Danish Climate Investment Fund I K/S

c/o IFU, Fredericiagade 27, 1310 Copenhagen K, Denmark

CVR no. 35 63 67 06

Annual report 2020

Approved at the Company's annual general meeting on 29 April 2021

Chairman:

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Nicolai Boserup

Penneo dokumentnøgle: J7ZHE-0T771-ELQ16-1C7O7-HTE11-2HOUD

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Statement by Management on the annual report

Today, the undersigned have discussed and approved the annual report of Danish Climate Investment Fund I K/S for the financial year 1 January – 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 29 April 2021
Management of DCIF I GP Komplementar ApS:

Nicolai Boserup Chairman	Torben Huss	Lars Krogsgaard

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Independent auditor's report

To the limited partners of Danish Climate Investment Fund I K/S

Opinion

We have audited the financial statements of Danish Climate Investment Fund I K/S for the financial year 1 January – 31 December 2020, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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Independent auditor's report

- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 29 April 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Rhod Søndergaard State Authorised Public Accountant mne28632	Anne Tønsberg State Authorised Public Accountant mne32121

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Management's review

Company details

Name	Danish Climate Investment Fund I K/S
Address, zip code, city	c/o IFU, Fredericiagade 27, 1310 Copenhagen K, Denmark
CVR no.	35 63 67 06
Established	13 January 2014
Registered office	Copenhagen
Financial year	1 January – 31 December
General partner	DCIF I GP P/S
Manager of the Partnership	IFU – Investment Fund for Developing Countries
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Alle 36, P.O. Box 250, 2000 Frederiksberg, Denmark

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Management's review

Financial Highlights

Seen over a five-year period, the development of the fund is described by the following financial highlights.

Key figures

DKK'000	2020	2019	2018	2017	2016
Profit/loss					
Profit/loss before financial income and expenses	(52,822)	38,426	18,120	24,300	(2,371)
Net financials	(105)	(66)	21	(293)	(38)
Net profit/loss for the year	(52,927)	38,360	18,141	24,007	(2,409)
Balance sheet					
Balance sheet total	1,178,035	1,242,456	1,230,205	1,259,053	267,284
Equity	1,177,899	1,242,118	1,228,243	1,249,652	266,287
Cash flows					
Cash flows from operating activities	(7,376)	807	5,263	(7,241)	(18,189)
Cash flows from investing activities	(420)	(63,468)	(100,012)	(232,825)	(67,844)
Cash flows from financing activities	13,803	66,069	83,025	247,558	89,658
Change in the year	6,007	3,408	(11,724)	7,492	3,626
Financial ratios					
Return on assets	(4.5)%	3.1 %	1.5 %	1.9 %	(0.9)%
Solvency ratio	100.0 %	100.0 %	99.8 %	99.3 %	99.6 %
Return on equity	(4.4)%	3.1 %	1.5 %	3.2 %	(1.1)%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see Note 1 accounting policies.

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Management's review

Operating review

The Annual Report of the Danish Climate Investment Fund I K/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Main activity

In January 2014, the Danish Climate Investment I Fund K/S (DCIF) was established as a public private partnership. Including a subsequent second close in July 2014, total capital committed to DCIF reached DKK 1,290 million. Five institutional investors committed DKK 775 million and the Danish Government and IFU committed DKK 515 million.

The purpose of DCIF is to undertake investments with a positive climate impact in developing countries in order to reduce the emission of greenhouse gasses. Such investments will include commercially viable private sector projects within sustainable energy production, energy efficiency and production of related components, as well as in other areas such as transport and other activities with a substantial positive climate impact. Furthermore, DCIF can invest in adaption projects, i.e. projects that are primarily aimed at responding to the adverse consequences of climate change.

DCIF is managed by IFU.

DCIF's investment period ended early 2018. The fund can continue to make follow-up investments in projects in the active portfolio.

At the end of 2020, DCIF had co-financed a total of 18 projects. Of these, DCIF was still participating in 12 investments, while six had been exited or cancelled. Total commitment to the 18 projects amounts to DKK 1,063m or 77 per cent of the total fund.

Investments in 2020

DCIF made no investments in 2020.

Sustainability reporting

Sustainability in IFU's Investment Process

DCIF is applying IFU's sustainability policy and offering advice to project companies on how to implement it. IFU's sustainability policy can be found on IFU's website.

IFU has a comprehensive framework for managing sustainability risks and impacts as an integral part of the investment process for both direct investments and investments in funds and financial institutions. This ensures that the investments contribute to building a green, just and inclusive economy and that environmental and social (E&S) risks and adverse impacts are mitigated.

Sustainability policy framework

IFU's Sustainability Policy is the foundation that sets out IFU's commitment to invest in sustainable development and to contribute to the realisation of the Sustainable Development Goals (SDGs). The policy highlights sustainability issues that IFU considers particularly relevant in order for investments to contribute to the SDGs. Furthermore, the policy has annexes with specific sustainability requirements for IFU's direct investments in the form of equity and loans to project companies, as well as investments in private equity funds, financial institutions and other financial intermediaries. IFU's commitments in relation to major global sustainability issues are clarified in underlying policies, which further explain how IFU implements responsible business conduct measures.

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Management's review

IFU'S SUSTAINABILITY POLICY

Environmental policies:
- Climate Policy
- Animal Welfare Policy

Social policies:
- Human Rights Policy
- Gender Equality Policy

Governance policies:
- Corporate Governance Policy
- Anti-Corruption Policy
- Tax Policy

IFU's sustainability policy framework consists of a sustainability policy and seven underlying policies. All policies are available at www.ifu.dk.

