

ANNUAL REPORT 2015



IFU

INVESTMENT FUND FOR
DEVELOPING COUNTRIES

IFU IN BRIEF

IFU – Investment Fund for Developing Countries provides risk capital and advice to Danish companies wanting to set up business in developing countries and emerging markets. Investments are made on commercial terms in the form of share capital, loans and guarantees for projects with a Danish investor or Danish economic interest. The purpose is to promote economic and social development in the investment countries and assist Danish companies in entering new markets.

One point of access – five funds

IFU also acts as a fund manager for a number of investment funds based on public or public-private capital: the Danish Climate Investment Fund (DCIF), the Danish Agribusiness Fund (DAF), the Arab Investment Fund (AIF), and IFU Investment Partners (IIP). IFU also manages the Investment Fund for Central and Eastern Europe (IØ), which is in a process of being phased out.

Over time, IFU and IFU managed funds have invested in over 1200 projects covering more than 100 different countries in Africa, Asia, Latin America and Europe. The total expected investment in these projects is DKK 169bn, with IFU and IFU managed funds contributing close to DKK 18bn.

This makes IFU the most experienced Danish investor when it comes to developing countries and emerging markets.

Investment creates development

When investing, IFU is always focused on the double bottom line: creating development and profitable businesses. IFU's strong focus on proper sustainability policies secures fair conditions for employees, safeguards the environment and upholds basic human rights when creating economic growth and jobs.

Statutory framework

IFU was established by the Danish State in 1967 and is governed by the Danish Act on International Development Cooperation. The fund is self-financing, and its revenues are comprised of income from interest, dividends and capital gains.

As per 2015, total capital under management by IFU was DKK 5.8bn. Capital under management is comprised by IFU's equity of DKK 2.8bn, IØ's and AIF's equity of DKK 0.4bn and committed capital in DCIF, DAF and IIP of DKK 2.6bn.



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2015 was a **good year for IFU**
and IFU managed funds. Once again
we contributed to **solid development**
effects in the investment countries
and recorded a **strong financial**
net result of DKK 194m.

Tommy Thomsen, CEO

LETTER FROM THE CEO

DEAR READER

2015 was a good year for IFU and IFU managed funds. Once again we contributed to solid development effects in the investment countries and recorded a strong financial net result of DKK 194m.

Gross yield from share capital was 12.7 per cent, which is in line with the last five year average of just above 12 percent. Gross yield from loans was 7.7 per cent.

In total, IFU and IFU managed funds contracted investments of DKK 906m in 41 projects. IFU alone contracted DKK 660m and the remaining part was contracted by the Danish Climate Investment Fund and IFU Investment Partners.

IFU's mission is to create positive economic and social progress in developing countries by assisting companies in doing business in the poorer parts of the world. Our strategy is to escalate IFU's positive development footprint further by raising our investment level, increasing external funding and by continuing to attract additional capital in the individual direct investments.

To finance our growth we need to stay profitable and provide attractive returns as well as maintain a robust capital base.

In early 2016, IFU launched the Danish Agribusiness Fund, which will invest in commercial sustainable projects in developing countries across the value chain from farm to fork. The need for agribusiness investments in these countries is immense, and by utilising Danish companies' world class technology and knowledge within the sector, we see a firm potential for combining improved living conditions for poorer people and a positive return to our investors.

The Danish Agribusiness Fund has a committed capital of DKK 800m, which brings the total capital under management by IFU to DKK 5.8bn.

Counting new investments in 2015, IFU has over the years engaged in more than 1,200 project companies in over 100 countries. Through this, we have gained considerable experience and insights in doing business in the developing



world. One of IFU's assets is a strong local presence, which is achieved through our regional offices and a broad global network of advisers. In 2015, we opened new regional offices in Nigeria, Ukraine and Singapore, bringing the total number of offices to ten covering Asia, Africa, Latin America and Europe.

Opening new offices goes hand in hand with IFU's new mandate, which in 2015 was expanded to cover more countries and made more flexible in relation to how IFU can assist Danish companies. Going forward, we can invest in all 146 developing countries as defined by the OECD and in project companies with a financially engaged Danish partner or a Danish economic interest only.

Our high focus on the poorer developing countries will continue and at least 50 per cent of IFU's investments will be made in countries with a maximum GNI per capita income of USD 3,300. Consequently, growing IFU's investment level will also increase investments in these countries.

In many aspects, the new Sustainable Development Goals are a reflection of IFU aspirations when entering new projects. By generating jobs, producing goods, paying taxes and enhancing sustainable business, we support the Sustainable Development Goals both directly and indirectly.

We look forward to continue our work to make positive contributions by assisting Danish companies in making profitable, prosperous and proper investments in developing countries.

Tommy Thomsen, CEO

EXECUTIVE SUMMARY 2015

IFU

- IFU contracted investments totalling DKK 660m
- 16 new projects signed with a total of DKK 421m in contracted investments
- New projects are expected to employ more than 4,900 people
- Additional financing of DKK 238m contracted in 19 ongoing projects
- IFU can invest in more countries and in projects with a Danish economic interest
- IFU opened new regional offices in Singapore, Nigeria and Ukraine
- Gross yield from investments was 12.7 per cent on share capital and 7.7 per cent on loans
- Net income of DKK 194m

IFU and IFU managed funds

- IFU and IFU managed funds contracted investments totalling DKK 906m
- IFU Focus seminar held in Nairobi, Kenya
- Total capital under management was 5.8bn

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS 2011 - 2015

	2015 DKKkm	2014 DKKkm	2013 DKKkm	2012 DKKkm	2011 DKKkm
INCOME STATEMENT					
Gross contribution from projects ¹	249	202	130	144	189
Operating income ²	194	147	71	81	117
Net income for the year	194	149	72	84	122
BALANCE SHEET AT 31 DECEMBER					
Share capital investment in projects at cost	1,565	1,385	1,238	1,114	1,160
Project loans at cost	934	1,008	939	887	868
Total investment in projects at cost	2,499	2,393	2,177	2,001	2,028
Accumulated value adjustments	81	(137)	(279)	(133)	(168)
Investments in projects, net ¹	2,580	2,256	1,897	1,868	1,860
Cash and bonds	202	341	396	357	297
Paid-in capital during the year	0	0	0	57	44
Repaid capital during the year	0	0	(75)	(75)	(75)
Total equity capital	2,802	2,608	2,459	2,462	2,396
Total balance	2,892	2,667	2,500	2,517	2,444
ADDITIONAL DATA					
New projects contracted (no.) ³	16	21	22	25	29
Portfolio of projects end of year (no.) ³	188	191	207	207	208
Investments contracted	660	681	566	524	510
Investments disbursed	499	528	432	521	435
Undisbursed contracted investments incl. guarantees	1,012	919	962	890	906
Binding commitments not yet contracted	581	196	399	353	372
KEY RATIOS					
Gross yield from share capital investments ⁴	12.7%	11.4%	13.0%	11.8%	12.4%
Gross yield from project loans and guarantees ⁴	7.7%	6.8%	(4.0)%	2.6%	4.7%
Gross yield from projects (total) ⁴	10.3%	9.7%	6.9%	7.7%	10.3%
Net income for the year/Average total equity capital	7.2%	5.9%	2.9%	3.5%	5.2%
Solidity ratio	96.9%	97.8%	98.3%	97.8%	98.0%
Average number of full-time employees	72	71	68	67	68

¹ Information about composition of the contribution from projects including value adjustments can be found in "Financial review 2015" on page 23.
Investments are valued at fair market value in accordance with the Danish Financial Statements Act.

² Operating income = gross contribution from projects less operating expenses.

³ Figures for *New projects contracted (no.)* and *Portfolio of projects end of year (no.)* for the period 2011 to 2013 have been adjusted, as IFU no longer includes indirect projects in the count. Indirect projects are typically majority-owned subsidiaries of existing IFU projects.

⁴ Gross contribution from projects/Average investment in projects - value adjusted.

Gross contribution from share capital investments/Average share capital in projects - value adjusted.

Gross contribution from project loans and guarantees/Average project loans - value adjusted.

