


# Africa Infrastructure Fund I K/S

*Amerika Plads 37  
DK 2100 Copenhagen*

**CVR no. 38 84 19 47**

**Annual Report 2020**

Chairman



*Simon Krogh*

Approved at the Company's General Partner meeting on 27/4 - 2021

## CONTENTS

---

Statement by the General Partner .....	2
Independent auditor's report .....	3
Company information .....	5
Management's review .....	7
Financial highlights .....	10
Statement of comprehensive income .....	10
Balance sheet 31 December .....	11
Statement of changes in equity for the years 2019 and 2020 .....	13
Cash flow statement .....	14
Notes to the financial statements .....	15

## STATEMENT BY THE GENERAL PARTNER

---

The General Partner has today discussed and approved the Annual Report of Africa Infrastructure Fund I K/S for the financial year 1 January 2020 - 31 December 2020.

The Annual Report has been prepared in accordance with the International Financial Reporting Standards, which is approved by EU and further disclosure requirements in the Danish Financial Statements Act and disclosure requirements in accordance with the Danish Alternative Investment Fund Managers Act.

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

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

The General Partner recommends the annual report for adoption at the annual general meeting.

Copenhagen, 7 April 2021

On behalf of the General Partner:  
**Africa Infrastructure Fund I GP ApS**

---

Finn Louis Meyer  
Director

---

Henrik Dahl  
Director

## INDEPENDENT AUDITOR'S REPORT

---

### To the Shareholders of Africa Infrastructure Fund I K/S

#### Opinion

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 International Financial Reporting Standards as adopted by the EU and further disclosure requirements in the Danish Financial Statements Act and in the Danish Alternative Investment Fund Managers Act.

We have audited the Financial Statements of Africa Infrastructure Fund I K/S for the financial year 1 January - 31 December 2020, which comprise statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 are independent of the Company in accordance with the International Ethics Standards Board for 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.

#### Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act and the Danish Alternative Investment Fund Management Act.

Based on the work we have performed, in our view, 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 and in the Danish Alternative Investment Fund Managers Act. We did not identify any material misstatement in Management's Review.

#### Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and in the Danish Alternative Investment Fund Managers 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.



## 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 judgment 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 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 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.

Copenhagen, 7 April 2021

### PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 12 31

---

Gert Fisker Tomczyk  
State Authorised Public Accountant  
mne9777

---

Thomas Wraae Holm  
State Authorised Public Accountant  
mne30141

## COMPANY INFORMATION

---

<b>Company</b>	Africa Infrastructure Fund I K/S
<b>CVR No.</b>	38 84 19 47
<b>Address</b>	Amerika Plads 37 DK 2100 Copenhagen
<b>Financial Year</b>	1 January – 31 December
<b>Fund Manager</b>	A.P. Møller Capital P/S Approved Manager of Alternative Investment Funds (FSA no.: 23.129)
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
<b>Depository</b>	Intertrust Depositary Services (Denmark) A/S c/o Harbour House Sundkrogsgade 21 DK-2100 Copenhagen
<b>General Partner (Authorised to sign for the Company)</b>	Africa Infrastructure Fund I GP ApS Amerika Plads 37 DK 2100 Copenhagen

## MANAGEMENT'S REVIEW

	2020 USD ('000)	2019 USD ('000)	2018 USD ('000)	2017 USD ('000)
<b>Key figures</b>				
Operating profit	11,823	-16,566	-17,790	-5,650
Comprehensive income for the Year	11,149	-18,011	-17,968	-5,648
Balance sheet total	376,265	22,373	493	4
Equity	374,765	20,815	-370	-376
Commitments	991,750	991,750	981,750	651,000
Capital drawn, incl. recyclable amounts	405,243	62,442	23,246	5,312

### Primary activity

Africa Infrastructure Fund I K/S was established in August 2017 and is managed by A.P. Møller Capital P/S. The Company's primary objective is to generate capital appreciation and yield through equity and equity-related investments in infrastructure related assets and activities in Africa with focus on transportation and logistics, as well as energy and utilities. Infrastructure and infrastructure related assets are in this connection defined as assets and activities that provide, or assist in providing, the basic physical and organizational structures applied for the good functioning of a society or enterprise. The Company aims to create long-term value for its investors through active ownership and value creation in the portfolio companies with such assets and activities.

The General Partner of Africa Infrastructure Fund I K/S authorised to sign for the Company is Africa Infrastructure Fund I GP ApS.

### Investments

At the end of 2020, the portfolio was valued at 1.09x multiple to cost of investments. Africa Infrastructure Fund I K/S has four investments in the portfolio. Impala Energy Holding LLC ("IEH"). IEH is developing a captive power platform in Nigeria that will provide low-cost, reliable and clean power to Nigerian businesses with the building of two compressed natural gas processing and distribution projects in Umutu, Delta State, Nigeria. Arise P&L LTD is a port platform with two operational assets in Gabon and one advanced greenfield in Ivory Coast. IberafricaPower (E.A.) Ltd is an operational thermal (HFO) power plant in Nairobi, Kenya. Mass Céréales Al Maghreb ("MCM") is the concession holder and operator of two grain unloading terminals in the ports of Casablanca and Jorf Lasfar, Morocco. With significant handling and storage capacity, MCM improves both grain carriers' productivity and port traffic.

