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Copenhagen Infrastructure I K/S

Langelinie Allé 43
2100 Copenhagen
Business Registration No
34 72 90 26

Annual report 2017

The Annual General Meeting adopted the annual report on 25 May 2018

Chairman of the General Meeting

Name: Christian Troels Skakkebæk

Contents

Fund details

Fund

Copenhagen Infrastructure I K/S
Langelinie Allé 43
2100 Copenhagen

Business Registration No: 34 72 90 26
Registered in: Copenhagen
Financial year: 1 January 2017 - 31 December 2017

Telephone: +45 70 70 51 51
Internet: www.cipartners.dk

General Partner

Copenhagen Infrastructure I GP ApS

Fund Manager

Copenhagen Infrastructure Partners I K/S

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by General Partner on the annual report

The General Partner has today considered and approved the annual report of Copenhagen Infrastructure I K/S for the financial year 1 January 2017 - 31 December 2017.

The annual report is presented in accordance with International Financial Reporting Standards as adopted by the EU and disclosure requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Limited Partnership's financial position at 31 December 2017 and of the results of its operations and the cash flows for the financial year 1 January 2017 - 31 December 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.

Copenhagen, 25.05.2018

On behalf of Copenhagen Infrastructure I GP ApS

Jakob Baruël Poulsen	Rune Bro Róin	Christian Troels Skakkebæk
Torsten Lodberg Smed	Christina Grumstrup Sørensen	

Independent auditor's report

To the shareholder of Copenhagen Infrastructure I K/S

Opinion

We have audited the financial statements of Copenhagen Infrastructure I K/S for the financial year 01.01.2017 - 31.12.2017, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant 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 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 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 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.

General Partner's responsibilities for the financial statements

The General Partner 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 the General Partner 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, the General Partner 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 the General Partner either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

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, 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 the General Partner.
- 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.

Independent auditor's report

Statement on the management commentary
The General Partner 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 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, 25.05.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Bill Haudal Pedersen
State-Authorised Public Accountant
Identification No (MNE) 30131

Michael Thorø Larsen
State-Authorised Public Accountant
Identification No (MNE) 35823

Management commentary

	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000
Financial highlights				
Key figures				
Operating profit (EBIT)	375,578	412,598	281,068	209,722
Profit for the year	380,475	411,375	288,817	211,579
Equity	3,107,934	4,623,441	4,071,119	2,805,306
Assets	3,168,439	4,683,991	4,140,785	2,873,043
Ratios				
Solvency ratio (%)	98.09	98.71	98.32	97.64

Primary activity

Copenhagen Infrastructure I K/S (CI I) was established in October 2012 and is managed by Copenhagen Infrastructure Partners I K/S (CIP). The General Partner of CI I is Copenhagen Infrastructure I GP ApS. End of 2017 the Limited Partners (LP) had commited DKK 7,189m to CI I for infrastructure investments in primarily Europe and North America.

Investments

End of 2017, CI I had made four investments, BPCL (Brigg and Snetterton), Borea and Beatrice.

BPCL

CI I and Burmeister & Wain Scandinavian Contractor A/S has established the joint venture BWSC PCL Ltd. (BPCL), which owns two investments, the Brigg biomass power plant in Lincolnshire in Northeast England, and the Snetterton Biomass power plant in East Anglia in Eastern England. Both investments are now in operation.

Borea

CI I has acquired 49% of six operating onshore wind farms located in Scotland and Wales with a total capacity of 273 MW.

Beatrice

CI I has in total acquired 17.5% of the UK offshore wind project, Beatrice, currently under construction, located in Outer Moray Firth, Scotland.

Management commentary

Development in activities and finances

Income from investments in 2017 amounts to DKK 392m (2016: DKK 429m).

Profit for the year amounts to a gain of DKK 380m (2016: DKK 411m), which is in accordance with the expectations. The result reflects income from the investments, partly offset by transaction costs and administrative cost expenses, during the period.

Limited Partners' paid-in capital to the Fund end of 2017 amount to DKK 4,592m (2016: DKK 4,547m), equalling 64 % of the committed capital of DKK 7,189m. Total Limited Partner's capital amounted to DKK 3,108m (2016: DKK 4,623) reflecting the Limited Partner's paid-in capital and accumulated net income since Fund initiation.