In 2015, IFU and
IFU managed funds contracted
investment of DKK 906m



IFU's new investments
are expected to
employ **more than**
4,900 people

MANAGEMENT'S REVIEW

INVESTMENTS IN 2015

In 2015, IFU continued to invest in a number of projects, which are deemed commercially viable and are expected to generate solid development effects by means of jobs, training, technology transfers, tax revenue and financial services.

During the year, IFU contracted 35 investments for a total of DKK 660m in 13 different countries in Africa, Asia, Latin America and Europe. DKK 421m was invested in 16 new projects, while DKK 238m was provided as additional financing for ongoing projects.

The new investments are expected to directly employ more than 4,900 people once full capacity is reached. The actual direct employment in the projects receiving additional financing is just above 3,000.

On average, IFU investments in new projects measured against total expected investment in the projects has a leverage factor on 8 – 9, which indicates IFU's ability to mobilise additional capital.

Over a rolling period of three years, at least 50 per cent of IFU's investments must be made in poorer development

countries, defined as countries with a maximum GNI per capita income of USD 3,300 in 2015. The threshold is calculated as 80 per cent of the upper limit for LMIC (Lower Middle Income Countries), according to the World Bank's classification.

In 2015, 81 per cent of the investments were below the threshold. Included in this figure is the total investment in projects, which have a regional focus and cover countries above as well as below the threshold.

Close to 800 investments

Counting the 16 new investments, IFU has now engaged in a total of 792 projects in total.

IFU's total contracted investment in the 792 projects was DKK 9bn.

IFU's net income

IFU generated net income of DKK 194m in 2015.



INVESTMENT FUND FOR
DEVELOPING COUNTRIES



KIF DANISH CLIMATE
INVESTMENT FUND



DAF DANISH
AGRIBUSINESS FUND



IIP IFU INVESTMENT
PARTNERS



AIF THE ARAB
INVESTMENT FUND

IFU AS A FUND MANAGER

IFU carries out more and more of its business as a fund manager for a number of investment funds: the Danish Climate Investment Fund (DCIF), the Danish Agribusiness Fund (DAF), the Arab Investment Fund (AIF), IFU Investment Partners (IIP) and the Investment Fund for Central and Eastern Europe (IØ).

To give an overview of IFU's activities, relevant information on the IFU managed funds is provided in this annual report.

The Danish Climate Investment Fund (DCIF)

The Danish Climate Investment Fund is based on a public-private partnership including the Danish State, IFU and five institutional and private investors: PensionDanmark, PKA, PBU, Dansk Vækstkapital and Aage V. Jensen Charity Foundation. The fund was established in January 2014 and has a total committed capital of DKK 1.3bn.

In 2015, the Danish Climate Investment Fund made five new investments at a total of DKK 172m and provided DKK 4m in additional financing for one ongoing project. In total, the fund has invested in 11 projects with total contracted investments of DKK 367m.

The Danish Agribusiness Fund (DAF)

In early January 2016, IFU launched the Danish Agribusiness Fund, which will invest in agribusiness projects across

the value chain from farm to fork. The new fund is a public-private partnership including the Danish State, IFU, PensionDanmark and PKA as investors. The total committed capital is DKK 800m.

IFU Investment Partners (IIP)

IFU Investment Partners (IIP) is capitalised by the two pension funds, PKA and PBU, and managed by IFU. The fund, which was established in 2012, serves as a co-investor in large IFU projects and as a tool for Danish companies to raise additional equity funding in a one-stop process.

In 2015, IIP entered into its fourth project; investing DKK 71m in Falck Medical Services Africa.

The total commitment from the two pension funds is DKK 500m. At year-end, IIP had contracted investments of DKK 223m.

The Investment Fund for Central and Eastern Europe (IØ)

Due to the decision in 2010 to wind down IØ, the fund continued its divestments in 2015. At year-end, IØ had a remaining active portfolio of 25 investments.

Since its inception in 1989, IØ has invested in 408 project companies. The total invested amount is DKK 37bn with an IØ contribution of DKK 5.5bn.

In 2015, IØ repaid an additional DKK 100m to the Danish State. This brought the total accumulated capital repayment made by IØ to the State since 2004 to DKK 3,450m¹. As per 31 December 2015, IØ had equity amounting to DKK 283m.

IØ received a total of DKK 1,898m¹ from the Danish State during the period 1990-2001.

The Arab Investment Fund (AIF)

AIF contracted no new investment in 2015. AIF has invested in a total of five projects with an aggregate contracted investment of DKK 121m.

IFU and IFU managed funds overall

Total investments in 2015 amounted to DKK 906m in 41 project companies.

At year-end 2015, the active portfolio covering all funds contained 221 project companies.

Active portfolio at 31 December 2015

IFU	187
IØ	25
AIF	4
DCIF	11
IIP	4
Total	221

Ten projects are excluded due to inter-fund investments, or because they have received financing from more than one fund.

In total, IFU and IFU managed funds have contracted investments in 1,208 projects, excluding inter-fund investments

1) Figures are in nominal prices.



The Danish Minister for Foreign Affairs, Kristian Jensen, was present at the launch of the Danish Agribusiness Fund.

INVESTMENTS CONTRACTED IN 2015

IFU INVESTMENTS CONTRACTED IN 2015

	Project name	Country	IFU's contracted investments in DKKm			Expected employment (people)
			Shares*	Loans**	Total	
New Projects (DKK m)						
AFRICA						
1	Falck Med.Services Africa	Africa (Regional)	70.5		70.5	700
2	Abraaj Africa Fund III	Africa (Regional)	65.8		65.8	5
3	COOP Kenya	Kenya	3.1	10.0	13.1	40
4	Kenya Property Hold. ApS	Kenya	3.2		3.2	3
5	Mocotex Mozambique	Mozambique	13.8		13.8	200
6	AVK South Africa	South Africa		12.0	12.0	200
Subtotal Africa			156.5	22.0	178.5	1,148
ASIA						
7	ACIF III	Asia (Regional)	34.7		34.7	5
8	BOPA	Asia (Regional)		10.0	10.0	1
9	Wagner Yantai Co. Ltd.	China	9.8		9.8	500
10	Q Works	Indonesia		4.2	4.2	137
11	Frits Pedersen Thailand	Thailand		1.2	1.2	10
12	Espersen Vietnam	Vietnam		13.3	13.3	420
13	PENM IV	Vietnam	68.0		68.0	9
Subtotal Asia			112.5	28.7	141.3	1,082
LATIN AMERICA						
14	Funding Brazil	Brazil		7.5	7.5	1,000
Subtotal Latin America				7.5	7.5	1,000
GLOBAL						
15	MicroCred SA	Dac Developing Countries	84.0		84.0	1,700
16	MIFIF II	Dac Developing Countries	10.0		10.0	5
Subtotal Global			94.0		94.0	1,705
Total new projects			363.0	58.2	421.3	4,935
Additional financing of ongoing projects (DKK m)			IFU's contracted investments in DKKm			Actual direct employment (people)
AFRICA			Shares*	Loans**	Total	
17	ASEC Minya	Egypt	4.6		4.6	583
18	ICPS	Ghana		33.3	33.3	70
19	Radisson Blu Nairobi	Kenya	39.6		39.6	10
20	DanMoz	Mozambique		2.0	2.0	63
21	House of ODIN Ltd.	Nigeria	3.4		3.4	10
22	Fibertex South Africa	South Africa	13.1		13.1	142
23	Fynbloem	South Africa		7.5	7.5	169
Subtotal Africa			60.6	42.8	103.3	1,047
ASIA						
24	AVK Foundry Anhui	China		3.7	3.7	59
25	Fiberline China	China	2.8	5.3	8.1	20
26	Jema Autolifts	China		2.5	2.5	44
27	Jumao Photonics China	China	1.7		1.7	246
28	Scan. Farms Pig Ind.	China	45.63	0.7	46.4	81
29	Danish Steel Cluster	India	2.5		2.5	130
30	HASLE Refractories India	India	0.6		0.6	5
31	LM Windpower Blades India	India		52.2	52.2	597
32	PT Cavron Global	Indonesia		2.2	2.2	147
33	Georg Jensen Thailand	Thailand		7.0	7.0	609
34	HortiQ	Thailand		1.8	1.8	81
Subtotal Asia			53.2	75.4	128.6	2,019
LATIN AMERICA						
35	Ingemann Food Nicaragua	Nicaragua		6.5	6.5	22
Subtotal Latin America				6.5	6.5	22
Total Additional financing			113.8	124.6	238.4	3,088
GRAND TOTAL			476.8	182.9	659.7	

