DI Frontier Market Energy & Carbon Fund K/S

c/o Bech-Bruun

Langelinie Allé 35

2100 Copenhagen Ø

CVR no. 33 77 16 81

Annual Report 2019

Approved at the limited partnership's annual general meeting on 22 April 2020

Chairman:

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Anders Michael Hauch

Contents

fStatement by the General Partner

The General Partner has today discussed and approved the annual report of DI Frontier Market Energy & Carbon Fund K/S for the financial year 1 January – 31 December 2019.

The annual report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements in the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the limited partnership's financial position at 31 December 2019 and of the results of the limited partnership's operations and cash flows for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the limited partnership's operations and financial matters and the results of the limited partnership's operations and financial position.

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

Copenhagen, 30 March 2020

General Partner:
DI Frontier Market Energy & Carbon GP ApS

Daniel Schleyer Schultz Chairman of the Board	Kim Gredsted	Gert Heinholt Skov
Lars R. Tejlgaard Jensen	Anders Michael Hauch	

Independent auditor's report

To the limited partners and the general partner of DI Frontier Market Energy & Carbon Fund K/S

Opinion

We have audited the financial statements of DI Frontier Market Energy & Carbon Fund K/S for the financial year 1 January – 31 December 2019, which comprise statement of comprehensive income, statement of financial position, statement of changes in equity and capital commitment, statement of cash flows and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the limited partnership at 31 December 2019 and of the results of the limited partnership's operations and cash flows for the financial year 1 January – 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the limited partnership in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review 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 misstatements of the Management's review.

Independent auditor's report - continued

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 International Financial Reporting Standards as adopted by the EU and additional requirements of 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 limited partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the limited partnership 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 as to 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 additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and 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 limited partnership'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 limited partnership'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 limited partnership to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report - continued

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

Copenhagen, 30 March 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR-no. 30 70 02 28

Jens Thordahl Nøhr	Kristian Bjerge
State Authorised Public Accountant	State Authorised Public Accountant
mne32212	mne40740

Management's review

Details of the limited partnership

Name	DI Frontier Market Energy & Carbon Fund K/S
Address	c/o Bech-Bruun law firm Langelinie Allé 35 2100 Copenhagen Ø Denmark
Registration no.:	CVR no. 33 77 16 81
Registered office:	Copenhagen
Financial year:	1 January – 31 December
Date of establishment:	28 June 2011
Initial closing date:	26 August 2011
Total commitment:	EUR 60,512,000
Term:	10 years
Investment period:	5 years
Realisation period:	5 years, entered into the realisation period on 20 March 2017.
General Partner:	DI Frontier Market Energy & Carbon GP ApS
Auditors:	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Alle 36 P.O. Box 250 2000 Frederiksberg Denmark

Management's review

Financial highlights

EUR'000	2019	2018	2017	2016	2015
Key figures					
Value adjustment of investments in portfolio companies	8,472	2,925	5,022	0	0
Profit/Loss before financial income and expenses	7,359	1,814	3,666	-1,479	-1,478
Financial income and expenses	2,117	1,819	99	383	-32
Profit/Loss for the year	9,476	3,633	3,765	-1,096	-1,510
Investments in portfolio companies	66,460	51,933	53,404	36,855	15,891
Total assets	67,639	57,752	54,207	40,953	21,186
Equity (net asset value)	65,716	56,749	53,116	39,901	20,295
Cash flows from operating activities	32	-1,382	-1,388	-1,323	-2,156
Cash flows from investing activities	-3,838	6,663	-11,758	-20,489	-11,954
Cash flows from financing activities	-1,565	0	9,450	20,702	13,870
Total cash flows	-5,371	5,281	-3,696	-1,110	-240
Financial ratios					
Equity ratio	97.2%	98.3%	98.0%	97.4%	95.8%
Return on equity (average)	15.5%	6.6%	8.1%	neg.	neg.

From 2018, DI Frontier Market Energy & Carbon Fund K/S prepared the financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements in the Danish Financial Statement Act. The limited partnership is an investment entity, therefore, it holds its investments at fair value rather than consolidating them. Accordingly, the limited partnership does not prepare consolidated financial statements. Investments are classified at fair value through profit or loss in accordance with IFRS 9. The figures for 2016 - 2019 are prepared in accordance with IFRS, whereas 2015 comparative figures are prepared in accordance with the Danish Financial Statements Act.

Management's review

Operating review

Principal activities

DI Frontier Market Energy & Carbon Fund K/S is a private equity limited partnership, which was established on 28 June 2011. The objective of DI Frontier Market Energy & Carbon Fund K/S is to achieve the highest possible financial return on the commitments of the partners by engaging in the following activities:

1) make, develop and realise investments in renewable energy, energy efficiency, and carbon credit-generating assets in countries in Sub-Saharan Africa, and

2) purchase carbon credits and related instruments from portfolio companies and sell these to relevant buyers, such activities to be carried out via a dedicated carbon company or through third party trading agents.

DI Frontier Market Energy & Carbon Fund K/S has capital commitments totalling EUR 60,512 thousand.

An Investment Management Agreement has been entered into with Frontier Investment Management ApS, under which Frontier Investment Management ApS as Investment Manager is to be responsible for the administration of and for providing investment advisory services to DI Frontier Market Energy & Carbon Fund K/S. The limited partnership has therefore no employees.

Development in financial matters

During 2019, DI Frontier Market Energy & Carbon Fund K/S invested an additional EUR 3,901 thousand (2018: EUR 2,987 thousand) in portfolio companies and related projects.

In 2019, two projects (Rwaza and Siti II) started commercial operations and are accordingly measured at fair value determined based on an assessment of future cash flows discounted with the required rate of return.

Profit for the year

In 2019, value adjustment of investments in portfolio companies amounted to EUR 8,472 thousand (2018: EUR 2,925 thousand).

