on extending the economic lifetime of our turbines. In Germany we have dismantled ten year old turbines in order to install the latest generation of turbines. The dismantled turbines have subsequently been reinstalled in new markets, prolonging the lifetime of the individual wind turbine typically to more than thirty years.

PROJECT DEVELOPMENT WITH RESPECT FOR LOCAL STAKEHOLDERS

Developing renewable energy power plants, notably wind farms, is associated with a thorough environmental impact assessment. An independent study is carried out concerning any given projects' impact on the environment, local living conditions, noise and shadow flickering, birds, bats, and other wild life, landscape, flora and fauna and relics. Through this assessment we make sure we develop projects which are not only, commercially and environmentally viable, but also justifiable towards local stakeholders.

JOB CREATION OUTSIDE EUROPEAN ENERGY

Besides the obvious environmental benefits associated with our development activities – we create jobs abroad because our farms are often based in remote areas, where jobs are scarce. We employ local personal for constructing our renewable power generating assets and subsequently to perform facility management for keeping sites clean and well maintained and to ensure all technical installations are working properly.

Overall, European Energy's activities support the employment of both skilled and unskilled workers. The use of local partners reduces our need of travelling to the sites which also affects the environment positively.

THE NET ENVIRONMENTAL IMPACT OF OUR ACTIVITIES

Our day-to-day operations are managed at our office in Lyngby, north of Copenhagen, which have limited environmental impact. When considering the carbon mitigation associated with the clean electricity produced on the solar and wind farms managed and owned by European Energy we assess that our net environmental impact is positive.

OTHER CAUSES

When new wind turbines are installed in Denmark the local population can apply for grants under the Danish "Green Scheme". The grants are provided to support initiatives aiming at improving the scenic and recreational values in the local community. Other eligible activities are of a cultural and informative nature in local associations which aims at increasing the acceptance of the use of renewable energy

LCOE (LEVELIZED COST OF ENERGY)

LCOE (levelized cost of energy) is one of the utility industry's primary metrics for the cost of electricity produced by a generator. It is calculated by accounting for all of a system's expected lifetime costs (including construction, financing, fuel, maintenance, taxes, insurance and incentives), which are then divided by the system's lifetime expected power output (kWh). All cost and benefit estimates are adjusted for inflation and discounted to account for the time-value of money.
As a financial tool, LCOE is very valuable for the comparison of various generation options. A relatively low LCOE means that electricity is being produced at a low cost, with higher likely returns for the investor. If the cost for a renewable technology is as low as current traditional costs, it is said to have reached "Grid Parity".

MARKET TRENDS
WIND AND SOLAR ENERGY

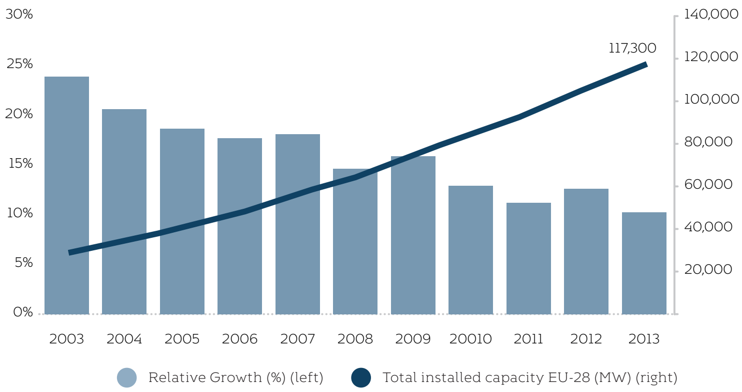
Since 2004, when we developed the business model of European Energy, the global installed capacity of wind and solar power generating farms has grown from 50 GW to more than 450 GW – nine times the capacity of nine years earlier. This impressive growth has been stimulated by significant technological 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 levelized cost of energy (LCOE - see factbox) has been pushed down due to the larger and more efficient wind turbines and scalability of production of solar PV panels and other components for photovoltaic.

WIND

Onshore wind power is one of the most economically competitive alternatives to traditional fossil fuel sources. The technological advances made during 2013 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, e.g. Vestas' commercial launched a V117 and V126 in 2013. 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, increase the overall annual energy production (AEP) of new wind turbines.

From the second quarter in 2009 to the first quarter of 2013 the LCOE fell by 15%[1]. Under favourable conditions, e.g. sites with good wind resources, onshore wind is already competitive with fossil fuel (ibid). During 2013 the installed global capacity, of wind turbines, grew from 273 GW to 318 GW. In EU-28 the installed capacity grew by 11 GW (11,159 MW)[2] down from nearly 12 GW of new capacity in 2012. The installed capacity grew in our key markets such as Germany (3,238 MW), Poland (894 MW), Sweden (724 MW), and Denmark (657 MW). All together these markets account for nearly 50 % of total capacity installed in Europe in 2013.



EU WIDE RELATIVE GROWTH AND TOTAL INSTALLED WIND CAPACITY
Source: World Wind Energy Association and European Wind Energy Association

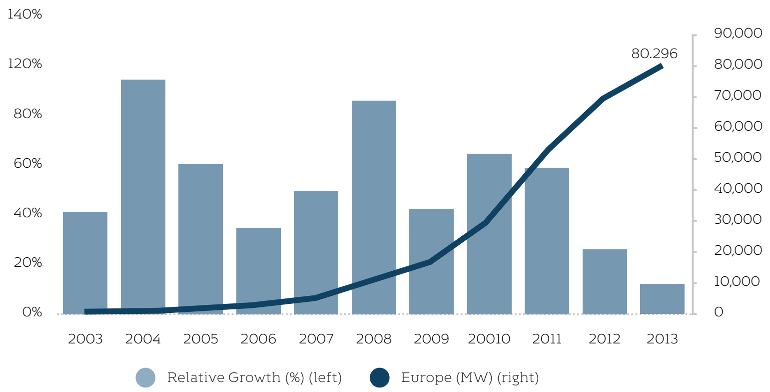
SOLAR

The LCOE for solar farms is decreasing. The LCOE of crystalline silicon photovoltaic systems fell by 57 % between 2009 and 2013[3] .The main driver for the steep decrease in LCOE is the increased competitions between technology suppliers and economies of scale associated with the production of panels and other key components.

In addition, the solar conversion efficiency continues to improve, and studies show that efficiency of commercial crystalline and Cadmium telluride modules can still increase significantly[4]. The predictability and stability of power production from solar assets also supports cost effective financing.