IIP investments contracted in 2015

	Project name	Country	IIP's contracted investments in DKKm			
			Shares*	Loans**	Total	
	Falck Med.Services Africa	Africa	70.5		70.5	
	Total new projects		70.5		70.5	

DCIF investments contracted in 2015

	Project name	Country	DCIF's contracted investments in DKKm			Expected employment (people)
			Shares*	Loans**	Total	
36	Pampa Elvira Solar SPA	Chile	24.5		24.5	10
37	Parque Solar Luna del Nort	Chile	9.7	12.0	21.7	1
38	Parque Solar Sol del Nort	Chile	9.7	12.0	21.7	1
39	VKR Energy	Chile	92.9		92.9	80
40	ESCO Asia	Malaysia	11.5		11.5	9
	Total new projects		148.2	23.9	172.1	101

DCIF additional investments for ongoing projects

	Project name	Country	DCIF's contracted investments in DKKm			Expected employment (people)
			Shares*	Loans**	Total	
41	AVK Valvulas do Brasil	Brazil		4.0	4.0	17
	Total additional financing			4.0	4.0	17
	Grand Total DCIF		148.2	27.9	176.1	
	GRAND TOTAL CONSOLIDATED		695.5	210.8	906.3	

Totals may not add up due to rounded figures.

*) including overrun commitments

**) Including guarantees



The opening ceremony of Radisson Blu in Nairobi, Kenya.

IFU CAN INVEST IN MORE COUNTRIES AND IN PROJECTS WITH A DANISH ECONOMIC INTEREST

In May 2015, the Finance Committee of the Danish Parliament decided to broaden IFU's investment mandate. As a result, IFU can now invest in all 146 countries that have been identified by the OECD as developing countries. Consequently, IFU can invest in countries such as Brazil, Malaysia, Turkey and Mexico and can continue investing in countries like China and Colombia, which were both close to losing their eligibility for IFU's investments.

Despite the broader mandate, at least 50 per cent of IFU's investments must continue to be made in the poorer developing countries, particularly in Africa (see page 9).

Investing with a Danish economic interest

Historically, IFU has been restricted to invest in projects with a financially engaged Danish partner. The broader mandate makes investment regulation more flexible and gives IFU the option also to invest in projects having a Danish economic interest.

This could be a Danish company supplying goods, know-how, technology, management or services to the project; a Danish company having an operating and maintenance agreement with or off-taking products from the project; a project using state of the art Danish technology or a project that directly or indirectly generates jobs in Denmark.

IFU can now invest in all 146 developing countries



SUSTAINABLE GROWTH AND DEVELOPMENT IMPACT

The overall mission of IFU and IFU managed funds is to enhance sustainable economic growth, development and more equitable income distribution by financing private sector investments in developing countries and emerging markets.

IFU's mission is in line with the Sustainable Development Goals (SDGs) as set forward by the UN General Assembly in 2015. The SDGs are supported by financing business projects, which have a positive and lasting development impact due to their commercial profitability and sustainable performance, including responsible behaviour towards employees as well as social, environmental and governance issues.



Employment alleviates poverty

One of the most important development effects is employment, because it provides opportunities for people to escape poverty and improve their standard of living by higher earnings, increased purchasing power, and the possibility to invest in their future

In each project IFU estimates the expected direct employment effect. When a project becomes operational, it has to report its actual number of employees to IFU on an annual basis until the project is exited.

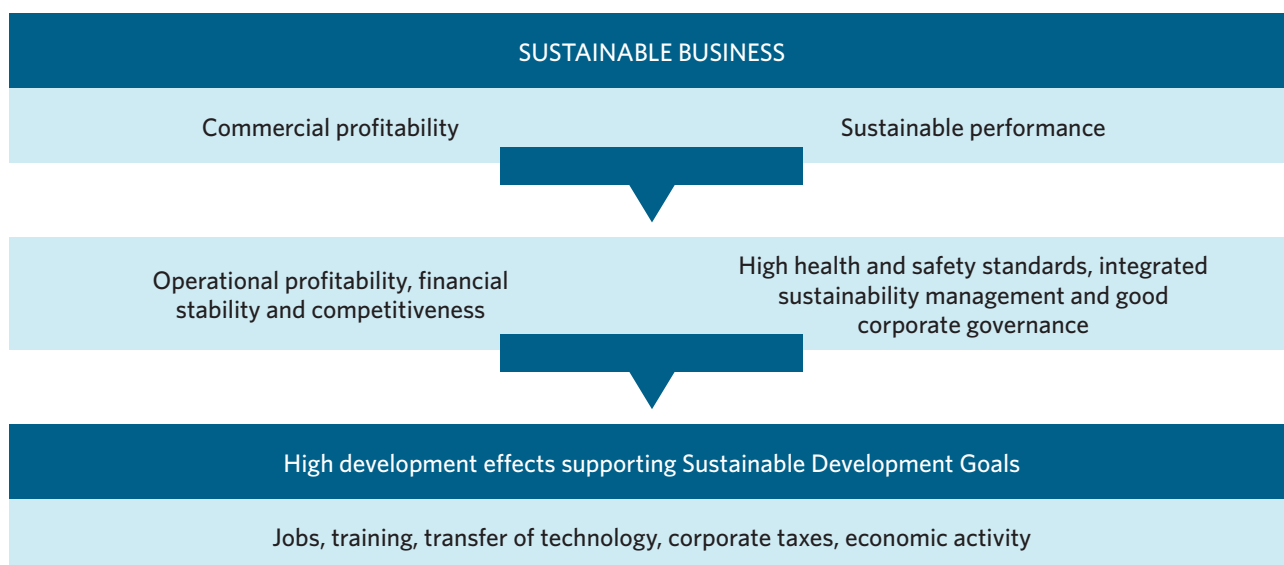
New projects contracted by IFU and IFU managed funds in 2015 are estimated to generate more than 5,000 direct jobs once in full operation.

Projects contracted before 2015, which are not yet divested, employ a total of 32,000 people. Close to 13,000 people are employed in Asia and more than 10,000 people in Africa, while projects in Latin America, Europe and with a global focus account for the remaining jobs.

In total, IFU and IFU managed funds have had an expected employment effect of close to 225,000 direct jobs.

Direct employment is only part of the development effect. According to UN research, every direct job created creates one to two additional jobs for instance in local supply chains or with service companies. Counting both direct and indirect jobs, projects invested in by IFU and IFU managed funds have contributed to creating and preserving close to 560,000 jobs in developing countries over the years.

IFU's sustainable business model



>



Investments create economic growth

IFU projects also benefit the economy in host countries by implementing new technology, training employees and paying taxes.

New technology implemented

Transfer of technology plays an important role for developing economies. Implementing modern technology helps enable developing countries to create more advanced products and services. It makes the countries more competitive and cost efficient, which also leads to higher incomes for individuals, companies and society.

Implementing modern technology will normally also benefit the environment, because it is less polluting and more energy efficient.

Close to 45 per cent of the new projects contracted in 2015 are expected to implement world class technology, and almost 50 per cent are expected to implement average well-known technology. Compared to earlier years, the percentage of projects expected to implement world class technology is lower due to a number of investments in funds, which are categorized as using average well-known technology.



Wagner Yantai Co. Ltd, China.



Training enhances skills

In countries where formal vocational education is scarce, company-sponsored employee training is essential. This will contribute to boost the general level of education and enhance the skills of people in poor countries. Consequently, people receiving such training will be better qualified and more employable in the labour market.

All new projects, contracted in 2015, have plans for running training programmes for their employees.

IFU project companies paid DKK 372m in taxes to host countries

Sound business pays taxes

IFU and IFU managed funds only invest in project companies presumed to be economically viable. In most cases the companies succeed in creating positive revenue, which is a condition for having a lasting development impact in relation to, for instance, securing and increasing the number of jobs, buying from sub suppliers, and not least, paying taxes in the host countries.