### Development in activities and finances

Total Comprehensive income for the year amounted to USD 11.1m, which is according to expectations. The result reflects value adjustments of investments of USD 29.5m both due to performance of the portfolio companies and development in currencies, as well as management fee and the expenses of the Company incurred in accordance with the Limited Partnership Agreement.

Paid-in capital to the Company at the end of 2020 amounted to USD 405.2m. This corresponds to 40.9% of the committed capital of USD 991.8m as of the balance sheet date, before recycling of expenses pursuant to Clause 8.5 of the Limited Partnership Agreement. Total equity of the Company amounts to USD 374.8m, reflecting the Company's paid-in capital, revaluation reserve and retained earnings since inception.

Management confirms that the Company is a going concern and that the 2020 financial statements have been prepared on a going concern basis. Furthermore, as the COVID-19 pandemic is still ongoing, certainty as towards how long-term impacts from this will impact the Company and its results are subject to uncertainty, however, the result for 2021 is not deemed to

## MANAGEMENT'S REVIEW

---

be subject to substantial business or financial risks from this nor has the result for 2020 been impacted substantially.

### **Information in relation to the Alternative Investment Fund Managers Directive**

Alternative investment funds have to make a number of disclosures in connection with their financial statements, according to the Alternative Investment Fund Managers Directive Article 22.

There have been no changes in the matters below during the reporting period:

- The total committed capital in the Alternative Investment Fund;
- Arrangements for managing the Fund's liquidity;
- The Fund's risk profile and risk management systems;
- Maximum level of leverage which the Fund Manager can use on behalf of the Fund, incl. the right to use collateral or any guarantee with the agreement allowing for the leverage.

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

Africa Infrastructure Fund I K/S develops and invests in infrastructure projects where value, transferability and cash flows are affected by changes in market conditions. Financial and other risks material to the financial statements are presented in Note 3 of the "Notes to the financial statements". For information about the methods and assumptions used in determining fair value please refer to note 2 and 4.

### **Investments and activities planned for 2021**

Two investment are expected to be completed in first half of 2021. The two projects were both signed end December 2020 and the transactions are expected to be finalized during H1 2021.

The remaining investment pipeline consists of a broad range of promising projects with strong offerings and value propositions, well positioned for continued growth. Focus the years ahead will be on committing the remaining capital, as well as development and value creation in the existing portfolio.

### **Outlook**

The financial performance of the Company depends on its ability to enter into and exit investments as well as the performance of those investments during the holding period. During 2021, the Company is expected to enter into investments according to its investment policy and the Company is not expected to exit investments.

The performance in 2021 will be dependent on the investment activities, however management expects the result for 2021 to be in line with the result for 2020, excluding value adjustments of investments.

### **Environmental, Social and Governance**

The Company's business model reflects the fact that each of the portfolio companies are independent companies which operate in different industries and countries and therefore face different ESG risks. As a holding company, the Company is responsible for setting the overall corporate responsibility priorities and providing the appropriate risk management framework through active ownership. In turn, each portfolio company is responsible for defining their own corporate responsibility strategy with relevant activities and actions, and where necessary, supporting policies.

The Limited Partnership Agreement, includes our formal ESG framework, which provides for the consideration of ESG issues throughout the entire investment lifecycle - from the identification of new opportunities to the active management of investments including exits.

We are committed to following ambitious ESG principles based on the main principles of the UN Global Compact (UNCG), the United Nation Principles for Responsible Investment

## MANAGEMENT'S REVIEW

---

(UNPRI). We believe that working towards high ESG standards at the companies in which we invest is the best way to mitigate risk and an opportunity to create value. The ESG requirements to be implemented at portfolio companies include the IFC Performance Standards on Environmental and Social Sustainability and international standards on good governance practice.

### **Consolidated financial statements**

The Company meets the conditions of being an investment entity and is exempt from preparing consolidated financial statements for 2020. For further explanation, please refer to the accounting policies.

### **Subsequent events occurring after end of reporting period**

As mentioned, two investment are expected to be completed in first half of 2021. The two projects were both signed end December 2020 and the transactions are expected to be finalized during H1 2021.

There are no subsequent events impacting the financial position of Africa Infrastructure Fund I K/S as of 31 December 2020.

## FINANCIAL HIGHLIGHTS

### Financial Highlights

The financial highlights and ratios for the Company per December 31, 2020, were as follows:

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	USD	USD	USD	USD
	('000)	('000)	('000)	('000)
<b>Financial highlights</b>				
Value adjustments of investments	29,497	0	0	0
Financial income/expense	-1,824	-295	-178	2
Operating profit/loss	11,823	-16,566	-17,790	-5,650
Total non-current assets	366,651	15,079	0	0
Total assets	376,265	22,373	493	4
Equity	374,765	20,815	-370	-336
<b>Financial ratios</b>				
Gross IRR	11,6%	n/a	n/a	n/a
Net IRR	-9,7%	n/a	n/a	n/a
Distributions to paid-in capital (DPI)	0,00x	0,00x	0,00x	0,00x
Residual value to paid-in-capital (RVPI)	0,90x	0,24x	0,00x	0,00x
Total value to paid-in capital (TVPI)	0,90x	0,24x	0,00x	0,00x
Paid-in capital to committed capital	0,41x	0,06x	0,02x	0,01x

The financial ratios have been calculated in accordance with the recommendations of Invest Europe, previously The European Venture Capital Association (EVCA) reporting guidelines, updated February 2018.

