

CI Artemis K/S
Amerika Plads 29
2100 Copenhagen
Business Registration No
32 33 40 59

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 Artemis K/S
Amerika Plads 29
2100 Copenhagen

Business Registration No: 32 33 40 59
Founded: 13 February 2014
Registered in: Copenhagen
Financial year: 1 January 2022 - 31 December 2022

Telephone: +45 70 70 51 51
Internet: www.cipartners.dk

General Partner

CI Artemis GP ApS

Fund Manager

Copenhagen Infrastructure Partners I K/S

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 Artemis 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 CI Artemis GP ApS

Henrik Frydendal Havmose

Thomas Hinrichsen

Independent auditor's report

To the shareholders of CI Artemis K/S

Opinion

We have audited the financial statements of CI Artemis 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

	2022	2021	2020	2019	2018
	<u>EUR'000</u>	<u>EUR'000</u>	<u>EUR'000</u>	<u>EUR'000</u>	<u>EUR'000</u>
Financial highlights					
Key figures					
Operating profit/(loss) (EBIT)	(25,357)	24,528	52,643	11,376	49,962
Financial items, net	(1)	(8)	(6)	(7)	(8)
Profit/loss for the year	(25,358)	24,520	52,637	11,369	49,954
Equity	194,167	238,324	254,944	238,217	290,348
Assets total	194,198	238,517	254,971	238,236	315,341
Ratios					
Liquidity ratio (%)	2,069.77	383.64	3,940.74	3,684.21	4.25
Solvency ratio (%)	99.98	99.9	100.0	100.0	92.1
Return on equity (%)	(11.73)	9.94	21.35	4.30	16.96

Primary activity

CI Artemis K/S (CI A) was established in February 2014 and is managed by Copenhagen Infrastructure Partners I K/S. The General Partner of CI A is CI Artemis GP ApS.

The Limited Partner, PensionDanmark, has committed EUR 392m to CI A for a single infrastructure investment in Germany.

Investments

End of 2022, CI A holds an investment in DolWin 3.

DolWin 3

In 2014, CI A entered into a joint venture which will construct, own and operate the transmission system DolWin 3. DolWin 3 reached Commercial Operation Date (hereafter COD) on 8 October 2020.

Development in activities and finances

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

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. The EU power markets implemented short-term policies to reduce electricity consumption, subsidized consumer costs and introduced windfall taxes on excess profits. Transmission assets are not directly impacted by high power prices. However, there is a small indirect effect given that transmission system operators (TSOs) must compensate grid losses at market rate. Thus, if forecasted costs differ

Management commentary (continued)

assets are not directly impacted by high power prices. However, there is a small indirect effect given that transmission system operators (TSOs) must compensate grid losses at market rate.

Interest rates increased across all markets as central banks continued to fight the high inflation. Based on current regulatory framework for the investments, higher interest rates are only to be considered in year 2026 for implementation in 2029 and onwards. All investment discount rates have increased in line with market interest rates, representing a higher return requirement on invested capital, thus affecting the value of investments end of year. This effect is partially offset by the updated interest rate assumptions for the regulatory return on equity (RoE) and optimization of the investment cashflows.

The Operating profit/(loss) in 2022 amounts to a loss of EUR (25)m (2021: 25m) and the Profit/(loss) for the year amounts to a loss of EUR (25)m (2021: 25m). The Profit/(loss) was lower than expected due to increased interest rates across all markets.

Limited Partner's paid-in capital to the Fund at the end of 2022 amounted to EUR 381m, equaling 97% of the committed capital of EUR 392m. Accumulated distributions to Limited Partners amounted to EUR 401m since fund initiation and accumulated net income end of 2022 amounted to EUR 214m. Hereafter total Limited Partners' capital end of 2022 amounted to EUR 194m.

Uncertainty relating to recognition and measurement

CI A invests in an infrastructure project 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 investment is based on estimates and several assumptions made by the General Partner on the balance sheet date.