Since 2013, IFU has collected information on corporate taxes reported by the projects in the active portfolio. These figures do not include taxes paid by employees or VAT.

For 2015, IFU has information on taxes from 163 companies. Tax information for investments in funds, projects under establishment, in the process of being exited or with no activity is not included.

Total reported taxes from the 163 companies amount to DKK 372m.

The figures presented are primarily related to the calendar year 2014. For companies not following the calendar year, figures are based on the latest available annual report.



IFU's mission is in line with the Sustainable Development Goals as set forward by the UN General Assembly in 2015.

Greenfield projects have a high impact

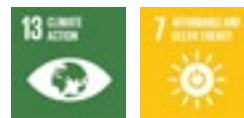
The vast majority of investments under IFU and IFU managed funds are so-called greenfield projects. These types of projects are often seen as having the highest development impact because they introduce new business into the host country.

On the other hand, greenfield projects normally involve higher risk, making it essential to obtain risk sharing and co-investments from external institutions like IFU when setting up such projects.



The Danish Climate Investment Fund (DCIF) has invested in the construction of the 6.8 MW "Vicuña Solar" in Chile.

In 2015, 86 per cent of new investments were greenfield projects.



Climate investments reduce greenhouse gas emissions

The Danish Climate Investment Fund (DCIF) invests in projects that reduce greenhouse gas emissions.

The aim of the Danish Climate Investment Fund is to reduce CO₂ emissions in developing countries and emerging markets. The five new projects signed in 2015 are expected to reduce CO₂-equivalent emissions by approximately 706,000 tons during their lifetime.



New agribusiness fund to combat hunger

For several years, IFU has invested in agribusiness projects in developing countries. In early 2016, IFU launched a new agribusiness fund that will invest in agribusiness projects along the entire value chain from farm to fork.

In the coming years, IFU will report on the development effects related to these investments.

SUSTAINABILITY REPORTING

Sustainability policy

IFU's Sustainability Policy provides the framework for the environmental, social and governance (ESG) requirements for the companies in which IFU invests. IFU is committed to ensuring that the project companies reduce sustainability risks, contribute to sustainable development and in general achieve high sustainability standards, which IFU believes adds value to the project company and enhances business opportunities.

IFU is a signatory to the UN Global Compact and our commitment to this important UN initiative remains undiminished.²

IFU promotes the Global Compact principles through its investments and thereby strives to create shared value by:

- respecting and promoting all basic human rights, including labour rights and occupational health and safety, and addressing adverse human rights impacts that the investment may cause or contribute to as outlined in e.g. the UN Guiding Principles on Business and Human Rights;
- enhancing positive development effects, including the creation of jobs and income, payment of taxes, contribu-

tion to government revenue, transfer of know-how and cleaner technologies, training and education, gender equality, community health and food security and other corporate social responsibility-related activities;

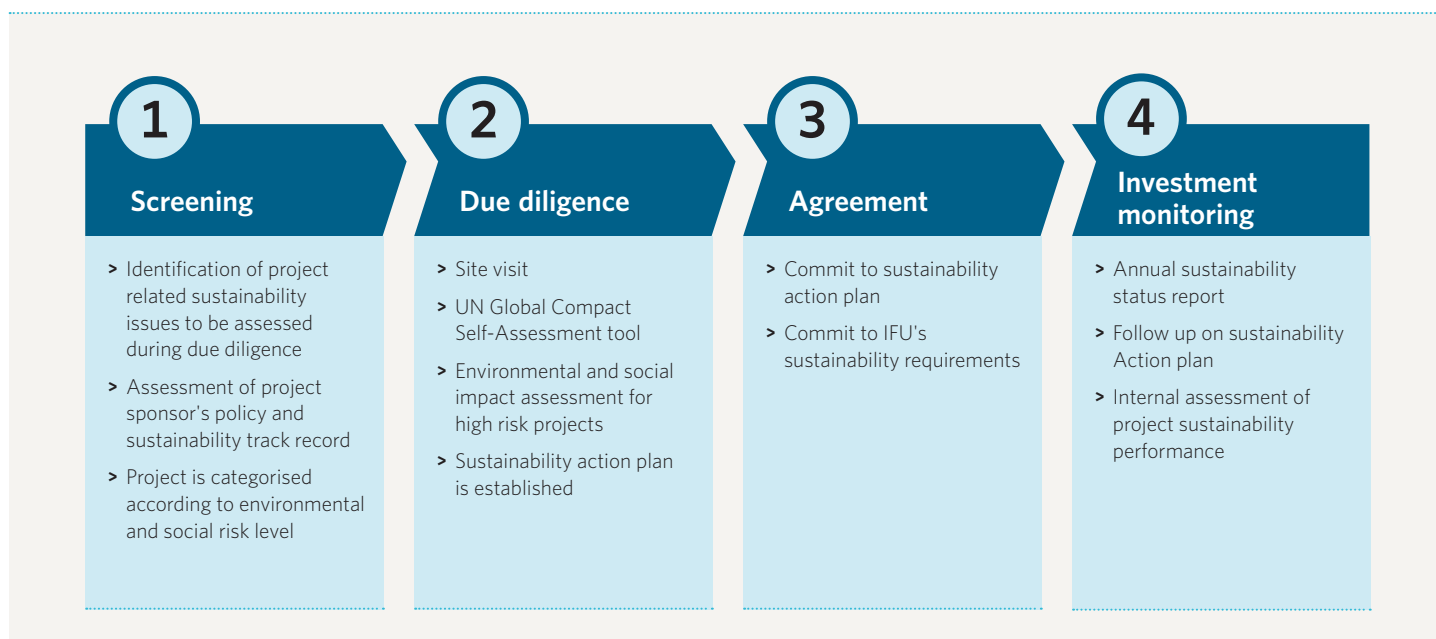
- securing corporate governance and business ethics, including anti-corruption, anti-fraud, transparency and stakeholder engagement;
- improving environmental performance through a preventative and precautionary approach that addresses environmental challenges, including climate change, loss of biodiversity and land use changes;
- ensuring good animal welfare, including proper treatment of animals used for food production and for other commercial purposes and testing.

The investees must continuously work towards achieving satisfactory long-term results in sustainability, and such activities must be anchored in their business plan.

Sustainability throughout the investment process

IFU is aware of potential challenges and dilemmas in relation to sustainability. Consequently, addressing significant sustainability issues in the business plan is crucial for a pro-

IFU's sustainability workflow model



²) This sustainability reporting is a summary of IFU's Communication on Engagement (COE), which constitutes IFU's mandatory reporting as required according to section 99a (7) of the Danish Financial Statements Act. The complete COE can be found on IFU's website (<http://www.ifu.dk/en/values/sustainable-investments/ifus-sustainability-communication>).

ject company to achieve satisfactory long-term results, and it is the objective of IFU's sustainability efforts that its partners set up clear sustainability strategies that benefit the company.

Identifying sustainability impacts is an integral part of IFU's investment process that consists of four phases; screening, due diligence, agreement and investment management as shown in IFU's sustainability workflow model (Page 18).

Projects that are on IFU's exclusion list are not eligible for financing and consequently not screened. The screening phase involves an initial assessment of potential projects that IFU and IFU managed funds are considering investing in. The sustainability policy of the project sponsor, if such a policy exists, is considered together with information about the project sponsor's track record, commitment and competences to work with sustainability issues. Project-related sustainability risks and impacts to be assessed during the due diligence phase are identified, and projects are categorised in terms of environmental and social risk.

The due diligence phase includes a comprehensive assessment of sustainability risks, impacts and mitigation measures related to the specific project. On-site visits are made to all potential projects and project representatives must answer questions in the Global Compact Self Assessment Tool, which helps to identify gaps in the current performance or planned measures at the project and indicate what improvements can be made. The results of the assessment are written in an action plan that describes the measures to be implemented within an agreed time frame. Project companies must comply with national regulations in the country in which they operate and have to work towards implementing relevant international standards. An environmental and social impact assessment is required for projects with high environmental and social risks. Further specification of IFU's sustainability requirements can be found in IFU's sustainability policy and handbook.