In 2019, DI Frontier Market Energy & Carbon Fund K/S realised a profit of EUR 9,476 thousand (2018: profit of EUR 3,633 thousand). Costs incurred include EUR 947 thousand (2018: EUR 947 thousand) relating to management fee (including VAT) calculated and paid in accordance with the Limited Partnership Agreement, the Investment Management Agreement and the approved management fee budget.

Balance sheet and capital structure

At 31 December 2019, the limited partnership had called a total net amount of EUR 58,760 thousand (31 December 2018: EUR 57,590 thousand) of the total capital commitment of EUR 60,512 thousand, corresponding to 97% (31 December 2018: 95%).

The distributed amount of EUR 1,679 thousand in 2019 relates to the premium and expense part of the transfer payment for 10 of the 12 portfolio companies sold to the successor fund, DI Frontier Market Energy and Cabon Fund K/S in 2017.

At year-end 2019, total equity amounted to EUR 65,716 thousand (31 December 2018: EUR 56,749 thousand).

Management's review

Operating review (continued)

Uncertainty about the measurement of investments

Portfolio companies are small or medium-sized, unlisted companies which make and develop projects within renewable energy, energy efficiency, and carbon credit-generating assets in countries in Sub-Saharan Africa. Accordingly, the valuation of investments, including receivables is subject to uncertainty.

The investments are subject to individual risks, including but not limited to local operational risks, environmental risks, political risks, social risks as well as compliance risks and other related risks for projects within the renewable energy sector in countries in Sub-Saharan Africa. These risks may materialize negatively compared to the investment managers expectations, impacting the future valuation.

Investments are measured at fair value, however, during the first years of operation (development stages), it is typically not possible to determine a reliable fair value and accordingly, such investments are measured at cost less any impairment losses. Impairment losses are determined based on whether in the long term, the individual portfolio company will be able to generate adequate positive net cash flows in the future to support (recover) cost. Owing to the size, activities and the early stage in the normal life cycle of the companies, the cash flow projections are subject to significant uncertainty.

For investments which have commenced commercial operations, the fair value is determined using a discounted cash flow model based on the expected cash flow generated from the underlying assets during the operational life.

Environmental aspects and Corporate Social Responsibility

The limited partnership is dedicated to developing and implementing projects that are environmentally and socially sustainable. When developing and building a project, Frontier strives to benefit the neighbouring community and to adhere to global best practice, including IFC performance standards. As part of this work, Frontier's community relationship officers engage with the neighbouring community and make an Environmental & Social Impact Assessment.

Events after the balance sheet date

The outcome and potential impact on the limited partnership's investments due to the coronavirus (COVID-19) outbreak in 2020 is uncertain as of the date of the approval of the annual report. The Investment Manager follows the situation closely.

No other events have occurred after the balance sheet date that may have a significant influence on the assessment of the annual report.

Investment ManagerOutlook

The future results of the limited partnership depend, in all material respects, on the development in the value of the limited partnership's investments in portfolio companies. The implication of the coronavirus outbreak is uncertain.

Financial statements for the period 1 January – 31 December

Statement of comprehensive income

Note	EUR'000	2019	2018
7	**Value adjustment of investments in portfolio companies**	8,472	2,925
4	Other external costs	-1,113	-1,111
	Profit before financial income and expenses	7,359	1,814
5	Financial income	2,156	1,871
6	Financial expenses	-39	-52
	Profit for the year and total comprehensive income for the year	9,476	3,633

Financial statements for the period 1 January – 31 December

Statement of financial position

Note	EUR'000	2019	2018
	ASSETS		
	Non-current assets		
	Investments		
7	Investments	66,460	51,933
	Total non-current assets	66,460	51,933
	Current assets		
	Receivables		
	Receivables from limited partners	1,035	3
8	Other receivables	3	67
9	Prepayments	0	237
		1,038	307
	Cash at bank and in hand	141	5,512
	Total current assets	1,179	5,819
	TOTAL ASSETS	67,639	57,752
	EQUITY AND LIABILITIES		
10	**Equity**		
	Contributed capital	58,760	57,590
	Retained earnings	8,635	-7,092
	Distributions	-1,679	0
	Total equity	65,716	56,749
	Liabilities		
	Non-current liabilities		
12	Loan payable to Industriens Fond	981	947
		981	947
	Current liabilities		
12	Loan payable to Industriens Fond	0	21
	Payable to the Investment Manager	927	20
	Other payables	15	15
	Total current liabilities	942	56
	Total liabilities	1,923	1,003
	TOTAL EQUITY AND LIABILITIES	67,639	57,752

Financial statements for the period 1 January – 31 December

Statement of changes in equity and capital commitment

	Contributed capital					
EUR'000	Commitment	Uncalled	Committed and called capital	Retained earnings	Distributions	Total equity
Equity at 31 December 2015	60,512	-33,074	27,438	-7,143	0	20,295
Paid through cash calls during the year	-	20,702	20,702	0	0	20,702
Loss for the year	-	-	-	-1,096	0	-1,096
Equity at 31 December 2016	60,512	-12,372	48,140	-8,239	0	39,901
Paid through cash calls during the year	-	9,450	9,450	0	0	9,450
Profit for the year	-	-	-	3,765	0	3,765
Equity at 31 December 2017	60,512	-2,922	57,590	-4,474	0	53,116
Profit for the year	-	-	-	3,633	0	3,633
Equity at 31 December 2018	60,512	-2,922	57,590	-841	0	56,749
Distributed during the year	-	0	0	0	-1,679	-1,679
Paid through cash calls during the year	-	1,170	1,170	0	0	1,170
Profit for the year	-	0	0	9,476	0	9,476
Equity at 31 December 2019	60,512	-1,752	58,760	8,635	-1,679	65,716

The limited partners are liable for their share of the uncalled capital commitment.

The distributed amount of EUR 1,679 thousand in 2019 relates to the premium on the transfer payment for 10 of the 12 portfolio companies sold to the successor fund to DI Frontier Market Energy and Cabon Fund K/S in 2017.