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 EUR 10-20m. 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</u> <u>EUR'000</u>	<u>2021</u> <u>EUR'000</u>
Interest income		10,843	12,346
Realised gains/(losses)		0	5,418
Net increase/(decrease) in unrealised gains/(losses) from financial assets and liabilities at fair value		<u>(33,462)</u>	<u>7,549</u>
Operating income		<u>(22,619)</u>	<u>25,313</u>
Administrative expenses	3	<u>(2,738)</u>	<u>(785)</u>
Operating expenses		<u>(2,738)</u>	<u>(785)</u>
Operating profit/(loss) (EBIT)		<u>(25,357)</u>	<u>24,528</u>
Financial income	4	2	0
Financial expenses	5	<u>(3)</u>	<u>(8)</u>
Profit/(loss) for the year		<u>(25,358)</u>	<u>24,520</u>
Other comprehensive income		<u>0</u>	<u>0</u>
Comprehensive income		<u><u>(25,358)</u></u>	<u><u>24,520</u></u>

Balance sheet at 31 December 2022

	<u>Notes</u>	<u>2022 EUR'000</u>	<u>2021 EUR'000</u>
Equity investments	6	45,113	78,575
Receivables from investments	6	<u>148,447</u>	<u>159,204</u>
Investments		<u>193,560</u>	<u>237,779</u>
 Non-current assets		 <u>193,560</u>	 <u>237,779</u>
 Cash		 <u>638</u>	 <u>738</u>
 Current assets		 <u>638</u>	 <u>738</u>
 Assets		 <u><u>194,198</u></u>	 <u><u>238,517</u></u>

Balance sheet at 31 December 2022

	<u>Notes</u>	<u>2022 EUR'000</u>	<u>2021 EUR'000</u>
Limited Partnership capital	7	380,529	380,529
Retained earnings		<u>(186,362)</u>	<u>(142,205)</u>
Equity		<u>194,167</u>	<u>238,324</u>
Other payables	8	<u>31</u>	<u>193</u>
Current liabilities		<u>31</u>	<u>193</u>
Liabilities		<u>31</u>	<u>193</u>
Equity and liabilities		<u><u>194,198</u></u>	<u><u>238,517</u></u>

Statement of changes in equity

	Limited Partnership capital <u>EUR'000</u>	Retained earnings <u>EUR'000</u>	Total <u>EUR'000</u>
Equity at 1 January 2022	380,529	(142,205)	238,324
Distributions to Limited Partners	0	(18,800)	(18,800)
Profit/(loss) for the year	<u>0</u>	<u>(25,358)</u>	<u>(25,358)</u>
Equity at 31 December 2022	<u><u>380,529</u></u>	<u><u>(186,362)</u></u>	<u><u>194,167</u></u>

	Limited Partnership capital <u>EUR'000</u>	Retained earnings <u>EUR'000</u>	Total <u>EUR'000</u>
Equity at 1 January 2021	380,529	(125,585)	254,944
Distributions to Limited Partners	0	(41,140)	(41,140)
Profit/(loss) for the year	<u>0</u>	<u>24,520</u>	<u>24,520</u>
Equity at 31 December 2021	<u><u>380,529</u></u>	<u><u>(142,205)</u></u>	<u><u>238,324</u></u>

The investors have committed themselves to contributing up to EUR 392m to the Fund. On 31 December 2022, the investors have contributed a net amount of EUR 381m out of the combined contribution commitment, causing the balance commitment to stand at EUR 11m.

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 honored 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 7 for further regarding the rights, preferences and restrictions attached to the shares.

Cash flow statement for 2022

	<u>Notes</u>	<u>2022 EUR'000</u>	<u>2021 EUR'000</u>
Operating profit/(loss)		(25,357)	24,528
Income from investments		22,619	(25,313)
Working capital changes	10	<u>(161)</u>	<u>166</u>
Cash flows from ordinary activities		<u>(2,899)</u>	<u>(619)</u>
Financial income	4	2	0
Financial expenses	5	<u>(3)</u>	<u>(8)</u>
Cash flows from operating activities		<u>(2,900)</u>	<u>(627)</u>
Distributions from equity investments	6	0	5,418
Distributions from receivables from investments	6	<u>21,600</u>	<u>36,022</u>
Cash flows from investing activities		<u>21,600</u>	<u>41,440</u>
Distributions to Limited Partners		<u>(18,800)</u>	<u>(41,140)</u>
Cash flows from financing activities		<u>(18,800)</u>	<u>(41,140)</u>
Increase/decrease in cash		(100)	(326)
Cash beginning of year		738	1,064
Effects of foreign exchange adjustment		<u>0</u>	<u>0</u>
Cash end of year		<u><u>638</u></u>	<u><u>738</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 C enterprises (medium).