Uncertainty relating to recognition and measurement

CI I invests in infrastructure projects structured to provide stable cash flows, but where transferability and cash flows to a certain extent may still be affected by changes in market conditions. Consequently, the fair value of the investments is based on estimates and a number of assumptions made by the General Partner on the balance sheet date.

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.

Outlook

The outlook for the Limited Partnership is expected to be positive.

No further investments are expected to be made.

Corporate social responsibility

Environmental, Social, and Corporate Governance, ESG (including HSE) and CSR, are part of CIP's Ethical Policy and an integral part of CIP's entire investment process. The Ethical Policy guides CIP in its capacity as Investment Manager throughout the investment process i.e. when CIP originate/screen/assess potential investments, select and propose investments, monitor and manage Investments, and propose divestments. CIP's Ethical Policy is based on main principles of the UN Principles for Responsible Investment (www.unpri.org/). The Ethical Policy outlines ESG principles, which shall apply to CIP, and which CIP shall endeavor to ensure are observed by the project companies in which the Fund holds investments. ESG is a core focus of CIP. The investment strategy of the Fund focuses on greenfield and renewable energy projects, and, as such, the Fund is expected to have a positive ESG impact on both job creation and climate (CO2).

Management commentary

Corporate social responsibility (Continued)

The ESG principles outline minimum standards and restrictions in some areas (e.g. related to HSE) and set high standards in others (e.g. related to CSR, business conduct and disclosure). The ESG principles are summarised below.

Environmental principles concerning

- Obligations to identify and assess environmental consequences and issues of an investment, and to properly observe relevant law or regulation; and
- Minimisation of the environmental consequences related to the construction and ongoing operations of infrastructure assets in accordance with good industry practice.

Social principles concerning

- Identification and assessment of relevant social and human rights issues of an investment;
- Acknowledgement and adherence to the fundamental employees' rights by the investment project, including significant suppliers. A focus on HSE (Health Safety and Environment) and local labour laws are an important part of this; and
- No Investment in the manufacture of weapons, which in the course of normal intended use would breach fundamental humanitarian principles.

Governance principles concerning

- No corruption and/or bribery shall take place or be carried out directly or indirectly by any of the parties involved in an Investment;
- Active ownership of an investment shall be exercised, including exercise of voting rights;
- Governmental and community relations shall be promoted to the extent relevant;
- Appropriate disclosure on environmental, social and governance issues shall be promoted;
- Effective risk management shall be promoted; and
- Laws and regulations regarding, e.g. environmental, human rights and labour rights set out by relevant authorities, shall be complied with by all parties, including by significant suppliers, involved in an Investment.

Statement of comprehensive income

	Notes	2017 DKK'000	2016 DKK'000
Interest income		217,265	243,914
Net change in urealised gains/(losses) from financial assets and liabilities at fair value		313,509	799,557
Net foreign currency gains/(losses)		(138,817)	(614,274)
Operating income		**391,957**	**429,196**
Administrative expenses	3	(16,379)	(16,598)
Operating expenses		**(16,379)**	**(16,598)**
Operating profit (EBIT)		**375,578**	**412,598**
Financial income	4	5,533	895
Financial expenses	5	(636)	(2,118)
Profit for the year		**380,475**	**411,375**
Other comprehensive income		**0**	**0**
Comprehensive income		**380,475**	**411,375**

Balance sheet at 31 December 2017

	Notes	2017 DKK'000	2016 DKK'000
Equity investments	6	1,416,535	1,505,069
Receivables from investments	6	1,736,236	3,166,584
Investments		**3,152,771**	**4,671,653**
Fixed assets		**3,152,771**	**4,671,653**
Other short-term receivables		3,373	7,209
Prepayments		331	331
Receivables		**3,704**	**7,540**
Cash		**11,964**	**4,798**
Current assets		**15,668**	**12,338**
Assets		**3,168,439**	**4,683,991**