Financial statements for the period 1 January – 31 December

Cash flow statement

EUR'000	2019	2018
Profit before financial income and expenses	7,359	1,814
Value adjustment of investments in portfolio companies	-8,472	-2,925
Changes in working capital	1,148	-258
Cash flows from primary activities before financial income and expenses	35	-1,369
Interest expenses paid	-3	-13
Cash flows from operating activities	32	-1,382
Non-current investments in portfolio companies, etc.	-3,901	-2,987
Cash collateral towards banks on behalf of portfolio companies	63	82
Disposal of investments and receivables	0	9,235
Change in receivables from disposal of portfolio companies	0	415
Cash flows from investing activities	-3,838	6,745
Paid-up contributed capital	135	0
Distributed during the year	-1,679	0
Partial repayment of loan payable to Industriens Fond	-21	0
Cash flows from financing activities	-1,565	0
Cash flows for the period	-5,371	5,363
Cash and cash equivalents at the beginning of the period	5,512	134
Exchange rate adjustments of cash and cash equivalents	0	15
Cash and cash equivalents at year end	141	5,512

Cash and cash equivalents at year end can be specified as:		
Cash at bank and in hand	141	5,512

Financial statements for the period 1 January – 31 December

Note summary

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Summary of significant accounting policies

Corporate information

The financial statements of DI Frontier Market Energy & Carbon Fund K/S (the limited partnership) for the year ended 31 December 2019 were approved and authorised for issue by the General Partner on 30 March 2020. DI Frontier Market Energy & Carbon Fund K/S is a limited partnership incorporated and domiciled in Denmark.

Basis of preparation

The separate financial statements of DI Frontier Market Energy & Carbon Fund K/S (the limited partnership) have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the provisions applying to reporting class c medium-sized enterprises under the Danish Financial Statements Act. These separate financial statements have been prepared as the only financial statements of the limited partnership.

The financial statements are prepared based on the standards and interpretations that are effective as of 31 December 2019. The accounting policies are unchanged from 2018.

The separate financial statements have been prepared on a historical-cost basis, except for financial assets held at fair value through profit or loss. The separate financial statements are presented in EUR and all values are rounded to the nearest thousand EUR, except where otherwise indicated.

The limited partnership presents its balance sheet in order of liquidity.

Basis of consolidation

The limited partnership is an investment entity, therefore, it holds its investments in subsidiaries as well as investments at fair value rather than consolidating them. Accordingly, the limited partnership does not prepare consolidated financial statements. Investments are classified as fair value through profit or loss in accordance with IFRS 9.

Functional and presentation currency

The limited partnership's capital is raised in EUR and the performance is evaluated in EUR. In addition, management fee to the Investment Manager is invoiced and paid in DKK which is fixed to EUR. Therefore, the limited partnership concludes that EUR is its functional currency. The limited partnership's presentation currency is also EUR.

Statement of comprehensive income

Foreign currency translation

Transactions denominated in foreign currencies (non-EUR) are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies (non-EUR) 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 is recognised in the income statement as financial income or financial expenses.

Value adjustment of investments in portfolio companies

Realised and unrealised fair value adjustments of investments in portfolio companies and receivables from portfolio companies and other receivables from portfolio companies, interest-bearing loans are recognised in a separate item in the income statement.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Summary of significant accounting policies (continued)

Fees and other external costs

Other external costs include travel, administration, auditor and legal, costs for broken deals, etc. Fees are recognised on an accrual basis.

Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised gains and losses on securities as well as payables and transactions denominated in foreign currencies (non-EUR).

Statement of financial position

Investments

Investments in portfolio companies

Portfolio companies are the companies in which the limited partnership invests in order to create added value for the investors of the limited partnership.

In accordance with the exception under IFRS 10 Consolidated Financial Statements, the limited partnership does not consolidate subsidiaries in the separate financial statements. Investments in subsidiaries are accounted for as financial instruments at fair value through profit or loss in accordance with IFRS 9.

In accordance with the exception in IAS 28 Investments in Associates and Joint Ventures, the limited partnership does not account for its investments in associates using the equity method. Instead, the limited partnership has elected to measure its investments in associates at fair value through profit or loss.

Initial measurement

Investments in portfolio companies, comprising subsidiaries and their investments in subsidiaries as well as associates, are upon initial recognition measured at fair value, typically based on cash injections into the portfolio companies or the fair value of contributions-in-kind into the portfolio companies (typically equal to the monetary equivalent of directly attributable costs incurred by the limited partnership on behalf of the portfolio companies for the development of new projects, including detailed technical and commercial evaluations, environmental approvals and other licenses, etc., related to the project activities of the portfolio companies).

For new projects under development, directly attributable project costs incurred are recognised as prepayments, when there is a high probability that a project will be implemented through the establishment or acquisition of a portfolio company.

Subsequent measurement

Subsequently, investments in portfolio companies are measured at fair value through profit or loss. Value adjustments are recorded in the income statement.

Dividends from investments in portfolio companies are recognised in the income statement at the time of declaration (usually at the time of adoption at the annual general meeting).

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Summary of significant accounting policies (continued)

Fair value measurement

The limited partnership measures its investments in subsidiaries and associates at fair value at each reporting date. Fair value is determined in accordance with IFRS using the International Private Equity and Venture Capital (IPEV) Valuation Guidelines.

The portfolio companies are small or medium-sized companies which make and develop projects within renewable energy, energy efficiency and carbon credit-generating assets in countries in Sub-Saharan Africa. Accordingly, the valuation of investments is subject to uncertainty as such portfolio companies are not traded in an active market. Investments are measured at fair value, however, during the first years of operation (development stages), it is typically not possible to determine a reliable fair value and accordingly, such investments are measured at cost less any impairment losses which is considered to be the best estimate of fair value during this phase/stage. Impairment losses are determined based on whether in the long term, the individual portfolio company will be able to generate adequate positive net cash flows in the future to support (recover) cost. Owing to the size, activities and the early stage in the normal life cycle of the companies, the cash flow projections are subject to significant uncertainty.