CI A 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 Euro (EUR), which is the functional currency of the Fund.

The financial statements are presented on the basis of historical cost, except for the investments and receivables from 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 EUR 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.

Notes

1. Accounting policies (continued)

Report on the omission of preparation of consolidated financial statements

CI A has omitted to prepare consolidated financial statements under the provisions of IFRS 10 as the Limited Partnership qualifies as an investment entity. The definition of an investment entity is an entity that:

1. Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
2. Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
3. Measures and evaluates the performance of substantially all of its investments on a fair value basis.

In view of the circumstances described below, the General Partner believes that the Fund satisfies the typical criteria of an investment entity that:

1. The business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
2. The Fund and the investor are not related parties. Please refer to the description in note 13 to the financial statements.
3. The Fund's investments take the form of equity instrument. The Fund can exit the investment, if relevant.

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.

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.

Notes

1. Accounting policies (continued)

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. The financial statements of the Fund are presented in the currency unit Euro (EUR), 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.

Interest on receivables from investments at fair value through profit or loss is accrued on a time-proportionate basis. The interest is calculated based on outstanding amount.

Notes

1. Accounting policies (continued)

Operating income from receivables and investments

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

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 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.

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.

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.

Notes

1. Accounting policies (continued)

Balance sheet

Investments and receivables from 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 and receivables from 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 and receivables from investments consist of loans. 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. Receivables from investments are measured at fair value through profit or loss under IFRS 9.

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.

Other financial liabilities

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

Notes

1. Accounting policies (continued)

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 risks 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 12.

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 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.

3. Administrative expenses

The Fund has no employees.

Administrative expenses include management fee and investment advisory fee for the period to Copenhagen Infrastructure Partners I K/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.

4. Financial income

	2022	2021
	EUR'000	EUR'000
Net foreign exchange gain	1	0
Interest income from assets not measured at fair value through profit or loss	1	0
Financial income	2	0

Notes

5. Financial expenses

	2022 EUR'000	2021 EUR'000
Other interest	(2)	(6)
Net foreign exchange loss	(1)	(2)
Interest expenses for financial liabilities	(3)	(8)

6. Investments

	Investments EUR'000	Receivables from investments EUR'000
Fair value at 31 December 2021	78,575	159,204
Distributions	0	(21,600)
Value adjustment	(33,462)	10,843
Fair value at 31 December 2022	45,113	148,447

	Investments EUR'000	Receivables from investments EUR'000
Fair value at 31 December 2020	71,026	182,881
Distributions	(5,418)	(36,022)
Value adjustment	12,967	12,346
Fair value at 31 December 2021	78,575	159,204

Investment	Corporate form	Registered in	Equity interest %	Profit/(loss)* EUR'000	Equity* EUR'000
CI Artemis HoldCo	A/S	Copenhagen	100	(33,075)	47,609

* Based on the latest reported numbers as of 31.12.2022

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 clarity and readability 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. Furthermore, it is considered that listing all entities would fill the annual report with immaterial information.

Notes

6. Investments (continued)

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 12 to the financial statements.

7. Limited Partnership capital

The Limited Partnership is owned by the Limited Partners in proportion to their contributed capital. The limited partnership capital has not been divided into classes.

