



AIP Infrastructure II K/S

Annual Report 2021

Approved at the company's general meeting

Secretary

Klaus Risager

Contents

Fund Information	2
Management review	3
Management's statement	4
Independent Auditor's Report	5
Income statement	8
Balance sheet	9
Statement of Changes in Equity	10
Notes	11
Appendix - SFDR	14

Fund Information

Fund

AIP Infrastructure II K/S

Rosenborggade 1 B

DK-1130 Copenhagen K

CVR nr.: 41 41 18 56

Founded: 03.06.2020

Accounting Period: 1 January – 31 December

Registered in: Copenhagen

Executive Board

Kasper Hansen

Jannick Prehn Brøndum

Auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Strandvejen 44

2900 Hellerup

Management review

Primary activities

The limited partnership's main activity is to generate return on capital of its investments, including its investments in Danish and foreign companies and assets.

Sustainable Finance Disclosure Regulation (SFDR)

AIP Infrastructure II promotes environmental and social characteristics and thereby classifies as an Article 8 product under the SFDR. The attached appendix provides an elaboration of the Company's SFDR.

Development in activities and finances

The Company's Income Statement of the Financial year 1 January – 31 December 2021 shows a result of DKK 61.1m which is in line with the management's expectations.

Management's statement

The Executive Board have today considered and adopted the Annual Report of AIP Infrastructure II K/S for the financial year 1 January – 31 December 2021.

The Annual Report is 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 at 31 December 2021 of the Fund and of the results of the Fund's operations for the financial year 1 January – 31 December 2021.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 19 May 2022

Executive Board:

Kasper Hansen

Jannick Prehn Brøndum

Independent Auditor's Report

To the Shareholders of AIP Infrastructure II 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 2021, and of the results of the Company's operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of AIP Infrastructure II K/S for the financial year 1 January – 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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

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. 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 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 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 skepticism 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.

Annual Report 2021

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.

Hellerup, 19 May 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Per Rolf Larssen

State Authorised Public Accountant

mne24822

Casper Larsen

State Authorised Public Accountant

mne45855

Income statement

(DKKm)

	Notes	<u>2021</u>	<u>2020*</u>
Gross loss		-89.2	-35.1
Impairment losses on financial assets		-154.6	-
Income from group companies		304.8	-
		<hr/>	<hr/>
Profit before financial items		61.0	-35.1
Financial income		0.4	9.1
Financial expenses		-0.3	-0.0
		<hr/>	<hr/>
Net result		<u>61.1</u>	<u>-26.1</u>
 <u>Proposed distribution of profit:</u>			
Dividend		308.7	-
Retained earnings		-247.6	-26.1
		<hr/>	<hr/>
		<u>61.1</u>	<u>-26.1</u>

* 2020 was the fund's first financial year and the income statement presented is for the period 3 June 2020 – 31 December 2020.

Balance sheet

At 31 December (DKKm)

Assets	Notes	2021	2020
Non-current assets			
Financial assets			
Investments in group companies	3	5.803,9	2.122,1
Total financial assets		5.803,9	2.122,1
Receivables			
<u>Long-term receivables</u>			
Receivables from group companies		7,6	-
Total long-term receivables		7,6	-
Total non-current assets		5.811,6	2.122,1
Current assets			
<u>Short-term receivables</u>			
Receivable from group companies		0,0	0,1
Other short-term receivables		-	7,8
Total short-term receivables		0,0	7,9
Total receivables		0,0	7,9
Cash and cash equivalents		90,1	35,1
Total current assets		90,1	43,0
Total assets		5.901,6	2.165,1

Balance sheet

(DKKm)

Equity and liabilities	Notes	2021	2020
Equity			
Share capital		6,106.4	2,165.3
Retained earnings		-273.7	-26.1
Total equity		5,832.7	2,139.2
Liabilities			
Short-term payables			
Other short-term payables		68.9	25.9
Total short-term payables		68.9	25.9
Total liabilities		68.9	25.9
Total equity and liabilities		5,901.6	2,165.1

Accounting policies

1

Employees

2

Contingent liabilities

4

Statement of Changes in Equity

At 31 December (DKKm)

Change in equity 2021	Share capital	Suggested dividend	Retained earnings	Total
Equity at 1 January	2,165.3	-	-26.1	2,139.2
Capital increase	3,941.1	-	-	3,941.1
Proposed distribution of profit	-	308.7	-247.6	61.1
Distributed capital	-	-308.7	-	-308.7
Equity at 31 December	6,106.4	-	-273.7	5,832.7

Notes

Note 1

Accounting policies

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few elements from reporting class C enterprises.