After the early project and development stages (i.e. the operation stage), fair value is determined by using valuation methods deemed to be appropriate in the circumstances. Valuation methods include the market approach (i.e., using recent arm's length market transactions adjusted as necessary) and the income approach (i.e., discounted cash flow analysis making as much use of available and supportable market data as possible).

Receivables from portfolio companies and other receivables from portfolio companies, interest-bearing loans

In addition to equity investments, the limited partnership holds investments in receivables on a fair value basis for investment income and fair value gains. The receivables from portfolio companies, other receivables from portfolio companies and interest-bearing loans are managed, and its performance evaluated, on a fair value basis.

Initial measurement

Receivables from portfolio companies, other receivables from portfolio companies and interest-bearing loans are recognised at the trade date, initially measured at fair value.

Subsequent measurement

Subsequently, receivables from portfolio companies, other receivables from portfolio companies and interest-bearing loans are measured at fair value through profit or loss. Value adjustments are recorded in the income statement.

Other receivables

Other receivables are recognised at the trade date, initially measured at fair value.

The limited partnership holds other receivables other than those classified at fair value through profit and loss with the objective of collecting the contractual cash flows, and therefore, measures them subsequently at amortised cost using the effective interest method.

The limited partnership applies the simplified approach to measure the expected credit loss and a lifetime expected loss allowance for all other receivables.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Summary of significant accounting policies (continued)

Other receivables (continued)

The limited partnership's approach to expected credit loss reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

As a practical expedient and due to the limited number of other receivables, the expected credit loss is based on days past due, historically observed loss rates, the nature of the other receivable and adjusted for forward-looking factors specific to the debtor and the economic environment.

Financial liabilities

Non-current liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan.

Other financial liabilities are measured at amortised cost.

Tax

The limited partnership is not an independent tax entity, and therefore tax is not recognised in the financial statements.

Statement of cash flows

The cash flow statement shows the limited partnership'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 limited partnership's cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as profit/loss for the year adjusted for non-cash operating items and changes in working capital, excluding payments in connection with acquisition and disposal of portfolio companies.

Cash flows from investing activities

Cash flows from investing activities comprise cash payments in connection with acquisition and disposal of portfolio companies, etc., including loans in this respect.

Cash flows from financing activities

Cash flows from financing activities comprise payment of contributed capital as well as rising of loans, repayment of interest-bearing debt, and payments to limited partners.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank overdraft facilities used as part of the short-term liquidity management.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

2 Significant accounting judgements, estimates and assumptions

The preparation of the limited partnership's financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the limited partnership's accounting policies, Management has made the following judgements, which affect the amounts recognised in the financial statements at the most:

Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss (FVPL) rather than consolidate them. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis

The Limited Partnership Agreement details the limited partnership's objective of achieving the highest possible financial return on the commitments of the limited partners (investors) by making, developing and realising investments in renewable energy and energy efficiency assets in countries located in Sub-Saharan Africa.

The limited partnership reports to its investors via quarterly investor information. All investments are reported at fair value to the extent allowed by IFRS in the limited partnership's annual reports.

Management has also concluded that the limited partnership meets the additional characteristics of an investment entity, in that it has more than one investment; the limited partnership's ownership interests are predominantly in the form of equities and convertible shareholder loans; it has more than one investor and has investors that are not related parties.

Management has concluded that the limited partnership meets the definition of an investment entity.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The limited partnership based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the limited partnership. Such changes are reflected in the assumptions when they occur.

Fair value

For fair value of investments in portfolio companies, including receivables from portfolio companies, please refer to note 7.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

3 Standards issued but not yet effective

In the opinion of Management, no standards or interpretations that are issued, but not yet effective, up to the date of issuance of the limited partnership's financial statements, will significantly impact the limited partnership.

	EUR'000	2019	2018
4	**Other external costs**		
	Management fee (including VAT) calculated and paid in accordance with the Limited Partnership Agreement, the Investment Management Agreement and the approved management fee budget	947	947
	Other external costs	166	164
		1,113	1,111
5	**Financial income**		
	Interest income from receivables from portfolio companies measured at fair value through profit or loss	2,060	1,503
	Foreign exchange rate gain, receivables from portfolio companies	94	208
	Foreign exchange rate gain, other receivables	0	142
	Foreign exchange rate gain on cash and cash equivalents	0	15
	Other	2	3
		2,156	1,871
6	**Financial expenses**		
	Interest expenses on financial liabilities measured at amortised cost	34	35
	Other	5	17
		39	52

Financial statements for the period 1 January – 31 December

Notes to the financial statements

7 Investments

EUR'000	Equity investments in portfolio companies	Receivables from portfolio companies	Other receivables from portfolio companies, interest-bearing loans	Total investments
Cost at 1 January	24,372	12,147	6,564	43,083
Additions during the year	485	2,981	435	3,901
Foreign exchange rate adjustments	0	0	94	94
Cost at 31 December	24,857	15,128	7,093	47,078
Value adjustment at 1 January	6,251	0	2,599	8,850
Accrued interest income	0	0	2,060	2,060
Unrealised value adjustments for the year	8,048	0	424	8,472
Value adjustment at 31 December	14,299	0	5,083	19,382
Carrying amount at 31 December	39,156	15,128	12,176	66,460

The limited partnership measures its investments at fair value at each reporting date.

During 2018, 10 portfolio companies were transferred to the successor fund. Two more portfolio companies are expected to be transferred to the successor fund in 2020. The agreed valuation has been reflected in the year-end valuation (unrealised) of these portfolio companies, in total EUR 695 thousand.

'Receivables from portfolio companies' primarily relate to convertible loans granted to portfolio companies, which under certain conditions can be converted into share capital.

Net changes in fair value of financial assets and financial liabilities through profit or loss is specified as:

EUR'000	2019	2018
Realised value adjustments for the year	0	-4
Unrealised value adjustments for the year	8,472	2,929
Value adjustment of investments	8,472	2,925

Financial statements for the period 1 January – 31 December

Notes to the financial statements

7 Investments (continued)

Fair value of investments

Equity investments in portfolio companies and related receivables are measured at fair value through profit or loss.

