

CI III Swiss AIV K/S
Amerika Plads 29
2100 Copenhagen
Business Registration No
39 44 33 41

Annual report 2022

The Annual General Meeting adopted the annual report on 4 May 2023

Chairman of the General Meeting

Name: Aurore Perleau

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Fund details

Fund

CI III Swiss AIV K/S

Amerika Plads 29

2100 Copenhagen

Business Registration No: 39 44 33 41

Founded: 23 March 2018

Registered in: Copenhagen

Financial year: 1 January 2022 - 31 December 2022

Telephone: +45 70 70 51 51

Internet: www.cipartners.dk

General Partner

Copenhagen Infrastructure III GP ApS

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by the General Partner on the annual report

The General Partner has today considered and approved the annual report of CI III Swiss AIV K/S for the financial year 1 January 2022 – 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the Limited Partnership's financial position at 31 December 2022 and of the results of its operations and the cash flows for the financial year 1 January 2022 – 31 December 2022.

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, 17 April 2023

On behalf of Copenhagen Infrastructure III GP ApS

Jakob Baruël Poulsen

Christian Troels Skakkebæk

Bo Foged

Thomas Hinrichsen

Independent auditor's report

To the shareholders of CI III Swiss AIV K/S

Opinion

We have audited the financial statements of CI III Swiss AIV K/S for the financial year 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 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.

General Partner's responsibilities for the financial statements

The General Partner is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as the General Partner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Independent auditor's report

Statement on the management commentary

The General Partner is responsible for the management commentary.

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

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

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

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

Copenhagen, 17 April 2023

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

	<u>2022</u> <u>DKK'000</u>	<u>2021</u> <u>DKK'000</u>	<u>2020</u> <u>DKK'000</u>	<u>2019</u> <u>DKK'000</u>	<u>2018*</u> <u>DKK'000</u>
Financial highlights					
Key figures					
Operating profit/(loss) (EBIT)	(18,217)	8,478	9,644	2,032	(109)
Financial items, net	(7)	(34)	(19)	(13)	(6)
Profit/loss for the year	(18,224)	8,444	9,625	2,019	(115)
Equity	38,514	71,466	83,074	67,512	14,785
Assets total	38,594	72,121	83,541	68,065	14,915
Ratios					
Liquidity ratio (%)	6.10	1.82	9.33	28.03	-
Solvency ratio (%)	99.79	99.09	99.44	99.18	99.13
Return on equity (%)	(33.14)	10.93	12.78	4.91	-

* This is the Fund's first financial year and comprise the period 23 March 2018 – 31 December 2018

Primary activity

CI III Swiss AIV K/S was established in March 2018. The General Partner of CI III Swiss AIV K/S is Copenhagen Infrastructure III GP ApS.

The Limited Partner has committed DKK 165m to CI III Swiss AIV K/S for infrastructure investments in primarily North America.

Investments

End of 2022, CI III Swiss AIV K/S has one investment, CI III US AIV QFPF K/S, which owns underlying infrastructure investments.

Development in activities and finances

The conditions in the financial markets became more volatile during 2022, with increasing power prices, inflation, interest rates and fluctuations in the currency markets.

The global energy crisis continues to impact the power markets as the Russia-Ukraine war impacts the short-term market volatility, especially within the European/UK gas and power markets and global commodity markets which impacts the Limited Partnership. After peaking in August 2022, power price levels fell across most markets. The levels are now at levels last seen in the spring, though this is still significantly above the long-term price levels.

Management commentary (continued)

The UK & EU power markets have implemented short term policies to reduce electricity consumption, subsidised consumer costs and introduced windfall taxes on extraordinary excess profits. US short term power prices decreased as early winter 2022-23 temperatures were warmer than expected.

Long term US power price have decreased as markets price in impacts from the recently approved Inflation Reduction Act (IRA), including an expected acceleration of renewable utilities buildout leading to lower long term capture rates and lower long term net power prices. The overall impact is expected to reflect negatively on merchant investment cash flows as gross revenues potentially deteriorate, which can impact the valuation of the merchant investments. The overall power price exposure is mitigated by long term power contracts which limits the impact of market volatility.

Interest rates increased across all markets as central banks fight high inflation which is expected to have a limited impact on expected cash flows as FID debt financed investments interest rate risk has been mitigated through hedge contracts. However, all investment discount rates have increased in line with market interest rates, representing a higher return requirement on invested capital, thus affecting the valuation negatively at year end.