8. Other payables

	2022 EUR'000	2021 EUR'000
Auditor and other advisors	31	193

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

	2022 EUR'000	2021 EUR'000
Change in receivables	0	0
Change in payables	(161)	166
	(161)	166

Notes

10. Financial instruments

Categories of financial instruments:

	2022 EUR'000	2021 EUR'000
Investments	45,113	78,575
Receivables from investments	148,447	159,204
Financial assets measured at fair value through profit or loss	193,560	237,779
Other payables	31	193
Financial liabilities measured at amortised cost	31	193

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.

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 EUR'000	Between 1 and 5 years EUR'000	After 5 years EUR'000	Total EUR'000
Other payables	31	0	0	31
31 December 2022	31	0	0	31

Notes

11. Financial risk management (continued)

	Less than 1 year EUR'000	Between 1 and 5 years EUR'000	After 5 years EUR'000	Total EUR'000
Other payables	<u>193</u>	<u>0</u>	<u>0</u>	<u>193</u>
31 December 2021	<u>193</u>	<u>0</u>	<u>0</u>	<u>193</u>

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.

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 at banks
- contingent liabilities or guarantees

The majority of the Fund's receivable is receivables from investments which are measured at fair value and therefore no provision for expected credit loss (ECL) is recognised. Historically, no losses on other receivables have been realised, hence no provisions for expected credit loss have been recognised in the statement of comprehensive income. Any such provision would be considered insignificant as the credit risks of the Fund are considered limited.

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.

Furthermore, most receivables and contingent liabilities are against holding companies and project companies within Copenhagen Infrastructure Partners. Hence, Management has a thorough knowledge of the financial situation in many the entities in which the Fund has a receivable or contingent liability against. Any such provision would be considered insignificant as the credit risks of the Fund are considered limited.

Notes

11. Financial risk management (continued)

Investments are progressing as planned and following the outlined budget. Furthermore, the Fund provides a guarantee to the underlying projects if needed indicating that obligations will be met. Also, the Fund invest in infrastructure projects in a combination of loan and equity. Infrastructure projects are characterised by a stable and solid income when the project reaches FID. There is no indication towards that projects are in a state where they will not be able to meet the obligation against the Fund.

The Fund Manager regularly assesses the risk related to single exposures taking into account current market developments, inflation, performance of investments, interest rate, price movements etc.

Interest rate risk

The fund has no long-term external debt at the balance sheet date and therefore no interest risk is related to the liabilities.

Further the Fund has issued loans with a fixed interest rate to infrastructure companies, where the Fund holds the majority or a substantial part of the shares. Loans have only been provided to companies in the Copenhagen Infrastructure Partners structure. No fair market value adjustments are made specifically on such issued loans as the fair market value is assessed on an investment level which can comprise a combination of both equity and loan. Furthermore, these loans are not given with purpose of divesting these to external parties, why best estimate of future cash flows is that these are going to be paid back to the Fund. Therefore, the interest rate risk on the individual issued loan is considered limited.

Currency risk

The Fund is denominated in EUR. A majority of cash flows take place in EUR, incl. cashflows to investment. Consequently, the Limited Partners have very limited exposure 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.

If the foreign exchange rates to which the Fund is exposed moved by +/- 10%, the estimated effect on profit/loss would be as follows +/- EUR 0m.

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 recognised 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 is 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 investment and receivables from investments 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.

The valuation of equity investments and receivables from investments is 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)

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.

Notes

12. Financial instruments measured at fair value (continued)

	Level 1	Level 2	Level 3	Total
	EUR'000	EUR'000	EUR'000	EUR'000
2022				
Unlisted shares, equity investments	0	0	47,086	47,086
Receivables from investments	0	0	146,474	146,474
Financial assets measured at fair value through profit or loss	0	0	193,560	193,560
	Level 1	Level 2	Level 3	Total
	EUR'000	EUR'000	EUR'000	EUR'000
2021				
Unlisted shares, equity investments	0	0	78,575	78,575
Receivables from investments	0	0	159,204	159,204
Financial assets measured at fair value through profit or loss	0	0	237,779	237,779

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.

Discount rate

The discount rate used to value investments and receivables from investments after COD is considered the most material unobservable input, and the applied range for the discount rate is between 7-9% (2021: 5-7%).