After the early project and development stages (i.e. the operation stage), fair value is determined by using valuation methods deemed to be appropriate in the circumstances. Valuation methods include the market approach (i.e., using recent arm's length market transactions adjusted as necessary) and the income approach (i.e., discounted cash flow analysis making as much use of available and supportable market data as possible).

The inputs to this are taken from observable markets where possible, but where this is not feasible, estimation is required to establishfair values. The estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), correlation and volatility.

Changes in assumptions about these factors could affect the reported fair value of items in the statement of financial position and the level where the items are disclosed in the fair value hierarchy.

Investments are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

If a reliable fair value cannot be identified, measurement is alternatively made at cost less any impairment losses.

The following table shows the classification of financial instruments recognised at fair value:

	2019			
EUR'000	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments				
Equity investments in portfolio companies	-	-	39,156	39,156
Receivables from portfolio companies	-	-	15,128	15,128
Other receivables from portfolio companies, interest-bearing loans	-	-	12,176	12,176
Total financial assets	-	-	66,460	66,460

	2018			
EUR'000	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments				
Equity investments in portfolio companies	-	-	30,623	30,623
Receivables from portfolio companies	-	-	12,147	12,147
Other receivables from portfolio companies, interest-bearing loans			9,163	9,163
Total financial assets	-	-	51,933	51,933

The limited partnership's investments are not quoted in an active market and transactions in such investments do not occur on a regular basis. Therefore, the limited partnership classifies the fair value of these investments as Level 3.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

7 Investments (continued)

During 2019, two projects (Rwaza and Siti II) started commercial operations and are accordingly measured at fair value determined based on an assessment of future cash flows discounted with the required rate of return (WACC).

The material non-observable inputs and assumptions used in the calculation of fair value of the operational portfolio companies are summarised below:

	Valuation technique	2019	2018
Siti I			
5 MW installed			
Average remaining operational life	DCF	17 years	18 years
Lubilia			
5.4 MW installed			
Average remaining operational life	DCF	18 years	19 years
Siti II			
16.5 MW installed			
Average remaining operational life	DCF	19 years	
Rwaza			
5 MW installed			
Average remaining operational life	DCF	19 years	

The rate of return (WACC) is in the range from 7 to 11 percent after tax.

Valuation is the responsibility of the Management. The valuation of investments is performed on a quarterly basis by the Investment Manager and reported in the quarterly investor information.

The discount rate is based on multiple inputs, including country risk premium, risk-free rate unlevered beta, cost of equity, cost of debt and equity/debt leverage. In connection with the year-end closing, Management has updated inputs for the calculation of the discount rate. In addition, Management has obtained input from other transactions in East Africa occurring for similar types of projects. It is not possible to obtain benchmarks for sale of projects in operation. Thus, inputs from other transactions have only been used as a benchmark for the calculated discount rate. The Investment Manager is of the opinion that there is a general tendency for increasing appetite for investment in renewables among private as well as publics sector investors in East Africa. Further, the Investment Manager is of the opinion, that the overall trend in terms of return levels for the Region is decreasing. The following inputs have been used by the Investment Manager:

- Country risk premium is set between 7-8%. The risk premium is based on ratings based on credit default swaps spreads and the relative volatility for the specific countries.
- Unlevered beta below 0.5 based on an assessment of the general risk in relation to the independent power producer. This is substantiated by the fact that the generation of revenue is expected to be relatively stable in volume and price, including long-term agreement with typically one customer (the local off-taker) which is expected to consume all the power generated by the independent power producer.
- Cost of debt has been set based on the interest rates for the external loans used to fund the specific project.
- Equity/debt leverage has been set based on the current capitalization of the portfolio company.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

7 Investments (continued)

Uncertainty about the measurement of investments

Portfolio companies are small or medium-sized, unlisted companies, which make and develop projects within renewable energy, energy efficiency, and carbon credit-generating assets in countries in Sub-Saharan Africa. Accordingly, the valuation of investments, including receivables is subject to uncertainty.

The investments are subject to individual risks, including but not limited to local operational risks, environmental risks, political risks, social risks as well as compliance risks and other related risks for projects within the renewable energy sector in countries in Sub-Saharan Africa. These risks may materialize negatively compared to the Investment Managers expectations, impacting the future valuation.

Investments are measured at fair value, however, during the first years of operation (development stages), it is typically not possible to determine a reliable fair value and accordingly, such investments are measured at cost less any impairment losses. Impairment losses are determined based on whether in the long term, the individual portfolio company will be able to generate adequate positive net cash flows in the future to support (recover) cost. Owing to the size, activities and the early stage in the normal life cycle of the companies, the cash flow projections are subject to significant uncertainty.

For investments which have commenced commercial operations, the fair value is determined using a discounted cash flow model based on the expected cash flow generated from the underlying assets during the operational life.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

7 Investments (continued)

The limited partnership meets the definition of an investment entity. Therefore, it does not consolidate its subsidiaries but, recognises them as investments at fair value through profit or loss. At 31 December 2019, the limited partnership had invested in the following portfolio companies:

Subsidiaries and associates	Country	Ownership interest	Equity (100%/ EUR'000)	Profit/loss for the year (100%/ EUR'000)	Operational start date	Investment project description
Elgon Hydro Siti (Pvt) Ltd. [1]	Uganda	99%	12,600	-236	Q1 2017 (Siti I) Q2 2019 (Siti II)	Operation of two hydro power plants
Lubilia Kawembe Hydro Ltd. [1]	Uganda	98%	1,738	849	Q2 2018	Operation of a hydro power plant
Rwaza Hydropower Ltd. [2]	Rwanda	30%	3,431	-61	Q2 2019	Operation of a hydro power plant
Nyamagasani II HPP Ltd.[1]	Uganda	95%	4,076	-304		Development of a hydro power plant
Frontier Akiira Holding Ltd. [3] (holding company for the 38% investment in Akiira Geothermal Ltd.**)	Mauritius	100%	602	-4		Development of a geothermal power plant
Kiwira Energy Ltd.*	Tanzania	51%				Development of a hydro power plant
Momba Hydropower Ltd.*	Tanzania	100%				Development of a hydro power plant
Radiant Energy Ltd.	Mauritius	51%				Dormant company. To be liquidated in 2020
Eldosol Energy Ltd.	Mauritius	100%				Dormant company. To be liquidated in 2020