INTERNATIONAL COMMITMENTS

IFU's policies are based upon and aligned with the following internationally agreed UN, ILO and OECD conventions, declarations, agreements and principles for sustainable development:

- UN Sustainable Development Goals
- UNFCCC Paris Declaration
- Addis Ababa Action Agenda on Finance for Development
- UN Global Compact
- UN Guiding Principles on Business and Human Rights (UNGPs)
- OECD Guidelines for Multinational Enterprises
- Rio Declaration on Environment and Development
- Paris Agreement on Climate Change
- UN Convention Against Corruption
- UN Principles for Responsible Investment (UNPRI)

Investment process overview
IFU's investment process follows four main phases that are aligned with the standards adopted by the European Development Finance Institutions (EDFIs). The process will therefore be applied in a similar way when co-financing among EDFIs occurs.

During appraisal, IFU assesses and approves investments according to a gradually increased engagement level passing several approval stages from the initial screening phase, through a thorough due diligence phase to final approval.

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Management's review

Sustainability in the investment process

SCREENING

- Creation of impact hypothesis
- First gate impact screening against investment strategy
- Identification of project-related sustainability risks and opportunities, and impact potential
- Pre-assessment of potential adverse impacts on human rights
- Evaluation of projects' sustainability awareness, capability and track record
- Categorisation of projects according to environmental and social risk level

DUE DILIGENCE

- Development of impact areas aligned with the SDGs in a results framework
- UN Global Compact Self Assessment for low-risk projects
- Environmental and Social Impact Assessment (ESIA) for high-risk projects
- Complementary assessment of severe adverse human rights impacts
- Site visit, including stakeholder identification and engagement for high-risk projects

APPROVAL

- Binding commitment to IFU's sustainability requirements and to environmental and social action plan and impact creation plan
- Agreement on results framework with indicators and targets for reporting

ACTIVE OWNERSHIP

- Ongoing monitoring of sustainability performance
- Follow-up on environmental and social action plan and impact creation plan
- Annual sustainability status report, including impact reporting

DCIF climate change contribution

IFU has established a methodology for assessing the GHG emissions from its investments based on internationally recognised methodologies. All GHG in the Kyoto Protocol are taken into account as applicable, and the scope of the assessment will be based on the principles in the GHG Protocol. GHG emissions avoided by a project will be calculated as the difference between baseline emissions and project emissions.

The baseline emissions refer to the emissions that would probably occur in a reference scenario if the project was not implemented. The reference scenario is chosen on a case-by-case basis using the most appropriate methodology for each project which can be justified.

In 2020, no assessments were made as DCIF did not make any new investments.

In total, the estimated GHG emission avoidance during project lifetime in the 18 contracted projects is 25,561,253 tCO2e.

The fund has not invested in any adaptation projects.

IFU has used UK based consultant Trucost to set up the methodology and to make the specific assessment of GHG emission avoidance at project level.

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Management's review

Development impact

In order to create sustainable societies in the developing world, private capital and investments are vital. This is the reason for IFU and IFU managed funds to offer advice and risk capital to private investors and companies wishing to do business in developing countries.

IFU and IFU managed funds contributes to the realisation of the 17 UN Sustainable Development Goals by promoting investments which support sustainable development in its three dimensions – economic, social and environmental – in a balanced and integrated manner.

To get funding, projects must have measurable, beneficial development impact in the investment country and be deemed commercially viable. Commercial viability ensures that the business is making a profit on invested capital and can continue to operate, creating decent jobs, producing important goods and services and paying taxes to society.

The spin-off is increased income for workers, transfer of knowledge, company-sponsored employee training, interaction with local business and funding for the public sector in the host country, which can be invested in for example education, healthcare and infrastructure.

Projects contracted by DCIF are included in the impact reporting in IFU's Sustainability and Impact Report 2020.

Actual direct employment in the projects included in DCIF's active portfolio was 729 people.

In 2020, the eight renewable energy projects in DCIF's portfolio produced 1,850 GWh.

Operational framework

Climate projects co-financed by DCIF must be commercially viable and offer an attractive return to its investors. As a minority investor, DCIF is prepared to participate with risk capital in the range of typically EUR 2m to EUR 15m in a single project.

For projects to qualify for co-investment by DCIF, Danish investors or Danish know-how, services or technology must be included.

DCIF's revenues will consist of interest, dividends and profit from sale of shares.

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Management's review

Financial review 2020

DCIF recorded a net loss of DKK (53) million in 2020 compared to net income of DKK 38 million in 2019. The loss for the year is due to a negative contribution from portfolio investments of DKK (41) million compared to positive DKK 50 million in 2019, with the contribution for 2020 being especially marked by the severe depreciation of the BRL against DKK in 2020, affecting the value of DCIF's solar park investment in Brazil. Operating expenses in the form of management fees and other expenses were unchanged compared to 2019 at DKK (12) million.

Capital position and capital resources

As at 31 December 2020, the investors had paid in DKK 814 million corresponding to 63 per cent of the capital commitment of DKK 1,290 million. The undisbursed commitment is DKK 476 million.

At year-end 2020, DCIF's equity was DKK 702 million, excluding the undisbursed commitment.

Financial risks

DCIF makes investments in developing countries, where political and economic conditions may be volatile, and the investments are often subject to high commercial risks. As a result, and as DCIF measures its investments at fair market value or recoverable amount, DCIF's future results may fluctuate considerably. The risk exposure of DCIF is further elaborated in the notes to the financial statements.

