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Copenhagen Infrastructure III B ApS
Amerika Plads 29
2100 Copenhagen
Central Business Registration No
41 90 12 68

Annual report 2020/21

The Annual General Meeting adopted the annual report on 8 April 2022

Chairman of the General Meeting

DocuSigned by:

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Name: Casper Gordon Christiansen

Copenhagen Infrastructure III B ApS

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Fund details

Fund

Copenhagen Infrastructure III B ApS

Amerika Plads 29

2100 Copenhagen

Business Registration No: 41 90 12 68

Founded: 1 December 2020

Registered in: Copenhagen

Financial year: 1 December 2020 - 31 December 2021

Telephone: +45 70 70 51 51

Internet: www.cipartners.dk

Executive Board

Jakob Baruël Poulsen

Christian Troels Skakkebæk

Stig Pastwa

Thomas Hinrichsen

Fund Manager

Copenhagen Infrastructure Partners P/S

Approved Manager of Alternative Investment Funds (Danish FSA number: 23104)

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of Copenhagen Infrastructure III B ApS for the financial year 1 December 2020 - 31 December 2021.

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


In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2021 and of the results of its operations and the cash flows for the financial year 1 December 2020 - 31 December 2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

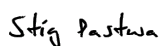
Copenhagen, 8 April 2022

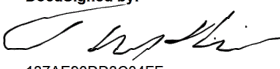
Executive Board

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Jakob Baruel Poulsen

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Christian Troels Skakkebæk

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Stig Pastwa

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Thomas Hinrichsen

Independent auditor's report

To the shareholders of Copenhagen Infrastructure III B ApS

Opinion

We have audited the financial statements of Copenhagen Infrastructure III B ApS for the financial year 01.12.2020 - 31.12.2021, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.12.2020 - 31.12.2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the financial statements* section of this auditor's report. We are independent of the 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.

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

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 8 April 2022

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56



Bill Haudal Pedersen
State-Authorised Public Accountant
Identification No (MNE) mne30131



Michael Thorø Larsen
State-Authorised Public Accountant
Identification No (MNE) mne35823

Management commentary

2021*
DKK'000

Financial highlights

Key figures

Operating profit/(loss) (EBIT)	80,090
Financial income, net	(419)
Profit/loss for the year	79,671
Equity	197,124
Assets total	199,116

Ratios

Liquidity ratio (%)	357.32
Solvency ratio (%)	99.00
Return on equity (%)	-

* This is the Fund's first financial year and comprise the period 1 December 2020 - 31 December 2021.

Primary activity

Copenhagen Infrastructure III B ApS (CI III B) was established in December 2020 and is managed by Copenhagen Infrastructure Partners P/S (CIP P/S).

Investments

End of 2021, CI III B had completed one investment in ChangFang & Xidao. The investment was transferred in the end of 2020 from Copenhagen Infrastructure III K/S.

ChangFang & Xidao

ChangFang & Xidao will be a 589 MW offshore wind project located on the west coast of Taiwan. CI III had financial close on ChangFang & Xidao on February 21 2020 and in January 2020 12.5% of the investment was divested to local insurance companies. ChangFang & Xidao is currently under construction. In Q3 2021 it was announced that CI III will divest additional 25% of its remaining share. The divestment is pending regulatory approval, which is expected end of 2022.

Development in activities and finances

Income from investments in 2021 amounts to a gain of DKK 82m.

Net income for 2021 amounts to a income of DKK 80m, which is in accordance with the expectations.

Management commentary (continued)

Share capital paid-in to the Fund at the end of 2021 amounted to DKK 117m, equalling 76% of the committed capital of DKK 153m. Accumulated distributions to Shareholders amounted to DKK 0m since fund initiation and accumulated net income end of 2021 amounted to DKK 80 m. Hereafter total Shareholders' capital end of 2021 amounted to DKK 197m.

Uncertainty relating to recognition and measurement

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

Information according to the Alternative Investment Fund Managers Directive

According to Article 22 of the Alternative Investment Fund Managers Directive, Alternative Investment Funds (AIF) must make certain disclosures to investors in connection with the presentation of financial statements.

During the financial period covered by the financial statements, there have been no significant changes in the matters below:

- The Fund's Investment strategy;
- Valuation principles of the Fund's investments;
- New arrangements for managing the Fund's liquidity;
- The Fund's risk profile and the risk management systems implemented by the Fund Manager used to manage the Fund's risks;
- There have been no amendments to the maximum level of leverage which the Fund Manager can use on behalf of the Fund. Nor has there been any changes in the right to use collateral or any guarantee accordance with the agreement allowing for the leverage.

