

**Copenhagen Infrastructure I K/S**  
**Langelinie Allé 43**  
**2100 Copenhagen**  
**Business Registration No**  
**34 72 90 26**

**Annual report 2019**

The Annual General Meeting adopted the annual report on 22/6-2020

**Chairman of the General Meeting**



Name: Thomas Hinrichsen

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## **Fund details**

### **Fund**

Copenhagen Infrastructure I K/S  
Langelinie Allé 43  
2100 Copenhagen

Business Registration No: 34 72 90 26  
Founded: 31.10.2012  
Registered in: Copenhagen  
Financial year: 1 January 2019 - 31 December 2019

Telephone: +45 70 70 51 51  
Internet: [www.cipartners.dk](http://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 the 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 2019 - 31 December 2019.

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 2019 and of the results of its operations and the cash flows for the financial year 1 January 2019 - 31 December 2019.

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, 15.06.2020

### On behalf of Copenhagen Infrastructure I GP ApS



Torsten Lodberg Smed



Christina Grumstrup Sørensen



Christian Troels Skakkebæk



Jakob Baruel Poulsen

## 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 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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 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 the General Partner'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.

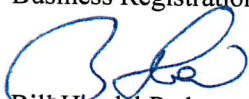
Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 15.06.2020

### Deloitte

Statsautoriseret Revisionspartnerselskab

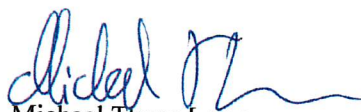
Business Registration No 33 96 35 56



Bitt Haudal Pedersen

State-Authorised Public Accountant

Identification No (MNE) mne30131



Michael Thorø Larsen

State-Authorised Public Accountant

Identification No (MNE) mne35823

## Management commentary

	2019	2018	2017	2016	2015
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
<b>Financial highlights</b>					
<b>Key figures</b>					
Operating profit/(loss) (EBIT)	173,651	575,045	375,578	412,598	281,068
Profit/loss for the year	173,173	579,220	380,475	411,375	288,817
Equity	3,724,944	4,345,490	3,107,934	4,623,441	4,071,119
Assets total	3,725,956	4,396,084	3,168,439	4,683,991	4,140,785
<b>Ratios</b>					
Solvency ratio (%)	99.97	99.05	98.09	98.71	98.32

## 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 I K/S). The General Partner of CI I is Copenhagen Infrastructure I GP ApS. End of 2019, the Limited Partner had committed DKK 7,162m to CI I for infrastructure investments in primarily Europe and North America.

## Investments

End of 2019, CI I had made four investments: BPCL (Brigg and Snetterton), Borea and Beatrice.

### BPCL

CI I and Burmeister & Wain Scandinavian Contractor A/S have 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 in operation.

### Borea

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

### Beatrice

CI I has 17.5% in total of the UK offshore wind project, Beatrice, located in Outer Moray Firth, Scotland. The investment is in operation.



## **Management commentary (continued)**

### **Development in activities and finances**

Income from investments in 2019 amounts to DKK 188m (2018: DKK 587m).

Profit for the year amounts to DKK 173m (2018: DKK 579m), which is in accordance with expectations. This profit reflects income from the investments, partly offset by transaction costs and administrative expenses charged to profit or loss during the period.

The Limited Partner's paid-in capital to the Fund end of 2019 amounts to DKK 5,732m (2018: DKK 5,442m), equalling 80% of the committed capital of DKK 7,162m. Accumulated distributions to Limited Partner end of 2019 amounted to DKK 4,025m (2018: DKK 2,932m) and accumulated net income amounted to DKK 2,018m (2018: DKK 1,845m). Hereafter total limited partnership capital end of 2019 amounted to DKK 3,725m (2018: DKK 4,355m).

### **Uncertainty relating to recognition and measurement**

CI I invests in infrastructure projects structured to provide stable cash flows, but where transferability and cash flows may to a certain extent 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**

The outbreak and spread of coronavirus (COVID-19) in 2020 has among others resulted in financial market declines from the end of February until the adoption of the Annual Report. This may have an adverse influence on the Fund's fair value of investments and earnings expectations for 2020. Due to the general uncertainty that currently exists associated with assessing the future impact of COVID-19, there is considerable uncertainty associated with the assessment of the fair values of the investment assets, but there is currently no need for further impairment of the investment portfolio.