Uncertainty regarding recognition and measurement

In preparing the financial statements, Management makes a number of estimates and assumptions of future events that will affect the carrying amount of assets and liabilities. The area where estimates and assumptions are most critical to the financial statements is the fair value measurement of share capital investments and the assessment of the need for specific allowances for impairment on project loans. The notes to the financial statements provide more details.

Events after the balance sheet date

No events have occurred after the balance sheet date, which have materially affected DCIF's financial position.

Outlook for 2021

DCIF may make follow-up investments. A positive result is expected, however subject to considerable uncertainty, not least related to the unknown effects of the Covid-19 outbreak, specifically the timing and scope of the lifting of restrictions as well as the risk of new waves and mutations materialising.

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Financial statements 1 January – 31 December

Income statement

Note	DKK'000	2020	2019
	Contribution from investments	(41,169)	50,296
	Operating expenses, net	(11,653)	(11,870)
	Gross profit/loss	**(52,822)**	**38,426**
	Financial income, net	(105)	(66)
	Profit/loss before tax	**(52,927)**	**38,360**
	Net profit/loss for the year	**(52,927)**	**38,360**
	Recommended appropriation of profit/loss		
	Retained earnings	(52,927)	38,360
		(52,927)	**38,360**

The net income for the year has been transferred to equity.

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Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Non-current assets		
4	Investments	415,784	413,541
	Loans	250,646	296,155
	Investments in subsidiaries	-	50
	Total non-current assets	**666,430**	**709,746**
	Current assets		
	Undisbursed commitments	475,731	500,826
	Prepayments	2,691	2,835
	Other receivables	24,919	26,793
	Cash	8,264	2,256
	Total current assets	**511,605**	**532,710**
	TOTAL ASSETS	**1,178,035**	**1,242,456**
	EQUITY AND LIABILITIES		
	Equity		
	Paid-in capital	814,269	789,174
	Undisbursed commitments	475,731	500,826
	Total commitment	**1,290,000**	**1,290,000**
	Repaid capital	(86,956)	(75,664)
	Retained earnings	(25,145)	27,782
	Total equity	**1,177,899**	**1,242,118**
5	**Provision for losses**		
	Guarantees and loan commitments	**-**	**175**
	Current liabilities		
	Drawn on bank credit facility	1	-
	Payables to group enterprises	99	-
	Other payables	36	163
	Total current liabilities	**136**	**163**
	Total liabilities	**136**	**163**
	TOTAL EQUITY, PROVISION FOR LOSSES AND LIABILITIES	**1,178,035**	**1,242,456**

1 Accounting policies
2 Contingent liabilities and other financial obligations
3 Related parties and ownership
8 Financial risk management
9 Equity and credit risk
10 Currency risk
11 Interest rate risk
12 Liquidity risk
13 Classification of financial instruments
14 Fair value measurement basis

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Statement of changes in equity

DKK'000	2020	2019
Total equity		
Paid-in capital beginning of year	789,174	698,620
Paid-in capital during the year	25,095	90,554
Paid-in capital end of year	**814,269**	**789,174**
Undisbursed commitments	475,731	500,826
Total committed capital	**1,290,000**	**1,290,000**
Repaid capital beginning of year	(75,664)	(51,179)
Repaid capital during the year	(11,292)	(24,485)
Repaid capital end of year	**(86,956)**	**(75,664)**
Total capital end of year, net	**1,203,044**	**1,214,336**
Retained earnings beginning of the year	27,782	(10,578)
Transferred from net income for the year	(52,927)	38,360
Retained earnings end of year	**(25,145)**	**27,782**
Total equity end of year	**1,177,899**	**1,242,118**

At 31 December 2020, the investors had paid in DKK 814.3 million corresponding to 63% of the capital commitment of DKK 1,290 million. Thus, the remaining commitment is DKK 475.7 million.

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Financial statements 1 January – 31 December

Cash flow statement

Note	DKK'000	2020	2019
	Cash flow from operating activities		
	Net profit for the year	(52,927)	38,360
5	Adjustments	68,018	(14,334)
6	Change in working capital	(22,467)	(23,219)
	Net cash from operating activities	**(7,376)**	**807**
	Cash flow from (to) investing activities		
	Received from projects	12,969	4,334
	Paid-out to investments and loans	(13,439)	(67,802)
	Paid-in investments in subsidaries	50	-
	Net cash from (to) investing activities	**(420)**	**(63,468)**
	Cash flow from (to) financing activities		
	Paid-in capital from partners	25,095	90,554
	Prepaid capital to partners	(11,292)	(24,485)
	Net cash from (to) financing activities	**13,803**	**66,069**
	Net change in cash	6,007	3,408
	Cash beginning of year	**2,256**	**(1,152)**
	Cash end of year	**8,263**	**2,256**
	- Shown as cash in current assets	**8,264**	**2,256**
	- Shown as drawn on bank credit facility	**(1)**	**-**

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Financial statements 1 January – 31 December

Notes

1 **Accounting policies**

The annual report of Danish Climate Investment Fund I K/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Presentation and classification

To better reflect DCIF's activities, the presentation of the income statement and balance sheet as well as the order of the line items in the income statement deviate from the standard tables in the Danish Financial Statements Act. By presenting the primary statements on the basis of DCIF's special character as a limited partnership (long-term investments), the financial statements hereby provide the reader with the best possible clarity of DCIF's activities. The deviation is in concurrence with section 23(4) of the Danish Financial Statements Act.

Recognition and measurement

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

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

On initial recognition, assets and liabilities are measured at cost. Adjustment subsequent to initial recognition is affected as described below for each item.

Information brought to DCIF's attention before the time of finalising the presentation of the annual report, and which confirms or invalidates affairs and conditions existing at the balance sheet date, is considered at recognition and measurement.