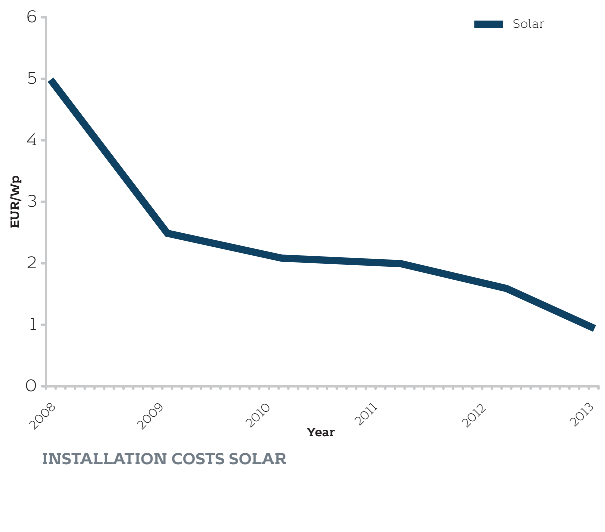
Photovoltaic is a fast-growing market: By the end of 2013 the total installed PV capacity comprises of 139 GW[5].
In Europe total capacity is nearly at 70 GW by the end 2012, compared to 18 GW for Asian Pacific and America and EMEA with 8.2 GW and

0.5 GW respectively. With three consecutive years with 7 GW of new PV capacity, Germany is the country which has the largest solar PV capacity in the world exceeding 32 GW.



RELATIVE GROWTH AND TOTAL INSTALLED SOLAR CAPACITY IN EU
Source: European Photovoltaic Industry Association

Due to the continued decline in hardware prices of solar energy power plants we are still very positive toward this technology. Although our current pipeline is dominated by wind farms, solar power farms have high priority for our future development.



INSTALLATION COSTS SOLAR

OUTLOOK

WIND AND SOLAR ENERGY

MAKE Consulting predicts a continued growth in installed wind capacity. An average global growth of 4.5 % per year during 2014-2017 which means annual wind turbine instalment is assumed to grow from 50 GW in 2014 to 56 GW in 2017[6].

European Photovoltaic Industry Association (EPIA) expects global installed solar PV capacity to grow by 283 GW during 2014 and 2017 corresponding to an average annual growth of 70 GW each year in the period.

When combining the forecasts from Make Consulting and EPIA total global installed capacity is assumed to expand from 457 GW at the end 2013 to 949 GW during 2014–2017 - corresponding to a growth of 108 % in the next four years. MAKE Consulting expects on shore wind to reach grid parity for sites with favourable wind conditions in 2015[7] - for solar we are already experiencing grid parity in areas with high irradiation and costly sources of fossil fuelled energy – e.g. where diesel generators are dominant or remote areas with limited grid connection.

Besides the technological development on the power-generation capacity other drivers such as interconnection between different price regions and storage technology could also support grid parity and the attractiveness of renewable energy compared to traditional sources of energy. The impressive technological breakthroughs which constantly lower the LCOE and the improved competitiveness of renewable energy with fossil fuelled plants make us confident about our own business and look forward to when renewable energy becomes completely independent of subsidies.


GUEST

EUROPEAN ENERGY

SEEN FROM THE INSIDE

Many types of hardware applied in wind and solar farms are becoming commodities. The number of suppliers is increasing and the margins are decreasing as competition intensifies. At European Energy we believe a significant value added for renewable energy projects lies in an effective and cost-conscious project development. Great focus is therefore given to process innovation, which entails constant focus on improving internal functions and the organization at European Energy in order to create a unique product which is hard to imitate. To the extent possible European Energy's project development in our different markets takes place based on a uniformed and structured method in the form of teams where focus is on professional skills. We have in-house specialists who combine their know-how with local cooperative partners which create a high level of market intelligence in relevant countries. The individual teams comprise of multi-disciplinary skills in the form of commercial, legal and technical backgrounds and in order to ensure a flexible and dynamic organization, all employees work at the office in Lyngby, thereby employees can easily be transferred to work on other markets if the market conditions change.

We have structured the organization according to our belief of the value adding. Our Legal Department ensures our project rights and supports the project development process along with procurement and ultimately the sales agreements. Project development, choice of technology, hardware supplier and sub-contractors are all matters which are being handled by the Project Department. Prior to, or upon, construction the assets are sold by the M&A Department which is also responsible for acquiring operational power generating assets. The power generating assets are then being managed by our Asset Management and Finance Department.

OUR LEGAL DEPARTMENT

Our Legal Department consists of a team of skilled lawyers and paralegals with international backgrounds and extensive knowledge of renewables.

All legal managers handle varied tasks and transaction types, covering all phases and aspects of our projects, from sale and acquisitions, supply and construction, to joint ventures for development of projects, acquisition of real estate and land rights and project finance. Given the cross-border character of most of our operations and our large geographical scope, our legal team embodies a strong international profile and adaptability to work in different jurisdictions and legal frameworks while securing and implementing European Energy's core business models.

We ensure that our legal managers are fully integrated in, and part of, our business processes, so that legal services are provided in timely manner and are tailor-made to the specific needs of each transaction. Through close cooperation with our project managers, engineers and finance managers in all departments, our lawyers have developed deep understanding and insight of all aspects of our projects reaching beyond a pure legal approach. Our strength and main achievement is therefore to utilize our legal competences to facilitate our processes with concrete, practical solutions, while ensuring appropriate protection against the many risks related to our operations.

Over the years, our legal team has developed a vast pool of contract models reflecting the experience of European Energy in renewables to secure both minimization of risk and a flexible, rapid response to the operational companies' need.

OUR FINANCE DEPARTMENT

Our Finance Department administrates more than 300 companies of which 90 % of the companies are now being handled in our central ERP system, Navision Dynamics.

We have, in 2013, upgraded the Navision to NAV2013 which has improved the flexibility of the daily use of the system, and is being used through a web interface at our outsourcing suppliers in Italy, Spain and Germany.

European Energy has a large number of subsidiaries with co-ownerships, cross-ownerships and other investments, which requires a substantial number of financial reports made to investors, banks etc. as part of the daily business. To optimize the consolidation process we have in 2013 started an implementation process of Oracle Hyperion which is expected to be concluded mid-2014.

At the same time we have started the process of preparing the conversion of our annual reporting from the use of DK-GAAP to the use of IFRS as a consequence of the accomplished bond issue.

EUROPEAN ENERGY RECRUITMENT - DIVERSITY MATTERS

We strive to employ competent team-players with technical, legal or commercial backgrounds. Furthermore we look for employees with a deep local knowledge of the markets in which we operate. European Energy employs 7 different nationalities who are capable of speaking 10 different languages giving the company a competitive advantage through diversity.

In 2013 41 % of the employees in European Energy were female and 59 % were male.

THE INTERNSHIP PROGRAM

In 2013 European Energy provided the opportunity to undertake an internship from 4-6 months' hands-on work experience within the areas of the renewable energy value chain. The purpose of the internship program is to gather young talents from an academically diverse background.

Through an internship at European Energy the interns obtain extensive knowledge about the renewable energy sector and comprehensive work experience within the intern's area of expertise. The internship involves professional challenges, responsibilities and the opportunity to influence decision-making, whilst making valuable connections with useful references for the future career of the intern. The internship program has turned out to be a great success with applications being received almost every day. The interns bring a different cultural perspective to our company – a breath of fresh air from the world outside which is of great importance to us.