**IRR (Internal rate of return)** – in line with the “International Private Equity and Venture Capital” (IPEV) Valuation Guidelines and in order to present to the investors the reporting of IRR ratio will start 24 months after the first of 1) the due date of the initial capital call or 2) the date of the first investment.

**Gross IRR** – the total rate of return on an investment, before deduction of fees, expenses etc.

**Net IRR** – the total rate of return on an investment, after deduction of fees, expenses, carried interest etc.

**DPI** – the ratio of capital distributed to the Limited Partners, relative to contributions.

**RVPI** – the ratio of the current value of all remaining investments, relative to the total contributions of Limited Partners.

**TVPI** – the ratio of the current value of remaining investments, including the total value of all distributions to date, relative to the total amount of paid-in capital.

## STATEMENT OF COMPREHENSIVE INCOME

	<b>Note</b>	<b>2020</b> USD ('000)	<b>2019</b> USD ('000)
Value adjustment of investments	5	29,497	0
Other external costs	8	<u>-17,674</u>	<u>-16,566</u>
<b>Operating profit/(loss) (EBIT)</b>		<b>11,823</b>	<b>-16,566</b>
Financial income		37	23
Financial expenses		<u>-1,861</u>	<u>-318</u>
<b>Net profit/(loss) for the year</b>		<b>9,999</b>	<b>-16,861</b>
<b>Total items that may be reclassified subsequently to the income statement</b>			
Value adjustment of hedge for the year		<u>1,150</u>	<u>-1,150</u>
<b>Total comprehensive income for the year</b>		<b><u>11,149</u></b>	<b><u>-18,011</u></b>

## BALANCE SHEET 31 DECEMBER

	<u>Note</u>	<u>2020</u> <u>USD</u> <u>('000)</u>	<u>2019</u> <u>USD ('000)</u>
<b>ASSETS</b>			
Investments in portfolio companies	4+5	366,651	15,079
<b>Total non-current assets</b>		<b>366,651</b>	<b>15,079</b>
Other receivables		9,122	5,149
Receivables from investors		8	3
Other investments		19	1,186
<b>Total receivables</b>		<b>9,149</b>	<b>6,338</b>
Cash and cash equivalents		465	956
<b>Total cash and cash equivalents</b>		<b>465</b>	<b>956</b>
<b>Total current assets</b>		<b>9,614</b>	<b>7,294</b>
<b>Total assets</b>		<b>376,265</b>	<b>22,373</b>
<b>EQUITY AND LIABILITIES</b>			
Contributed capital	7	405,243	62,442
Reserve for hedges		0	-1,150
Retained earnings/(losses)		-30,478	-40,477
<b>Total equity</b>		<b>374,765</b>	<b>20,815</b>
Trade payables		1,480	1,092
Other payables		20	466
<b>Total short-term liabilities</b>		<b>1,500</b>	<b>1,558</b>
<b>Total liabilities</b>		<b>1,500</b>	<b>1,558</b>
<b>Total liabilities and equity</b>		<b>376,265</b>	<b>22,373</b>



## STATEMENT OF CHANGES IN EQUITY

	Contributed capital	Reserve for hedges	Retained earnings	Equity
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
<b>Equity 1 January 2019</b>	<b>23,246</b>	<b>0</b>	<b>-23,616</b>	<b>-370</b>
Profit/loss for the year	0	0	-16,861	-16,861
Other comprehensive income for the year	0	-1,150	0	-1,150
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>-1,150</b>	<b>-16,861</b>	<b>-18,011</b>
Contributions from Limited Partners	39,196	0	0	39,196
<b>Total transactions with Limited Partners</b>	<b>39,196</b>	<b>0</b>	<b>0</b>	<b>39,196</b>
<b>Limited partners equity total 31 December 2019</b>	<b>62,442</b>	<b>-1,150</b>	<b>-40,477</b>	<b>20,815</b>

	Contributed capital	Reserve for hedges	Retained earnings	Equity
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
<b>Equity 1 January 2020</b>	<b>62,442</b>	<b>-1,150</b>	<b>-40,477</b>	<b>20,815</b>
Profit/loss for the year	0	0	9,999	9,999
Other comprehensive income for the year	0	1,150	0	1,150
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>1,150</b>	<b>9,999</b>	<b>11,149</b>
Contributions from Limited Partners	342,801	0	0	342,801
<b>Total transactions with Limited Partners</b>	<b>342,801</b>	<b>0</b>	<b>0</b>	<b>342,801</b>
<b>Limited partners equity total 31 December 2020</b>	<b>405,243</b>	<b>0</b>	<b>-30,478</b>	<b>374,765</b>