Income other than value adjustments is recognised in the income statement when earned, just as costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognised in the income statement as value adjustments.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

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Notes

1 **Accounting policies (continued)**

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price, without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances.

For assets and liabilities that are measured at fair value on a recurring basis, DCIF identifies transfers to and from the three levels of the fair value hierarchy by re-assessing the categorisation, and deems transfers to have occurred at the beginning of each reporting period.

Foreign currency adjustment

Foreign currency transactions are initially recognised in DKK using the exchange rate at the transaction date. Loans, receivables, payables and other monetary items denominated in foreign currencies, which have not been settled at the balance sheet date, are converted into DKK using the exchange rate at the balance sheet date. All exchange rate adjustments, including those that arise at the payment date, are recognised in the income statement as contribution from investments or financial income and expenses, depending on their nature.

Non-monetary items

Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates.

Income statement

Contribution from investments

Contribution from investments consists of contribution from share capital investments and contributions from loans.

Contribution from share capital investments includes declared dividends (after tax), contributions from divested share capital investments and value adjustments in relation to the outstanding portfolio at year-end.

Contribution from loans includes interest, value adjustments, including provisions for impairment, exchange rate adjustments in relation to the portfolio, the effect of derivatives and other value adjustments, principally of interest receivables.

Operating expenses, net

The Investment Fund for Developing Countries (IFU) manages the administration and accounting of the Company. Operating expenses, net, comprise fee to Manager and external costs.

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Notes

1 **Accounting policies (continued)**

Financial income, net

Financial income, net comprises interest income on cash, interest expenses, exchange rate adjustments on cash and bank charges.

Tax on profit for the year

As a limited partnership, DCIF is not an independent entity liable to taxation, which is why no current or deferred tax has been recognised in the financial statements. DCIF's profit/loss is taxed at the partners of this limited partnership in accordance with applicable taxation rules.

Balance sheet

Share capital investment in projects

Share capital investments are recognised when they are disbursed. Share capital investments are measured both at initial recognition and throughout the investment period at fair value with changes recognised through profit or loss as contribution from share capital investments.

Share capital investments where DCIF has significant influence are associates and are accounted for as share capital investments.

Project loans

Project loans are designated as loans and receivables, and are recognised when they are disbursed. Project loans are initially recognised at fair value and are subsequently measured at amortised cost less an allowance for impairment.

The allowance for impairment is measured in accordance with IFRS 9 by applying the simplified approach, whereby the expected loss in the remaining life of the loan is recognised irrespective of whether the loan is allocated to stage 3 (credit impaired), stage 2 (significant increase in credit risk) or stage 1 (all other loans).

The expected loss is measured loan by loan by applying an estimated loss percentage based on IFU's past experience, current expectations and internal rating of the individual project loans.

Provisions for losses on guarantees and loan commitments are calculated in the same way as the allowance for impairment of project loans.

Impaired project loans, together with the associated allowance amount, are written off when there is no realistic prospect of future recovery, and all collateral has been realised or has been transferred to DCIF. If a previous write-off is later recovered, the recovery is credited to "Contribution from project loans and guarantees".

Investments in subsidiaries

Investments in subsidiaries are included in the balance sheet at cost less accumulated impairment losses. Subsidiaries are insignificant in size, and consolidated financial statements have not been made.

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1 Accounting policies (continued)

Other receivables

Other receivables include interest receivable on loans, other project-related receivables and administrative receivables.

Interest receivables related to investments and other receivables are designated as receivables and are recognised over the period when they are earned.

Interest receivables related to investments and other receivables are recognised at nominal value less any allowance for impairment.

Current liabilities

Current liabilities are initially recognised at cost, which is fair value, and are subsequently measured at amortised cost.

Cash flow statement

The cash flow statement has been prepared in accordance with the indirect method and shows DCIF's cash flow from operating, investing and financing activities as well as DCIF's cash position at the beginning and end of the year.

Cash comprises cash at hand less short-term bank debt.

Contingent liabilities

Undisbursed commitments to investments are comprised of undisbursed contractual commitments and binding commitments not yet contracted. The existence of such liabilities will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within DCIF's control.

Financial ratios

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

Return on assets $\dfrac{\text{Profit before financials x 100}}{\text{Total assets}}$

Solvency ratio $\dfrac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$

Return on equity $\dfrac{\text{Net profit for the year x 100}}{\text{Average equity}}$

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2 Contingent liabilities and other financial obligations

Contingent liabilities

DCIF has entered into the following commitments to investments:

DKK'000	2020	2019
Undisbursed contracted commitments	102,541	137,890
Guarantees	59,490	84,146
Total undisbursed to investments	**162,031**	**222,036**

DCIF has signed a management agreement with IFU, whereby IFU performs administration, monitoring and investment advice for DCIF. The management agreement cannot be cancelled. For 2020, the payment amounts to DKK 11,008 thousand incl. VAT.