At the of end 2013 we have employed four interns with four different national and educational backgrounds.

EVENTS AFTER BALANCE SHEET DATE

BOND ISSUE - A SUCCESSFUL RAISE OF NEW CAPITAL OF EUR 45 MILLION

In early 2014 European Energy issued a EUR 45 million bond, with the opportunity to increase the bond by EUR 15 million within the same framework.

The liquidity provides us with the possibility of pursuing interesting business opportunities and with an enhanced bargaining power in current market conditions. At the time being there is a market for financially distressed, operating assets, which can be purchased, optimised and potentially repowered. These assets can be acquired on attractive conditions. Secondly, the money raised will allow us to mature our vast pipeline and carry out all necessary studies and thereby enable our projects to obtain building permits. In the dynamic market of renewable energy, we are very satisfied with the flexibility the bond has provided us with.

The successful bond issue marks the recognition of European Energy as an established developer. The bond was oversubscribed by international investors, who in this way have shown their confidence in our ability to remain profitable in the market going forward.

The liquidity raised with the bond issue has also enabled us to repay all our existing corporate debt.

OUR NEAR-SHORE ACTIVITIES HAVE DEVELOPED EVEN FURTHER

Early 2014 we have made a joint venture company with an international fund, to develop one of our near-shore sites, with a potential capacity of 300 MW in Denmark. The parties have agreed to share the costs associated with the continued development of the site. The site covers approx. 50 square kilometers and is based in the water which makes the scope of the geological studies and environmental impact assessment significantly larger than our onshore projects.

We expect the studies to be completed late 2014 or early 2015. If everything goes according to the expectations we expect to start the constructing in 2016.

The venture is – in line with NPP and our new partnering model for joint development activities – an example of European Energy bringing in know-how on renewable energy development and the partner bringing other resources such as capital or complementing know-how.

CONSTRUCTION ACTIVITIES

Early 2014 we completed the construction of five 3.0 MW turbines in Tjørneby, Denmark. The construction relates to the sale to a Danish utility company in 2012. In February we initiated the construction of one 3.3 MW turbines in Denmark, where we expect the turbine to be commissioned mid-2014. The wind turbine is expected to be sold in 2014.

OUTLOOK
FOR 2014

THE RENEWABLE ENERGY MARKET

The technological breakthroughs for both wind and solar power generating assets with constantly lower LCOE increase the renewable energy's competitiveness with fossil fuelled power. Consequently, the value of both development assets and operating assets has increased. The demand for our renewable power generating assets, in the Northern European countries, has been high in 2013 and this trend continues into 2014. The new joint ventures for some of our development activities – both onshore as well as near-shore – also give high expectation to the growth of European Energy. We are therefore very confident about the perspectives of our business.

ACTIVITIES

For 2014 we expect a high level of activity where project development, acquisitions, construction of solar and wind parks, project financing and sale of energy assets will be in focus.

It is expected that local plan approvals or building permits will be obtained for several of the projects in Germany, Denmark, Poland and Sweden, and consequently, leading to a high level of sales activity also in 2014. At present European Energy has a large number of projects under negotiation, and some of them are expected to be completed in the near future. Moreover, it is expected that the first project in NPP has a good chances to be constructed.

The successful raise of new capital enables European Energy to utilise the many possibilities arising in the market. New acquisitions and entering of new stable markets are therefore expected to be seen in 2014.

It is therefore expected that European Energy will continue to grow in 2014 leading us to be well-equipped to utilise the many possibilities in the market also in the time to come.

RESULTS

Electricity generation from commissioned plants is expected to be in line with 2013, and sales activities are expected to generate a profit which is at least in line with 2013. At present, many sales negotiations are in progress, and these are expected to be completed in the near future.

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS 2013
CONSOLIDATED AND PARENT COMPANY

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INCOME STATEMENT

EUR'000		Consolidated		Parent company	
	Note	**2013**	**2012**	**2013**	**2012**
Revenue	1	29,963	35,682	6,487	2,630
Direct costs		-13,257	-20,554	-1,254	-1,062
Gross profit		**16,706**	**15,128**	**5,233**	**1,568**
Staff costs	2	-3,915	-3,362	-3,823	-3,362
Other external costs		-2,139	-2,235	-1,187	-1,075
Depreciation, amortisation and impairment losses	6,8	-1,651	-1,700	-96	-154
Operating profit/loss		**9,001**	**7,831**	**127**	**-3,023**
Profit from subsidiaries	9	0	0	6,331	8,126
Profit from associates	10	784	1,503	631	1,038
Financial income	3	1,222	1,315	1,220	1,184
Financial expenses	4	-4,268	-4,625	-1,529	-1,605
Profit before tax		**6,739**	**6,024**	**6,780**	**5,720**
Tax on profit for the year	5	-776	-446	-442	-40
Profit for the year		**5,963**	**5,578**	**6,338**	**5,680**
Non-controlling interests' share of profit for the year	17	375	102	0	0
The Group's share of profit for the year		**6,338**	**5,680**	**6,338**	**5,680**

Proposed profit appropriation:		
Net revaluation according to the equity method	6,962	9,164
Retained earnings	-624	-3,484
	6,338	**5,680**

BALANCE SHEET
EUR'000

		Consolidated		Parent company	
	Note	**2013**	**2012**	**2013**	**2012**
ASSETS					
Non-current assets					
Intangible assets					
Goodwill	6	238	251	0	0
Project portfolio	7	11,955	7,472	0	0
		12,193	**7,723**	**0**	**0**
Property, plant and equipment	8				
Wind energy farms		2,351	2,596	0	0
Solar energy farms		47,766	49,141	0	0
Tools and equipment		53	142	53	142
		50,170	**51,879**	**53**	**142**
Investments					
Investments in subsidiaries	9	0	0	32,484	34,078
Investments in associates	10	13,492	15,872	7,853	9,437
Other investments	11	4,449	5,172	1,346	2,069
Receivables from parent company	12	10,661	10,332	10,661	10,332
Receivables from subsidiaries	13	0	0	16,819	14,441
Receivables from associates	13	3,250	7,337	3,142	3,153
Trade receivables	14	13,515	9,677	0	0
Other receivables	15	9,217	10,909	0	0
		54,584	**59,299**	**72,305**	**73,510**
Total non-current assets		**116,947**	**118,901**	**72,358**	**73,652**
Current assets					
Receivables					
Trade receivables	14	17,442	3,878	13,461	1,360
Deferred tax asset	18	5,294	5,163	2,622	2,831
Other receivables		2,853	2,546	172	185
Prepayments		205	229	120	161
		25,794	**11,816**	**16,375**	**4,537**
Cash at bank and in hand		**5,110**	**6,298**	**1,275**	**177**
Total current assets		**30,904**	**18,114**	**17,650**	**4,714**
TOTAL ASSETS		**147,851**	**137,015**	**90,008**	**78,366**