Income from investments (Operating income) in 2022 amounts to DKK (18m) (2021: 9m) and the profit/(loss) for the year amounts to DKK (18m) (2021: 8m). The profit is lower than expected due to increased interest rates across all markets. The increased interest rates impact all investment discount rates, thus affecting the value of investments end of year, as well as the outlook for 2023.

Limited Partners' paid-in capital to the Fund at the end of 2022 amounted to DKK 140m, equalling 85% of the committed capital of DKK 165m. Accumulated distributions to Limited Partners amounted to DKK 104m since fund initiation and accumulated net income end of 2022 amounted to DKK 3m. Hereafter total Limited Partners' capital end of 2022 amounted to DKK 39m.

Uncertainty relating to recognition and measurement

CI III Swiss AIV K/S 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 General Partner on the balance sheet date.

Management commentary (continued)

Events after the balance sheet date

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

Outlook

The outlook for the Limited Partnership depends on the results of the investments.

Expectations for the Limited Partnership are in general positive and the profit for 2023 is expected to be within the range of DKK 0-15m. The expectations for 2023 is impacted by the continued turmoil in the financial markets impacting the return requirements on invested capital.

Statement of comprehensive income

	<u>Notes</u>	<u>2022 DKK'000</u>	<u>2021 DKK'000</u>
Net increase/(decrease) in unrealised gains/(losses) from financial assets and liabilities at fair value		(18,013)	8,664
Operating income		(18,013)	8,664
Administrative expenses	3	(204)	(186)
Operating expenses		(204)	(186)
Operating profit/(loss) (EBIT)		(18,217)	8,478
Financial income	4	1	0
Financial expenses	5	(8)	(34)
Profit/(loss) for the year		(18,224)	8,444
Other comprehensive income		0	0
Comprehensive income		(18,224)	8,444

Balance sheet at 31 December 2022

	<u>Notes</u>	<u>2022 DKK'000</u>	<u>2021 DKK'000</u>
Equity investments	6	<u>38,589</u>	<u>72,109</u>
Investments		<u>38,589</u>	<u>72,109</u>
Non-current assets		<u>38,589</u>	<u>72,109</u>
Cash		<u>5</u>	<u>12</u>
Current assets		<u>5</u>	<u>12</u>
Assets		<u><u>38,594</u></u>	<u><u>72,121</u></u>

Balance sheet at 31 December 2022

	<u>Notes</u>	<u>2022 DKK'000</u>	<u>2021 DKK'000</u>
Limited partnership capital	7	140,297	134,416
Retained earnings		<u>(101,783)</u>	<u>(62,950)</u>
Equity		<u>38,514</u>	<u>71,466</u>
Other payables	8	<u>80</u>	<u>655</u>
Current liabilities		<u>80</u>	<u>655</u>
Liabilities		<u>80</u>	<u>655</u>
Equity and liabilities		<u><u>38,594</u></u>	<u><u>72,121</u></u>

Statement of changes in equity

	Limited partnership capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 1 January 2022	134,416	(62,950)	71,466
Contribution from Limited Partners	5,881	0	5,881
Distributions to Limited Partners	0	(20,609)	(20,609)
Profit/(loss) for the year	0	(18,224)	(18,224)
Equity at 31 December 2022	140,297	(101,783)	38,514

	Limited partnership capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 1 January 2021	105,001	(21,927)	83,074
Contribution from Limited Partners	29,415	0	29,415
Distributions to Limited Partners	0	(49,467)	(49,467)
Profit/(loss) for the year	0	8,444	8,444
Equity at 31 December 2021	134,416	(62,950)	71,466

The investors have committed themselves to contributing up to DKK 165m to the Fund. At 31 December 2022, the investors have contributed a net amount of DKK 140m out of the combined contribution commitment, causing the balance commitment to stand at DKK 25m.

Distributions to Limited Partners comprises return of capital and realised gain. Return of capital is presented as part of Limited Partnership capital whereas realised gain / loss is presented as part of retained earnings.

Committed capital will be contributed to the Fund when capital is called to serve costs or performing investments. The Commitments shall be honoured by payments by the Limited Partners on a pro rata basis according to their respective Commitments into a Deposit Account of the Partnership as and when required by a written notice to the Limited Partners. Additional specific conditions for capital contributions or recycling of distributions are laid out in the Limited Partnership Agreement.