3 Related parties and ownership

The following are recorded in DCIF'S register of limited partners:

- PensionDanmark
- PKA
- Paedagogernes Pensionskasse
- Dansk Vaekstkapital
- Aage V. Jensens Fonde
- IFU

Other related parties:

- DCIF I GP P/S
- DCIF I GP Komplementar ApS

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DKK'000	2020	2019
4 Investments		
Cost at beginning of year	362,178	347,151
Additions for the year	3,184	15,385
Disposals	(7,609)	(358)
Cost at 31 December	**357,753**	**362,178**
Accumulated value adjustment beginning of year	51,363	36,127
Value adjustments	6,668	15,236
Accumulated value adjustment end of year	**58,031**	**51,363**
Carrying amount at 31 December	**415,784**	**413,541**
Hereof associated companies:		
Share capital investment in projects end of year, at cost	287,621	292,047
Accumulated value adjustments end of year	(58,106)	(48,924)
	229,515	**243,123**

Associated companies

Name:	Domicile:	Form of company:	DCIF K/S' ownership interest (%)	Result	Equity
				According to the latest approved annual report	
ACC Founders Limited	Virgin Islands (British)	Ltd.	23.67%	36,313	(31,202)
Danish Energy Efficiency Partners P/S	Denmark	P/S	49.00%	616	20,406
Nordic Power Partners P/S	Denmark	P/S	49.00%	(5,356)	23,984
NPP Brazil 1 K/S	Denmark	K/S	49.00%	(6,011)	(7,082)
NPP Brazil 2 K/S	Denmark	K/S	49.00%	(6,011)	(7,082)
Pampa Elvira Solar SpA	Chile	SpA	45.00%	(6,645)	31,639
Parque Solar Luna del Norte SpA	Chile	SpA	49.00%	(2,129)	4,517
Parque Solar Sol del Norte SpA	Chile	SpA	49.00%	(3,152)	4,878
Roserve Enviro Private Limited	India	Ltd.	48.79%	11	33,017
Sainshand Windpark Holding GmbH*	Germany	GmbH	59.27%	3,383	152,503
WPT China Holding A/S	Denmark	A/S	44.78%	(2,834)	99,645

*) DCIF has joint control through Joint Venture Agreement.

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4 Investments (continued)

DKK'000	2020	2019
Loans		
Cost at beginning of year	297,105	234,272
Additions for the year	10,255	52,417
Conversions	21,386	16,088
Repayments	(5,359)	(4,090)
Exchange rate adjustments	(3,057)	(1,582)
Cost at 31 December	**320,330**	**297,105**
Accumulated value adjustments incl. allowance for impairment beginning of year	(950)	(1,324)
Value adjustment including allowance for impairment for the year	(68,734)	374
Accumulated value adjustments incl. allowance for impairment end of year	**(69,684)**	**(950)**
Carrying amount at 31 December	**250,646**	**296,155**

5 Provisions for losses

	2020	2019
Allowance for impairment on remaining commitments, beginning of the year	175	550
Allowance for impairment on remaining commitments on loans	(46)	(156)
Allowance for impairment on remaining commitments on guarantees	(129)	(219)
Allowance for impairment on remaining commitments end of year	**-**	**175**

6 Cash flow statement - adjustments

	2020	2019
Value adjustments	68,018	(14,334)
	68,018	**(14,334)**

7 Cash flow statement – changes in working capital

	2020	2019
Change in current assets	(22,582)	(23,202)
Change in payables, etc.	115	(17)
	(22,467)	**(23,219)**

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8 Financial risk management

Introduction

Though investments, DCIF is exposed to financial risks such as equity and credit risk on investments, currency risk, interest rate risk and liquidity risk.

A number of limits have been established to avoid excessive concentration of risks, and through its investment policy and due dilligence procedures, DCIF further seeks to identify and mitigate the equity and credit risk.

9 Equity and credit risk

Equity risk

Equity risk arises from changes in the fair value of share capital investments in projects.

Credit risk

Credit risk is the risk that DCIF will incur a financial loss due to a counterparty not fulfilling its obligations. These credit exposures occur from project loans and other transactions.

Managing equity and credit risk

At the portfolio level, DCIF mitigates equity risk and credit risk by investing in a variety of countries and by limiting the investment in a single project. DCIF assesses concentration of risk on the basis of total commitments to the Fund. Further, DCIF assesses, through the due dilligence process, the specific risks for each share capital investment and project loan and seeks to mitigate associated equity and credit risks. For some of DCIF's share capital investments, DCIF has the opportunity to sell the shares through pre-agreed exit agreements. In this way, DCIF mitigates the risk of not being able to exit the investments. See note 14 for fair value measurement basis.

On an ongoing basis, the credit quality of the projects is assessed based on among other things:

- Specific terms as agreed
- Current and expected operational results of the Company
- Expected sales value and pledges, if any
- Historical records of debt service

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9 Equity and credit risk (continued)

The table below shows the distribution of the cost of DCIF's investments by the OECD country risk classification.

This classification takes into account the political and economic environment of each country, including risk of force majeure such as war, etc. The classification of each country is updated twice a year.

2020	Share capital investments		Project loans		Total		Commitments (off balance)	
OECD	DKK'000	%	DKK'000	%	DKK'000	%	DKK'000	%
0	34,937	10	18,554	6	53,491	8	-	-
2	131,346	37	229,325	72	360,671	53	230	-
3	17,940	5	-	-	17,940	3	10,950	7
5	29	-	-	-	29	-	67,907	42
6	70,131	20	61,371	19	131,502	19	18,265	11
7	87,081	24	1,400	-	88,481	13	21,289	13
DAC	16,289	5	9,680	3	25,969	4	43,390	27
	357,753	100	320,330	100%	678,083	100	162,031	100

2019	Share capital investments		Project loans		Total		Commitments (off balance)	
OECD	DKK'000	%	DKK'000	%	DKK'000	%	DKK'000	%
2	131,345	36	-	-	131,345	20	230	-
3	14,757	4	-	-	14,757	2	913	-
5	29	-	199,973	67	200,002	30	113,295	51
6	157,212	44	-	-	157,212	24	43,345	20
7	-	-	67,004	23	67,004	10	-	-
DAC	16,289	4	9,680	3	25,969	4	64,253	29
Not rated	42,546	12	20,448	7	62,994	10	-	-
	362,178	100	297,105	100	659,283	100	222,036	100

Credit quality/impairment

All outstanding project loans have been classified into three stages:

- Stage 1 includes project loans with no credit deterioration and no specific allowance for impairment. The allowance for impairment according to IFRS 9 are based on IFU's historical annual credit loss.
- Stage 2 includes project loans where payments are delayed with more than 30 days at the end of the year but without specific allowance for impairment.
- Stage 3 includes credit impaired project loans with a specific allowance for impairment.