No other 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 depends on the results of the investments.

Expectations for the Limited Partnership are in general positive, but at the time of publication of the Annual Report, it is not possible to determine the scale of any adverse influence from the coronavirus.

Profit for 2020 is expected to be in the range of DKK 300-400m.

No further investments are expected to be made.

## Management commentary (continued)

### Corporate social responsibility

As a member of the CIP-group of fund management companies, CI I K/S' approach to Corporate Social Responsibility follows that of Copenhagen Infrastructure Partners P/S (CIP), the overall fund management company in the group. This approach is set out below.

Environmental, Social, and Corporate Governance (ESG) principles are part of CIP's Ethical Policy and are 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 the main principles of the UN Principles for Responsible Investment ([www.unpri.org/](http://www.unpri.org/)). The Ethical Policy outlines ESG principles, which shall apply to CIP, and which CIP shall endeavour to ensure are observed by the project companies in which the Fund holds investments. This approach will contribute positively to the United Nations Agenda for Sustainable Development, and the corresponding Sustainable Development Goals. 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.

## Management commentary (continued)

Results of the Fund's work on corporate social responsibility are presented in annual 'ESG Reports' to investors. Key indicators relate to carbon dioxide offset, job creation, local employment and community benefits. As at the end of the financial year, projects in which the Fund has taken a final investment decision are set to:

- power approximately 1m households, once fully operational
- offset approximately 900,000 tonnes of CO<sub>2</sub>, once fully operational
- employ several hundred persons during the peak of the labour-intensive construction phases
- result in over 100 permanent jobs

The above figures are selected results and are not an exhaustive list of the specific results of the Fund's work on corporate social responsibility. CIP expects the work to come to focus on maintaining high health and safety, labour and ethical standards on projects.

The main risks associated with the overall investment process of the Fund, through each stage of the Fund's life, are:

- Market risks
- Credit risks
- Liquidity risks
- Counterparty risks
- Operational risks
- Risk of non-compliance with the investment strategy
- Regulatory risks
- Construction risks
- Valuation risks

Construction risks and the risk of non-compliance with the investment strategy are typically discharged once final investment decision has been taken on, and the construction phase of projects has been completed for, all Fund investments.

To manage these risks, CIP – as the overall fund management company in the group – has established a risk management function composed of a Risk Manager. The Risk Manager is supervised by one member of the CIP Board of Directors in respect of risks management matters. The key responsibilities of the Risk Manager are to initiate, secure implementation, follow up and assess the procedures implemented regarding:

- Risk identification
- Risk measuring
- Risk monitoring
- Stress tests/Analysis

Individual departments within CIP have the overall responsibility to carry out the procedures implemented.

## Statement of comprehensive income

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Interest income		105,024	84,509
Realised gains/(losses)		280,313	29,191
Net increase/(decrease) in unrealised gains/(losses) from financial assets and liabilities at fair value		(335,198)	510,150
Net foreign exchange gains/(losses)		137,955	(37,214)
<b>Operating income</b>		<b>188,094</b>	<b>586,636</b>
Administrative expenses	3	(14,443)	(11,591)
<b>Operating expenses</b>		<b>(14,443)</b>	<b>(11,591)</b>
<b>Operating profit/(loss) (EBIT)</b>		<b>173,651</b>	<b>575,045</b>
Financial income	4	9,890	4,958
Financial expenses	5	(10,368)	(783)
<b>Profit/(loss) for the year</b>		<b>173,173</b>	<b>579,220</b>
<b>Other comprehensive income</b>		<b>0</b>	<b>0</b>
<b>Comprehensive income</b>		<b>173,173</b>	<b>579,220</b>

**Balance sheet at 31 December 2019**

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Equity investments	6	2,781,616	2,453,865
Receivables from investments	6	913,284	1,936,047
<b>Investments</b>		<u><b>3,694,900</b></u>	<u><b>4,389,912</b></u>
 <b>Fixed assets</b>		 <u><b>3,694,900</b></u>	 <u><b>4,389,912</b></u>
 Other short-term receivables		25,539	828
Prepayments		0	39
<b>Receivables</b>		<u><b>25,539</b></u>	<u><b>867</b></u>
 <b>Cash</b>		 <u><b>5,517</b></u>	 <u><b>5,305</b></u>
 <b>Current assets</b>		 <u><b>31,056</b></u>	 <u><b>6,172</b></u>
 <b>Assets</b>		 <u><u><b>3,725,956</b></u></u>	 <u><u><b>4,396,084</b></u></u>