Balance sheet at 31 December 2017

	Notes	2017 DKK'000	2016 DKK'000
Limited partnership capital	7	1,842,567	3,738,549
Retained earnings		1,265,367	884,892
Equity		**3,107,934**	**4,623,441**
Other payables non-current	8	58,051	58,636
Non-current liabilities other than provisions		**58,051**	**58,636**
Other payables current	8	2,454	1,913
Current liabilities other than provisions		**2,454**	**1,913**
Liabilities other than provisions		**60,505**	**60,549**
Equity and liabilities		**3,168,439**	**4,683,991**

Statement of changes in equity

	Limited partnership capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity 1 January 2017	3,738,549	884,892	4,623,441
Contribution from limited partners	45,030	0	45,030
Distribution to limited partners	(1,941,012)	0	(1,941,012)
Profit/loss for the year	0	380,475	380,475
Equity 31 December 2017	**1,842,567**	**1,265,367**	**3,107,934**

	Limited partnership capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity 1 January 2016	3,597,602	473,517	4,071,119
Contribution from limited partners	702,247	-	702,247
Distribution to limited partners	(561,300)	-	(561,300)
Profit/loss for the year	-	411,375	411,375
Equity 31 December 2016	**3,738,549**	**884,892**	**4,623,441**

Cash flow statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Operating profit/loss		375,578	412,598
Income from investments		(391,957)	(429,196)
Working capital changes	9	4,377	(2,100)
Cash flows from ordinary activities		**(12,002)**	**(18,698)**
Financial income	4	5,375	789
Financial expenses	5	(483)	(2,012)
Cash flows from operating activities		**4,892**	**(1,223)**
Acquisition of equity investments		(221)	(175,422)
Distributions from receivables from investment entities		1,420,064	561,300
Receivables from investment entities		(30,509)	(518,085)
Interests from receivables from investment entities		520,924	262,490
Cash flows from investing activities	6	**1,910,258**	**(130,283)**
Contributions from Limited Partner		45,030	702,247
Distributions to Limited Partner		(1,941,012)	(561,300)
Cash flows from financing activities		**(1,895,982)**	**140,947**
Increase/decrease in cash		**7,166**	**(9,256)**
Cash beginning of year		4,798	14,054
Cash end of year		**11,964**	**4,798**

Note overview

Notes

1. Accounting policies

Reporting class

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and disclosure requirements of the Danish Financial Statements Act governing reporting class C enterprises (large).

Copenhagen Infrastructure I K/S is a Limited Partnership based in Denmark.

The financial statements are presented in Danish kroner (DKK), which is the functional currency of the Fund.

The financial statements are presented on the basis of historical cost, except for the equity investments and receivables from investment entities, which are measured at fair value. Historical cost is based on the fair value of the consideration given in exchange for assets.

Judgements made by the General Partner in the application of IFRS's that have had significant effects on the financial statements are disclosed, where applicable, in the relevant notes to the financial statements.

The principal accounting policies are set out overleaf.

Report on the omission of preparation of consolidated financial statements

CI I has omitted to prepare consolidated financial statements under the provisions of IFRS 10 and IAS 27 as the Limited Partnership qualifies as an investment entity. The definition is as follows:

"An investment entity is defined as an entity which commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both".

In view of the circumstances described below, the General Partner believes that the Fund satisfies the definition of an investment entity:

1) The Fund has more than one investment.
2) The Fund and the investor are not related parties. Please refer to the description in note 13 of the financial statements.
3) The Fund's investments take the form of equity instruments or similar investments, and the Fund can also exit the investment, if relevant.

Notes

1. Accounting policies (continued)

Standards and Interpretations not yet in force

All the new and amended Standards and Interpretations which are relevant to the Fund and which came into force with effect for financial years beginning 1 January 2017 have been applied when preparing the financial statements.

At the date of the issue of these financial statements, a number of new or amended Standards and Interpretations, including IFRS 9 in particular, have not yet entered into force. The General Partner believes that they will not impact significantly on the financial statements for the coming financial years.

Other amended Standards and Interpretations includes IFRS 15 regarding recognition of revenue with effect for financial years beginning 1 January 2018 as well as IFRS 16 regarding leasing with effect for financial years beginning 1 January 2019. The General Partner believes that they will not have significant impact on the financial statements as well as they haven't been implemented before time.