Changes to principal accounting policies

No other changes to the principal accounting policies are applied in 2021.

Presentation currency

The reporting currency is Danske Kroner. All amounts are in millions of DKK.

Recognition and measurement

Revenue is recognized in the income statement as it is earned, including value adjustments of financial assets and liabilities measured at fair value or amortized costs.

In addition, expenses incurred to achieve the year's earnings are recognized, including depreciation, write-downs, provisions, and reversals because of changed accounting estimates of amounts previously recognized in the income statement.

Assets are recognized in the balance sheet when it is probable because of a prior event that future economic benefits will flow to the company, and the value of the asset can be measured reliably. Liabilities are recognized in the balance sheet when the company has a legal or constructive obligation because of a prior event, and it is probable that future economic benefits will flow out of the company, and the value of the liabilities can be measured.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each accounting item below.

Recognition and measurements consider the gains, losses and risks that arise before the annual report is presented and which corroborates or invalidates conditions that existed at the balance sheet date.

Foreign currency translation

Foreign currency transactions are translated at the exchange rate at the transaction date. Exchange rate differences arising between the exchange rate at the transaction date and the rate at the payment date are recognized in the income statement as a financial item.

Receivables, payables, and other monetary items in foreign currencies that have not been settled on the balance sheet date are translated at the exchange rate at the balance sheet date. The difference between the exchange rate at the balance sheet date and the exchange rate at the transaction date is recognized in the income statement as a financial item.

Income statement

Gross loss

Gross loss is calculated with reference to §32 of the Danish Financial Statements Act as a summary of other external costs.

Impairment losses on financial assets

Investments are recognized and measured at cost. If there is an indication of a need for impairment, an impairment test is performed. Where the carrying amount exceeds the recoverable amount it is written down to this lower value.

Income from group companies

Dividend income from group companies is presented in the Income statement in the year of which it was declared.

Financial items

Financial income and expenses include interest income and expenses, realized and unrealized gains and losses on debt, fair value of investments & loans and transactions in foreign currencies.

Tax

The company is not taxable independently, which is why the tax liability is incumbent on the company's investors. As a result, no tax and deferred tax has been set aside in the accounts.

Balance sheet

Investments in group companies

Investments in group companies are recognized and measured at cost. If there is an indication of a need for impairment, an impairment test is performed. Where the carrying amount exceeds the recoverable amount it is written down to this lower value.

Short-term Receivables

Income with reference to the fiscal year it is accrued for.

Cash and cash equivalents

Cash comprises cash in bank deposits. Cash and cash equivalents comprise cash and bank balances net of bank overdrafts.

Equity

Dividend distributions proposed by the management for the financial year are shown as a separate item under equity.

Short-term payables

Expenses with reference to the fiscal year they are accrued for.

**Note 2
Employees**

Average number of employees

	<u>2021</u>	<u>2020</u>
	-	-

Note 3**Investment in group companies**

	2021	2020
Cost at 1 January	2,122.1	-
Additions in year	3,949.7	2,407.6
Disposals in year	-113.3	-285.5
Cost at 31 December	5,958.6	2,122.1
Impairment at 1 January	-	-
Impairment in year	-154.6	-
Impairment at 31 December	-154.6	-
Total investments in group companies	5,803.9	2,122.1

The company has investment in associated companies listed below:

- 100% ownership of AIP Mallard Holding GP ApS located in Denmark
- 83.5% ownership of AIP Mallard Holding K/S located in Denmark
- 100% ownership of AIP Dante Holding GP ApS located in Denmark
- 83.5% ownership of AIP Dante Holding K/S located in Denmark
- 100% ownership of AIP Escalade Holding GP ApS located in Denmark
- 83.5% ownership of AIP Escalade Holding K/S located in Denmark
- 100% ownership of AIP PR Holding GP ApS located in Denmark
- 99.97% ownership of AIP PR Holding K/S located in Denmark
- 100% ownership of AIP Porter Holding GP ApS located in Denmark
- 99.97% ownership of AIP Porter Holding K/S located in Denmark
- 100% ownership of AIP II Holding 5 GP ApS located in Denmark
- 100% ownership of AIP II Holding 6 GP ApS located in Denmark

Note 4**Contingent liabilities**

The company has no contingent liabilities apart from the liabilities already recognized in the balance sheet.