**Balance sheet at 31 December 2019**

	<b>Notes</b>	<b>2019 DKK'000</b>	<b>2018 DKK'000</b>
Limited partnership capital	7	5,732,222	5,442,249
Retained earnings		(2,007,278)	(1,087,759)
<b>Equity</b>		<b>3,724,944</b>	<b>4,354,490</b>
Other payables	8	1,012	41,594
<b>Current liabilities other than provisions</b>		<b>1,012</b>	<b>41,594</b>
<b>Liabilities other than provisions</b>		<b>1,012</b>	<b>41,594</b>
<b>Equity and liabilities</b>		<b>3,725,956</b>	<b>4,396,084</b>

**Statement of changes in equity**

	<b>Limited partnership capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity at 1 January 2019	5,442,249	(1,087,759)	4,354,490
Contribution from Limited Partner	289,973	0	289,973
Distribution to Limited Partner	0	(1,092,692)	(1,092,692)
Profit/(loss) for the year	0	173,173	173,173
<b>Equity at 31 December 2019</b>	<b>5,732,222</b>	<b>(2,007,278)</b>	<b>3,724,944</b>

	<b>Limited partnership capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity at 1 January 2018	4,591,541	(1,483,607)	3,107,934
Contribution from Limited Partner	850,708	-	850,708
Distribution to Limited Partner	-	(183,372)	(183,372)
Profit/(loss) for the year	-	579,220	579,220
<b>Equity at 31 December 2018</b>	<b>5,442,249</b>	<b>(1,087,759)</b>	<b>4,354,490</b>

The investors have committed themselves to contributing up to DKK 7,162m to the Fund. At 31 December 2019, the investors have contributed a net amount of DKK 5,732m out of the combined contribution commitment, causing the balance commitment to stand at DKK 1,430m.

**Cash flow statement for 2019**

	<b>Notes</b>	<b>2019 DKK'000</b>	<b>2018 DKK'000</b>
Operating profit/(loss)		173,651	575,045
Income from investments		(188,094)	(586,636)
Working capital changes	9	(35,887)	895
<b>Cash flows from ordinary activities</b>		<b>(50,330)</b>	<b>(10,696)</b>
Financial income	4	9,890	4,958
Financial expenses	5	(10,368)	(783)
<b>Cash flows from operating activities</b>		<b>(478)</b>	<b>4,175</b>
Acquisition of equity investments		33,730	(308,945)
Distributions from equity investments		284,722	29,191
Distributions from receivables from investments		700,746	85,774
Increase of receivables from investments		(281,820)	(469,901)
Interests from receivables from investments		116,361	68,407
<b>Cash flows from investing activities</b>	6	<b>853,739</b>	<b>(667,474)</b>
Contributions from Limited Partner		289,973	850,708
Distributions to Limited Partner		(1,092,692)	(183,372)
<b>Cash flows from financing activities</b>		<b>(802,719)</b>	<b>667,336</b>
<b>Increase/decrease in cash</b>		<b>212</b>	<b>(6,659)</b>
Cash beginning of year		5,305	11,964
<b>Cash end of year</b>		<b>5,517</b>	<b>5,305</b>



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

The Fund's investments are investments in portfolio companies and therefore not subject to IFRS 9. The Fund has no other material assets or liabilities subject to IFRS 9. Income of the Fund primarily consists of increases in the value of investments, and the Fund does not have any significant contracts subject to IFRS 15.

The Fund has not entered into any significant leases falling within IFRS 16.

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 IFRSs that have had significant effects on the financial statements are disclosed, where applicable, in the relevant notes to the financial statements.

#### Defining materiality

If a line item is not individually material, it is aggregated with other items and notes of a similar nature in the financial statements or in the notes. There are substantial disclosure requirements throughout IFRS. The General Partner provides specific disclosures required by IFRS unless the information is considered immaterial to the economic decision-making of the users of these financial statements or not applicable.