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9 Equity and credit risk (continued)

The table below shows the project loans at cost according to stages.

DKK'000	2020	2019
Project loans (stage 1)	72,452	276,657
Project loans (stage 2)	-	20,448
Project loans (stage 3)	247,878	-
	320,330	**297,105**

The table below illustrates the credit quality by OECD Country risk for project loans in stage 1.

DKK'000	2020	2019
OECD 5	-	199,973
OECD 6	61,372	-
OECD 7	1,400	67,004
DAC	9,680	9,680
	72,452	**276,657**

The table below shows the distribution according to stages.

2020

DKK'000	Allowance for impairment %	Project loans at cost	Accumulated allowance for impairment	Project loans carrying amount 2020
Project loans (stage 1)	(2,5)	72,452	(1,829)	70,623
Project loans (stage 3)	(27,4)	247,878	(67,855)	180,023
		320,330	**(69,684)**	**250,646**

2019

DKK'000	Allowance for impairment %	Project loans at cost	Accumulated allowance for impairment	Project loans carrying amount 2019
Project loans (stage 1)	(0.3)	276,657	(746)	275,911
Project loans (stage 2)	(1.0)	20,448	(204)	20,244
		297,105	**(950)**	**296,155**

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9 Equity and credit risk (continued)

Project loans at amortised cost before allowance for impairment

2020 DKK'000	Stage 1	Stage 2	Stage 3	Total
Project loans beginning of the year at cost	276,657	20.448	-	297,105
Disbursements during the year	10,255	-	-	10,255
Interest and fees converted into project loans during the year	21,386	-	-	21,386
Repayments during the year	(5,371)	-	-	(5,371)
Exchange rate adjustments, project loans	(1,151)	(1,894)	-	(3,045)
Project loans end of year at cost before change of stages	**301,776**	**18,554**	**-**	**320,330**
Change in loan value from stage 1	(229,324)	-	229,324	-
Change in loan value from stage 2	-	(18,554)	18,554	-
Change in loan value from stage 3	-	-	-	-
Project loans end of year at cost	**72,452**	**-**	**247,878**	**320,330**

Accumulated value adjustments including allowance for impairment

2020 DKK'000	Stage 1	Stage 2	Stage 3	Total
Accumulated value adjustments including allowance for impairment beginning of year	(746)	(204)	-	(950)
Value adjustments including allowance for impairment	(1,083)	204	-	(879)
Accumulated value adjustments including allowance for impairment end of year before changes of stages	**(1,829)**	**-**	**-**	**(1,829)**
Change in loan value from stage 1	-	-	(61,917)	(61,917)
Change in loan value from stage 2	-	-	(5,938)	(5,938)
Change in loan value from stage 3	-	-	-	-
Accumulated value adjustments including allowance for impairment end of year	**(1,829)**	**-**	**(67,855)**	**(69,684)**

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9 Equity and credit risk (continued)

Project loans at amortised cost before allowance for impairment

2019 DKK'000	Stage 1	Stage 2	Stage 3	Total
Project loans beginning of the year at cost	214,303	19,969	-	234,272
Disbursements during the year	52,417	-	-	52,417
Interest and fees converted into project loans during the year	16,088	-	-	16,088
Repayments during the year	(4,105)	-	-	(4,105)
Exchange rate adjustments, project loans	(2,046)	479	-	(1,567)
Project loans end of year at cost before change of stages	**276,657**	**20,448**	**-**	**297,105**
Change in loan value from stage 1	-	-	-	-
Change in loan value from stage 2	-	-	-	-
Change in loan value from stage 3	-	-	-	-
Project loans end of year at cost	**276,657**	**20,448**	**-**	**297,105**

Accumulated value adjustments including allowance for impairment

2019 DKK'000	Stage 1	Stage 2	Stage 3	Total
Accumulated value adjustments including allowance for impairment beginning of year	(825)	(499)	-	(1.324)
Value adjustments including allowance for impairment	79	295	-	374
Accumulated value adjustments including allowance for impairment end of year before changes of stages	**(746)**	**(204)**	**-**	**(950)**
Change in loan value from stage 1	-	-	-	-
Change in loan value from stage 2	-	-	-	-
Change in loan value from stage 3	-	-	-	-
Accumulated value adjustments including allowance for impairment end of year	**(746)**	**(204)**	**-**	**(950)**

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9 Equity and credit risk (continued)

Maximum exposure to credit risk

The following table shows the maximum exposure to credit risk for DCIF.

DKK'000	2020 Carrying amount	2020 Maximum credit exposure (contractual cash flow)	2019 Carrying amount	2019 Maximum credit exposure (contractual cash flow)
Project loans	250,646	320,330	296,155	297,105
Interest receivable related to projects	24,919	24,919	26,793	26,793
Other receivables	2,691	2,691	2,835	2,835
Cash	8,264	8,264	2,256	2,256
Commitments	-	69,042	-	114,035
	286,520	425,246	328,039	443,024

Description of collateral held and fair value hereof (accessibility of pledged assets for project loans)

In a number of cases DCIF has received securities to minimise credit exposure. DCIF has received the following types of securities:

- Pledges

The fair value of the pledges is DKK 24 million (2019: DKK 30 million).