## CASH FLOW STATEMENT

	<b>2020</b>	<b>2019</b>
	USD ('000)	USD ('000)
Operating profit/(loss) (EBIT)	11,823	-16,566
Value adjustments	-29,497	0
Purchase of financial investments (portfolio Companies)	-322,075	-15,079
Value adjustment of hedges	1,150	-1,150
Change in working capital	-2,869	-5,343
Financial income received	37	23
Financial expense paid	-1,861	-318
<b>Cash flow from operating activities</b>	<b>-343,292</b>	<b>-38,433</b>
Paid in contributed capital	342,801	39,196
Distributions paid to limited partners	0	0
<b>Cash flow from financing activities</b>	<b>342.801</b>	<b>39,196</b>
<b>Net increase in cash and cash equivalents</b>	<b>-491</b>	<b>763</b>
Cash and cash equivalents at the beginning of the year	956	193
<b>Cash and cash equivalents at the end of the year</b>	<b>465</b>	<b>956</b>

## NOTES TO THE FINANCIAL STATEMENTS

---

	<b>Page</b>
1. Summary of significant accounting policies	15
2. Critical accounting estimates and judgments	18
3. Financial risks and financial instruments	18
4. Fair value estimation	20
5. Financial assets at fair value through profit or loss	22
6. Derivative financial instruments	23
7. Limited partners equity	24
8. Personnel expenses	25
9. Appointed auditor's fee	26
10. Related party transactions	26
11. Subsequent events	26
12. Contingent liabilities	26

## NOTES TO THE FINANCIAL STATEMENTS

---

### 1. Summary of significant accounting policies

#### **General information**

The Annual Report of the Company has been prepared in accordance with the provisions of the International Financial Reporting Standards which are approved by the EU and further disclosure requirements according to the Danish Financial Statements Act for Class B (small entities) including certain requirements from reporting class C, and disclosure requirements in accordance with the Danish Alternative Investment Fund Managers Act.

The Annual Report is prepared in USD which is the functional currency of the Company.

The accounting policies applied are consistent with those of last year.

Currency exchange rate (USD/DKK):

31/12/20: 6.08

31/12/19: 6.68

The most significant elements of the accounting principles applied are described below.

#### **New standards, amendments and interpretations not yet adopted**

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 2020 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.

#### **Explanation on omitting consolidated financial statements**

Africa Infrastructure Fund I K/S has multiple unrelated investors and holds portfolio investments in subsidiaries. The Company has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

- 1) The Company has obtained funds for the purpose of providing investors with professional investment management services,
- 2) the Company's business purpose, which was communicated directly to investors, is investing for capital appreciation and investment income and
- 3) the investments are measured and evaluated on a fair value basis.

As the Company meets the conditions above, it is exempt from consolidating its subsidiaries. Instead, it records its investments in portfolio companies as financial assets at fair value through profit or loss.

#### **Foreign currency translation**

Transactions denominated in foreign currencies are translated at the exchange rates at the date of the transaction.

Receivables, liabilities, and other items in foreign currencies which have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date.

Realised and unrealised exchange rate adjustments are included in the income statement as financial income/expenses.

## NOTES TO THE FINANCIAL STATEMENTS

---

### ***Derivative financial instruments***

Derivative financial instruments are recognised on the trading date and measured at fair value using generally acknowledged valuation techniques based on relevant observable swap curves and exchange rates.

The effective portion of changes in the value of derivative financial instruments designated to hedge highly probable future transactions is recognised in other comprehensive income until the hedged transactions are realised. At that time, the accumulated gains/losses are transferred to the items under which the hedged transactions are recognised. The effective portion of changes in the value of derivative financial instruments used to hedge the value of recognised financial assets and liabilities is recognised in the income statement together with changes in the fair value of the hedged assets or liabilities that can be attributed to the hedging relationship. Currency basis spread and forward points are considered a cost of hedge and deferred in equity.

The ineffective portion of hedge transactions and changes in the fair values of derivative financial instruments, which do not qualify for hedge accounting, are recognised in the income statement as financial income or expenses for interest and currency-based instruments.

### ***Carried interest expense/recovery***

In accordance with the Limited Partner Agreement (LPA), A.P. Møller Capital P/S, its Affiliates and members, officers, and employees of A.P. Møller Capital P/S and its Affiliates, acting via one or several carried interest vehicles ("the Carried Interest Entitled Unitholders") are entitled to receive a share of the realized profits of the Company.

The carried interest due to or from the Company is calculated annually at the reporting date, taking into account the required performance conditions and distribution agreements of the Company as a whole. The change in carried interest during the year is included as 'Carried interest(expense)/recovery' in the statement of comprehensive income. An expense results from an increase in carried interest, and a recovery of previously expensed carried interest results from a decrease in carried interest due at the reporting date.

Carried interest is measured at amortised cost and calculated based on the fair value of the investments of the Company as measured at the reporting date. Where the calculation indicates that the performance conditions would have been achieved and distribution arrangements have been met were the investments realised at their fair values, carried interest is accrued. Carried interest is equal to the hypothetical share of profits, taking into account the cash already distributed from the Company and the amount of divestment proceeds receivable. Carried interest represents incentive for services and should give rise to a liability as soon as the services are rendered and not only when gain is realised by the Company. Therefore, based on the calculation described above, the Company recognises a financial liability based on the estimated fair value of its assets at the balance sheet date. Carried interest is paid when the particular payment distribution arrangements as set out in the LPA are met.

### **Balance sheet**

#### ***Investments in portfolio companies etc.***

Investments in subsidiaries, other securities and investments comprise investments in portfolio companies and are measured at fair value on the balance sheet date. Value adjustments are recognised in the income statement.