Events after the balance sheet date

The recent development in Ukraine marks a historical event that has and further will redefine the global power structures and energy markets. The situation is unpredictable, but most likely will be prolonged and increase in severity. The situation has resulted in increased volatility for the global economy in terms of commodity prices, supply chain issues, inflation, interest rates etc. The ongoing conflict does not affect the valuations per 31 December 2021, and the Fund Manager is currently assessing how the conflict will impact the Fund.

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

Management commentary (continued)

Outlook

The outlook for the Company depends on the results of the investments.

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

Profit for 2022 is expected to be within DKK 40-50m.

Sustainability disclosures

This financial product was closed prior to Regulation (EU) 2019/2088. As a result, the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic objectives.

Statement of comprehensive income

	<u>Notes</u>	<u>2020/21*</u> <u>DKK'000</u>
Realised gains/(losses)		1,822
Net increase/(decrease) in unrealised gains/(losses) from financial assets and liabilities at fair value		77,589
Net foreign exchange gains/(losses)		<u>2,238</u>
Operating income		<u>81,649</u>
Administrative expenses	3	<u>(1,559)</u>
Operating expenses		<u>(1,559)</u>
Operating profit/(loss) (EBIT)		<u>80,090</u>
Financial income	4	31
Financial expenses	5	(450)
Profit/(loss) for the year		<u>79,671</u>
Other comprehensive income		<u>0</u>
Comprehensive income		<u><u>79,671</u></u>

* This is the Fund's first financial year and comprise the period 1 December 2020 - 31 December 2021.

Balance sheet at 31 December 2021

	<u>Notes</u>	<u>2021</u> <u>DKK'000</u>
Equity investments	6	191,999
Investments		<u>191,999</u>
Non-current assets		<u>191,999</u>
Other short-term receivables		6,023
Receivables		<u>6,023</u>
Cash		<u>1,094</u>
Current assets		<u>7,117</u>
Assets		<u><u>199,116</u></u>

Balance sheet at 31 December 2021

	<u>Notes</u>	<u>2021</u> <u>DKK'000</u>
Share capital	7	80
Retained earnings		<u>197,044</u>
Equity		<u>197,124</u>
Other payables	8	<u>1,992</u>
Current liabilities other than provisions		<u>1,992</u>
Liabilities other than provisions		<u>1,992</u>
Equity and liabilities		<u><u>199,116</u></u>

Statement of changes in equity

	Share capital DKK'000	Retained earnings DKK'000	Total DKK'000
Contributed upon information	40	0	40
Capital increase	40	117,372	117,412
Profit/(loss) for the year	<u>0</u>	<u>79,672</u>	<u>79,672</u>
Equity at 31 December 2021	<u>80</u>	<u>197,044</u>	<u>197,124</u>

The Investors have through a shareholder agreement committed themselves to contributing up to DKK 153,354 thousand to the Fund. At 31 December 2021, the Investors have contributed a net amount of DKK 117,452 thousand out of the combined contribution commitment, causing the balance commitment to stand at DKK 35,902 thousand.

Cash flow statement 2021

	<u>Notes</u>	<u>2020/21</u> <u>DKK'000</u>
Operating profit/(loss)		80,090
Income from investment		(81,649)
Working capital changes	9	<u>(4,031)</u>
Cash flows from ordinary activities		<u>(5,590)</u>
Financial income	4	31
Financial expenses	5	<u>(450)</u>
Cash flows from operating activities		<u>(419)</u>
Acquisition of equity investments	6	(112,172)
Distributions from equity investments	6	<u>1,822</u>
Cash flows from investing activities		<u>(110,350)</u>
Contribution from Shareholders		117,452
Distributions to Shareholders		<u>0</u>
Cash flows from financing activities		<u>117,452</u>
Increase/decrease in cash		1,094
Cash beginning of year		<u>0</u>
Cash end of year		<u><u>1,094</u></u>

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Notes

1. Accounting policies

Reporting class

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

Copenhagen Infrastructure III B ApS is a Limited Liability Company based in Denmark.

This is the Fund's first financial year and comprise the period 1 December 2020 – 31 December 2021 and hence no comparative figures have been presented.