10 Currency risk

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

DCIF is exposed to currency risk through its investments that are denominated in currencies other than the functional currency (DKK). DCIF does not hedge currency exposure in share capital investments, as timing of cash flow is uncertain and investments are typically exposed to local currencies where hedging costs are normally very high. By way of operation, some investments may have a natural built-in hedge, e.g. export-oriented businesses. Normally, DCIF does not hedge its foreign currency loan investments as these are typically provided pro rata with share capital investments or otherwise carries risk associated with share capital. DCIF does not hedge commitments to disburse either, as timing and amounts are often difficult to foresee.

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10 Currency risk (continued)

Currency exposure and sensitivity

The following table indicates the currencies to which DCIF had significant direct exposure as of 31 December on its financial assets and liabilities, excluding share capital investments. The analysis calculates the effect of a reasonably likely movement of the currency rate against DKK on profit or loss with all other variables held constant. There is no sensitivity effect on equity as DCIF has no assets classified as available-for-sale.

2020

DKK'000	Project loans	Interest receivables	Other project related receivables	Other project related debt	Net exposure	Increase in foreign exchange rates	Effect on profit or loss
USD	19,954	1,327	-	-	21,281	10%	2,128
EUR	261,296	17,137	-	-	278,433	1%	2,784
DKK	39,080	6,455	-	-	45,535	N/A	-
	320,330	**24,919**	**-**	**-**	**345,249**		

2019

DKK'000	Project loans	Interest receivables	Other project related receivables	Other project related debt	Net exposure	Increase in foreign exchange rates	Effect on profit or loss
USD	20,448	2,392	-	-	22,840	10%	2,284
EUR	237,577	18,631	-	-	256,208	1%	2,562
DKK	39,080	5,770	-	-	44,850	N/A	-
	297,105	**26,793**	**-**	**-**	**323,898**		

11 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

None of DCIF's investments in project loans carry variable interbank interest rates, thus changes in interest rates will not affect future cash flows and income.

Interest rate exposure and sensitivity

The annual effect of changes in the interest rate only affects the fair value of fixed rate loans.

12 Liquidity risk

Liquidity risk is defined as the risk that DCIF will encounter difficulty in meeting financial obligations.

DCIF's primary exposure to liquidity risk arises from commitments to disburse share capital investments and project loans.

To meet these and other obligations, DCIF depends on its limited partners being able to honour their commitments to DCIF. A DKK 50 million credit facility is in place to cover unexpected negative short-term fluctuations in cash flows. At year-end, DKK 50 million was available for drawing.

For information of commitments from the limited partners, see note 2.

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12 Liquidity risk (continued)

Contractual maturities

The contractual maturities based on undiscounted contractual cash flows are shown below for financial assets, liabilities, guarantees and commitments.

2020

DKK'000	Carrying amount	Contractual cash flows	On demand	0-1 year	1-5 years	Over 5 years	No fixed maturity
Assets							
Project loans	250,646	320,330	17,913	7,772	274,953	19,692	-
Interest receivables related to projects	24,919	24,919	24,919	-	-	-	-
Other receivables	2,691	2,691	-	2,691	-	-	-
Cash and cash equivalents	8,264	8,264	8,264	-	-	-	-
Total assets	**286,520**	**356,204**	**51,096**	**10,463**	**274,953**	**19,692**	**-**
Liabilities							
Drawn on bank credit facility	1	1	-	1	-	-	-
Other current liabilities	135	135	135	-	-	-	-
Total liabilities	**136**	**136**	**135**	**1**	**-**	**-**	**-**
Off-balance							
Guarantees	-	59,490	-	-	-	-	59,490
Amounts payable on share capital and loan agreements	-	102,541	102,541	-	-	-	-
Total off-balance	**-**	**162,031**	**102,541**	**-**	**-**	**-**	**59,490**

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12 Liquidity risk (continued)

2019

DKK'000	Carrying amount	Contractual cash flows	On demand	0-1 year	1-5 years	Over 5 years	No fixed maturity
Assets							
Project loans	296,155	297,105	14,062	9,115	246,127	27,801	-
Interest receivables related to projects	26,793	26,793	26,793	-	-	-	-
Other receivables	2,835	2,835	-	2,835	-	-	-
Cash and cash equivalents	2,256	2,256	2,256	-	-	-	-
Total assets	**328,039**	**328,989**	**43,111**	**11,950**	**246,127**	**27,801**	**-**
Liabilities							
Other current liabilities	163	163	163				
Total liabilities	**163**	**163**	**163**	**-**	**-**	**-**	**-**
Off-balance							
Guarantees	-	84,146	-	-	-	-	84,146
Amounts payable on share capital and loan agreements	-	137,890	137,890	-	-	-	-
Total off-balance	**-**	**222,036**	**137,890**	**-**	**-**	**-**	**84,146**

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13 Classification of financial instruments

The following table provides a reconciliation between line items in the balance sheet and categories of financial instruments.