Investments in portfolio companies are measured according to the International Private Equity and Venture Capital (IPEV) Valuation Guidelines, which is how investments are recognised at fair value at the balance sheet date.

When selecting the appropriate valuation method or technique, the Company considers the following factors: (i) relative applicability of the techniques used given the nature of the industry and current market conditions; (ii) quantity, quality and reliability of the data used; (iii) ability

## NOTES TO THE FINANCIAL STATEMENTS

---

of the portfolio company to generate maintainable profits or positive cash flows; (iv) supply and comparability of market, industry and company data; (v) stage of development of the portfolio company; (vi) additional considerations unique to the portfolio company; and (vii) results from calibration techniques and inputs to replicate the Purchase Price of the investment.

The Price of a Recent Investment generally represents Fair Value as of the transaction date. Similarly, to the calibration of Purchase Price at investment, the Company calibrates the Fair Value indicated by a recent transaction in the portfolio company with various valuation methodologies. At subsequent measurement dates, the Company assesses whether changes or events subsequent to the relevant transaction would imply a change in the investment's Fair Value.

For greenfield investments, the Company would normally have a set of agreed milestones established at the time of making the investment decision to ensure that capital is disbursed to the project in line with their successful completion of the goals set at commitment. In subsequent periods, the Company adjusts the value from the prior valuation period based on industry analysis, sector analysis or milestone analysis.

### ***Fair value estimation***

Fair Value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Given the unquoted nature of the Company's investments, the calculation of Fair Value assumes that the investment is realized or sold at the measurement date regardless of the Company's intention to sell.

Valuations will factor in, among other items, the portfolio company's financial position and operating results, recent rounds of financing, exit or bid at portfolio company, subsequent events, exit strategy, shareholder rights and liquidation preferences, current developments including investment specific as well as industry/region related and commodity related events (if applicable).

In determining fair value, the Fund Manager in many instances relies on the financial data of investee portfolio companies and on estimates by the management of the investee portfolio companies as to the effect of future developments. Although the Fund Manager uses its best judgement, and cross-references results of primary valuation models against secondary models in estimating the fair value of investments, there are inherent limitations in any estimation techniques.

The fair value estimates presented herein are not necessarily indicative of an amount the Company could realise in a current transaction. Future confirming events will also affect the estimates of fair value. The effect of such events on the estimates of fair value, including the ultimate liquidation of investments, could be material to the financial statements.

For further information about the measurement of fair values, please refer to note 4.

### ***Receivables***

Receivables are measured at amortised cost. Write-downs for bad debt are based on individual assessment of receivables.

For financial assets that do not have a significant financing component, e.g. trade receivables, a simplified approach is permitted. For receivables, the loss is measured on initial recognition and throughout the lifetime of the receivable at an amount equal to lifetime expected credit loss.

### ***Equity***

Unrealized value adjustments on hedge instruments are presented as "reserve for hedges".

### ***Liabilities***

Liabilities are measured at amortised cost equal to nominal value.

## NOTES TO THE FINANCIAL STATEMENTS

---

### **Comprehensive income statement**

#### ***Value adjustments of investments***

The value adjustment of investments into portfolio companies comprises value adjustments realized from sale and value adjustments unrealized from any revaluation or impairment of investments in portfolio companies at fair value.

#### ***Other external costs***

Other external costs comprise management fee for the period calculated according to the Limited Partnership Agreement and expenses for managing the operations of the company, including audit costs, legal advisors and other general expenses.

#### ***Financial items***

Financial income and expense and similar items are recognised in the income statement with the amounts relating to the reporting period. Net financials include interest income and expense and realised and unrealised exchange rate gains and losses on foreign currency transactions.

#### ***Cash Flow Statement***

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year. Cash flow from operations include cash flow from purchase or sale of portfolio companies.

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents. Cash flows from operating activities furthermore include cash flows from purchase or sale of portfolio companies.

Cash flows from financing activities comprise cash flows from payments/distributions and contributions to and from shareholders/limited partners.

Cash and cash equivalents comprise "cash and cash equivalents" as well as balances in "Credit institutions". The cash flow statement cannot be immediately derived from the published financial records.

### **2. Critical accounting estimates and judgements**

Africa Infrastructure Fund I K/S makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, include the fair value of investments and the valuation techniques applied, however, not exhaustive.

The valuation techniques are encompassed with uncertainties as regard to the applied assumptions. Please refer to note 4 for further details on the valuation process.

### **3. Financial risks and financial instruments**

The General Partner is ultimately responsible for the overall risk management for the Company but has delegated the responsibility to the Fund Manager, A.P. Møller Capital P/S.

The Company invests according to the investment policy that has been agreed with the Limited Partners. This includes investing in equity or equity related investments in infrastructure assets



## NOTES TO THE FINANCIAL STATEMENTS

---

that provide the basic physical and organizational structures applied for the good functioning of a society in Africa. The primary sectors are transport and logistics as well as energy and utilities.

The Fund Manager has adopted a risk management framework for the Company. This includes tools to identify, measure, report and mitigate risks so as to minimize their potential adverse impact on the Company's performance.