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

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

All amounts in the financial statements are presented in whole DKK thousand. Every figure is rounded off separately and, for that reason, minor differences between the stated totals and the sum of underlying figures may occur.

Judgements made by Management in the application of IFRSs that have had significant effects on the financial statements are disclosed, where applicable, in the relevant notes to the financial statements.

Defining materiality

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

The most significant accounting policies are set out overleaf.

Report on the omission of preparation of consolidated financial statements

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

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

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

Notes

1. Accounting policies (continued)

- 1) The Fund has more than one investment.
- 2) The Fund has more than one investor, and its investors are not related parties. Please refer to the description in note 15 of the financial statements.
- 3) The Fund's investments take the form of equity instruments or similar investments, and the Fund can also exit the investment, if relevant.

Standards and Interpretations not yet in force

All of the new and amended Standards and Interpretations which are relevant to the Fund and which came into force with effect for financial years beginning 1 January 2021 have been applied when preparing the financial statements.

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

Significant accounting policies and estimates

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

Recognition and measurement

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

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

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

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

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

Notes

1. Accounting policies (continued)

Foreign currency translation

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

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Statement of comprehensive income

Revenue recognition

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

Operating income from investments

Operating income from investments consists of unrealised fair value adjustments, dividends, net foreign exchange gains or losses related to investments and profit or loss from the disposal of portfolio investments.

Income realised from the disposal of investments is calculated as the difference between net selling price and the fair value at the beginning of the financial year.

Administrative expenses

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

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

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

Financial income and expenses

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

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

Notes

1. Accounting policies (continued)

Balance sheet

Investments

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

On initial recognition, investments are measured at fair value.

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

Investments consist of equity investments. Furthermore, investments consist of capitalised development costs, which increase the fair value of the investments. On initial recognition, investment are measured at fair value, and subsequently measured at fair value with recognition of fair value adjustments through profit or loss.

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

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

Other short-term receivables

Other receivables relate to the Fund's ordinary business activities and are mainly from other companies in the Copenhagen Infrastructure Partners structure.

Other receivables are measured at amortised cost, usually equalling nominal value. The value is reduced by write-downs for expected losses based on generally accepted models under IFRS 9, including the Fund's historical experience in credit losses etc.

Cash

Cash comprises cash in bank deposits.

Notes

1. Accounting policies (continued)

Performance shares

Performance share depends on the yield of the underlying investments throughout the lifecycle of the fund. The amount allocated to performance shares is based on the principle that the investments are realized at the balance date at a price corresponding to the estimated fair value of the assets.

Some specific share classes have an associated special right to receive Fund Performance Return (Carried Interest/Performance shares) which is calculated based on the overall performance net of cost and expenses of the portfolio of all investments (the Fund) as 15% of net cash flows exceeding the agreed 7% minimum return (the Hurdle Rate). Fund Performance Return is paid out with ordinary distributions based on adjusted economic rights which reflect an annual allocation of Fund Performance Return as if such Fund Performance Return had been re-invested into the Fund at the net present value at the time of such re-investment.

The accumulated performance share is allocated to equity in note 6 and is accounted for under income from investments in the profit and loss.

Other financial liabilities

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

Cash flow statement

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

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

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

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

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

Notes

1. Accounting policies (continued)

Financial highlights

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

Ratios		Calculation formula	Ratios reflect
Liquidity ratio (%)	=	$\frac{\text{Current assets} \times 100}{\text{Current liabilities other than provisions}}$	The entity's financial strength.
Solvency ratio (%)	=	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The entity's financial strength.
Return on equity (%)	=	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$	The entity's profitability.

2. Significant accounting estimates, assumptions and uncertainties

The Fund develops and invests in infrastructure assets (unlisted equity investments), the market price of which depends both on entity-specific affairs and market conditions, including power prices, commodity prices, exchange rates and construction risk within the different investments. For further information about the impact of accounting estimates on the annual report, please refer to the sensitivity analysis section at note 12.

Furthermore, the valuation is affected by changes in the risk-free interest rate and the general cost of risk in the market. As a result, income from investments, including the unrealised value adjustments, accrued interest and the fair value of investments are subject to estimation and uncertainty. For further information about the financial risks related to the investments, please refer to note 11.

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

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

Notes

3. Administrative expenses

The Fund has no employees.