Significant accounting policies and estimates

As part of the preparation of the financial statements, the General Partner makes a number of accounting judgements which form the basis of presentation, recognition and measurement of the Fund's assets and liabilities. The most significant accounting judgements are evident from note 2 to the financial statements.

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 Fund, and the value of the asset can be measured reliably. Assets are derecognised in the balance sheet when it is no longer probable that future economic benefits will flow to the Fund.

Purchase and sale of financial assets and liabilities are recognised in the balance sheet at the commitment date.

Liabilities are recognised in the balance sheet when the Fund has a legal or constructive obligation as a result of an event before or on the balance sheet date, and it is probable that future economic benefits will flow out of the Fund, and the value of the liability can be measured reliably. Liabilities are derecognised in the balance sheet when it is no longer probable that economic benefits will have to be given up to settle the liability.

On initial recognition, assets and liabilities are measured at cost, however, investment assets are measured at fair value on initial recognition, typically equalling cost exclusive of directly incurred expenses (direct transaction costs). Measurement subsequent to initial recognition is effected as described below for each financial statement item. Allowance is made for events occurring from the balance sheet date to the date of presentation of the annual report, and which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes

1. Accounting policies (continued)

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

Foreign currency translation

Items included in the financial statemens of the Fund are measured in the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements of the Fund are presented in the currency unit (DKK, Danish kroner), which is the Fund's functional and presentation currency.

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.

Statement of comprehensive income

Revenue recognition

Dividend income is recognised when the Fund's rights to receive the payments have been established, normally being the ex-dividend date.

Interest on receivables from investment entities at fair value through profit or loss is accrued on a time-proportionate basis, by reference to the principal receivables from investment entities and at the effective interest rate applicable. The interest is calculated based on the net carrying amount on intial recognition.

Income from receivables and investments

Income from receivables and investments consists of unrealised fair value adjustments, dividends, accrued interest and profit or loss from the disposal of investments.

Income realised from the disposal of investments is calculated as the difference between net selling price and cost at the time of acquisition. Previously, unrealised fair value adjustments related to investments disposed of during the year are recycled to the effect that, in net terms, profit for the year is affected by the difference between the selling price and the fair value at the beginning of the financial year.

Notes

1. Accounting policies (continued)

Administrative expenses

All expenses are recognised in the statement of comprehensive income on the accrual basis.

Administrative expenses comprise expenses incurred during the financial year not directly related to the Fund's investment activities.

General due diligence costs and general administration etc including management fees have been expensed by the amounts attributable to this financial year, whereas certain development costs have been capitalised in order to increase the value of the equity investments or receivables.

Financial income and expenses

Financial income and expenses comprise interest income and various expenses, and net exchange rate adjustments on transactions in foreign currencies.

Interest income and interest expenses are stated on an accruals basis using the principal interest rate.

Income taxes

Under current Danish law governing the Fund, it is not independently taxable because the Fund's profit/loss for the year is included in the Limited Partner's taxable income.

Balance sheet

Investment and receivable from the investment

Financial assets and liabilities are recognised at fair value through profit and loss when the Fund becomes party to the contractual provisions of the instrument. Recognition takes place on the trading day when the Fund purchases or sells an investment under a contract whose terms require delivery of the investment within the time frame established by the market.

On initial recognition, equity investments and receivables from investment entities are measured at fair value.

Financial assets and liablitities are derecognised when the contractual rights to the cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Investments consist of equity investments in infrastructure companies (projects) and receivables from investment entities consist of loans and shareholder loans to such companies. Both type of investment are measured, on initial recognition, at fair value, and subsequently measured at fair value with recognition of fair value adjustments through profit or loss.

Notes

1. Accounting policies (continued)

The fair value is calculated equivalent to an estimated fair value that is determined based on market information, Invest Europe Investor Reporting Guidelines and and accepted valuation techniques, including benchmarking, DCF or other relevant methods, which are considered to provide the best estimate of the fair value.

For further information about the measurement of fair values, please refer to note 12.

Other short-term receivables

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

Cash

Cash comprises cash in bank deposits.