BALANCE SHEET

EUR'000	Note	Consolidated		Parent company	
		2013	**2012**	**2013**	**2012**
EQUITY AND LIABILITIES					
Equity	16				
Share capital		1,340	1,340	1,340	1,340
Reserve for net revaluation according to the equity method		0	0	23,023	25,866
Retained earnings		51,218	44,665	28,195	18,799
Total equity		**52,558**	**46,005**	**52,558**	**46,005**
Non-controlling interests	17	**1,636**	**1,777**	**0**	**0**
Provisions					
Deferred tax	18	**932**	**763**	**328**	**445**
Liabilities other than provisions					
Non-current liabilities other than provisions	19				
Liabilities related to the issue of bonds		7,600	7,600	0	0
Project financing		38,101	40,429	0	0
Other debt regarding project portfolio		198	337	0	0
Other debt to credit institutions		605	605	605	605
Other debt relating to the acquisition of companies		4,737	0	0	0
		51,241	**48,971**	**605**	**605**
Current liabilities other than provisions					
Credit institutions	19	23,163	23.830	18,423	12,065
Other debt relating to the acquisition of investments	19	4,268	3,925	0	0
Trade payables		3,345	1,982	1,308	895
Payables to group enterprises		0	0	13,595	16,182
Payables to associates		101	103	56	6
Corporation tax		1,718	1,164	1,597	1,086
Other payables		8,889	8,495	1,538	1,077
		41,484	**39.499**	**36,517**	**31,311**
Total liabilities other than provisions		**92,725**	**88,470**	**37,122**	**31,916**
TOTAL EQUITY AND LIABILITIES		**147,851**	**137,015**	**90,008**	**78,366**

Mortgages and collateral	20
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Related party disclosures	22

CASH FLOW STATEMENT
EUR'000

		Consolidated	
	Note	**2013**	**2012**
Operating profit		9,001	7,831
Adjustment for non-cash operating items, etc.:			
Depreciation, amortisation, etc.	23	2,444	4,404
Cash generated from operating activities before changes in working capital		11,445	12,235
Change in receivables		-15,993	-4,181
Change in current liabilities		6,836	3,066
Cash generated from operations before financial items		2,288	11,120
Interest, etc., received		984	1,304
Interest, etc., paid		-4,200	-4,625
Cash generated from operations before tax		-928	7,799
Corporation tax paid		-324	-1,997
Cash flows from operating activities		**-1,252**	**5,802**
Acquisition of project portfolio		-6,375	-6,725
Acquisition of property, plant and equipment		-7	-301
Acquisition of investments and securities		-615	-2,163
Disposal of subsidiaries, associates and investments		5,941	13,952
Changes in long-term loans to associates and parent company		3,758	174
Dividends received		358	10
Cash flows from investing activities		**3,060**	**4,947**
Proceeds from new loans		426	1,382
Changes in long-term debt to credit institutions		-2,753	-9,331
Changes in short-term debt to credit institutions		-667	-4,293
Changes in payables to associates		-2	54
Cash flows from financing activities		**-2,996**	**-12,188**
Cash flows for the year		**-1,188**	**-1,439**
Cash and cash equivalents at 1 January		6,298	7,737
Cash and cash equivalents at 31 December		**5,110**	**6,298**

The cash flow statement cannot be directly derived from the other components of the consolidated and parent company financial statements.

NOTES
EUR'000

		Consolidated 2013	Consolidated 2012	Parent company 2013	Parent company 2012
1	**Revenue**				
	Disposal of energy farms and projects	23,140	29,114	1,919	1,250
	Sale of electricity	5,612	5,644	0	0
	Other income	1,211	924	4,568	1,380
		29,963	**35,682**	**6,487**	**2,630**
	Distribution on segments:				
	Revenue from solar energy	5,923	5,779	0	0
	Revenue from wind energy	24,040	29,903	6,487	2,630
		29,963	**35,682**	**6,487**	**2,630**
2	**Staff costs**				
	Wages and salaries	3,690	3,142	3,606	3,142
	Pensions	6	0	6	0
	Other social security costs	44	40	44	40
	Other staff costs	175	180	167	180
		3,915	**3,362**	**3,823**	**3,362**
	Average number of employees	41	38	40	38

Pursuant to section 98b(3)(ii) of the Danish Financial Statements Act, information on remuneration of the Executive Board and the Board of Directors has been omitted.

		Consolidated 2013	Consolidated 2012	Parent company 2013	Parent company 2012
3	**Financial income**				
	Interest income, bank	11	25	1	0
	Interest income, group enterprises and associates	435	492	972	1,092
	Interest income, bonds	3	3	3	3
	Dividends, other investments	238	10	238	10
	Exchange gains	0	96	0	77
	Other financial income	535	689	6	2
		1,222	**1,315**	**1,220**	**1,184**
4	**Financial expenses**				
	Interest expense, banks	3,843	4,251	982	874
	Interest expense, group enterprises and associates	2	2	482	677
	Interest expense, corporate bonds	304	304	0	0
	Exchange losses	68	23	24	0
	Other financial expenses	51	45	41	54
		4,268	**4,625**	**1,529**	**1,605**
5	**Tax on profit for the year**				
	Tax on profit for the year	-820	-1,720	-277	-1,062
	Change in deferred tax	88	1,486	-97	981
	Adjustment to tax relating to previous years	-44	-212	-68	41
		-776	**-446**	**-442**	**-40**

NOTES
EUR'000

		Consolidated	
		2013	**2012**
6	**Goodwill**		
	Cost at 1 January	370	370
	Disposals for the year	-104	0
	Cost at 31 December	**266**	**370**
	Amortisation and impairment losses at 1 January	-119	-100
	Amortisation for the year	-18	-19
	Disposals for the year	109	0
	Amortisation and impairment losses at 31 December	**-28**	**-119**
	Carrying amount at 31 December	**238**	**251**
	Amortised over	20 years	20 years

NOTES
EUR'000

		Consolidated	
		2013	**2012**
7	**Project portfolio**		
	Project portfolio at 1 January	10,448	10,638
	Transferred from associates	3,263	0
	Additions for the year	6,375	6725
	Disposals for the year	-5,253	-6915
	Project portfolio at 31 December before value adjustments	**14,833**	**10,448**
	Value adjustments at 1 January	-2,976	-465
	Value adjustments during the year	140	-2,455
	Other value adjustments	-42	-56
	Value adjustments at 31 December	**-2,878**	**-2,976**
	Total project portfolio at 31 December	**11,955**	**7,472**
	The project portfolio at 31 December comprises:		
	Projects under development	11,261	7,472
	Projects under construction	694	0
	Total project portfolio at 31 December	**11,955**	**7,472**
	Wind energy farms	11,485	7,792
	Solar energy farms	3,348	2,656
	Project portfolio at 31 December before value adjustments	**14,833**	**10,448**
	Impairment losses	-2,878	-2,976
	Total project portfolio at 31 December	**11,955**	**7,472**