Refer to note 1 for further regarding the rights, preferences and restrictions attached to the shares.

Cash flow statement for 2022

	<u>Notes</u>	<u>2022 DKK'000</u>	<u>2021 DKK'000</u>
Operating profit/(loss)		(18,217)	8,478
Income from investments		18,013	(8,664)
Working capital changes	9	<u>(575)</u>	<u>188</u>
Cash flows from ordinary activities		<u>(779)</u>	<u>2</u>
Financial income	4	1	0
Financial expenses	5	<u>(8)</u>	<u>(34)</u>
Cash flows from operating activities		<u>(7)</u>	<u>(34)</u>
Acquisition of equity investments	6	(5,101)	(29,415)
Distributions from equity investments	6	<u>20,608</u>	<u>49,467</u>
Cash flows from investing activities		<u>15,507</u>	<u>20,052</u>
Contribution from Limited Partners		5,881	29,415
Distributions to Limited Partners		<u>(20,609)</u>	<u>(49,467)</u>
Cash flows from financing activities		<u>(14,728)</u>	<u>(20,052)</u>
Increase/decrease in cash		(7)	(32)
Cash beginning of year		<u>12</u>	<u>44</u>
Cash end of year		<u><u>5</u></u>	<u><u>12</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.

CI III Swiss AIV K/S is a Limited Partnership based in Denmark.

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

The 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 thousands. 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 the General Partner in the application of IFRSs that have had significant effects on the financial statements are disclosed, where applicable, in the relevant notes to the financial statements.

Defining materiality

If a line item is not individually material, it is aggregated with other items and notes of a similar nature in the financial statements or in the notes. There are substantial disclosure requirements throughout IFRS. Disclosures required by IFRS are provided 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 below.

Standards and Interpretations not yet in force

All 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 2022 have been applied when preparing the Financial Statements.

These standards have not had a significant impact on the Fund's Annual Accounts.

Notes

1. Accounting policies (continued)

There are no other Standards, Interpretations or amendments to existing Standards that are not yet effective that would be expected to have a significant impact on the Fund.

Significant accounting judgement and estimates

As part of the preparation of the financial statements, the Fund Manager and the General Partner make 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 closing date.

Liabilities are recognised in the balance sheet when the Fund has a legal or constructive obligation as a result of a prior event and it is probable that future economic benefits will flow out of 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 affected 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 the reporting period.

Foreign currency translation

The functional currency reflects the currency in which the Limited Partners have committed themselves to the Fund as well as the currency in which the Fund pays the Fund Manager for carrying out investment related services. Investments and loans are carried out in different currencies and hence considered less relevant in terms of influencing the choice of functional currency. The financial statements of the Fund are presented in the currency unit Danish kroner (DKK), which is the Fund's functional and presentation currency.

Notes

1. Accounting policies (continued)

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.

Operating income from investments

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

Administrative expenses

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

Administrative expenses comprise expenses incurred during the reporting period not directly related to the Fund's investment activities. The Fund pays the Fund Manager an annual fee for carrying out investment related activities and administration. The fee is calculated in accordance with the criteria set out in the Limited Partnership Agreement.

Administrative expenses which can be directly allocated to specific investments are recognised in the underlying project companies when the investment structure is formally in place. For investment structures which are not yet formally in place, the administrative expenses are initially recognised at Fund level and subsequently the administrative expenses are reinvoiced to the project companies when the investment structure is in place.

Administrative expenses that do not relate to the Fund's investment activities or is investment specific are recognised as expense by the Fund. Such costs comprise among others financial, legal and tax advisory, audit, bookkeeping, travel costs and General Partner fee.

Notes

1. Accounting policies (continued)

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 recognised on an accrual basis.

Income taxes

Under current Danish law governing the Fund, it is not independently taxable because the Fund's profit/loss for the year is included in the Limited Partners' taxable income.

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 commitment date 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. Capitalised development costs consist of expenses related to early-stage design and development of infrastructure investments and primarily relates to advisory services provided to fund projects such as project structuring, contracting and de-risking etc. On initial recognition, both types of investment are measured at fair value, and subsequently measured at fair value with recognition of fair value adjustments through profit or loss.

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

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

Cash

Cash comprises cash in bank deposits.

Notes

1. Accounting policies (continued)

Other financial liabilities

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

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 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 cash changes in the size or composition of the contributed capital and cash payment of distributions to the Limited Partners.

Cash comprises cash in bank deposits.