Other financial liabilities

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

Cash flow statement

The cash flow statement of the Fund is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Fund's cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items and working capital changes.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of investment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and payment of distributions to Limited Partners.

Cash comprises cash and short-term securities with an insignificant price risk less short-term bank debt.

Notes

1. Accounting policies (continued)
Financial highlights
Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios		Calculation formula	Ratios reflect
Solvency ratio (%)	=	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The enterprise's financial strength.

2. Significant accounting estimates, assumptions and uncertainties
The Fund develops and invests in infrastructure assets (unlisted equity investments and receivables), the market price of which depends both on entity-specific affairs and market conditions, including to a certain extent power prices, commodity prices, exchange rates and construction risk within the different investments. The valuation and hence fair value of the long-term receivables and equity investments can, may also be, affected by changes in the risk-free interest rate other than the general cost of risk in the market. As a result, income from investments, including the unrealised value adjustments, accrued interest and the fair value of investments are subject to estimation and uncertainty.

The methods applied in and the assumptions underlying the determination of the fair value in unlisted equity investments are described in note 12 to the financial statements.

3. Administrative expenses
The Fund has no employees.

Fee to auditors appointed by the Company in general Meeting	**2017 DKK'000**	**2016 DKK'000**
Fees in the financial year to the auditors appointed by the Company in general meeting:		
Statutory audit services	219	237
Other assurance engagements	41	41
Tax services	35	347
Other services	177	34
	472	**659**

Notes

	2017 DKK'000	2016 DKK'000
4. Financial income		
Currency exchange rate gains	374	363
Interest income from assets not measured at fair value through profit or loss	5,159	532
Financial income	**5,533**	**895**
Realized financial income	**5,375**	**789**
5. Financial expenses		
Other interest, currency loss etc	(622)	(2,104)
General Partner fee	(14)	(14)
Interest expenses for financial liabilities	**(636)**	**(2,118)**
Realized financial expenses	**(483)**	**(2,118)**

	Investments DKK'000	Receivables from investment entities DKK'000	Total DKK'000
6. Investments			
Fair value 31.12.2016	1,505,069	3,166,584	4,671,653
Acquisitions and development costs	585	31,547	32,132
Distributions	0	(1,940,988)	(1,940,988)
Value adjustment	(89,118)	479,093	389,975
Fair value 31.12.2017	**1,416,535**	**1,736,236**	**3,152,771**

	Investments DKK'000	Receivables from investment entities DKK'000	Total DKK'000
Investments			
Fair value 31.12.2015	1,034,431	3,085,753	4,120,184
Acquisitions and development costs	175,422	518,085	693,507
Distributions	-	(561,300)	(561,300)
Value adjustment	295,216	124,046	419,262
Fair value 31.12.2016	**1,505,069**	**3,166,584**	**4,671,653**

Notes

6. Investments (continued)

Investment	Corporate form	Registered in	Equity interest %
CII HoldCo	Ltd.	United Kingdom	99.73
CII PCL Holding	K/S	Copenhagen	99.73
CII PCL Holding GP	ApS	Copenhagen	100.00
CI Beatrice I	Ltd.	United Kingdom	99.73

Consistently with the accounting policies, the Fund regularly adjusts the value of the investments to best estimate of fair value. This means that the proportionate share of profit or loss of the investments is not recognised in profit or loss of the Fund. Instead, the value adjustment of each investment's fair value is taken to profit or loss of Fund.

The methods applied by the Fund to measure investments are evident from note 12 to the financial statements.

In accordance with the requirements of IFRS 12, certain disclosures must be provided for an investment company's non-consolidated subsidiaries, and the following information is deemed relevant in this respect:

The Fund's investments are not classified as investment entities under IFRS 10 because they are all engaged in developing or owning infrastructure projects. There are no restrictions on the Fund's right to receive dividend from or have loans etc repaid by the investments, except that distributions from current operating activities of the equity investments must be made allowing for debt servicing by such companies. The Fund has not provided its investments with financial support during the financial year outside the contractual basis.

7. Limited partnership capital

The limited partnership capital has not been divided into classes.