NOTES

EUR'000	Wind energy farms	Solar energy farms	Tools & equipment	Total
8 Property, plant and equipment				
Consolidated				
Cost at 1 January 2013	3,528	54,970	660	59,158
Additions for the year	0	0	7	7
Disposals for the year	-121	0	0	-121
Cost at 31 December 2013	**3,407**	**54,970**	**667**	**59,044**
Depreciation and impairment losses at 1 January 2013	-932	-5,829	-518	-7,279
Depreciation for the year	-162	-1,375	-96	-1,633
Disposals for the year	38	0	0	38
Depreciation and impairment losses at 31 December 2013	**-1,056**	**-7,204**	**-614**	**-8,874**
Carrying amount at 31 December 2013	**2,351**	**47,766**	**53**	**50,170**
Depreciated over	25 years	40 years	3-5 years	

Parent company	
Cost at 1 January 2013	660
Additions for the year	7
Disposals for the year	0
Cost at 31 December 2013	**667**
Depreciation and impairment losses at 1 January 2013	-518
Depreciation for the year	-96
Depreciation and impairment losses at 31 December 2013	**-614**
Carrying amount at 31 December 2013	**53**
Depreciated over	3-5 years

NOTES
EUR'000

		Parent company	
		2013	**2012**
9	**Investments in subsidiaries**		
	Cost at 1 January	9,166	9,010
	Additions for the year	1,373	296
	Disposals for the year	-4	-140
	Cost at 31 December	**10,535**	**9,166**
	Value adjustments at 1 January	24,912	16,983
	Share of profit for the year	6,331	8,126
	Hedges, net of tax	215	-198
	Dividends received from subsidiaries	-9,800	0
	Reversed value adjustments on disposal	351	0
	Other value adjustments	-112	1
	Value adjustments at 31 December	**21,897**	**24,912**
	Carrying amount at 31 December	**32,432**	**34,078**
	Investments in subsidiaries are recognised as follows:		
	Investments in subsidiaries	32,484	34,078
	Set-off against receivables from subsidiaries	-52	0
		32,432	**34,078**

Investments in subsidiaries at 31 December 2013 comprise:

Name and registered office	**Ownership interest at 31/12 2013**	**Share of profit/ loss for the year**	**Share of equity**
European Wind Farms A/S, Lyngby-Taarbæk	100.0%	-1,875	14,316
European Wind Farm Denmark A/S, Lyngby-Taarbæk	100.0%	8,712	8,782
European Wind Farm No. 2 A/S, Lyngby-Taarbæk	100.0%	-9	96
European Energy Systems I ApS, Lyngby-Taarbæk	100.0%	75	226
European Energy Systems II ApS, Lyngby-Taarbæk	100.0%	215	1,951
European Solar Farms A/S, Lyngby-Taarbæk	76.7%	-919	5,040
Enerteq Vitalba ApS, Lyngby-Taarbæk	88.5%	35	1,842
Enerteq ApS, Lyngby-Taarbæk	55.7%	38	431
EWF Deutschland GmbH, Germany	100.0%	0	-43
EWF Vier Sechs GmbH & Co. KG, Germany	100.0%	4	276
Bond II Erste GmbH & Co. KG, Germany	100.0%	-4	6
Bond II Zweite GmbH & Co. KG, Germany	100.0%	-2	9
EWF Verwaltung GmbH, Germany	100.0%	1	35
European Energy III A/S, Lyngby-Taarbæk	100.0%	2	70
Nordic Power Partners P/S, Lyngby-Taarbæk	60.0%	-81	25
NPP Komplementar, Lyngby-Taarbæk	60.0%	0	6
EE Sieben Vier GmbH & Co. KG, Germany	100.0%	-2	-2
EE Sieben Fünf GmbH & Co. KG, Germany	100.0%	-2	-2
EE Construction GmbH & Co. KG, Germany	100.0%	-3	-2
Wind Park Badingen GmbH & Co. KG, Germany	100.0%	-3	-3
EWF Sverige AB, Sweden	100.0%	-10	369
European Wind Farm Polen ApS, Lyngby-Taarbæk	100.0%	19	1,280
		6,191	**34,708**
Write-down on project portfolio		140	-2,276
		6,331	**32,432**

NOTES
EUR'000

		Consolidated	
		2013	**2012**
10	**Investments in associates**		
	Cost at 1 January	14,576	15,333
	Additions for the year	614	2,123
	Disposals for the year	-3,357	-2,880
	Cost at 31 December	**11,833**	**14,576**
	Value adjustments at 1 January	1,296	-612
	Profit for the year	784	1,503
	Reversed value adjustments on disposal	-335	674
	Dividends	-120	0
	Hedges	0	23
	Other adjustments	34	-292
	Value adjustments at 31 December	**1,659**	**1,296**
	Carrying amount at 31 December	**13,492**	**15,872**

NOTES
EUR'000

10 Investments in associates continued

Investments in associates at 31 December 2013 comprise:

Name and registered office	Ownership interest	2013 Share of profit/loss for the year	2012 Share of equity
EEA Renewables A/S, Lyngby-Taarbæk	50.0%	-1	1,484
EEGW Persano ApS, Lyngby-Taarbæk	50.0%	-4	440
European Energy Sales & Adm. ApS, Copenhagen	22.6%	0	0
EWF Fünf Eins GmbH & Co. KG, Germany	25.0%	28	778
EWF Fünf Vier GmbH & Co. KG, Germany	50.0%	-3	392
Aktiv Wind GmbH & Co. WEA Timpberg KG, Germany	50.0%	28	280
WP Timpberg GmbH & Co. Zehnte, Germany	50.0%	61	306
Wind Park Mildenberg GmbH & Co. KG, Germany	25.0%	0	19
EE Sieben Null GmbH & Co. KG, Germany	50.0%	18	200
EEA Verwaltungs GmbH, Germany	50.0%	5	23
EEA Stormy ApS, Lyngby-Taarbæk	50.0%	28	1,116
EEA SWEPOL A/S, Lyngby-Taarbæk	50.0%	-8	0
WK Ottenhausen GmbH & Co. KG., Germany	34.2%	14	1,624
EE Sieben Zwei GmbH & Co. KG, Germany	50.0%	80	151
EE Sieben Drei GmbH & Co. KG, Germany	50.0%	21	21
EE Repowering GmbH & Co. KG, Germany	30.0%	12	14
P.E. Casciana Terme Srl, Italy	20.0%	-8	10
EWF Eins Sieben GmbH & Co. KG, Germany	50.0%	8	386
EWF Zwei Acht GmbH & Co. KG, Germany	50.0%	24	415
EWF Zwei Neun GmbH & Co. KG, Germany	50.0%	30	418
Windpark Unseburg Nord GmbH & Co. Betriebs KG, Germany	20.0%	74	1,140
Wind Energy OOD, Bulgaria	49.0%	56	628
Wind Power 2 OOD, Bulgaria	49.0%	40	597
Wind Stream OOD, Bulgaria	49.0%	20	489
Wind Systems OOD, Bulgaria	49.0%	39	536
ESF Spain 0424 GmbH, Germany	20.8%	10	382
Parco Eolico Carpinaccio Srl., Italy	27.0%	100	1,643
Driftsselskabet Heidelberg ApS, Lyngby-Taarbæk	49.5%	-147	0
		525	**13,492**
Profit from associates disposed of during the year		112	0
Adjustment of results of Driftsselskabet Heidelberg ApS*		147	0
		784	**13,492**

* The company was acquired with a negative equity during the year. However, the Group is not liable for the negative equity, and consequently, the amount has been reversed.