[1] According to the latest approved financial statements for the financial year 1 July 2018 - 30 June 2019
[2] According to the latest approved financial statements for the financial year 1 January - 31 December 2017
[3] According to the latest approved financial statements for the financial year 1 January - 31 December 2018
* The company has not yet presented its first approved and audited annual report.
** Kenyan branch of Mauritius Company.

The subsidiaries Kiwira Energy Ltd. and Momba Hydropower Ltd. are expected to be divested to the successor fund in 2020

Financial statements for the period 1 January – 31 December

Notes to the financial statements

7 Investments (continued)

The portfolio companies are subject to special restrictions and obligations in relation to the distribution of dividend, etc.

In connection with the year-end closing, Management has reviewed all non-operational investment projects and assessed that the individual portfolio company will be able to generate adequate positive net cash flows in the future to support (recover) their carrying value. Accordingly, no impairment losses have been recognised.

Specification by investments of the respective Limited Partners:

EUR'000	Share of total investment cost	Share of accrued interest income	Share of total value adjustment	Share of carrying amount
CDC Group plc	17,114	1,694	5,354	24,162
GEEREF	7,779	769	2,433	10,981
IFU	5,446	539	1,703	7,688
PensionDanmark	5,446	539	1,703	7,688
PFA Pension	5,446	539	1,703	7,688
Tryg Forsikring A/S, Norwegian branch	5,446	539	1,703	7,688
Anders Michael Hauch	68	7	21	96
Daniel Schleyer Schultz	68	7	21	96
Lars R. Teilgaard Jensen	68	7	21	96
Valerekus Capital ApS	68	7	21	96
Gert Heinholt Skov	43	4	13	60
Oikos Invest ApS	39	4	12	55
Bernhard Osawa	23	2	7	32
Søren Barkholt Consulting & Management ApS	12	1	4	17
ESE Invest IVS	12	1	4	17
Balance at 31 December 2019	47,078	4,659	14,723	66,460

Financial statements for the period 1 January – 31 December

Notes to the financial statements

	EUR'000	2019	2018
8	**Other receivables (current assets)**		
	Receivable from Frontier Energy II Alpha K/S	3	3
	Other receivables	0	1
	Collateral cash account	0	63
		3	67

At 31 December 2018, restrictions on the use of balances of cash at bank with a carrying amount of EUR 63 thousand existed, as the limited partnership had provided the balance as collateral to banks on behalf of one of the portfolio companies.

		2019	2018
9	**Prepayments**		
	Management fee paid in advance to the Investment Manager	0	237

As of 31 December 2018, management fee of EUR 237 thousand had been paid in advance in respect of services covering the period 1 January – 31 March 2019.

10 Capital management and contributed capital

For the purpose of the limited partnership's capital management, capital includes contributed capital and all other equity reserves attributable to the limited partners of the partnership. The committed capital from the limited partners amounted to EUR 60,512 thousand at 31 December 2019, of which EUR 1,752 thousand was uncalled. Quantitative information about the limited partnership's capital is provided in the statement of changes in equity, capital commitment and below.

The limited partnership's objective for managing capital is to achieve the highest possible financial return on the commitments of the limited partners by making, developing and realising investments in renewable energy and energy efficiency assets in countries located in Sub-Saharan Africa.

The limited partnership will call capital from the limited partners as needed in connection with the execution of activities in accordance with the Limited Partnership Agreement.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

10 Capital management and contributed capital (continued)

Specification by capital accounts of the respective limited partners:

EUR'000	Committed and contributed capital: Commit-ment	Uncalled	Called	Retained earnings: Allocation of cost incurred, net	Realised gains on invest-ments	Unrealised gain on invest-ments	Other adjustments according to LPA*	Total retained earnings	Distribu-tions	Total equity
CDC Group plc	22,000	871	21,129	-2,833	619	5,354	233	3,373	-610	23,892
GEEREF	10,000	229	9,771	-1,286	281	2,433	-60	1,368	-278	10,861
IFU	7,000	161	6,839	-900	196	1,703	-42	957	-194	7,602
PensionDanmark	7,000	161	6,839	-900	196	1,703	-42	957	-194	7,602
PFA Pension	7,000	161	6,839	-900	196	1,703	-42	957	-194	7,602
Tryg Forsikring A/S, Norwegian branch	7,000	161	6,839	-900	196	1,703	-42	957	-194	7,602
BWBD ApS	87	1	86	-11	2	21	-1	11	-2	95
Daniel Schleyer Schultz	87	1	86	-11	2	21	-1	11	-2	95
Lars R. Teilgaard Jensen	87	1	86	-11	2	21	-1	11	-2	95
Valerekus Capital ApS	87	1	86	-11	2	21	-1	11	-2	95
Gert Heinholt Skov	55	1	54	-7	2	13	-1	7	-2	59
Oikos Invest ApS	50	1	49	-6	1	12	0	7	-2	54
Bernhard Osawa	29	2	27	-4	1	7	0	4	-1	30
Søren Barkholt Consulting & Management ApS	15	0	15	-2	0	4	0	2	-1	16
ESE Invest IVS	15	0	15	-2	0	4	0	2	-1	16
Balance at 31 December 2019	60,512	1,752	58,760	-7,784	1,696	14,723	0	8,635	-1,679	65,716

* Adjustments pursuant to the Limited Partnership Agreement ("LPA"), section 16.1 (5).