When entering into an agreement, IFU requires project companies to implement the agreed action plan and to:

- adopt a written sustainability policy approved by their board of directors or similar governance body, and which is communicated to relevant stakeholders;
- appoint a person with overall responsibility for sustainability, including the management of activities and resources and delegation of tasks;



In 2015, IFU launched a new handbook on sustainable investments for its partners.

- establish a system to ensure continuous improvement and implement sustainability decisions relevant to the company size and sector as well as the environmental, economic, cultural and social context in which the activity operates;
- promote sustainability issues in interaction with suppliers and business partners;
- prepare an annual report that provides a status on sustainability issues.

Project companies must comply with sustainability requirements set by IFU throughout the investment period. Project companies are monitored during the investment management phase so their progress in implementing the action plan can be tracked. IFU's representative on the board of a project company plays a particularly important role. On an annual basis the project companies are required to prepare an annual sustainability status report to be submitted to the board of directors for review and approval. The report is to serve as a tool for the annual stocktaking by its board of directors of sustainability issues relevant to the project company. IFU also conducts an annual internal classification of the sustainability performance of all projects to get an overview of the development status and to be able to focus on the projects that are not performing as planned.



Annual assessment of sustainability performance

Sustainability classification	Total score (%)	Environment (%)	OHS (%)	Human rights and labour practices (%)	Anti-corruption (%)
Excellent	32	36	33	36	23
Good	53	48	52	52	60
Fair	15	15	15	11	17
Poor	1	1	1	1	1
Critical	0	0	0	0	0

Totals may not add up due to rounded figures.

Assessment of sustainability performance

The annual classification of project companies is based on an assessment of their sustainability performance. The classification is a combination of four separate areas within sustainability: 1) environment, 2) occupational health and safety (OHS), 3) human rights and labour practices and 4) anti-corruption. Each project company is classified into one of five categories as follows: Excellent, Good, Fair, Poor and Critical.

Project companies with the classification Good are in compliance with local legislation and relevant international standards in terms of applicable and relevant significant sustainability issues. Project companies with the classification Excellent go beyond this and are active in local communities, have high quality reports and certified management systems. Project companies with the classification Fair, Poor or Critical are given extra attention, and IFU will engage in discussions with the partners on how a project company can improve its performance.

In 2015, internal assessments were carried out for 186 projects under IFU and IFU managed funds. The exercise did not include 12 projects that were in the process of being established, 16 projects with no physical activities or inactive for other reasons and 9 projects being exited.

The ratings in 2015 are very similar to those of 2014. As seen in the table above, the majority of projects are classified as

Good or Excellent. In fact 78 per cent of the projects have Good and Excellent ratings within all four sustainability areas. The ratings across the different areas do not differ significantly, although it appears that anti-corruption is an area where there is a potential to move projects from Good to Excellent. Only one project is rated as Poor in all four categories and will need close follow-up in 2016.

IFU's aim is to develop the companies they are involved in and move the companies' performance in specific areas from Poor to Excellent. In 2014, six projects were classified as Poor, three out of these six projects have been upgraded to Fair or Good, two projects are being exited and one is still classified as Poor.

More project companies increased their sustainability awareness

IFU has since 2014 required project companies to prepare their own sustainability policy or to comply with a policy prepared by their parent company. A written sustainability policy has been used as a key performance indicator since 2009, and every year since the number has increased. In 2015, 76 per cent of the companies that have submitted an annual status report have a sustainability policy, which is 5 percentage points higher than in 2014. The project companies' annual status reports show an increased focus on sustainability. All the sustainability indicators presented in the table below have increased from 2013 to 2015.

Sustainability indicators from annual status reports

Indicators	2013 (147 projects)	2014 (157 projects)	2015 (156 projects)
Establishment of health and safety committee	35%	50%	57%
Active participation in local community	30%	38%	54%
Sustainability in supply chain	31%	43%	49%
Signed up to Global compact	10%	12%	16%

Stakeholder engagement

IFU participates in several fora in order to monitor stakeholder expectations and keep up-to-date on developments in standards for good ethical conduct, dilemmas and risks. For this purpose, IFU is a member of the Danish Ethical Trading Initiative (DIEH).

IFU's own initiative is the IFU Sustainability Advisory Board, which has five members, each representing important IFU stakeholder issues: human rights, environment, development and corporate policy. The advisory board meets regularly to discuss and advise on key issues, such as due diligence tools, supply chain dilemmas and anti-corruption and facilitation payments, and media communication. Topics discussed in 2015 include grievance mechanisms, what the Sustainable Development Goals mean for investors and project companies, and NGO cooperation in relation to the establishment of the Danish Agribusiness Fund.

The Sustainability Board members are:

- Lars Engberg-Pedersen, Senior Researcher, DIIS
- Nanna Callisen Bang, Programme Manager, CARE
- John Nordbo, Head of Conservation Department, World Wildlife Foundation, WWF
- Allan Lerberg Jørgensen, Department Director, Danish Institute of Human Rights
- Malene Østergaard, Director, Group Sustainability, Danfoss

Danida CSR Training Fund

IFU manages the Danida CSR Training Fund. Through this fund IFU can support project companies to meet sustainability objectives and contribute to capacity building. There are two types of grants; an assessment grant (of up to DKK 75,000), which may be provided to cover actual costs of an expert assessment of significant sustainability issues and training needs at the company and/or at key suppliers; and a main grant (of up to DKK 500,000), which may be provided to implement sustainability measures, technical assistance and sustainability training. The fund's total annual budget is DKK 3m.

In 2015, grants were given to 9 projects of which 3 were given as assessment grants and 6 as main grants. As an example, a main grant was given to a project in India, which needed training within sustainability topics such as safety, anti-corruption, waste handling and women empowerment as well as financing of equipment to improve environmental performance (reduction of CO₂ emissions, water re-use and rainwater harvesting). Another main grant was given to a project in Bolivia, where the aim was to train small and me-

dium producers in the supply chain and increase their access to better market opportunities by looking into how logistics issues could be optimised.

IFU FOCUS

IFU FOCUS is a range of interactive seminars on sustainability and HR, facilitated by IFU and delivered in cooperation with international and local experts. Sustainability and HR are important elements in building strong and sustainable companies. This often poses a challenge in developing countries, and in that sense, IFU FOCUS provides an important framework for training, new insight and sharing of best practice.

IFU FOCUS has run for six years from 2010-2015 and has covered six regions in Asia and Africa. The latest IFU FOCUS took place in November 2015 in Nairobi, Kenya. 39 people from 27 different companies attended the seminar. Attendants were mainly management-level staff from IFU's project companies and potential project companies, Danish partners, local partners, and depending on the size of the company, CSR and HR managers.

As per the end of 2015, a total of 379 people had participated in IFU FOCUS.

CSR Abroad award 2015

For the fifth time, the Danish CSR Foundation (CSR Fonden) organised a national CSR event, CSR Awards 2015, which served as an overarching award ceremony for granting CSR-related awards to people, organisations and companies in recognition of their contributions to excellent CSR initiatives. The CSR Abroad award, established by IFU together with Danida and the Danish Trade Council, was this year given to Neutral.com ApS. Neutral produces apparel from 100% organic cotton and has shown an exceptional commitment to ensuring sustainability throughout their value chain - making the company a frontrunner in a very difficult industry.



Anti-corruption is part of IFU's Sustainability Policy.

HUMAN RESOURCES

Presence and teamwork

Establishing new regional offices in Lagos, Ukraine and Singapore, IFU continued to expand its presence in developing countries in 2015. Each of the ten regional offices is part of a regional team with investment professionals located in Copenhagen as well as in the respective regions. These teams are working closely together on developing new investments as well as managing the existing investment portfolio. In addition to the regional teams, two sector teams: Climate and Agribusiness operate across all regions. When developing new investments within Climate or Agribusiness, the regional competences are combined with the sector specific knowledge to ensure an efficient team composition for any given investment.

Social capital in the workplace

In the same way as IFU encourages the project companies to ensure good cooperation between management and employees, as well as a safe and healthy work environment, IFU strives to achieve the same for its own organisation. With effect from 1 January 2015, IFU established a joint cooperation and health and safety committee (SMU) to handle all traditional cooperation and health and safety tasks. The first project carried out by the committee was a workplace assessment, done in cooperation with Health Group, for all IFU employees worldwide.