NOTES
EUR'000

		Parent company	
		2013	**2012**
10	**Investments in associates continued**		
	Cost at 1 January	8,483	6,609
	Additions for the year	85	2,386
	Disposals for the year	-1,841	-512
	Cost at 31 December	**6,727**	**8,483**
	Value adjustments at 1 January	954	-143
	Profit for the year	631	1,038
	Reversed value adjustments on disposal	-475	0
	Hedges	0	23
	Other value adjustments	16	36
	Value adjustments at 31 December	**1,126**	**954**
	Carrying amount at 31 December	**7,853**	**9,437**

Investments in associates at 31 December 2013 comprise:

Name and registered office	**Ownership interest**	**Share of profit/ loss for the year**	**Share of equity**
EEA Renewables A/S, Lyngby-Taarbæk	50.0%	-1	1,484
EEGW Persano ApS, Lyngby-Taarbæk	50.0%	-4	440
European Energy Sales & Adm. ApS, Copenhagen	22.6%	0	0
EWF Fünf Eins GmbH & Co. KG, Germany	25.0%	28	778
EWF Fünf Vier GmbH & Co. KG, Germany	50.0%	-3	392
Aktiv Wind GmbH & Co. WEA Timpberg KG, Germany	50.0%	28	280
WP Timpberg GmbH & Co. Zehnte, Germany	50.0%	61	306
EE Sieben Null GmbH & Co. KG, Germany	50.0%	18	200
EEA Verwaltungs GmbH, Germany	50.0%	5	23
Wind Energy OOD, Bulgaria	49.0%	56	628
Wind Power 2 OOD, Bulgaria	49.0%	40	597
Wind Stream OOD, Bulgaria	49.0%	20	489
Wind Systems OOD, Bulgaria	49.0%	39	536
EEA Stormy ApS, Lyngby-Taarbæk	50.0%	28	1,116
EEA SWEPOL A/S, Lyngby-Taarbæk	50.0%	-8	0
WK Ottenhausen GmbH & Co. KG, Germany*	8.3%	117	398
EE Repowering GmbH & Co. KG, Germany	30.0%	12	14
EE Sieben Zwei GmbH & Co. KG, Germany	50.0%	80	151
EE Sieben Drei GmbH & Co. KG, Germany	50.0%	21	21
		537	**7,853**
Profit from associates disposed of during the year		94	0
		631	**7,853**

* The parent company and its subsidiaries have a total ownership interest of 34.2% in WK Ottenhausen GmbH & Co. KG, Germany.

NOTES
EUR'000

		Consolidated	Parent company
11	**Other investments**		
	Cost at 1 January 2013	5,172	2,069
	Additions for the year	1	1
	Disposals for the year	-724	-724
	Cost at 31 December 2013	**4,449**	**1,346**
	Value adjustments at 1 January 2013	0	0
	Value adjustments for the year	0	0
	Value adjustments at 31 December 2013	**0**	**0**
	Carrying amount at 31 December 2013	**4,449**	**1,346**

12 Receivables from parent company

No specific conditions for the repayment of the outstanding balance with the parent company have been agreed.

13 Receivables from subsidiaries and associates

Non-current receivables are attributable to the financing of project development in subsidiaries and associates. No specific conditions for the repayment of outstanding balances have been agreed.

	Parent company	
	2013	**2012**
Nominal receivable	16,871	14,441
Set-off of negative equity; see note 9	-52	0
Carrying amount at 31 December 2013	**16,819**	**14,441**

		Consolidated		Parent company	
		2013	**2012**	**2013**	**2012**
14	**Trade receivables**				
	Trade receivables, non-current portion	13,515	9,677	0	0
	Trade receivables, current portion	17,442	3,878	13,461	1,360
		30,957	**13,555**	**13,461**	**1,360**

15 Other receivables

Other receivables recognised in investments comprise lending from proceeds from the issue of bonds of EUR 5.9 million. The loan carries variable interest of 4-11% per year.

NOTES
EUR'000

		Share capital	Retained	Total
16	**Equity**			
	Consolidated			
	Equity at 1 January 2013	1,340	44,665	46,005
	Profit for the year	0	6,338	6,338
	Value adjustments of hedging instruments	0	322	322
	Tax on equity adjustments	0	-107	-107
	Equity at 31 December 2013	**1,340**	**51,218**	**52,558**

	Share capital	Reserve*	Retained earnings	Total
Parent company				
Equity at 1 January 2013	1,340	25,866	18,799	46,005
Transferred in connection with the disposal of investments, etc.	0	-220	220	0
Profit for the year	0	6,962	-624	6,338
Dividends received from subsidiaries	0	-9,800	9,800	0
Value adjustments of hedging instruments	0	322	0	322
Tax on equity adjustments	0	-107	0	-107
Equity at 31 December 2013	**1,340**	**23,023**	**28,195**	**52,558**

The share capital consists of nom. 10,000,000 shares of DKK 1 each, corresponding to EUR 1,340 thousand.
The share capital has remained unchanged for the last 5 years.

* Reserve for net revaluation according to the equity method

		Consolidated	
		2013	**2012**
17	**Non-controlling interests**		
	Balance at 1 January	1,777	2,430
	Additions for the year	-19	31
	Disposals for the year	144	-519
	Non-controlling interests' share of loss for the year	-375	-102
	Non-controlling interests' share of changes in equity	109	-63
		1,636	**1,777**

NOTES
EUR'000

		Consolidated		Parent company	
		2013	**2012**	**2013**	**2012**
18	**Deferred tax**				
	Deferred tax at 1 January	4,400	2,256	2,386	1,170
	Change in deferred tax recognised in income statement	88	1,486	-97	981
	Deferred tax on changes in equity	-107	121	0	0
	Adjustment relating to the disposal of subsidiaries, etc.	-3	537	0	0
	Transferred to joint taxation contribution, etc.	-16	0	5	235
		4,362	**4,400**	**2,294**	**2,386**
	Deferred tax is recognised as follows:				
	Deferred tax asset	5,294	5,163	2,622	2,831
	Deferred tax	-932	-763	-328	-445
		4,362	**4,400**	**2,294**	**2,386**

Deferred tax is substantially attributable to wind farms in German limited partnerships, solar energy farms in Spain and tax losses carried forward.