The equity discount rate comprises two legs. The first element is a standard discount rate model (“Capital asset pricing model”) comprising risk free rate, systematic risk (beta) and market risk premium and the second element is additional infrastructure specific risk factors comprising alpha adjustments, illiquidity risk premium and construction risk premium. Each element is described below.

The risk free rate is the yield of a risk free investment with a maturity equal to the duration of the investment. Duration is the present value weighted average time until cash flows are received. Beta measures the degree of systematic risk of the asset. Beta is re-leveraged according to amount of debt in the project. The market risk premium is the return premium above the risk free rate for the theoretical market portfolio. The approach to determine the market risk premium is based on an average from multiple answers from different countries.

Notes

12. Financial instruments measured at fair value (continued)

Alpha adjustment is added to the equity discount rate to reflect project specific and price risks. It has been determined to divide alpha adjustment into two components; one for general project risks and one for price specific risk. The illiquidity risk premium catches the effect of extra risk and premium related to infrequently traded assets. Determination is based on investment type, asset complexity and transfer restrictions. Lastly, a construction risk premium is added on the discount rate, which reflects the extra risk associated with assets under construction. The premium is gradually lowered as projects reach construction related milestones.

Debt discount rates likewise comprise two legs. The first element is a standard debt discount rate model comprising risk free rate and credit spread and the second element is additional infrastructure specific risk factors comprising illiquidity risk premium and construction risk premium. Risk free rate and illiquidity risk premium follows the description above for equity discount rate whereas the credit spread depicts the yield between the risk-free rate and a debt investment with the same maturity but a lower corporate credit rating. The Scope's credit rating framework is applied in determination of the credit spread for each investment.

Inflation

Inflation forecasts are based on a combination of short-term data sourced from the Bloomberg Bank Composite Inflation Tool combined with the long term central bank forecasts (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. Changes to inflation is considered in determining the discount rates as the changes to inflation can impact risk free rate and through that the discount rate applied for the individual asset.

Regulatory Return on Equity (ROE)

Every 5 years the allowed regulatory Return on Equity (ROE) (determined using the Capital Asset Pricing Model) is adjusted to adapt to changes in financial markets (risk-free rate, Market Risk Premium and beta). For the period 2024-2028 the ROE was set by BNetzA at 5.07%. For each future 5-year period from 2029 to 2043, the ROE assumption is updated to 5.4%, 5.7% and 6.1% respectively, based on the current forecast of the risk-free rate proxy (10-year look-back-period applied).

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.

Notes

12. Financial instruments measured at fair value (continued)

Portfolio sensitivity	Variable change in input	Approximately impact on Fund NAV
Regulatory Return on Equity	(+ / - 1%-points)	EUR 9m / EUR (9)m
Inflation	(+ / - 1%-points)	EUR 15m / EUR (15)m
Discount rate	(+ / - 1%-points)	EUR (19)m / EUR +23m

The inputs above are considered the most material unobservable input due to the nature of the investments.

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> EUR'000	<u>2021</u> EUR'000
Related party transactions		
The General Partner receives a fee for its obligation towards CI A as per the Articles of Association		
Payment to the General Partner	<u>1</u>	<u>2</u>
Copenhagen Infrastructure Partners P/S (the Fund Manager) is considered a related party of the Fund due to its role as being Fund Manager		
Management fee and advisory fee	<u>2,600</u>	<u>567</u>

Management fee is a fixed fee and advisory is a fixed fee which is due when certain milestones are reached.

Receivables from investments

Loans have been granted on market terms, which are expected to be settled by future cash payments. The Fund has no guarantees or similar collateral in connection with loans.

Notes

13. Related parties (continued)

	2022 EUR'000
Contributions at 31 December 2021	260,127
Contributions	0
Contributions at 31 December 2022	260,127
Committed loan capital	260,127
Outstanding commitment at 31 December 2022	0

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

14. Contingent liabilities

There are no 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:

Limited Partner	Residence	Ownership percentage
PensionDanmark Pensionsforsikringsaktieselskab	Langelinie Allé 43, 2100 Copenhagen, Denmark	100%

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 4 May 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.