

**Duke Energy International  
(Europe) Holdings ApS**  
Holbergsgade 14, 2. tv.  
1057 Copenhagen K  
Central Business Registration No  
25566688

**Annual report 2017**

The Annual General Meeting adopted the annual report on 06.07.2018

**Chairman of the General Meeting**

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Name: Tanja Møller

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## Entity details

### Entity

Duke Energy International (Europe) Holdings ApS  
Holbergsgade 14, 2. tv.  
1057 Copenhagen K

Central Business Registration No: 25566688

Registered in: Copenhagen

Financial year: 01.01.2017 - 31.12.2017

### Executive Board

Matthew Edward Palasek  
Kris Cox Duffy

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
P.O. Box 1600  
0900 Copenhagen C

## Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of Duke Energy International (Europe) Holdings ApS for the financial year 01.01.2017 - 31.12.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Houston, 06.07.2018

### Executive Board

Matthew Edward Palasek

Kris Cox Duffy

## Independent auditor's report

### To the shareholder of Duke Energy International (Europe) Holdings ApS

#### Opinion

We have audited the financial statements of Duke Energy International (Europe) Holdings ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

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

#### Emphasis of matter regarding the audit performed

The Company's equity is negative. The Parent has stated that it will supply the Company with sufficient funds; see note 1 to the financial statements. Consequently, the financial statements are presented on a going concern basis.

#### Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

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

## Independent auditor's report

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with

## Independent auditor's report

the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 06.07.2018

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556

Jan Larsen  
State Authorised Public Accountant  
Identification number (MNE) mne16541

## Management commentary

### Primary activities

The Company's activities are financing, or in other ways having an interest in, and management of other companies and businesses.

### Development in activities and finances

Gain for the year after tax amounts to EUR 990 thousand and total assets are EUR 76 thousand at the end of the financial year.

At the end of the financial year, equity is negative by EUR 5,678 thousand.

Management considers the performance for the financial year satisfactory.

### Cash position/going concern

As outlined in note 1, the financial statements have been presented on a going concern basis, following the undertaking of Duke Energy Group LLC to ensure that all liabilities of the Company are met as and when they fall due in such a manner that the preparation of the statutory financial statements on a going concern basis continues to be appropriate.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## Income statement for 2017

	<u>Notes</u>	<u>2017 EUR</u>	<u>2016 EUR</u>
Other external expenses		(23.651)	(50.602)
<b>Operating profit/loss</b>		<b>(23.651)</b>	<b>(50.602)</b>
Income from investments in group enterprises		(50.188)	(48.023)
Other financial income	2	0	3.691
Other financial expenses	3	1.063.741	(224.427)
<b>Profit/loss for the year</b>		<b>989.902</b>	<b>(319.361)</b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		989.902	(319.361)
		<b>989.902</b>	<b>(319.361)</b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 EUR</u>	<u>2016 EUR</u>
Investments in group enterprises		72.424	929.403
<b>Fixed asset investments</b>	4	<b>72.424</b>	<b>929.403</b>
<b>Fixed assets</b>		<b>72.424</b>	<b>929.403</b>
Receivables from group enterprises		0	198.901
Prepayments		3.601	3.671
<b>Receivables</b>		<b>3.601</b>	<b>202.572</b>
<b>Cash</b>		<b>0</b>	<b>485.421</b>
<b>Current assets</b>		<b>3.601</b>	<b>687.993</b>
<b>Assets</b>		<b>76.025</b>	<b>1.617.396</b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 EUR</u>	<u>2016 EUR</u>
Contributed capital	5	53.799	53.799
Retained earnings		<u>(5.732.318)</u>	<u>(6.722.220)</u>
<b>Equity</b>		<b><u>(5.678.519)</u></b>	<b><u>(6.668.421)</u></b>
Payables to group enterprises		5.723.563	8.257.865
Other payables		<u>30.981</u>	<u>27.952</u>
<b>Current liabilities other than provisions</b>		<b><u>5.754.544</u></b>	<b><u>8.285.817</u></b>
<b>Liabilities other than provisions</b>		<b><u>5.754.544</u></b>	<b><u>8.285.817</u></b>
<b>Equity and liabilities</b>		<b><u>76.025</u></b>	<b><u>1.617.396</u></b>
Going concern	1		
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## Statement of changes in equity for 2017