The Company is exposed to several financial risks, which are highlighted below:

### ***Currency risk***

The Company is denominated in USD but can invest in other currencies. The Fund Manager is regularly monitoring the effect of the currency fluctuations on its performance and is implementing hedging in cases where currency risk increases. The Company considers the currency risk as part of the whole investment risk and hence, the Company does not separately hedge the currency risk relating to its investments in portfolio companies.

As of the balance sheet date approximately 69% of the assets are deemed to have an exposure in EUR. A 10% change in the EUR/USD rate would have an impact of approximately USD 25m.

### ***Market risks***

Africa Infrastructure Fund I K/S is exposed to market risk arising from changes in market variables such as interest rates, foreign exchange rates, equity and commodity prices, or an issuer's creditworthiness. The investment recommendations are reviewed and approved by the Fund Manager before the investment decisions are implemented. To manage the market price risk, the Fund Manager reviews the performance of the portfolio companies on a quarterly basis and is often in contact with the management of the portfolio companies for business and operational matters.

The portfolio of investments will be well diversified among various industries. However, the investments are based in Africa and a negative event in the African capital markets where Africa Infrastructure Fund I K/S holds investments would most likely affect the financing and/or exit possibilities in general.

### ***Interest rate risks***

The Company is less sensitive to changes in the interest level, so the interest rate risk is not considered material. Cash carries current interest at fixed-term deposits.

### ***Liquidity risk and capital risk management***

Africa Infrastructure Fund I K/S is exposed to liquidity risk resulting from inability to sell or liquidate a project/ platform company. Given the long-term nature of the Company, the liquidity risk at this time is considered to be low.

The capital of the Company is represented by the net assets attributable to the partners. The Company's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for partners and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities. In order to maintain or adjust the capital structure, the Fund Manager may call unfunded commitment from the limited partners or distribute funds to the limited partners.

### ***Credit risks***

The Company has no significant receivables, why the credit risk is not considered material. In addition, the Company is exposed to credit risk due to inability to drawdown uncalled commitments. The Fund Manager is monitoring the credit quality of the investors on a continuous basis.



## NOTES TO THE FINANCIAL STATEMENTS

---

### 4. Fair value estimation

#### *Methods and assumptions in determining fair value*

##### ***The valuations process***

The valuations are prepared by the investment team and are reviewed on a quarterly basis and in connection with each investment and divestment. The Fund Manager has established a Valuation Committee that is responsible for the valuations, including application and implementation of the Valuation Policy and for control and approval of all valuations made.

The Committee meets on quarterly basis or whenever deemed necessary to: (i) determine and approve the Fair Value of investments held by the Company; (ii) review the models and techniques used for the quarterly valuation process; and (iii) monitor the material aspects of the Company's Valuation Policy and Procedures. The valuation committee considers the appropriateness of the valuation model itself, the significant and key inputs as well as the valuation results using various valuation methods and techniques generally recognized as standard within the industry.

The Company's Risk Management function reviews the valuation models, the Policy and procedures, the appropriateness in relation to the Company's risk profile and, where relevant, provides support. Additionally, as member of the Valuation Committee, the Risk Manager monitors that the Valuation Policy and designated valuation methodologies are applied accurately and consistently and will escalate to the Compliance function for further investigation if deemed that this is not the case.

In determining the continued appropriateness of the chosen valuation techniques, the Valuation Committee may perform back-testing to consider the various models' actual results and how they have historically aligned with the market transactions.

The fair value of investments in portfolio companies that are not quoted in an active market are determined by using valuation techniques described below. The Company's Fund Manager seeks to adhere both to Invest Europe and to the IPEV Valuation Guidelines, which are in line with IFRS.

- **Multiples Approach:** Appropriate and reasonable multiples from comparable recent transactions or quoted comparables applied to a performance measure (such as revenue and earnings) given the size, risk profile and earnings growth prospects
- **Industry Valuation Benchmarks:** Industry-specific valuation benchmarks, such as price per MW/km/barrel, mostly used as a sanity check of values produced using other techniques
- **Available Market Prices:** Assets traded in an active market valued at the most representative point in bid / ask spread
- **Discounted Cash Flow (DCF):** Present value of future free cash flows, discounted at the Weighted Average Cost of Capital ("WACC"), or Cost of Equity when starting point is Equity Value.
- **Net Asset Value:** Enterprise value derived by assessing liquidation value of assets (and liabilities)
- **Price of Recent Investment (Calibration):** Calibrate the price of recent investments using the techniques above and apply market inputs to calculate inputs such as WACC, multiples, etc.

The DCF approach is the primary approach applied to assess the fair values as of 31 December 2020.

## NOTES TO THE FINANCIAL STATEMENTS

### ***Fair value hierarchy for financial instruments***

International Financial Reporting Standards require Africa Infrastructure Fund I K/S to classify, for disclosure purposes, fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: inputs are quoted (unadjusted) in active markets for identical assets or liabilities that Africa Infrastructure Fund I K/S can access at the measurement date;

Level 2: inputs are inputs other than quoted prices included within level 1 that are observable for the assets or the liability, either direct or indirect;

Level 3: inputs are unobservable inputs that have been applied in valuing the respective asset or liability.

The determination of what constitutes “observable” requires significant judgement by Africa Infrastructure Fund I K/S. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are involved in the relevant market.

The following table shows the classification of the financial instruments, measured at fair value. The values are classified in respect of the fair value hierarchy.