The result of the workplace assessment showed that 87 per cent of the employees to a large or very large extent are motivated and committed. 90 per cent experience good teamwork between colleagues to a large or a very large extent and 87 per cent would recommend the workplace to other people. All in all, this provides a profound base for further execution of the strategy defined for IFU.

Gender composition

IFU's policy and objectives for the gender composition of the board and managerial positions in IFU follow the guidelines of the Danish Business Authority, Section 11 (2) of the Danish Gender Equality Act and Section 99 b of the Danish Financial Statements Acts.

IFU's board of directors consists of up to ten members and is appointed by the Minister for Foreign Affairs. In order to have a balanced composition on the board of directors, the objective is to have representation of at least one third of

each gender. Currently, the objective is not met, as the board consists of six members and one observer³, of whom five are male (86 per cent) and one is female (14 per cent).

The objective for the gender composition of managerial positions at IFU is to achieve an equal composition. In order to achieve an equal composition IFU endeavors to always have at least one representative of each sex among the remaining three candidates when filling in vacancies at IFU's managerial level. In 2015, IFU achieved a 62/38 per cent split between males and females at the managerial level.

HR statistics

IFU had 72 full-time employees and on average 44 advisers working on projects in 2015.

15 different nationalities are represented among IFU's employees, and 22 per cent of the full-time employees are based at IFU's regional offices. The average age of IFU's employees is 44 years, and the average seniority is 11 years. There is a 53/47 percentage split between male and female employees.

The employee turnover was 2.35 per cent in 2015 (including part-time students). Retention is high with 73 per cent (measured on full-time employees) having five years of seniority or more.



15 different nationalities are represented among IFU's employees.

3) Observers are not included as per the guidelines from the Danish Business Authority.



IFU FOCUS seminar at Radisson Blu Nairobi, Kenya.

FINANCIAL REVIEW 2015

IFU recorded net income of DKK 194m in 2015, substantially above the result in 2014, which was DKK 149m. The 2015 result was also better than expectations a year ago and was due to a continued strong performance from share capital investments in particular. IFU's loans also performed better than expected. Gross yield on share capital investments was 12.7 per cent, up from 11.4 per cent in 2014, and loans contributed 7.7 per cent, up from 6.8 per cent in 2014.

Net operating expenses and financial income were both slightly lower than in 2014.

Net cash flow for the year was negative with DKK (139)m as IFU disbursed almost half a billion kroner (DKK 499m) to new investments. Net cash end of year was DKK 202m, and undisbursed commitments were DKK 1,593m.

The high level of commitments compared to cash underlines the need for stringent management of IFU's liquidity position. Commitments, however, only translate into disbursements over a multi-year period and according to IFU's liquidity policy, the aim is to always have a positive cash position. Additionally, the liquidity position is backed by a DKK 300m credit facility (DKK 267m available at end of 2015).

IFU's equity end of year 2015 was DKK 2,802m.

Contribution from projects

Total contributions from IFU's primary project-related activities were DKK 249m against DKK 202m in 2014.

Share capital investments contributed DKK 191m in 2015, a strong improvement compared to the contribution of DKK 141m in 2014. The 2015 yield of 12.7 per cent is in line with the 5-year average of 12.3 per cent.

Almost half of the contribution (DKK 93m) was due to value adjustments on the portfolio, while the rest is split between contribution from divestments and dividends. Value adjustments are made in accordance with the fair market value principle in the Danish Financial Statements Act and IFU guidelines.

Project loans and guarantees contributed DKK 74m in 2015 against DKK 61m in 2014. Provisions were again just above nil, which was the same in 2014. The USD continued to strengthen against the DKK in 2015 and this contributed DKK 15m in exchange rate adjustments on the non-hedged part of the portfolio. This was also on par with 2014. Interest and fees income, after provisions but before hedging arrangements, were DKK 59m, an increase compared to DKK 44m in 2014.



Interest and fee income measured against the average loan and guarantee portfolio was 6.2 per cent and 5.0 per cent for 2015 and 2014, respectively.

Other contributions from projects were DKK (16)m in 2015 (DKK 1m in 2014) and are mainly comprised on provisions on receivables.

Operating expenses

Net operating expenses for IFU in 2015 were DKK 55m, which was the same in 2014.

Overall gross expenses covering both IFU and IFU managed funds were DKK 87m, a small increase compared to DKK 86m in 2014. IFU increased its global presence with new offices in Nigeria, Singapore and Ukraine during the year and the overall expenses for the regional offices rose with DKK 2m to a total of DKK 15m.

Detailed expense figures can be seen in note 4 in the accounts. Figures involving expenses liable to VAT are not fully comparable with figures from 2014 as IFU adjusted its classification of VAT in 2015 to show VAT as part of the related expenses and not as a separate, aggregated VAT expense. IFU can only claim refund for VAT expenses to a small extent.

Overall income from IFU managed funds (besides IØ) and operating activities were DKK 27m, an increase from DKK 23m in 2014.

The resulting net operating expenses of DKK 60m (DKK 63m in 2014) are divided between IFU and IØ based on size of average total project commitment. IØ's part of the expenses decreased to DKK 5m from DKK 7m in 2014, as the fund continues to be phased out. IFU's part was DKK 55m. Measured against average total project commitments, the expense ratio fell to 1.4 per cent in 2015 from 1.6 per cent in 2014.

Financial income, cash flows and balance sheet items

Financial income was DKK (0)m compared to DKK 2m in

2014. The result reflects the low and in some cases negative interest rate environment during the year.

As per 31 December 2015, IFU held cash totalling DKK 202m. Including DKK 267m available on a credit facility, total financial preparedness amounted to DKK 469m at year-end 2015. Disbursements to project investments during the year amounted to DKK 499m. Amounts received from project investments were DKK 404m.

Undisbursed commitments amounted to DKK 1,593m as per year-end 2015 compared to DKK 1,115m in 2014. The increase was, among other things, due to IFU's commitment of DKK 212m to the new Agribusiness Fund, which was launched in 2016.

As per 31 December 2015, IFU had equity of DKK 2,802m, up from DKK 2,608m as per 31 December 2014. The change reflects the net income of DKK 194m in 2015.

Risk management

IFU invests in projects located in developing countries. Political and economic conditions may be turbulent, and the projects are often subject to high commercial risk.

As a result of this exposure, and in particular because IFU measures its investments at estimated fair value in accordance with the accounting principles set out in the Danish Financial Statements Act, IFU's net results may fluctuate considerably from year to year due to value adjustments on the investments.

In preparing the financial statements, management makes a number of estimates and assumptions of future events that will affect the carrying amount of assets and liabilities. The areas where estimates and assumptions are most critical to the financial statements are the fair value measurement of share capital investments and the fair value measurement of project loans. The note on accounting policies provides more details.

To minimise the overall risk in IFU's investment portfolio, a set of risk policies has been implemented in the investment policy. These policies include guidelines for appraisal of commercial risk, for project, partner and country risk exposure as well as guidelines for managing direct financial risk.

	2015	2014
Average total project commitment (DKKm)	3,800	3,523
Operating expenses (DKKm)	54.5	55.2
Expense ratio (%)	1.4	1.6

Commercial risk for each project is evaluated at time of appraisal using a risk model that builds on IFU's large experience from previously exited projects as well as on sensitivity analyses of key performance parameters specific to the project in question.

Project risk (and commercial risk) is further managed by the indicative limit for IFU's participation in individual projects, which is DKK 100m, whereas *partner risk* is limited through the indicative limit that a partner (at group level) should not account for more than 20 per cent of the fund's total project commitments (the sum of outstanding investments at cost, remaining commitments and binding commitments).

Country risk is managed by the indicative limit that total commitment in any single country should not exceed 30 per cent of the fund's total project commitments.

Distribution of project commitments as per 31 December 2015 – five largest single country portfolios

Country	2015 (%)	2014 (%)
China	13.1	16.3
India	6.8	7.0
Vietnam	5.4	5.8
Ukraine	4.2	2.9
Kenya	4.1	3.8

Currency and interest rate risk

Excluding outstanding share capital investments, IFU's currency exposure year-end 2015 was as seen in the table below.