The most significant accounting policies are set out overleaf.

## Notes

### 1. Accounting policies (continued)

#### 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 has more than one investor, and its investors 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.

#### Standards and Interpretations not yet in force

All of 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 2019 have been applied when preparing the financial statements.

The General Partner further believes that other amended Standards and Interpretations, which have not entered into force, will not have any significant impact on the financial statements, and they will not be adopted early.

#### Significant accounting policies and estimates

As part of the preparation of the financial statements, the Fund Manager and 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.

## Notes

### 1. Accounting policies (continued)

#### 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.

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 statements 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 rate 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.

## Notes

### 1. Accounting policies (continued)

#### 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 initial 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 the fair value at the beginning of the financial year.

##### 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 from investments.

##### 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.

## Notes

### 1. Accounting policies (continued)

#### Balance sheet

##### Investment and receivable from the investment

Financial assets and liabilities are recognised at fair value through profit or 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, power price hedge and receivables from investment entities are measured at fair value.

Financial assets and liabilities 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 and receivables from investments consist of loans and shareholder loans. Furthermore, investments consist of capitalised development costs, which increase the fair value of the investments. On initial recognition, both types of investment are measured at fair value, and subsequently measured at fair value with recognition of fair value adjustments through profit or loss.

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

Calculation of the value of the power price hedge is generally performed based on rates supplied by Danish Commodities with relevant information providers and is checked by the funds valuation technicians. To measure the fair value of the power price hedge market power prices is applied in the expected future cash flow.

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. The value is reduced by write-downs for expected losses based on generally accepted models under IFRS 9, including the Company's historical experience in credit losses etc.

##### Cash

Cash comprises cash in bank deposits.

## Notes

### 1. Accounting policies (continued)

#### Other financial liabilities

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

#### Prepayments

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

#### 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 the Limited Partners.

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

#### Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios		Calculation formula	Ratios reflect
Solvency ratio (%)	=	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The entity'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 power prices, commodity prices, exchange rates and construction risk within the different investments.

## Notes

### 2. Significant accounting estimates, assumptions and uncertainties (continued)

Furthermore, the valuation and hence fair value of the long-term receivables are affected by changes in the risk-free interest rate and 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. For further information about the financial risks related to the investments, please refer to note 11.

This uncertainty may be higher during periods of high volatility in the financial markets, and economic trends affect earnings of the underlying companies as well. Furthermore, the uncertainty is affected by the construction risk within the different investments, and also the uncertainty related to the construction of the projects taking place within relevant time frames or milestones.

The methods applied 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.

Administrative expenses include management fee and investment advisory fee for the period to Copenhagen Infrastructure Partners I K/S, in accordance with the Limited Partnership Agreement and management agreement. For further information about management fee and investment advisory fee, please refer to note 13.

#### Fee to auditors appointed by the Fund in general meeting

	<b>2019</b>	<b>2018</b>
	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>
Fees in the financial year to the auditors appointed by the Fund in general meeting:		
Statutory audit services	144	140
Other assurance engagements	75	156
Tax services	0	35
Other services	<u>820</u>	<u>186</u>
	<b><u>1,039</u></b>	<b><u>517</u></b>



## Notes

	<b>2019</b> <b>DKK'000</b>	<b>2018</b> <b>DKK'000</b>
<b>4. Financial income</b>		
Foreign exchange gains	9,741	1,307
Interest income from assets not measured at fair value through profit or loss	149	3,651
<b>Financial income</b>	<b>9,890</b>	<b>4,958</b>
<b>Realised financial income</b>	<b>9,890</b>	<b>4,958</b>
<b>5. Financial expenses</b>		
Other interest, foreign exchange loss etc	(10,355)	(770)
General Partner fee	(13)	(13)
<b>Interest expenses for financial liabilities</b>	<b>(10,368)</b>	<b>(783)</b>
<b>Realised financial expenses</b>	<b>(1,054)</b>	<b>(790)</b>