Financial statements for the period 1 January – 31 December

Notes to the financial statements

10 Capital management and contributed capital (continued)

Since the establishment, the committed contributed capital has developed as follows:

	EUR'000
Balance at the establishment on 28 June 2011	311
Additional commitments during 2011	60,080
Additional commitments during 2013	10,000
Cancellation of commitments during 2014, cf. note 2	-9,930
Additional commitments during 2014	51
Balance at 31 December 2019	60,512

11 Loan payable to Industriens Fond

Loan payable to Industriens Fond relates to set-up costs payable (EUR 753 thousand in total) in connection with the development and set-up of DI Frontier Market Energy & Carbon Fund K/S.

The repayment of the loan depends on the financial return on the investments undertaken by the limited partnership.

12 Financial risk

The limited partnership's objective in managing risk is the creation and protection of the limited partners' investment and return. The limited partnership calls capital based on the limited partners' commitments for the use of making investments in portfolio companies. Some risks are inherent in the limited partnership's investment activities, refer to note 7 for details of these. The limited partnership is exposed to interest rate risk, liquidity risk and credit risk.

Risk management structure

The limited partnership's Investment Manager is responsible for identifying and controlling risks and to ensure that investments are made in accordance with the Limited Partnership Agreement. The established Investment Committee reviews all proposals made by the Investment Manager relating to the making or realisation of investments.

The general partner supervises the Investment Manager and is ultimately responsible and liable for the overall risk management of the limited partnership.

Risk mitigation

The limited partnership has investment policies that set out its overall business strategies, its risk tolerance and its general risk management philosophy for the investments. The Investment Manager assesses the risk profile before entering into investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The limited partnership has limited interest-bearing debt, and the limited partnership's interest rate risk primarily relates to the position of cash in banks and bank overdraft facility.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

12 Financial risk (continued)

Liquidity risk

Liquidity risk is the risk that the limited partnership will not be able to meet its financial obligations as they fall due. The Investment Manager monitors risk of a shortage of funds on an ongoing basis. The general partner reviews the liquidity position on a quarterly basis based on the quarterly reports prepared by the Investment Manager.

The limited partnership will call capital from the limited partners based on an as-needed basis to enable the limited partnership to make investments, pay expenses incurred by the limited partnership and comply with any obligations undertaken.

The table below summarises the maturity profile of the limited partnership's financial assets and liabilities based on contractual undiscounted receipts and payments:

EUR'000	Falling due within 1 year	Falling due between 1-5 years	Falling due after 5 years	No fixed maturity	Total	Carrying amount
2019						
Investments						
Equity investments in portfolio companies	-	-	-	39,156	39,156	39,156
Receivables from portfolio companies	-	-	-	15,128	15,128	15,128
Other receivables from portfolio companies, interest-bearing loans	2,933	11,734	2,979	0	17,646	12,176
Receivables						
Receivables from limited partners	1,035	-	-	-	1,035	1,035
Other receivables	3	-	-	-	3	3
Cash at bank and in hand	141	-	-	-	141	141
Total financial assets	1,179	11,734	2,979	54,284	73,109	67,639
Obligations						
Loan payable to Industriens Fond	0	-	-	981	981	981
Payable to the Investment Manager	927	-	-	-	927	927
Other payables	15	-	-	-	15	15
Total financial liabilities	942	-	-	981	1,923	1,923

Repayment of interest-bearing loans from portfolio companies is dependent on the commencement of commercial operations. If commercial operation has not been initiated at year-end, the total balance towards the individual portfolio company is included as 'no fixed maturity' in above table. The actual repayment is further dependent on available liquid funds, including continued energy production and fulfilment of the power purchase agreements with the local off-taker. Besides the financial assets and liabilities presented in the table above, the limited partnership has entered into certain agreements about investments in portfolio companies under which the limited partnership may be committed to provide capital. The limited partnership will call capital from the limited partners as necessary to comply with these commitments. Refer to note 13 for further details.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

12 Financial risk (continued)

EUR'000	Falling due within 1 year	Falling due between 1-5 years	Falling due after 5 years	No fixed maturity	Total	Carrying amount
2018						
Investments						
Equity investments in portfolio companies	-	-	-	30,623	30,623	30,623
Receivables from portfolio companies	-	-	-	12,147	12,147	12,147
Other receivables from portfolio companies, interest-bearing loans	929	3,717	929	5,697	11,272	9,163
Receivables						
Receivables from limited partners	3	-	-	-	3	3
Other receivables	67	-	-	-	67	67
Cash at bank and in hand	5,512	-	-	-	5,512	5,512
Total financial assets	5,582	3,717	929	48,467	59,624	57,515
Obligations						
Loan payable to Industriens Fond	21	-	-	947	968	968
Payable to the Investment Manager	20	-	-	-	20	20
Other payables	15	-	-	-	15	15
Total financial liabilities	56	-	-	947	1,003	1,003

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the limited partnership by failing to discharge an obligation. The limited partnership is exposed to the risk of credit-related losses that can occur as a result of a counterparty or limited partner being unable or unwilling to honour its contractual obligations. These credit exposures exist for receivables and cash and cash equivalents.

It is the limited partnership's policy to enter into financial instruments with reputable counterparties.

In 2018 and 2019, the limited partnership accounted for an impairment loss of receivables of EUR 0 (nil).

The carrying value of the limited partnership's financial instruments, as disclosed in the statement of financial position, represents the maximum credit exposure, hence, no separate disclosure is provided. Reference is made to the statement of financial position.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

12 Financial risk (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The limited partnership transacts in other currencies than EUR, including DKK, USD and local currencies in countries in Sub-Saharan Africa. In addition, a large amount of the limited partnership's expenses, mainly from management fees to the Investment Manager, are in DKK. Further, the limited partnership's investments (Investments in portfolio companies, Other receivables and Other receivables from portfolio companies, interest-bearing loans) are for some denominated in currencies other than EUR.