2020

DKK'000	Designated at fair value through profit and loss	Loans and receivables at amortised cost	Other liabilities at amortised cost	Total
Financial assets				
Share capital investment in projects	415,784	-	-	415,784
Project loans	-	250,646	-	250,646
Interest receivables related to projects	-	24,919	-	24,919
Other receivables	-	2,691	-	2,691
Cash and cash equivalents	-	8,264	-	8,264
Total financial assets	**415,784**	**286,520**	**-**	**702,304**
Financial liabilities				
Current liabilities:				
Other current liabilities	-	-	136	136
Total financial liabilities	**-**	**-**	**136**	**136**

2019

DKK'000	Designated at fair value through profit and loss	Loans and receivables at amortised cost	Other liabilities at amortised cost	Total
Financial assets				
Share capital investment in projects	413,541	-	-	413,541
Project loans	-	296,155	-	296,155
Interest receivables related to projects	-	26,793	-	26,793
Other receivables	-	2,835	-	2,835
Cash and cash equivalents	-	2,256	-	2,256
Total financial assets	**413,541**	**328,039**	**-**	**741,580**
Financial liabilities				
Current liabilities:				
Other current liabilities	-	-	163	163
Total financial liabilities	**-**	**-**	**163**	**163**

The carrying amount of project loans with fixed interest terms amounts to DKK 196 million (2019: 228 million). The fair value of these project loans amount to DKK 200 million (2019: DKK 229 million) measured as the net present value of the future cash flow. The inputs used to measure the fair value for project loans are all level 3 inputs in the fair value hierarchy, for more information see disclosure on fair value measurement, note 14. For other loans and receivables and other liabilities, the carrying amount is measured at amortised cost.

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14 Fair value measurement basis

The calculation of fair value is based on a fair value hierarchy that reflects the level of judgement associated with the inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly
- Level 3 inputs are unobservable inputs that have been applied in valuing the respective assets or liabilities.

In the following sections, a short description of the overall principle for DCIF's calculation of fair value is provided. For all investments, the value determined by using the methods described below will be adjusted, if considered necessary and appropriate, by taking the following factors into account:

1. Current and expected operational results of the project company
2. Risk of remittance, if any
3. Specific circumstances relating to the partners, project, country, region and/or sector
4. Current market conditions
5. Tax issues

Share capital investments

All of DCIF's fair value estimates are based on unobservable market data (level 3).

Investments are valued as follows:

- In the initial phase, all investments are valued at cost price less any impairment adjustment, as this is deemed to provide a good indication of fair value. Hereafter, investments will be valued at either the Discounted Cash Flow method (DCF), by an earnings multiple if appropriate and reliable transaction/earnings multiples are available, or by the net assets methodology, if appropriate.
- If during the 12-month period prior to the reporting date, DCIF has received a binding offer in writing from a third party or a significant transaction has taken place, the shares will normally be valued based on the offer or the recent transaction.

The following general assumptions are applied when performing DCF or earnings multiple calculations:

- For DCF calculations, budgets and forecasts for the investments form the basis for the valuation.
- A weighted average cost of capital based on the cost of equity and the cost of debt weighted by the targeted financial leverage from the industry. Growth in terminal period is based on the estimated long-term inflation rate of the country.
- An illiquidity discount is applied and other specific adjustments may be applied where relevant for both DCF and earnings multiple calculations.

Valuing private investments in developing countries at fair values involves a large inherent uncertainty. Due to these uncertainties, a degree of caution is applied when exercising judgements and making the necessary estimates.

Some share capital investments include a pre-agreed exit agreement. In these cases, the value of the exit agreements is taken into consideration as part of the fair value calculation. Investments valued according to exit agreements are disclosed in the table below together with investments valued based on a recent binding offer or transaction.

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14 Fair value measurement basis (continued)

Fair value measurements and reconciliation

The following table shows financial instruments recognised at fair value by level in the fair value hierarchy and a reconciliation of all movements in the fair value of items categorised within level 3.

2020

DKK'000	Level 1	Level 2	Level 3	Total
Share capital investments				
Opening balance	-	-	413,541	413,541
Total gains/losses for the period included in profit or loss[1]	-	-	6,668	6,668
Paid-in share capital in projects	-	-	3,184	3,184
Disposal	-	-	(7,609)	(7,609)
Closing balance	**-**	**-**	**415,784**	**415,784**
Total recurring fair value measurements	**-**	**-**	**415,784**	**415,784**

2019

DKK'000	Level 1	Level 2	Level 3	Total
Share capital investments				
Opening balance	-	-	383,278	383,278
Total gains/losses for the period included in profit or loss[1]	-	-	15,236	15,236
Paid-in share capital in projects	-	-	15,385	15,385
Disposal	-	-	(358)	(358)
Closing balance	**-**	**-**	**413,541**	**413,541**
Total recurring fair value measurements	**-**	**-**	**413,541**	**413,541**

1) Recognised in contribution from share capital investments.
Hereof DKK 7 million (2019: DKK 15 million) is attributable to assets held at 31 December for level 3.

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Financial statements 1 January – 31 December

Notes

14 Fair value measurement basis (continued)

Valuation techniques and unobservable inputs used measuring fair value of level 3 fair value measurements.

2020

Type of investment	Fair value at 31/12/2020	Valuation technique	Unobservable inputs	Reasonable possible shift in %	Change in fair value
Investments					
	29	Cost			
	78,008	Binding offers/ transaction/exit terms			
	328,788	Discounted cash flow	WACC	+10%	(38,801)
			Growth in terminal value	- 20%	(5,698)
	8,959	Net assets value			
Share capital investments	415,784				

2019

Type of investment	Fair value at 31/12/2019	Valuation technique	Unobservable inputs	Reasonable possible shift in %	Change in fair value
Investments					
	29	Cost			
	222,303	Binding offers/ transaction/exit terms			
	143,877	Discounted cash flow	WACC	+10%	(25,938)
			Growth in terminal value	- 20%	(6,301)
	47,332	Net assets value			
Share capital investments	413,541				

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