## 6. Investments

	<b>Investments</b> <b>DKK'000</b>	<b>Receivables from</b> <b>investment entities</b> <b>DKK'000</b>	<b>Total</b> <b>DKK'000</b>
<b>Investments</b>			
Fair value at 31 December 2018	2,453,865	1,936,047	4,389,912
Acquisitions and development costs (net)	(33,730)	281,820	248,090
Distributions	(284,722)	(815,372)	(1,100,094)
Value adjustment	604,570	(489,211)	115,359
Investment hedge	41,633	0	41,633
<b>Fair value at 31 December 2019</b>	<b>2,781,616</b>	<b>913,284</b>	<b>3,696,900</b>

	<b>Investments</b> <b>DKK'000</b>	<b>Receivables from</b> <b>investment entities</b> <b>DKK'000</b>	<b>Total</b> <b>DKK'000</b>
<b>Investments</b>			
Fair value at 31 December 2017	1,416,535	1,736,236	3,152,771
Acquisitions and development costs (net)	356,827	469,901	826,728
Distributions	(29,191)	(154,181)	(183,372)
Value adjustment	709,694	(115,909)	593,785
<b>Fair value at 31 December 2018</b>	<b>2,453,865</b>	<b>1,936,047</b>	<b>4,389,912</b>

## Notes

### 6. Investments (continued)

<b>Investment</b>	<b>Corporate form</b>	<b>Registered in</b>	<b>Equity interest %</b>	<b>Profit/(loss)* DKK'000</b>	<b>Equity* DKK'000</b>
CII HoldCo	Ltd.	United Kingdom	99.83	(18,872)	155,663
CII PCL Holding	K/S	Copenhagen	99.73	(126,659)	618,088
CII PCL Holding GP	ApS	Copenhagen	100.00	(6)	71
CI Beatrice I	Ltd.	United Kingdom	99.83	(2,101)	467,173
CI Biomass DK	ApS	Copenhagen	33.33	(10)	40
CI Biomass Management	Ltd.	United Kingdom	33.33	(734)	(26)
CI Energy	K/S	Copenhagen	100.00	-	-

\* Based on the latest annual report adopted by the AGM (2018).

No values in equity and profit/loss have been stated for entities for which no audited financial disclosures are available. Consistently with the accounting policies, the Fund regularly adjusts the value of the investments to the best estimate of fair value. This means that the proportionate share of operating profit or loss of the entities is not recognised in profit or loss of the Fund but rather a fair value adjustment of the investment.

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.

## Notes

	<b>2019</b> <b>DKK'000</b>	<b>2018</b> <b>DKK'000</b>
<b>8. Other payables</b>		
Other payables, non-current	0	0
Other payables, current	1,012	41,594
<b>Other payables</b>	<b>1,012</b>	<b>41,594</b>

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.

Other payables fall due for payment within 12 months.

	<b>2019</b> <b>DKK'000</b>	<b>2018</b> <b>DKK'000</b>
<b>9. Working capital changes</b>		
Change in receivables	4,695	2,836
Change in payables	(40,582)	(1,941)
	<b>(35,887)</b>	<b>895</b>

## 10. Financial instruments

	<b>2019</b> <b>DKK'000</b>	<b>2018</b> <b>DKK'000</b>
Categories of financial instruments:		
Investments	2,781,616	2,453,865
Receivables from investments	913,284	1,936,047
<b>Financial assets measured at fair value through profit or loss</b>	<b>3,694,900</b>	<b>4,389,912</b>
Other short-term receivables	25,539	828
Prepayments	0	39
<b>Receivables</b>	<b>25,539</b>	<b>867</b>
Other payables, non-current	0	33,095
Other payables, current	1,012	8,500
<b>Financial liabilities measured at amortised cost</b>	<b>1,012</b>	<b>41,595</b>

All financial liabilities are due for payment within 12 months.

## Notes

### 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 in infrastructure projects.

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

Key financial risk factors and exposure regarding the financial statements for 2019 can be categorised as follows:

#### Financial risk factors

##### *Liquidity risks*

	<b>Less than 1 year DKK'000</b>	<b>Between 1 and 5 years DKK'000</b>	<b>After 5 years DKK'000</b>	<b>Total DKK'000</b>
Other payables, non-current	0	0	0	0
Other payables, current	1,012	0	0	1,012
<b>31 December 2019</b>	<b>1,012</b>	<b>0</b>	<b>0</b>	<b>1,012</b>

	<b>Less than 1 year DKK'000</b>	<b>Between 1 and 5 years DKK'000</b>	<b>After 5 years DKK'000</b>	<b>Total DKK'000</b>
Other payables, non-current	0	0	0	0
Other payables, current	41,595	0	0	41,595
<b>31 December 2018</b>	<b>41,595</b>	<b>0</b>	<b>0</b>	<b>41,595</b>

The current assets in the Fund exceed payables.