	2017 DKK'000	2016 DKK'000
8. Other payables		
Other payables, non-current	58,051	58,636
Other payables, current	2,454	1,913
Other payables	**60,505**	**60,549**

The carrying amount of payables relates to an earnout, VAT, auditor's fees, travel costs etc. The amount recognised is equal to the fair value of the liabilities.

Notes

	2017 DKK'000	2016 DKK'000
9. Working capital changes		
Change in receivables	(3,836)	(993)
Change in payables	(541)	(1,107)
	(4,377)	**(2,100)**

10. Financial instruments

Categories of financial instruments:

	2017 DKK'000	2016 DKK'000
Investments	1,416,535	1,505,069
Receivables from investments	1,736,236	3,166,584
Financial assets measured at fair value through profit or loss	**3,152,771**	**4,671,653**
Other short-term receivables	3,373	7,209
Prepayments	331	331
Receivables measured at amortised cost	**3,704**	**7,540**
Other payables, non-current	58,051	58,636
Other payables, current	2,454	1,913
Financial liabilities measured at amortised cost	**60,505**	**60,549**

11. Financial risk management

The General Partner is ultimately responsible for the overall risk management within the Fund, but has delegated the responsibility to the Fund Manager.

The Fund pursues an investment strategy approved by the Limited partner and invests infrastructure projects.

The Fund's risk management processes includes identification, measurement, monitoring, reporting and mitigation of the identified risks to minimize the potential negative effects at fund level.

Key financial risk factors and exposure in regards to the financial statements as of 2017 can be categorised as follows:

Notes

11. Financial risk management (continued)

Liquidity risks

	Less than 1 year DKK'000	Between 1 and 5 years DKK'000	After 5 years DKK'000	Total DKK'000
Other payables, non-current	-	-	58,051	58,051
Other payables, current	2,454	-	-	2,454
31.12.2017	**2,454**	**-**	**58,051**	**60,505**

	Less than 1 year DKK'000	Between 1 and 5 years DKK'000	After 5 years DKK'000	Total DKK'000
Other payables, non-current	-	-	58,636	58,636
Other payables, current	1,913	-	-	1,913
31.12.2016	**1,913**	**-**	**58,636**	**60,549**

The cash position in the Fund is bigger than the current payables.

The liquidity risk is currently related to the limited partner ability to contribute the remaining fund commitment. The liquidity risk is considered highly unlikely to materialise.

Credit risks

Credit risk relates to the risk of non-performing receivables and impairment of the Fund's loans provided to the infrastructure projects.

The maximum credit risk related to receivables equals the carrying amount. There is no indication of non-performing receivables as of the balance sheet date.

Likewise there is no impairment of receivables i.e. at the balance sheet date as it is assessed that the debtors will fulfill the individual facility agreements.

The Fund is not exposed to significant credit risk from a single counterparty as of 31 December 2017.

Notes

11. Financial risk management (continued)

Interest rate risk

The Fund has no external debt as of the balance sheet date, and therefore no interest rate risk connected to the liabilities.

Currency risk

The Fund is denominated in DKK. However, all investments, including draw downs and distributions, are made in investment specific currencies. No hedging is made at fund level.

Commodity and power prices

The Fund’s market price exposure is limited as it is significant mitigated through fixed price agreements, hedges and capital structure protection. However, major changes in certain market prices may to some extent impact certain investments. Though, the overall market price exposure are considered as low.

When the Fund has a market price and/or commodity price exposure changes in such risk factors impact the fair value of the individual investment.

12. Financial instruments measured at fair value

The fair value of the investments are measured on a quarterly basis, or more frequent if significant changes occur.

The Fund Manager has implemented procedures and methodology to ensure that the valuation is carried out consistently over time and across investments.

Methods applied in and assumptions underlying the determination of fair values of investments

The fair value of each equity investment and receivables from investment entities has been estimated by applying methods that best reflect the risks, and the stage of each investment.

In general, the fair value is determined in accordance with Invest Europe Investor Reporting Guidelines and accepted valuation techniques, including DCF models, benchmarking or other relevant methods.

The valuation of equity investments and receivables from investment entities are based on the same methods, as equity investments and receivables are exposed to the same risks.