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

According to Article 107 of the AIFM Directive, alternative investment funds must disclose information about the total remuneration of the entire staff of the Fund Manager and the number of beneficiaries. Furthermore, remuneration to material risk-takers must be disclosed. For information about remuneration, please refer to the annual report of the Fund Manager, Copenhagen Infrastructure Partners P/S.

The Fund Manager must also disclose the information necessary to provide an understanding of the risk profile of the Fund and the measures that the Fund Manager takes to avoid or manage conflicts of interest between the Fund Manager and the Investors. The Board of Directors has adopted a remuneration policy in order to ensure that the employees and Management are remunerated according to the Danish Executive Order on remuneration policy and disclosure requirements on remuneration for managers of alternative investment funds, etc.

The remuneration policy ensures, among other matters, that the following is applied in relation to remuneration at the Fund Manager:

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

Notes

3. Administrative expenses (continued)

The Fund Manager (Copenhagen Infrastructure Partners P/S) serves as fund manager for ATKL Brasiliana K/S, CI Artemis II K/S, CI III Dutch AIV K/S, CI III US AIV Non-QFPF Blocker K/S, CI III US AIV QFPF K/S, CI IV AIV Lux B SCSp, CI IV AIV Lux Non-QFPF SCSp, CI IV AIV Lux QFPF SCSp, CI IV Sponsor Investor K/S, CI IV US AIV Non-QFPF K/S, CI IV US AIV QFPF K/S, CI NMF I CIV K/S, CI NMF I F&F K/S, Copenhagen Infrastructure Advanced Bioenergy Fund I K/S, Copenhagen Infrastructure Energy Transition Feeder Fund I SCSp, Copenhagen Infrastructure Energy Transition Fund I K/S, Copenhagen Infrastructure Energy Transition Fund I SCSp, Copenhagen Green Credit Fund I Non-SRT AIV SCSp, Copenhagen Infrastructure Green Credit Fund I SCSp, Copenhagen Infrastructure III A K/S, Copenhagen Infrastructure III B ApS, Copenhagen Infrastructure III K/S, Copenhagen Infrastructure IV AUS Trust, Copenhagen Infrastructure IV Dutch K/S, Copenhagen Infrastructure IV Feeder Fund SCSp, Copenhagen Infrastructure IV K/S, Copenhagen Infrastructure IV SCSp, Copenhagen Infrastructure New Markets Fund I K/S, EnergiØ I K/S, NMF Brazil K/S and PDLP Brasilien K/S.

In accordance with section 61 (5 and 6) of the Alternative Investment Fund Managers etc. Act, information regarding salaries paid to employees of the fund manager is disclosed in the Annual Report for 2021 for Copenhagen Infrastructure Partners P/S, Business Reg. No. 37 99 40 06.

No carried interest is paid out by the AIF during the financial period.

	2020/21 DKK'000
4. Financial income	
Foreign exchange gains	31
Interest income from assets not measured at fair value through profit or loss	0
Financial income	31
	2020/21 DKK'000
5. Financial expenses	
Other interest, foreign exchange loss etc	(450)
Interest expenses for financial liabilities	(450)

Notes

6. Investments

	Investments DKK'000
Fair value at 1 December 2020	0
Acquisitions and development costs (net)	112,172
Distributions	(1,822)
Value adjustment	81,649
Fair value at 31 December 2021	191,999

<u>Investment</u>	<u>Corporate form</u>	<u>Registered in</u>	<u>Equity interest %</u>	<u>Profit/(loss)* DKK'000</u>	<u>Equity* DKK'000</u>
CI III Changfang	K/S	Copenhagen	1.93	138,833	1,910,445
CI III Xidao	K/S	Copenhagen	1.93	11,922	195,240

* Based on the latest annual report adopted by the AGM (2020).

Since the Fund's main activity is investing in infrastructure investments, listing all investment entities related to the Fund would result in a comprehensive list consisting of multiple pages of entities. In order to maintain the integrity of the true and fair view of the annual report, the list of entities to which the Fund has an equity interest has been limited to the entities to which the Fund has a direct ownership.

Consistently with the accounting policies, the Fund regularly adjusts the value of the investments to the best estimate of fair value. This means that the proportionate share of operating profit or loss for the Companies is not recognised in profit or loss of the Fund, but rather a fair value adjustment of the investment.

The methods applied by the Fund to measure investments are evident from note 8 to the financial statements.