Accordingly, the value of the limited partnership's assets may be affected favourable or unfavourable by fluctuations in currency rates. Therefore, the limited partnership will naturally be subject to foreign exchange risks.

The limited partnership does not hedge its exposure to foreign currency fluctuations.

The following table indicates the currencies to which the limited partnership had significant exposures as at 31 December on its monetary financial assets and liabilities. The analysis calculates the effect of a reasonable positive movement of the currently rate against EUR on profit or loss with all other variable held constant.

		Effect on profit or loss (*relates to monetary financial assets and liabilities*)	
Currency	**Change in currency rate %**	**2019 (EUR'000)**	**2018 (EUR'000)**
DKK	10%	0	0
USD	10%	1,218	923

There is no sensitivity effect on other comprehensive income as the limited partnership has no assets classified as fair value through other comprehensive income or designated hedging instruments.

An equivalent decrease in each of the aforementioned currencies against the EUR would have resulted in an equivalent, but opposite impact.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

13 Contingencies, etc.

The limited partnership has entered into an Investment Management Agreement with Frontier Investment Management ApS under which Frontier Investment Management ApS is to be responsible for the administration of and for providing investment advisory services to DI Frontier Market Energy & Carbon Fund K/S. If this agreement is terminated, the limited partnership may under certain circumstances be under an obligation to pay six months' management fees.

Cash at bank and in hand with a carrying amount of EUR 0 thousand at 31 December 2019 has been provided as collateral to banks (31 December 2018: EUR 63 thousand). The amount is included in other receivables.

In connection with portfolio companies' construction of hydro power plants located in Uganda (Lubilia Kawembe Hydro Ltd. (Lubilia), Elgon Hydro Siti (PVT) Ltd. (Siti 1+2) and Nyamagasani II HPP Ltd. (Nyamagasani II))the limited partnership's bank has issued guarantees on behalf of the limited partnership to the Electricity Regulatory Authority in Uganda. At 31 December 2019, the outstanding bank guarantees amounted to EUR 0 thousand (31 December 2018: EUR 62 thousand).

Commitments regarding investments in portfolio companies

The limited partnership has entered into certain agreements about investments in portfolio companies. At 31 December 2019, unconditional commitments amounted to EUR 316 thousand (31 December 2018: EUR 283 thousand). At 31 December 2019, conditional commitments amounted to EUR 12,995 thousand (31 December 2018: EUR 18,120 thousand), which the limited partnership under certain conditions are committed to contribute to portfolio companies for project funding. The limited partnership does not expect all conditional commitments to materialise.

At 31 December 2019, unconditional commitments related to the portfolio companies awaiting transfer to the successor fund amounted to EUR 2,140 thousand (31 December 2018: EUR 2,140 thousand).

Financial statements for the period 1 January – 31 December

Notes to the financial statements

14 Related party disclosures

No individual companies or persons exercise control over DI Frontier Market Energy & Carbon Fund K/S.

The following parties are considered related parties of the limited partnership:

Investment Manager – Frontier Investment Management ApS

Frontier Investment Management ApS (the Investment Manager), which provides administrative services and investment advisory services to the limited partnership and its management are considered a related party.

The Investment Manager is entitled to receive a management fee for its services. The management fee is payable quarterly in advance.

Total management fee for 2018 and 2019 is disclosed in note 4.

In performing the daily activities on behalf of the limited partnership, the Investment Manager incurs expenses on behalf of the limited partnership, which are settled from time to time. The balance at 31 December 2019 with the Investment Manager is disclosed separately in the statement of financial position.

In accordance with the Limited Partnership Agreement, the Investment Manager may under certain circumstances be entitled to compensation of six months' management fee, if the agreement is terminated.

General Partner – DI Frontier Market Energy & Carbon GP ApS

DI Frontier Market Energy & Carbon GP ApS (the general partner), which has direct and unlimited liability for the limited partnership's debts and liabilities, and its management are considered related parties.

The general partner has sole power and responsibility for all decisions pertaining to the acquisition and realisation of investments, including all final decisions to commit the limited partnership to an investment and any realisations of an investment.

According to the Limited Partnership Agreement, remuneration of the general partner comprises a share of DI Frontier Market Energy & Carbon Fund K/S' return on investments, provided that the total return exceeds the limited partners' investment and a predefined minimum rate of return.

Remuneration (carried interest) fo the general partner cannot be calculated definitively until upon the final liquidation of DI Frontier Market Energy & Carbon Fund K/S and – hence – according to the Limited Partnership Agreement, the general partner's carried interest is not considered earned by the general partner until upon the liquidation of DI Frontier Market Energy & Carbon Fund K/S subject to and in accordance with the final liquidation accounts of DI Frontier Market Energy & Carbon Fund K/S.

The limited partnership has not had any transactions with the general partner in 2019.

Portfolio companies

Transactions and balances with portfolio companies (subsidiaries and associates) are disclosed in notes 5 and 6.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

14 Related party disclosures (continued)

Other related parties

In addition, the successor funds, Frontier Energy II Alpha K/S and Frontier Energy II Beta K/S, which are parallel limited partnerships under the successor fund, and its management are considered related parties. The balance with the successor funds at 31 December 2019 is disclosed in note 8.

In accordance with the portfolio transfer agreement with Frontier Energy II Alpha K/S and Frontier Energy II Beta K/S (the successor fund to DI Frontier Market Energy & Carbon Fund K/S), certain of the portfolio companies in DI Frontier Market Energy & Carbon Fund K/S were transferred to Frontier Energy II Alpha K/S and Frontier Energy II Beta K/S in 2018. The limited partnership expects that the transfer of further two portfolio companies will be finalised in 2020. Payment received from the successor funds amounted to EUR 0 in 2019 and EUR 9,235 thousand in 2018.

15 Events after the reporting period

The outcome of and potential impact on the limited partnership's investments due to coronavirus outbreaking in 2020 is uncertain as of the date of the approval of the annual report. The Investment Manager follows the situation closely.

There are no other events after the reporting period to be disclosed.