Notes

12. Financial instruments measured at fair value (continued)

Fair value hierarchy for financial instruments measured at fair value in the balance sheet

Below, financial instruments measured at fair value are classified using the fair value hierarchy:

- Quoted prices in active markets for identical instruments (Level 1)
- Quoted prices in active markets for similar assets or liabilities or other valuation methods under which all material inputs are based on observable market data (Level 2)
- Valuation techniques under which any material inputs are not based on observable market data (Level 3)

It is the Fund's policy to incorporate the classification of financial assets (changes/transfers between levels 1 and 3) in the financial statements if their classification changes during the financial year. There have not been any transfers between the levels during the financial year and all investments are classified as Level 3 investments.

Material unobservable inputs for Level 3

Financial instruments measured at fair value in the balance sheet are based on valuation techniques that include material unobservable inputs. Material unobservable inputs mean in this context that the valuation is dependent on a return requirement that contains a number of components that cannot be observed on trading markets, for example project-specific risks and illiquidity prizes.

2017	**Level 1 DKK'000**	**Level 2 DKK'000**	**Level 3 DKK'000**	**Total DKK'000**
Unlisted shares, investments	0	0	1,416,535	1,416,535
Receivables from investment entities	0	0	1,736,236	1,736,236
Financial assets measured at fair value through profit or loss	**0**	**0**	**3,152,771**	**3,152,771**

2016	**Level 1 DKK'000**	**Level 2 DKK'000**	**Level 3 DKK'000**	**Total DKK'000**
Unlisted shares, investments	0	0	1,505,069	1,505,069
Receivables from investment entities	0	0	3,166,584	3,166,584
Financial assets measured at fair value through profit or loss	**0**	**0**	**4,671,653**	**4,671,653**

Notes

12. Financial instruments measured at fair value (continued)

The discount rate used for valuation of investments and receivables from investments after COD is considered the most material unobservable input, and the applied interval for discount rate is between 7-10 % (2016: 7-10%)

Sensitivity analysis

The fair value of the Fund's investments is affected by development in the applied discount rate and future earnings expectations for these investments. A decline or increase in the material unobservable inputs stated above and changes in macroeconomic conditions might have an direct effect on the valuation of the investments.

If the discount rates for Investments in Borea and BPCL is increased by 1 percentage point, the fair value of the investments will be reduced by 199.9 mio. DKK, which will reduce the NAV of the fond with the same amount. A reduction with 1 percentage point will increase the fair value of the investments with 224.6 mio. DKK, and also have the same effect on the NAV of the fond. Due to the nature of the investments the effects are subject to some uncertainty, as other factors can in some scenarios have a reverse effect. No sensitivity analysis has been made for Beatrice as it is currently under construction.

The applied discount rate is considered the most material unobservable input due to the nature of the investments.

13. Related parties

Related parties with a controlling interest

The Limited Partnership has no investors or related parties with a controlling interest.

	2017 DKK'000	2016 DKK'000
Related party transactions		
The General Partner is receiving a fee for its liability towards CI I as per the article of association		
Payment to the General Partner	**14**	**14**
Copenhagen Infrastructure Partners I K/S (the Fund Manager) is considered related parties of the Fund due to direct or indirect control and transactions		
Management fee	**12,440**	**14,020**

Notes

13. Related parties (continued)

Receivables from investment entities

Loans have been granted on market terms, which are expected to be settled by future cash payments. The Fund has no guarantees or similar in connection with loans. There is no outstanding loan commitment at the end of the financial year.

There are no other key relationships, which are considered material for the financial statements.

14. Contingent liabilities

The Fund has no guarantees or contingent liabilities, but has outstanding commitments of GBP 161.6m.

15. Investors

The Limited Partnership has registered the following Limited Partners as holding more than 5% of the voting rights or nominal value of the contributed capital:

PensionDanmark Pensionsforsikringsaktieselskab, Langelinie Allé 43, 2100 Copenhagen

16. Events after the balance sheet date

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

17. Authorisation of the annual report for issue

At the meeting held on 25.05.2018 the General Partner authorised this annual report for issue on 25.05.2018 The annual report will be submitted to the Limited Partnership's Limited Partners for adoption at the Annual General Meeting on 25.05.2018.