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.

Notes

2. Significant accounting estimates, assumptions and uncertainties

The Fund develops and invests in infrastructure assets (unlisted equity investments and receivables), the market price of which depends both on entity-specific affairs and market conditions, including power prices, commodity prices, exchange rates and construction risk within the different investments. 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 and hence fair value of the long-term receivables are affected by changes in the risk-free interest rate and the general cost of risk in the market. As a result, income from investments, including the unrealised value adjustments 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 in and the assumptions underlying the determination of the fair value in unlisted equity investments and receivables are described in note 12 to the financial statements.

The fair value of the investments is also influenced by the carried interest provision as described under accounting policies. However, this is not considered a significant accounting assumption as the provision itself is based on the fair value of the investments as most significant input.

3. Administrative expenses

The Fund has no employees.

Administrative expenses include comprises fee to administration, audit, and advisors etc. Management fee is paid through the investment in CI III US AIV QFPF K/S.

4. Financial income

	2022	2021
	DKK'000	DKK'000
Net foreign exchange gain	0	0
Interest income from assets not measured at fair value through profit or loss	1	0
Financial income	1	0

Notes

5. Financial expenses

	2022	2021
	DKK'000	DKK'000
Other interest	(4)	(6)
General Partner fee	0	(28)
Net foreign exchange loss	(4)	0
Interest expenses for financial liabilities	(8)	(34)

6. Investments

	Investments
	DKK'000
Fair value at 31 December 2021	72,109
Acquisitions and development costs	5.101
Distributions	(20.608)
Value adjustment	(18,013)
Fair value at 31 December 2022	38,589

	Investments
	DKK'000
Fair value at 31 December 2020	83,497
Acquisitions and development costs	29,415
Contributions	(49,467)
Value adjustment	8,664
Fair value at 31 December 2021	72,109

Investment	Corporate form	Registered in	Equity interest %	Profit/(loss)* DKK'000	Equity* DKK'000
CI III US AIV QFPF	K/S	Copenhagen	3.6	(505,679)	1,060,012

* Based on the latest reported numbers as of 31.12.2022.

Consistently with the accounting policies, the Fund regularly adjusts the value of the investments to best estimate of fair value. This means that the proportionate share of profit or loss of the investments 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 11 to the financial statements.

Notes

7. Limited partnership capital

The limited partnership capital has not been divided into share classes.

8. Other payables

	<u>2022</u> <u>DKK'000</u>	<u>2021</u> <u>DKK'000</u>
Auditor and other advisors	50	50
Other liabilities	30	605
Other payables	80	655

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.

9. Working capital changes

	<u>2022</u> <u>DKK'000</u>	<u>2021</u> <u>DKK'000</u>
Change in receivables	0	0
Change in payables	(575)	188
	(575)	188

10. Financial instruments

Categories of financial instruments:

	<u>2022</u> <u>DKK'000</u>	<u>2021</u> <u>DKK'000</u>
Investments	38,589	72,109
Financial assets measured at fair value through profit or loss	38,589	72,109
Other payables	80	655
Financial liabilities measured at amortised cost	80	655

All financial liabilities are due for payment within 12 months.

No provisions for expected credit loss have been recognised. Refer to note 11 for further.

Notes

11. Financial risk management

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

The Fund pursues an investment strategy approved by the Limited Partners 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 2022 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	80	0	0	80
31 December 2022	80	0	0	80
	Less than 1 year DKK'000	Between 1 and 5 years DKK'000	After 5 years DKK'000	Total DKK'000
Other payables	655	0	0	655
31 December 2021	655	0	0	655

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. In addition, the Fund is able to draw on uncalled commitments from its investors to meet its obligations if needed. In addition, no indication of the Limited Partners' inability to contribute the remaining fund commitment exists as well as future income from investments is expected to settle the outstanding amount.

Notes

11. Financial risk management (continued)

Credit risks

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Fund. The credit risks of the Fund are considered limited.

The Fund's credit risk primarily arises from

- cash
- contingent liabilities or guarantees

Management manages its credit risk exposure by transacting the majority of the Fund's contractual commitment activities with well-established banks, regulated exchanges and business partners which the Management consider to be reputable.

Interest rate risk

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

Currency risk

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

If the foreign exchange rates to which the Fund is exposed moved by +/- 10.0%, the estimated effect on profit/loss would be as follows +/- 107 DKK millions.