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

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

7. Share capital

Some specific share classes have an associated special right to receive Fund Performance Return (Carried Interest/Performance shares) which is calculated based on the overall performance net of cost and expenses of the portfolio of all investments (the Fund) as 15% of net cash flows exceeding the agreed 7% minimum return (the Hurdle Rate). Fund Performance Return is paid out with ordinary distributions based on adjusted economic rights which reflect an annual allocation of Fund Performance Return as if such Fund Performance Return had been re-invested into the Fund at the net present value at the time of such re-investment.

Notes

	2021 DKK'000
8. Other payables	
Other payables	<u>1,992</u>

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

Other payables fall due for payment within 12 months.

	2021 DKK'000
9. Working capital changes	
Changes in receivables	(6,023)
Changes in payables	<u>1,992</u>
Financial liabilities measured at amortised cost	<u>(4,031)</u>

	2021 DKK'000
10. Financial instruments	
Categories of financial instruments:	
Investment	<u>191,999</u>
Financial assets measured at fair value through profit or loss	<u>191,999</u>
Other short-term receivables	<u>6,023</u>
Receivables measured at amortised cost	<u>6,023</u>
Other payables	<u>1,992</u>
Financial liabilities measured at amortised cost	<u>1,992</u>

All financial liabilities are due for payment within 12 months.

Historically, no losses on receivables have been realised, hence no provisions for expected credit loss (ECL) have been recognised in the statement of comprehensive income. The risks of the Fund are considered limited.

Notes

11. Financial risk management

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

The Fund pursues an investment strategy approved by the Investors and invests in both greenfield and operating infrastructure assets.

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

Key financial risk factors and exposure regarding the financial statements for 2021 can be categorised as follows:

Financial risk factors

Liquidity risks

	Less than 1 year DKK'000	Between 1 and 5 years DKK'000	After 5 years DKK'000	Total DKK'000
Other payables	1,992	0	0	1,992
31 December 2021	1,992	0	0	1,992

The Fund manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Funds liquidity risk is considered insignificant as liabilities are payable within one year. In addition, no indication of the Investors's inability to contribute the remaining fund commitment exists as well as future income from investments is expected to settle the outstanding amount.

Credit risks

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

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

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

Notes

11. Financial risk management (continued)

The Fund recognises a loss allowance and provisions for expected credit losses when there has been a significant increase in credit risk since initial recognition. In assessing whether the credit risk on receivables has increased significantly since initial recognition, the Fund compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. As of 31 December 2021, no loss allowance for expected credit losses have been made.

Credit risk related to cash and cash equivalent is considered immaterial. Furthermore, all applied bank connections have a high and sound credit rating.

The Fund is not exposed to any significant credit risk from a single counterparty at 31 December 2021, since the portfolio of the Fund consists of a number of counterparties and infrastructure projects.

Interest rate risk

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

A sensitivity analysis of the Fund's investments including applied discount rates for both equity investments and shareholder loans are detailed in note 12.

Currency risk

The Fund is denominated in DKK. A majority of cash flows take place in DKK, however the Fund has investment and outstanding loans in other currencies. Consequently, the Investors are somewhat exposed to currency risk through the Fund. No hedging is made at fund level. No derivatives have been recognized on the balance sheet date in the Fund.

Commodity and power prices

The Fund's indirect power price exposure is mitigated via power price agreements and/or instruments in the project's capital structure. The Fund's indirect outright power price exposure are considered as low. Other hedges of commodities and power prices are recognized in the underlying entity structures, not in the Fund.

When the Fund has an indirect outright power price and commodity price exposure, changes in such risk factors impact the fair value of the individual investment.

Notes

12. Financial instruments measured at fair value

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

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

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

The fair value of each equity investment has been estimated by applying methods that best reflect the risks and the stage of each investment, e.g. assumptions related to power prices, inflation rates, technical availability and discount rate.

In general, the fair value is determined in accordance with IPEV Valuation Guidelines and generally accepted valuation techniques, including DCF models, benchmarking or other relevant method. However, for projects which are before financial close, cost, including capitalised development costs, is considered the best estimate for fair value. The valuation approach incorporates all of the factors that market participants would take into account in pricing a transaction, such as cash flows, discount rates and yield curves assumptions.