The liquidity risk is currently related to the Limited Partner's 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.

## Notes

### 11. Financial risk management (continued)

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

Likewise, there is no impairment of receivables e.g. 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 at 31 December 2019.

#### *Interest rate risk*

The Fund has no external debt at the balance sheet date, and therefore no interest rate risk is related to the liabilities.

#### *Currency risk*

The Fund is denominated in DKK. However, all investments, including drawdowns and distributions, take place in investment-specific currencies. Consequently, the Limited Partner is not exposed to currency risk through the Fund. No hedging is made at fund level.

#### *Commodity and power prices*

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

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 frequently 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.

## Notes

### 12. Financial instruments measured at fair value (continued)

In general, the fair value is determined in accordance IPEV Valuation Guidelines and generally accepted valuation techniques, including DCF models, benchmarking or other relevant method.

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.

#### 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 prices.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>2019</b>				
Unlisted shares, investments	0	0	2,781,616	2,781,616
Receivables from investment entities	0	0	913,284	913,284
<b>Financial assets measured at fair value through profit or loss</b>	<b>0</b>	<b>0</b>	<b>3,694,900</b>	<b>3,694,900</b>
<b>2018</b>				
Unlisted shares, investments	0	0	2,453,865	2,453,865
Receivables from investment entities	0	0	1,936,047	1,936,047
<b>Financial assets measured at fair value through profit or loss</b>	<b>0</b>	<b>0</b>	<b>4,389,912</b>	<b>4,389,912</b>

## Notes

### 12. Financial instruments measured at fair value (continued)

The discount rate used for valuation of investments and receivables from investments after financial close is considered the most material unobservable input, and the applied range for discount rate is between 5-9% (2018: 6-10%).

#### Sensitivity analysis

The fair value of the Fund's investments is affected by developments 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 a direct effect on the valuation of the investments.

If the discount rates for investments are increased by 1 percentage point, the fair value of the investments will be reduced by approximately DKK 175-225m, which will reduce the NAV of the Fund by the same amount. A reduction by 1 percentage point will increase the fair value of the investments by approximately DKK 200-250m, and also have the same effect on the NAV of the Fund. 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.

The discount rate applied 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.

	<b>2019</b> <b>DKK'000</b>	<b>2018</b> <b>DKK'000</b>
<b>Related party transactions</b>		
The General Partner receives a fee for its liability towards CI I as per the Articles of Association		
<b>Payment to the General Partner</b>	<b>13</b>	<b>13</b>
Copenhagen Infrastructure Partners I K/S (the Fund Manager) is considered a related party of the Fund due to direct or indirect control and transactions		
<b>Management fee</b>	<b>8,215</b>	<b>5,329</b>

## 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 collateral 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 to the financial statements.

### 14. Contingent liabilities

The Fund has the following outstanding guarantees or contingent liabilities.

- Outstanding guarantee regarding the Borea project, which amounts to GBP 8m
- Outstanding guarantee regarding the BPCL project, which amounts to GBP 20m
- Outstanding guarantee re. UK volume hedge, which amounts to GBP 3m

### 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

The outbreak and spread of coronavirus (COVID-19) in 2020 has among others resulted in financial market declines from the end of February until the adoption of the Annual Report. This may have an adverse influence on the Fund's fair value of investments and earnings expectations for 2020. Due to the general uncertainty that currently exists associated with assessing the future impact of COVID-19, there is considerable uncertainty associated with the assessment of the fair values of the investment assets, but there is currently no need for further impairment of the investment portfolio.

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 15 June 2020 the General Partner authorised this annual report for issue on 22/6-2020

The annual report will be submitted to the Limited Partnership's Limited Partner for adoption at the Annual General Meeting on 22/6-2020