	<b>Contributed capital EUR</b>	<b>Retained earnings EUR</b>	<b>Total EUR</b>
Equity beginning of year	53.799	(6.722.220)	(6.668.421)
Profit/loss for the year	0	989.902	989.902
<b>Equity end of year</b>	<b>53.799</b>	<b>(5.732.318)</b>	<b>(5.678.519)</b>

## Notes

### 1. Going concern

As outlined in the management commentary, the financial statements have been presented on a going concern basis, following the undertaking of Duke Energy Group LLC to ensure that all liabilities of the Company are met as and when they fall due in such a manner that the preparation of the statutory financial statements on a going concern basis continues to be appropriate.

	<b>2017</b>	<b>2016</b>
	<b>EUR</b>	<b>EUR</b>
<b>2. Other financial income</b>		
Other financial income	0	3.691
	<b>0</b>	<b>3.691</b>
	<b>2017</b>	<b>2016</b>
	<b>EUR</b>	<b>EUR</b>
<b>3. Other financial expenses</b>		
Exchange rate adjustments	(1.063.741)	237.682
Other financial expenses	0	(13.255)
	<b>(1.063.741)</b>	<b>224.427</b>
		<b>Investments in group enterprises EUR</b>
<b>4. Fixed asset investments</b>		
Cost beginning of year		86.933.982
<b>Cost end of year</b>		<b>86.933.982</b>
Impairment losses beginning of year		(86.004.579)
Dividend		(806.791)
Reversal of impairment losses		(50.188)
<b>Impairment losses end of year</b>		<b>(86.861.558)</b>
<b>Carrying amount end of year</b>		<b>72.424</b>

## Notes

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>	<u>Equity EUR</u>	<u>Profit/loss EUR</u>
Investments in group enterprises comprise:					
Duke Energy International Netherlands Financial Services B.V.	The Netherlands	B.V. (2017)	100,0	72.424	(50.188)

	<u>Number</u>	<u>Par value EUR</u>	<u>Nominal value EUR</u>
<b>5. Contributed capital</b>			
A shares	98.000	0,13	13.181
B shares	302.000	0,13	40.618
	<u>400.000</u>		<u>53.799</u>

### 6. Mortgages and securities

At 31.12.2017, the Company has no assets charged and no contingent liabilities are incumbent on the Company.

### 7. Related parties with controlling interest

Related parties with a controlling interest in Duke Energy International (Europe) Holdings ApS:

- Duke Energy Group LLC, Delaware, USA
- Duke Energy International LLC, Delaware, USA
- Duke Energy Corporation, North Carolina, USA

### 8. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

## Notes

Duke Energy International (Europe) Holdings ApS and its subsidiaries are included in the consolidated financial statements of Duke Energy Corporation, North Carolina, USA

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

The accounting policies applied to these financial statements are consistent with those applied last year.

The financial statements have been presented in EUR.

### Consolidated financial statements

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

## Accounting policies

The development of the exchange rate in relation to EUR is as follows:

USD 100 at 01.01.2017	94.87
USD 100 at 31.12.2017	83.38
DKK 100 at 01.01.2017	13.45
DKK 100 at 31.12.2017	13.43

### Income statement

#### Other external expenses

Other external expenses include expenses relating to the Entity's administration.

#### Income from investments in group enterprises

Income from investments in group enterprises comprises dividends etc received from the individual group enterprises in the financial year and any impairment of investments in group enterprises and reversal of previous write-downs.

#### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

#### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Balance sheet

#### Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Dividends are recognised in the income statement as "Income from investments in group enterprises".

To the extent that extraordinary large payments of dividend – that resemble repayment of the invested capital – are made from the subsidiaries, impairment is made of the recognised value at an amount corresponding to this extraordinary payment of dividend.

#### Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less write-downs for bad and doubtful debts.

## Accounting policies

### Prepayments

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

### Cash

Cash comprises cash in hand and bank deposits.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.