Hedging of USD project loan exposure is made according to approved hedging policy. IFU does not hedge local currency exposure in share capital investments as costs are typically very high and investments may by way of operation have a

natural built-in hedge, i.e. export-oriented businesses. IFU does not hedge commitments to disburse either as timing and amounts are often difficult to foresee.

The non-hedged part of the outstanding portfolio and the non-hedged commitments to disburse makes IFU's net income and future liquidity position sensitive to fluctuations in the currency rates.

As per year-end, 37 per cent of IFU's total outstanding investments at cost or DKK 934m were placed in project loans, including loans with equity features. The major part of the project loans are based on IFU's standard interest terms of interbank interest rates plus a risk premium. Consequently a decrease in interbank interest rates would have a negative effect on IFU's interest income from project loans.

Liquidity risk

Liquidity is managed with the aim of always having a positive cash position. A DKK 300m credit facility shared with IØ is in place to cover unexpected negative short-term fluctuations in cash flows. As per year-end, DKK 267m was available for drawing.

Events after the balance sheet date

No events have occurred after the balance sheet date, which have materially affected IFU's financial position.

Outlook for 2016

In 2016, IFU expects to invest in the range of DKK 425-475m distributed on around 40 investments. The figures include additional financing to existing investments. IFU expects a somewhat lower profit level in 2016 than in 2015.

Including IFU's managed funds, IFU expects to invest in the range of DKK 925-1025m distributed on 50-60 investments.

IFU's currency exposure year-end 2015 (in millions)	Project loans outstanding	of which covered by hedges		Commitments to disburse ¹
		Amount	%	
USD	78.0	54.2	69.5%	115.9
EUR	37.5	0	0%	29.6
DKK	158.1	N/A	N/A	534.4
Other (in DKK)	42.6	0	0%	45.3

1) Remaining commitments on existing agreements and binding commitments for new investments.

STATEMENT

STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

The executive board and the board of directors have today considered and approved the annual report of the Investment Fund for Developing Countries (IFU) for the financial year 1 January – 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual report gives a true and fair view of IFU's financial position as per 31 December 2015 and of the results of IFU's operations and cash flows for 2015.

It is further our opinion that the Management's Review includes a true and fair account of the development in the operations and financial circumstances of the fund, of the results for the year and of the financial position of IFU.

Copenhagen, 7 April 2016

EXECUTIVE BOARD:

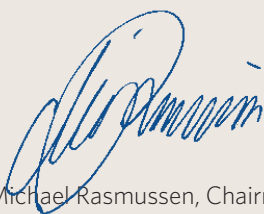


Tommy Thomsen, CEO



Torben Huss, Executive Vice President

BOARD OF DIRECTORS:



Michael Rasmussen, Chairman



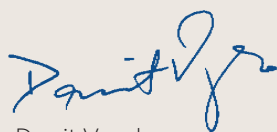
Lars Andersen, Deputy Chairman



Jens Jørgen Kollerup



Bjarne H. Sørensen



Dorrit Vanglo



Mads Kjær

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the board of directors of the Investment Fund for Developing Countries (IFU)

Independent auditors' report on the financial statements

We have audited the financial statements of IFU for the financial year 1 January – 31 December 2015, which comprise income statement, 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 the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation and the agreement between the Ministry for Foreign Affairs and the Auditor General regarding the audit of IFU. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to IFU's preparation of financial statements that give a true and fair view 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 IFU's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the IFU's financial position at 31 December 2015 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Frederiksberg, 7 April 2016

Ernst & Young

Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Lars Rhod Søndergaard

State Authorised Public Accountant



Henrik Barner Christiansen

State Authorised Public Accountant

Total capital
under **management by**
IFU is DKK 5.8bn



FINANCIAL STATEMENTS

ACCOUNTING POLICIES

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

Accounting policies in general

The accounting principles applied remain unchanged from previous year.

Presentation and classification

IFU's income statement and balance sheet vary from the standard tables of the Danish Financial Statements Act, because they are presented on the basis of IFU's special character as an investment fund (long-term investments), and with a view to the best possible clarity of information to the reader of the accounts. The deviation is in concurrence with Section 23 (4) of the Danish Financial Statements Act.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to IFU, and provided that the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when IFU 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 IFU, and the value of the liabilities can be measured reliably.

On initial recognition assets and liabilities are measured at cost. Adjustment subsequent to initial recognition is effected as described below for each item.

Information brought to IFU's attention before the time of finalising the presentation of the annual report, and which confirms or invalidates affairs and conditions existing at the balance sheet date, is considered at recognition and measurement.

Income other than value adjustments is recognised in the income statement when earned, just as costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognised in the income statement as value adjustments.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Foreign currency adjustment

Foreign currency transactions are initially recognised in DKK using the exchange rate at the transaction date. Loans, receivables, payables and other monetary items denominated in foreign currencies, which have not been settled at the balance sheet date, are converted into DKK using the exchange rate at the balance sheet date. All exchange rate adjustments, including those that arise at the payment date, are recognised in the income statement as value adjustments, financial income or financial expenses, depending on their nature.

Non-monetary items

Monetary balance sheet items are translated to the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates.

>

Derivative financial instruments

IFU has established a set of criteria for entering into forward exchange contracts and cross currency swaps (derivative financial instruments) to hedge future transactions concerning selected foreign currency loans and receivables from sale of shares (fair value hedge).

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently adjusted to fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments are recognised in the income statement as either "Contribution from project loans and guarantees", if related to hedging of project loans, or "Other contributions from projects", if related to hedging of receivables from sale of shares.

Income statement

Contribution from share capital investments

Contribution from share capital investments includes declared dividends (after tax), contributions from divested share capital investments and value adjustments in relation to the outstanding portfolio at year-end. Dividends are included in the income statement at the declaration date.

Contribution from project loans and guarantees

Contribution from project loans and guarantees includes interest, value adjustments, including exchange rate adjustments in relation to the portfolio, the effect of derivatives and other value adjustments, principally of interest receivables.

Other contributions from projects

Other contributions from projects include value adjustments, including exchange rate adjustments in relation to receivables, the effect of derivatives and interest from receivables.

Operating expenses, net

Operating expenses, net are total operating expenses incurred by IFU less income received for management services rendered by IFU, other than from the Investment Fund for Central and Eastern Europe (IØ), and income related to operating activities. Operating expenses, net are divided at year-end between IFU and IØ proportionate to average total project commitments during the year (the sum of outstanding investments at cost, remaining commitments and binding commitments).

Operating expenses comprise expenses for Management, administrative staff, office expenses, depreciation of fixed assets and leasehold improvements, etc. Income related to operating activities includes board member fees, etc.

Income from investments in associates and subsidiaries

Dividends from associates and subsidiaries are included in the income statement at the declaration date.

Financial income, net

Financial income, net comprises interest income on cash and bonds, realised and unrealised capital gains and losses on bonds, interest expenses, exchange rate adjustments on cash and bank charges.

Balance sheet

Investments in projects – general

As IFU's main activity is related to investments, the fund applies for the accounting principles describes in the Danish Financial Statements Act section 38 on measurement of investments and the corresponding financial obligations at fair value.

Share capital investments and project loans are reported at the estimated fair value as at the reporting date. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

When estimating the fair value of an investment, IFU seeks to use a methodology which is appropriate in light of the nature, facts and circumstances relating to the investment and its materiality in the context of the total investment portfolio. Methodologies are applied consistently from period to period, except when a change would result in a better estimation of fair value.

Because of the uncertainties inherent in estimating fair value for unquoted investments, in particular when located in developing countries, a degree of caution is applied when exercising judgement and making the necessary estimates.

For all investments the value determined by using the methods described below will be adjusted, if considered necessary and appropriate, by taking the following factors into account:

- The financial status and most recent results of and expectations for the project company.

- Risk of remittance, if any.
- Specific circumstances relating to the partners, project, country, region and/or sector.
- Current market conditions.
- Tax issues.

IFU's percentage interests in project investments are in a number of cases above 20 per cent, but always remain below 50 per cent. The project companies are not considered related parties, as no controlling or significant influence is exercised.