	Level 1 USD ('000)	Level 2 USD ('000)	Level 3 USD ('000)	Total USD ('000)
<b>2020</b>				
Derivatives	0	0	0	0
Unquoted investments (portfolio Companies)	0	0	366,651	366,651
<b>Financial instruments, measured at fair value</b>	<b>0</b>	<b>0</b>	<b>366,651</b>	<b>366,651</b>
<b>2019</b>				
Derivatives	0	1,186	0	1,186
Unquoted investments (portfolio Companies)	0	0	15,079	15,079
<b>Financial instruments, measured at fair value</b>	<b>0</b>	<b>1,186</b>	<b>15,079</b>	<b>16,265</b>

## NOTES TO THE FINANCIAL STATEMENTS

### *Development in Level 3 financial instruments*

	1 January 2020 USD ('000)	Acquisitions USD ('000)	Value Adjustments USD ('000)	31 December 2020 USD ('000)
Unquoted investments (portfolio Companies)	15,079	322,075	29,497	366,651
<b>Financial instruments, measured at fair value</b>	<b>15,079</b>	<b>322,075</b>	<b>29,497</b>	<b>366,651</b>

### *Significant unobservable inputs at level 3*

Investments classified within level 3 have been valued based on significant unobservable inputs, as they trade infrequently. As quoted market prices are not available for these investments, the Fund Manager has used the valuation techniques described in Note 4 to determine fair value. In order to assess the valuation made for investments within level 3, the Fund Manager reviews the performance of the portfolio companies. Furthermore, the Fund Manager is regularly in contact with the management of the portfolio companies in order to make assessments of business and operational matter which are considered in the valuation process.

The discount rate used to value investments is considered the most significant unobservable input, and the applied range for the discount rate is between 12-14%.

### *Sensitivity analysis*

The fair value of the Company's investments is affected by developments in the applied Cost of Equity 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 calculation of the investments.

The effect of a change of 1%-point in the applied discount rate would have an impact of USDm 22 to the Fair Value of the portfolio.

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.

### **5. Financial assets at fair value through profit or loss**

Industry of investment	Stage of initial investment	Geography	2020		2019	
			Cost of investment	Fair value	Cost of investment	Fair value
			USD ('000)	USD ('000)	USD ('000)	USD ('000)
Energy	Brownfield and Greenfield	Africa	62,255	64,439	15,073	15,073
	Brownfield and Greenfield	Africa	274,899	302,212	6	6
<b>Total portfolio</b>			<b>337,154</b>	<b>366,651</b>	<b>15,079</b>	<b>15,079</b>

## NOTES 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 Company'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 Company's right to receive dividend from or have loans 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.

### *Investments in portfolio companies*

Investment	Place of registered office	Currency ('000)	Share capital	Votes and ownership	Equity at last reporting date	Net profit/loss for the last reported year
Impala Energy Holdings Ltd	London, UK	USD	18,062	90.6%	20,128	-3,150
AIF East Africa Power & Energy LLP	London, UK	USD	0	99.0%	N/A	N/A
AIF Ports & Logistics LLP	London, UK	USD	0	99.0%	N/A	N/A
AIF Africa Power & Energy GP ApS	Copenhagen, DK	DKK	40	100.0%	N/A	N/A
Africa Infrastructure Fund Ports & Logistics K/S	Copenhagen, DK	DKK	0	100.0%	N/A	N/A
Africa Infrastructure Fund Ports & Logistics GP ApS	Copenhagen, DK	DKK	40	100.0%	N/A	N/A
Impala Energy ApS	Copenhagen, DK	DKK	40	100.0%	N/A	N/A
AIF I C&I Renewable Energy GP ApS	Copenhagen, DK	DKK	40	100.0%	N/A	N/A
AIF Roads ApS	Copenhagen, DK	DKK	40	100.0%	N/A	N/A
AIF Power and Water ApS	Copenhagen, DKK	DKK	40	100.0%	N/A	N/A

No annual reports have been published for the entities with N/A

### 6. Derivative financial instruments

No derivatives are held as of 31 December 2020 at Company level. In some cases, the Company enters into derivative transactions in order to mitigate foreign exchange rate exposure related to expected cash flows in currencies other than the functional currency. Hedges comprise primarily currency derivatives. Foreign exchange option contracts are used to hedge the currency risk related to recognised and unrecognised transactions.

	2020 USD ('000)	2019 USD ('000)
Non-current receivables	0	0
Current receivables	0	1,186
Non-current liabilities	0	0
Current liabilities	0	0
<b>Assets, net</b>	<b>0</b>	<b>1,186</b>

## NOTES TO THE FINANCIAL STATEMENTS

No derivatives are held at the balance sheet date at Company level:

USD ('000)	Fair value, asset 2020	Fair value, liability 2020	Nominal amount of derivative 2020	Fair value, asset 2019	Fair value, liability 2019	Nominal amount of derivative 2019
<b>Hedge of operating cash flows and investments in foreign currencies</b>						
Main currencies hedged						
- EUR	-	-	-	1,186	-	263,340
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,186</b>	<b>-</b>	<b>263,340</b>

For information about risk management strategy, currencies etc. reference is made to Note 3.

### 7. Limited partners equity

Limited Partners' and General Partner's total committed capital is TUSD 991,750 of which TUSD 586,507 is not yet called.