		Debt at 1/1 2013	Total debt at 31/12 2013	Current portion	Non-current portion	Outstanding debt after 5 years
19	**Financial liabilities**					
	Liabilities related to the issue of bonds	7,600	7,600	0	7,600	0
	Project financing	40,890	40,691	2,590	38,101	25,038
	Other debt regarding project portfolio	347	206	8	198	128
	Other debt to credit institutions	23,963	21,170	20,565	605	0
	Other debt relating to acquisitions of companies	0	9,005	4,268	4,737	0
		72,800	**78,672**	**27,431**	**51,241**	**25,166**
	Parent company					
	Other payables to credit institutions, etc.	**12,670**	**19,028**	**18,423**	**605**	**0**

In 2008, the Group issued own bond series with a total nominal value of EUR 7,600 thousand. The issued bonds carry variable interest of 4-11% per year. The interest rate is dependent on the energy generation in certain German wind parks.

20 Mortgages and collateral

Wind and solar energy farms with a carrying amount of EUR 50,117 thousand at 31 December 2013 have been provided as collateral for the Group's debt to credit institutions, etc., of EUR 40,097 thousand. Moreover, investments in associates and specific cash at bank and in hand have been provided as collateral.

Investments in specific subsidiaries and associates have been provided as collateral for the parent company's bank loans of EUR 19,028 thousand.

Investments in German limited partnerships with a carrying amount of EUR 2,804 thousand at 31 December 2013 have been provided as collateral for second mortgage financing in German limited partnerships. Moreover, the parent company has provided surety for the subsidiaries' payables to credit institutions.

The parent company and certain subsidiaries have provided ordinary declarations of subordination to other creditors in the German limited partnerships as equity in the German limited partnerships ordinarily comprises granted loans. In addition, dividends from the German limited partnerships are contingent on adequate account balances in collateral accounts in accordance with concluded agreements with first mortgage financed German credit institutions. Furthermore, the parent company has provided some of the Danish subsidiaries with a letter of subordination.

21 Contractual obligations and contingencies, etc.

The Company has provided an option for 1.5% of the shares in the Bulgarian companies Wind Energy OOD, Wind Power 2 OOD, Wind Stream OOD and Wind Systems OOD.

The parent company is jointly taxed with the Danish subsidiaries and the parent company. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes, etc.

22 Related party disclosures

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

European Energy Holding ApS, Peter Rørdams Vej 30, 2800 Kgs. Lyngby
Mikael Dystrup Pedersen, Vandstjernevej 36, 4600 Køge
JPZ-Assistance ApS, Diplomvej 377, 2800 Kgs. Lyngby

The Company is included in the consolidated financial statements of European Energy Holding ApS.

Other related parties

The Company's other related parties include subsidiaries, associates as well as the Executive Board and the Board of Directors.

Related party transactions

In the financial year, the Company has invoiced ordinary administration fees to subsidiaries and associates.
In the financial year, the Company has had intercompany balances with subsidiaries and associates. Interest has been paid on an arm's length basis during the financial year.

23 Depreciation, amortisation, etc.

	2013	2012
Depreciation and impairment losses	1,651	1,700
Write-down of project portfolio, etc.	793	2,704
	2,444	**4,404**

FOOTNOTES

1 Intergovernmental Panel on Climate Change (IPCC) – Working Group III – Mitigation on Climate Change, Ch 7, “Energy Systems”
Page 22, Market Trends Wind and Solar Energy

2 Source: European Wind Energy Association (EWEA)
Page 22, Market Trends Wind and Solar Energy

3 IPCC AR5 ch. 7 p. 39 of 137
Page 22, Market Trends Wind and Solar Energy

4 Frauenhofer Photovoltaics Report, November 2013
Page 22, Market Trends Wind and Solar Energy

5 European Photovoltaics Industry Association: Global Market Outlook 2013-2017
Page 22, Market Trends Wind and Solar Energy

6 MAKE Consulting: Pushing Towards Grid Parity, Evolution of the Global Wind Energy Market
Page 23, Market Trends Wind and Solar Energy

7 MAKE Consulting: Wind Energy LCOE Approaching Grid Parity
Page 23, Market Trends Wind and Solar Energy

CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY - 31 DECEMBER

ACCOUNTING POLICIES

The annual report of European Energy A/S has been prepared in accordance with the provisions applying to reporting class C (medium) enterprises under the Danish Financial Statements Act.

The Group has chosen to present the annual report in euro (EUR). At 31 December 2013, the EUR/DKK rate was 7.46 (31 December 2012: 7.46).

The accounting policies used are consistent with those of last year. Compared to 2012, certain financial statement items have been reclassified in the balance sheet and the cash flow statement.

RECOGNITION AND MEASUREMENT

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

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

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

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the interim financial statements that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Equally, costs incurred to generate the period's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

FOREIGN CURRENCY TRANSLATION

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

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currencies are translated at the exchange rate at the transactions date.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability. Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised as other receivables or other payables in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity are recognised in the income statement in the period in which the hedged item affects the profit/loss for the year.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent company, European Energy A/S, 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. Enterprises in which the 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.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Acquisitions of enterprises are accounted for using the purchase method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years.

NON-CONTROLLING INTERESTS

In the consolidated financial statements, the items of subsidiaries are recognised in full. The non-controlling interests' proportionate shares of the subsidiaries' results and equity are adjusted annually and recognised separately in the income statement and balance sheet.

INCOME STATEMENT

REVENUE

The Group has the following income generating activities:

· *Disposal of energy projects*
· *Disposal of solar and wind farms*
· *Sale of electricity*
· *Sale of services*

DISPOSAL OF ENERGY PROJECTS AND SOLAR AND WIND FARMS

Revenue from the disposal of energy projects and solar and wind farms is recognised in the income statement provided that the sales agreement has been entered before year end and provided that the approvals required to carry through the project have been obtained and no uncertainty in regard to the buyer's performance of the agreement exists. Further, it is a condition that the income can be reliably measured and is expected to be received.

For business and structure purposes, energy projects and solar and wind farms are placed in independent legal entities, and consequently, disposal of energy projects, solar and wind farms is made by full or partial transfer of equity investments, etc., in underlying legal entities. The net selling price of the equity investments disposed of, etc., is recognised as revenue.

SALE OF ELECTRICITY

Revenue from the sale of electricity is recognised in the income statement at the amount paid by the purchaser as the electricity is generated and supplied to the purchaser's network provided that the electricity generation has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties.

SALE OF SERVICES

Revenue from the sale of services is recognised in the income statement as the services are provided and in accordance with agreements entered into. Revenue is measured ex. VAT and taxes charged on behalf of third parties.

DIRECT COSTS

Direct costs comprise costs incurred in generating the revenue for the year.