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

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

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

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

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

Notes

12. Financial instruments measured at fair value (continued)

Material unobservable inputs for Level 3

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

2021	<u>Level 1</u> <u>EUR'000</u>	<u>Level 2</u> <u>EUR'000</u>	<u>Level 3</u> <u>EUR'000</u>	<u>Total</u> <u>EUR'000</u>
Unlisted shares, equity investment	0	0	191,999	191,999
Financial assets measured at fair value through profit or loss	0	0	191,999	191,999

Material unobservable inputs

Discount rate

The discount rate used to value investments after COD is considered the most material unobservable input, and the applied range for the discount rate is between 6-9%.

Power prices

Power price forecast is based on the forward curve (Bloomberg) for the liquid time horizon interpolated to long term power price forecast from 3rd party expert forecast providers (e.g. ABB Ventyx, Pöyry, Baringa and Aurora).

Inflation

Inflation rates are obtained from central banks' forecasts and target rates (e.g. Bank of England, Federal Reserve Bank, European Central Bank) for the countries from which materials are sourced, as well as data relating to specific commodities.

Sensitivity analysis

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

If the discount rates for investments are increased by 1 percentage point, the fair value of the investments will be reduced by approximately DKK 20-30m, which will reduce the net asset value of the Fund with the same amount.

Notes

12. Financial instruments measured at fair value (continued)

A reduction by 1 percentage point will increase the fair value of the investments by approximately DKK 25-35m, and also have the same effect on the net asset value of the Fund. Due to the nature of the investments the effects are subject to some uncertainty, as other factors can in some scenarios have a reverse effect. No sensitivity analyses have been made for investments under construction.

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

Please refer to note 6 for a specification of fair value investments.

13. Related parties

Related parties with a controlling interest

The Fund has no Shareholders or related parties with a controlling interest

Related party transactions

Copenhagen Infrastructure Partners P/S (the Fund Manager) is considered a related party of the Fund due to direct or indirect control and transactions

Management fee

2020/21
DKK'000

479

Management fee is calculated based on a fraction of the gross commitment in underlying investments over the total commitment in the Fund.

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

14. Contingent liabilities

The Fund has the following third party contingent liabilities or guarantees as of 31 December 2021:

- The outstanding guarantees for the Vineyard LC, which amounts to USD 413.3m
- The outstanding guarantees for the ChangFang & Xidao LC, which amounts to USD 351.5m
- The outstanding guarantees for the Lostock PCG, which amounts to GBP 158.7m
- The outstanding guarantees for the Monegros PCG, which amounts to EUR 51.5m
- The outstanding guarantees for the Greasewood LC, which amounts to USD 17.5m
- The outstanding guarantees for the DEW PCG, which amounts to EUR 12.0m
- The outstanding guarantees for the Sage PCG, which amounts to USD 5.5m
- The outstanding guarantees for the DEW LC, which amounts to EUR 0.2m
- The outstanding guarantees for the Misae LC, which amounts to USD 8.5m

There are no other guarantees or contingent liabilities of the Fund.

Please refer to the description in note 11 regarding risk on provisions on the outstanding commitment.

Notes

15. Investors

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

Limited Partner	Residence	Ownership percentage
National Nominees Limited	Level 12, 50 Bourke st., Melbourne, VIO, 3000, Australia	41.25%
CI III Lux Feeder	6 Rue Eugène Rupper, L-2453, Luxembourg	37.61%
Taiwan Life Insurance Co. Ltd	8F No 1188, Jingmao 2nd Road, Nangang District, Taipei, Taiwan	6.19%
Kookmin Bank Co. Ltd	26 Gukjegeumyung-ro, 10 th fl, Sewoo Bldg, 115, Yeodeungpo-gu, Seoul, South Korea	6.19%
P/F Tryggingarfelagio Lív	Kopargøta 1, FO-110 Tórshavn	5.16%

16. Events after the balance sheet date

The recent development in Ukraine marks a historical event that has and further will redefine the global power structures and energy markets. The situation is unpredictable, but most likely will be prolonged and increase in severity. The situation has resulted in increased volatility for the global economy in terms of commodity prices, supply chain issues, inflation, interest rates etc. The ongoing conflict does not affect the valuations per 31 December 2021, and the Fund Manager is currently assessing how the conflict will impact the Fund.

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

17. Authorisation of the annual report for issue

At the meeting held on 8 April 2022 Management authorised this annual report for issue on 8 April 2022.

The annual report will be submitted to the Fund's Investors for adoption at the Annual General Meeting on 8 April 2022.