The Limited Partnership capital has been divided into three classes. These classes are class A investors (i.e. investors not included in class B and C), class B investors (i.e. AIF I Sponsor Invest K/S) and Class C investors (i.e. employees and management).

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Personnel expenses

The Company (Africa Infrastructure Fund I K/S) has no expenses to personnel.

Average number of employees 2020, 0.

Average number of employees 2019, 0.

According to article 61, section 3, number 5 in the Danish Alternative Investment Fund Managers Act, alternative investment funds must disclose information about the total remuneration of the entire staff of the Fund Manager (A.P. Møller Capital P/S) and the number of beneficiaries. Furthermore, remuneration to material risk-takers must be disclosed:

	2020	2019
	USD	USD
	('000)	('000)
Wages and salaries	10,290	7,992
Pensions	927	28
Other social security costs	36	6
Special payroll tax based on total payroll	-250	-199
Other administration expenses	4,256	4,137
	<b>15,259</b>	<b>11,964</b>
<b>Average number of employees</b>	<b>32</b>	<b>22</b>
Hereof remuneration to Management and Board of Directors:		
Board of Directors	49	0
Management:		
Fixed	2,975	2,418
Variable	0	0
Pension	132	0
	<b>3,156</b>	<b>2,418</b>
Number of employees in the above	5	4

## NOTES TO THE FINANCIAL STATEMENTS

One member of the Board of Directors receives remuneration. The Board of Directors and Management is not entitled to variable salary.

No other employees have significant influence on the risk profile of the Company.

Depository fee is paid by the Africa Infrastructure Fund I K/S.

The Board of Directors of the Fund Manager A.P. Møller Capital P/S has further adopted a remuneration policy in order to ensure that the employees and Management are remunerated according to among others the Danish Executive Order on remuneration policy and disclosure requirements on remuneration for managers of alternative investment funds.

The adopted remuneration policy is especially meant to promote the following in relation to the Fund Manager, A.P. Møller Capital P/S:

- Sound and effective risk management, which does not encourage excessive risk-taking.
- Consistency with the principles regarding the protection of the Limited Partners and measures in order to avoid conflicts of interest.

A.P. Møller Capital P/S only acts as Fund Manager for Africa Infrastructure Fund I K/S.

No carried interest has been paid out by Africa Infrastructure Fund I K/S during the financial period.

### 9. Appointed auditor's fee

	2020	2019
	USD ('000)	USD ('000)
Audit	60	38
Tax services	17	52
Other services	43	1
<b>Total expenses</b>	<b>120</b>	<b>91</b>

### 10. Related party transactions

The following transactions has occurred with other related parties:

	2020	2019
	USD ('000)	USD ('000)
General Partner Fee, Africa Infrastructure Fund I GP ApS	2	2
Management fee, A.P. Møller Capital P/S	15,133	15,066
<b>Total transactions with related parties</b>	<b>15,135</b>	<b>15,068</b>

## NOTES TO THE FINANCIAL STATEMENTS

---

### **11. Subsequent events occurring after end of the reporting period**

Two investment are expected to be completed in first half of 2021. The two projects were both signed end December 2020 and the transactions are expected to be finalized during H1 2021.

No other events of importance to the Annual Report have occurred during the period from the balance sheet date until the presentation of the Financial Statements

### **12. Contingent liabilities**

As of 31 December 2020, the Company has entered into commitments to portfolio companies that have not yet been called amounting to USD 132.1m (2019: USD 377.9m).



# PENNEO

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

## Henrik Dahl

### Direktør

On behalf of: Africa Infrastructure Fund I GP ApS

Serial number: PID:9208-2002-2-462173380766

IP: 87.49.xxx.xxx

2021-04-08 14:37:15Z

NEM ID 

## Finn Louis Meyer

### Direktør

On behalf of: Africa Infrastructure Fund I GP ApS

Serial number: PID:9208-2002-2-064713563786

IP: 2.105.xxx.xxx

2021-04-08 16:08:10Z

NEM ID 

## Thomas Wraae Holm

### Statsautoriseret revisor

On behalf of: PricewaterhouseCoopers

Serial number: CVR:33771231-RID:18972118

IP: 83.136.xxx.xxx

2021-04-08 17:22:24Z

NEM ID 

## Gert Fisker Tomczyk

### Statsautoriseret revisor

On behalf of: PricewaterhouseCoopers

Serial number: PID:9208-2002-2-542613713275

IP: 83.136.xxx.xxx

2021-04-09 09:41:20Z

NEM ID 

Penneo document key: T5WXL-7FTA7-QA7U3-ML3EJ-6PMBT-EPM55

This document is digitally signed using Penneo.com. The digital signature data within the document is secured and validated by the computed hash value of the original document. The document is locked and timestamped with a certificate from a trusted third party. All cryptographic evidence is embedded within this PDF, for future validation if necessary.

#### How to verify the originality of this document

This document is protected by an Adobe CDS certificate. When you open the

document in Adobe Reader, you should see, that the document is certified by **Penneo e-signature service** <[penneo@penneo.com](mailto:penneo@penneo.com)>. This guarantees that the contents of the document have not been changed.

You can verify the cryptographic evidence within this document using the Penneo validator, which can be found at <https://penneo.com/validate>