The currency risk depicts the sensitivities for the underlying investments in CI III US AIV QFPF K/S.

11. Financial risk management (continued)

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

The fair value of each 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 methods. 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.

Notes

12. Financial instruments measured at fair value

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)

All investments are classified as Level 3 investments and there have not been any transfers between the levels during the financial year.

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.

	Level 1	Level 2	Level 3	Total
	DKK'000	DKK'000	DKK'000	DKK'000
2022				
Unlisted shares, equity investments	0	0	38,589	38,589
Financial assets measured at fair value through profit or loss	0	0	38,589	38,589
	Level 1	Level 2	Level 3	Total
	DKK'000	DKK'000	DKK'000	DKK'000
2021				
Unlisted shares, equity investments	0	0	72,109	72,109
Financial assets measured at fair value through profit or loss	0	0	72,109	72,109

Material unobservable inputs

Fair value of the assets is determined based on both forward-looking information, current market and geopolitical conditions, actuals e.g., contributions and distributions etc. as well as status on the specific assets. Valuations are conducted by an independent inhouse valuation expert team and approved quarterly in the CIP Valuation Committee and subsequently by the Board of Directors as part of the quarterly report. A number of material unobservable input is applied in the valuation and is ongoingly assessed on a on a Fund specific level. An elaboration of the assessed material unobservable inputs is outlined below.

Notes

12. Financial instruments measured at fair value (continued)

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 7-10% (2021: 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. 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 analysis has been made for investments where management has assessed the cost price as the best estimate of fair value.

Portfolio sensitivity	Variable change in input	Approximately impact on Fund NAV
Yield / production	(+ / - 5%)	+125m/(132m)
CAPEX	(+ / - 10%)	(120m)/+113m
Power price	(+ / - 20%)	+207m/(214m)
Inflation	(+ / - 1%-points)	+153m/(130m)
Discount rate	(+ / - 1%-points)	(156m)/189m

The inputs above are considered the most material unobservable input due to the nature of the investments. The sensitivity analysis depicts the sensitivities for the underlying investments in CI III US AIV QFPF K/S.

Notes

13. Related parties

Related parties with a controlling interest

The Limited Partnership has no investors or related parties with a controlling interest.

	<u>2022</u> <u>DKK'000</u>	<u>2021</u> <u>DKK'000</u>
Related party transactions		
The General Partner receives a fee for its obligation towards CI III Swiss AIV K/S as per the Articles of Association		
Payment to the General Partner	<u>45</u>	<u>28</u>

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

14. Contingent liabilities

The Fund has a remaining commitment of EUR 25m to CI III US AIV QFPF K/S.

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

No provisions for expected credit loss have been recognised. Refer to note 11 for further.

15. Investors

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

<u>Limited Partner</u>	<u>Residence</u>	<u>Ownership percentage</u>
Migros Pensionskasse	Wiesenstrasse 15, 8952 Schlieren, Switzerland	100.00%

16. Events after the balance sheet date

No 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 17 April 2023 the General Partner authorised this annual report for issue on 17 April 2023.

The annual report will be submitted to the Limited Partnership's Limited Partners for adoption at the Annual General Meeting on 4 May 2023.

Notes

18. Disclaimer

The domicile of the Fund is Denmark. The Representative of the Fund in Switzerland is OpenFunds Investment Services AG, with its registered office at Seefeldstrasse 35, CH-8008 Zurich, Tel +41 44 500 31 08, www.open-funds.ch. The Paying Agent in Switzerland is Società Bancaria Ticinese SA, Piazza Collegiata 3, 6501 Bellinzona, Tel. +41 (0) 91 821 51 21, Fax. + 41 (0) 91 825 66 18, www.bancaria.ch. The distribution of Shares of the Fund in Switzerland must be made exclusively to Qualified Investors. The place of performance and jurisdiction for the Shares of the Fund distributed in Switzerland is at the registered office of the Representative. Publications to Swiss investors in respect of the Shares of the Fund are effected by the Representative.

Swiss Representative

OpenFunds Investment Services AG

Seefeldstrasse 35, CH-8008 Zurich Tel: +41 44 500 31 08

Website: [www,open-funds.ch](http://www.open-funds.ch)

Swiss Paying Agent

Società Bancaria Ticinese SA

Piazza Collegiata 3

Tel: +41 (0) 91 821 51 21

Fax: + 41 (0) 91 825 66 18

Website: www.bancaria.ch