On disposal of energy projects and solar and wind farms placed in independent legal entities, direct costs comprise the carrying amount of the equity investments disposed of, etc., plus costs directly related to the disposal.

In addition, direct costs comprise operating costs related to constructed energy plants.

STAFF COSTS

Staff costs comprise wages and salaries, remuneration, pensions and other costs regarding the Company's employees, including members of the Executive Board and the Board of Directors.

OTHER EXTERNAL COSTS

Other external costs comprise administrative expenses.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation comprise depreciation on property, plant and equipment and amortisation of intangible assets as well as gains and losses on the disposal of other non-current assets than energy projects and wind and solar energy farms.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

TAX ON PROFIT/LOSS FOR THE YEAR

The parent company is subject to the Danish rules on joint taxation of the Group's Danish companies.

The Group's ultimate parent company is the administrative company under the joint taxation and accordingly pays all corporation taxes to the tax authorities.

On payment of joint taxation contributions, the current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contributions from companies that have used these losses to reduce their own taxable profits (full absorption).

Tax for the year comprises joint taxation contributions for the year and changes in deferred tax, including changes as a result of a change in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to changes directly recognised in equity is recognised directly in equity.

BALANCE SHEET

INTANGIBLE ASSETS

GOODWILL

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

PROJECT PORTFOLIO

The project portfolio comprises projects in progress within development and construction of renewable wind and solar farms. The projects can be categorised as follows:

· *Projects under development*
· *Projects under construction*

Projects under construction are transferred to property, plant and equipment, when the plant is put into commercial operation.
Project portfolios are measured at the lower of cost and net realisable value.

PROJECTS UNDER DEVELOPMENT

Projects under development comprise projects for which construction has not yet been commenced.
Cost comprises direct and indirect costs incurred in respect of development of projects, including interest in the project period.

On disposal of projects under development, the net selling price of the project is recognised in the income statement as revenue, and the carrying amount of the projects is recognised in the income statement as direct costs.

PROJECTS UNDER CONSTRUCTION

Projects under construction comprise projects for which construction has begun but has not yet been completed.

Cost comprises costs incurred in the development phase (projects under development) and costs in relation to the construction phase, which comprises direct and indirect costs for subcontractors, project management and financing as well as interest in the construction period.

On disposal of projects under construction, the net selling price of the project is recognised in the income statement as revenue, and the carrying amount of the projects is recognised in the income statement as direct costs.

PROPERTY, PLANT AND EQUIPMENT

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

· *Wind energy farms - 25 years*
· *Solar energy farms - 40 years*
· *Tools and equipment -3-5 years*

On disposal of wind energy farms and solar energy farms, the net selling price of the energy farm is recognised in the income statement as revenue and carrying amount of the assets is recognised in the income statement as direct costs.

Gains or losses on disposal of tools and equipment are recognised in the income statement as depreciation.

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

INCOME STATEMENT

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement after full elimination of intra-group profits/losses and less amortisation of goodwill.

The proportionate share of the results after tax of associates is recognised in the income statement after elimination of the proportionate share of intra-group profits/losses and less amortisation of goodwill.

BALANCE SHEET

Investments in subsidiaries and associates are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the purchase method.

Subsidiaries and associates with negative net asset value are measured at EUR 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the subsidiary's deficit.

Net revaluation of investments in subsidiaries and associates is transferred to the reserve for net revaluation in equity according to the equity method to the extent that the carrying amount exceeds cost.

Enterprises acquired or formed during the year are recognised in the financial statements from the date of acquisition or formation. Enterprises disposed of are recognised up to the date of disposal.

On disposal of subsidiaries and associates containing energy projects or wind and solar energy plants, the net selling price of the equity investments is recognised in the income statement as revenue, and the carrying amount of the equity investments is recognised in the income statement as direct costs.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus anticipated disposal costs. These gains and losses are recognised as a separate line item in the income statement.

OTHER INVESTMENTS

Other investments recognised under non-current assets are measured at fair value. Other investments are recognised at cost if the fair value cannot be determined reliably. If cost exceeds the net realisable value, write-down is made to this lower value.

IMPAIRMENT OF ASSETS

The carrying amount of intangible assets, property, plant and equipment and investments is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

When there is an indication of impairment, each asset or a group of assets is impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net income from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

RECEIVABLES

Receivables are measured at amortised cost. Write-down is made for expected losses at the net realisable value.

PREPAYMENTS

Prepayments comprise costs incurred concerning subsequent financial years.

EQUITY – DIVIDENDS

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

CORPORATION TAX AND DEFERRED TAX

In accordance with the joint taxation rules, as administrative company, the Group's parent company assumes the liability for payment to the tax authorities of the Company's corporation taxes as the joint taxation contributions are received.

Payable and receivable joint taxation contributions are recognised under balances with group companies.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.
Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

LIABILITIES OTHER THAN PROVISIONS

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

CASH FLOW STATEMENT

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities are calculated as the profit for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

CASH FLOWS FROM INVESTING ACTIVITIES

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

BOARD OF DIRECTORS

KNUD ERIK ANDERSEN

JENS-PETER ZINK

MIKAEL DYSTRUP PEDERSEN

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The Board of Directors and the Executive Board have today discussed and approved the annual report of European Energy A/S for the financial year 1 January – 31 December 2013.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2013 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2013.

In our opinion, the Management's review gives a fair review of the development in the Group's and the parent company's operations and financial matters, the results for the year and the Group's and the parent company's financial position.

We recommend that the annual report be approved at the annual general meeting.
Lyngby, 28 May 2014

Executive Board:

Knud Erik Andersen

Board of Directors:

Jens-Peter Zink Chairman	Knud Erik Andersen	Mikael Dystrup Pedersen

MANAGEMENT
GROUP

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Executive Vice President
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Director of Legal
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THOMAS HVALSØ HANSEN
Chief Operating Officer
thh@europeanenergy.dk

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF EUROPEAN ENERGY A/S

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

We have audited the consolidated financial statements and the parent company financial statements of European Energy A/S for the financial year 1 January – 31 December 2013. The consolidated financial statements and the parent company financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
Our audit has not resulted in any qualification.

OPINION

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2013 and of the results of the Group's and the parent company's operations and the consolidated cash flows for the financial year 1 January – 31 December 2013 in accordance with the Danish Financial Statements Act.

STATEMENT ON THE MANAGEMENT'S REVIEW

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.
Copenhagen, 28 May 2014

KPMG
Statsautoriseret Revisionspartnerselskab

Poul Erik Olsen	Kenn W. Hansen
State Authorised	State Authorised
Public Accountant	Public Accountant

Company details

European Energy A/S

Diplomvej 377

DK-2800 Kgs. Lyngby

CVR no.: 18 35 13 31

Established: 16 February 1995

Registered office: Lyngby-Taarbæk

Financial year: 1 January – 31 December

Board of Directors

Jens-Peter Zink, Chairman

Knud Erik Andersen

Mikael Dystrup Pedersen

Executive Board

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