Appendix - SFDR

AIP Infrastructure II K/S promotes environmental and social characteristics and thereby qualifies as an Art. 8 product in the classification of the SFDR. The environmental and social characteristics have been met in the following manner:

AIP Infrastructure II K/S invests in renewable energy assets and other assets that are part of the transition to a low carbon economy. As of 31.12.2021 AIP Infrastructure II K/S held investments in two on-shore wind farms, one offshore wind farm and one investment in rolling stock (electric and bi-mode trains) which all contribute to the transition to a low carbon economy.

The renewable energy capacity of the total assets invested in as of 31.12.2021 was 1.110 MW (including assets under construction)¹. During the year, the wind farm in operation generated app. 1.100 GWh².

The ESG Policy outlines the principles regarding climate change risks including the aim of continuously minimizing the carbon footprint of its investments with the objective of reducing the effects on climate change in line with good industry practice and regulations.

Greenhouse gas emissions have been monitored to the extent possible based on data availability. Based on the data available, it is assessed that the assets invested in due to their nature contribute to the transition to lower carbon emissions of the society. In 2021 AIP Management worked to improve the data quality and coverage of the portfolio's GHG footprint, mainly through active ownership as part of which relevant ESG topics are part of the active ownership and regular dialogue with investment partners and contractors. Also, AIP began the work of more advanced assessments of the physical risks that climate change creates for AIP Infrastructure II K/S' investments.

The ESG Due Diligence framework is used in the screening process of all investments and includes risk factors that address both climate change mitigation and climate change adaptation, as well as social and governance risk factors. The investments made were all subject to pre-investment ESG due diligence where the majority of the risks were scored low, a minority were scored medium, and none were assessed to be high.

AIP Infrastructure II K/S has considered principal adverse impact factors as an integrated part of the ESG Due Diligence framework, investment process and part of the asset management process. Based on the ESG Due Diligence framework the sustainable investments were also assessed against OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights and assessed to be in alignment.

AIP Infrastructure II K/S follows certain exclusion criteria as described in the ESG policy, and no violations have been recorded during the year. For example, no investments have been made in companies

¹ The figure relates to the capacity of the total infrastructure assets invested in. If adjusting for AIP Infrastructure II K/S's equity ownership, the figure is 118 MW. (AIP Infrastructure II K/S is a minority owner, and two of the investments are in debt instruments).

² The figure represents the total power generation for the windfarm in operation, i.e. it is not adjusted for AIP Infrastructure II K/S's ownership share of the windfarm. The investment consists of a loan to a minority shareholder.

involved in coal and oil activities or controversial and nuclear weapons. Health & Safety KPIs (in particular incidents and near misses) were also tracked for each asset on an ongoing basis, reported quarterly, evaluated at the relevant meetings and followed up on. No severe incidents have been recorded during the year.

EU Taxonomy alignment

AIP Infrastructure II K/S has, as of ultimo 2021, invested in four assets: Two investments in onshore wind farms, one investment in an offshore wind farm and one investment in rolling stock (trains). The wind farms generate electricity from wind power and is thereby aligned with the relevant substantial contribution criteria for Climate Change Mitigation³. The trains are a combination of fully electric and bi-mode trains, with the latter having the possibility to operate with diesel or electric propulsion and this investment is thereby aligned with the relevant substantial contribution criteria for Climate Change Mitigation⁴.

All investments are thereby aligned with the relevant substantial contribution criteria for the objective Climate Change Mitigation as defined in the EU Sustainability Taxonomy. All investments also comply with the technical screening criteria and are carried out in compliance with the minimum safeguards defined herein⁵.

The analysis concluded that three out of four investments fulfilled the EU Taxonomy's Do No Significant Harm (DNSH)-criteria for the environmental objectives⁶. For one of the investments, no alignment with the DNSH-criteria could be confirmed due to lack of information, and this particular investment does thereby not qualify as a sustainable investment according to the EU Taxonomy.

In total, 84% of the investments carried out by AIP Infrastructure II K/S were found to be aligned with the definition of environmentally sustainable investment according to the EU Taxonomy and 0% of the investments were in enabling or transitional activities.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

The analysis has been conducted with Klinkby Enge, an independent third-party advisor. For more information go to AIP Management's website to see the ESG Report 2021.

³ According to Article 10, 1(a) of the Taxonomy regulation (Regulation (EU) 2020/852)

⁴ According to Article 10, 1(c) of the Taxonomy regulation (Regulation (EU) 2020/852)

⁵ Article 3 of the Taxonomy regulation (Regulation (EU) 2020/852)

⁶ As defined in Article 9 of the Taxonomy regulation (Regulation (EU) 2020/852)