Share capital investment in projects, net

If IFU receives a binding offer in writing during the 12-month period prior to the reporting date, this offer is used as a starting point for the valuation of the investment.

Quoted share capital investments

All quoted share capital investments are valued according to the most recent market price listed on or before the reporting date. If the market is not considered liquid, i.e. that a sale of the investment may cause a significant movement in the stock price, an illiquidity discount is applied.

Unquoted share capital investments

Investments are valued at cost until IFU receives audited accounts covering a period of at least two years of operational activities of the project company following the first disbursement by IFU.

Unquoted share capital investments having met the two-year operational criteria (as defined above) are divided into two groups dependent on the size of IFU's outstanding investment.

In this context the larger investments are defined as those for which IFU's outstanding investment, measured either at cost or at intrinsic value, is above or equal to DKK 20m. These investments are initially valued by either the Discounted Cash Flow method (DCF), by an earnings multiple, if appropriate and reliable transaction/earnings multiples are available, or by the net assets methodology, if appropriate.

All other unquoted share capital investments having met the two-year operational criteria are initially valued at intrinsic value according to the most recent financial statement for the company received by IFU.

Financial intermediaries

Participations in financial intermediaries where the underlying investments are valued according to a fair value principle will be valued at intrinsic value according to the most

recent financial statement received by IFU.

For all share capital investments exit terms agreed, if any, will be taken into account when performing the valuation.

Project loans, net

Project loans are measured at nominal value at actual exchange rates at the balance sheet date, except for project loans with an outstanding balance above DKK 20m with a fixed interest rate, which are valued at the net present value of the future cash flow.

For all loans the value is adjusted, if necessary and appropriate, by taking into account specific terms as agreed, if any, the expected sales value and accessibility of pledged assets, if any, and the historical record of debt service and actual defaults.

Investments in associates and subsidiaries

Investments in associates and subsidiaries are included in the balance at cost less accumulated impairment losses. Subsidiaries are insignificant in size and consolidated accounts have not been made.

Fixed assets and leasehold improvements

Fixed assets and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Straight-line depreciation is made on the basis of an estimated useful life of the fixed asset varying from 3 to 10 years. Depreciation is recognised in the income statement under operating expenses, net.

Fixed assets and leasehold improvements costing less than DKK 50,000 per unit are recognised as costs in the income statement at the time of acquisition.

Interest receivable related to projects

Interest receivable related to projects and other receivables are measured at fair value, i.e. at actual exchange rates at the balance sheet date and after adjustments for risk of loss.

Other receivables

Investments in projects where a formal liquidation procedure has been initiated are stated as *Receivables from projects in liquidation* under *Other receivables* in the balance sheet.

Included in other receivables are administrative receivables and accrued interest receivables from bonds, both measured at cost.



Cash and bonds

Bonds are stated at the official prices quoted on the balance sheet date except for drawn bonds, which are stated at par value. Realised and unrealised gains or losses on bonds are recognised in the income statement under financial income, net.

Provision for losses

Provision for losses comprises anticipated losses related to guarantee agreements. Adjustments of provision for losses related to guarantee agreements are recognised in the income statement as *Other value adjustments* under *Contribution from project loans and guarantees*.

Lease commitments

Lease commitments relating to assets held under finance leases are capitalised and recognised in the balance sheet under long-term debt or current liabilities and are measured at amortised cost, which in most cases corresponds to nominal value.

Long-term debt

Long-term debt is measured at amortised cost, which in most cases corresponds to nominal value.

Current liabilities

Current liabilities related to projects are measured at fair value. Other current liabilities are measured at amortised cost, which in most cases corresponds to nominal value.

Cash flow statement

The cash flow statement has been prepared in accordance with the direct method and shows IFU's cash flow from operating, investing and financing activities as well as IFU's cash position at the beginning and end of the year.

Cash comprises cash at hand less short-term bank debt.



DanaMetal, Ukraine.

Income statement

	2015	2014
Note	DKK 1,000	DKK 1,000
1/ Contribution from share capital investments	190,822	140,693
2/ Contribution from project loans and guarantees	74,270	61,031
3/ Other contributions from projects	(16,498)	629
Contribution from associates	<u>10</u>	<u>0</u>
GROSS CONTRIBUTION FROM PROJECTS	<u>248,604</u>	<u>202,353</u>
4/ Operating expenses, net	<u>(54,536)</u>	<u>(55,457)</u>
OPERATING INCOME	<u>194,068</u>	<u>146,896</u>
5/ Financial income, net	<u>(396)</u>	<u>2,065</u>
NET INCOME FOR THE YEAR	<u>193,672</u>	<u>148,961</u>

The net income for the year has been transferred to the equity.

Balance sheet at 31 December

Assets

	2015	2014
Note	DKK 1,000	DKK 1,000
FIXED ASSETS		
Share capital investment in projects at cost	1,565,008	1,384,709
Value adjustments	99,049	(55,096)
^{6/} Share capital investment in projects, net	1,664,057	1,329,613
Project loans at cost	933,816	1,008,141
Value adjustments	(18,223)	(81,642)
^{7/} Project loans, net	915,593	926,499
^{8/} Investment in associates	0	36
^{9/} Investment in subsidiaries	1,130	1,130
^{10/} Fixed assets and leasehold improvements	4,483	4,635
Total fixed assets	2,585,263	2,261,913
CURRENT ASSETS		
^{11/} Interest receivable related to projects	16,604	13,291
^{12/} Other receivables	88,034	50,866
Cash	202,286	341,109
Total current assets	306,924	405,266
TOTAL ASSETS	2,892,187	2,667,179

Liabilities and equity

2015

2014

Note

DKK 1.000

DKK 1.000

EQUITY

Paid-in capital	1,152,342	1,152,342
Repaid capital	(1,250,000)	(1,250,000)
Retained earnings	2,899,215	2,705,543

13/ Total equity	<u>2,801,557</u>	<u>2,607,885</u>
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PROVISION FOR LOSSES

Guarantees	3,054	3,333
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14/ CURRENT LIABILITIES	87,576	55,961
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Total liabilities	87,576	55,961
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TOTAL EQUITY, PROVISION FOR LOSSES AND LIABILITIES	2,892,187	2,667,179
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15/ UNDISBURSED COMMITMENTS TO PROJECTS AND CLEARANCES IN PRINCIPLE

16/ CONTINGENT LIABILITIES

17/ RELATED PARTY DISCLOSURES

18/ FINANCIAL HIGHLIGHTS, INVESTMENTS CONTRACTED IN 2015 AND SUSTAINABILITY CLASSIFICATION

Cash flow statement

	2015	2014
	DKK 1,000	DKK 1,000
CASH FLOW FROM OPERATING ACTIVITIES		
Dividends from projects received	50,240	37,143
Interest from projects received	50,814	46,308
Other project related payments	12,287	5,158
Operating expenses, net	(43,340)	(67,316)
Net payments related to financial income and expenses	<u>(221)</u>	<u>2,231</u>
Net cash from operating activities	<u>69,780</u>	<u>23,524</u>
CASH FLOW FROM (TO) INVESTING ACTIVITIES		
Received from sale of shares	101,981	288,649
Received from project loans	208,138	166,728
Received from derivatives, loans	(19,313)	(5,758)
Paid-in share capital in projects	(345,016)	(246,509)
Disbursement of project loans	(154,393)	(281,400)
Paid-in capital in subsidiaries	<u>0</u>	<u>(550)</u>
Net cash from (to) investing activities	<u>(208,603)</u>	<u>(78,840)</u>
CASH FLOW FROM (TO) FINANCING ACTIVITIES		
Repaid capital during the year	<u>0</u>	<u>0</u>
Net cash from (to) financing activities	<u>0</u>	<u>0</u>
NET CHANGE IN CASH	(138,823)	(55,316)
CASH BEGINNING OF YEAR	<u>341,109</u>	<u>396,425</u>
CASH END OF YEAR	<u>202,286</u>	<u>341,109</u>

Notes

	2015	2014
Note	DKK 1,000	DKK 1,000
^{1/} <u>Contribution from share capital investments</u>		
Dividends from projects	34,024	52,255
Contribution from divested share capital investments	63,442	40,117
Value adjustments, portfolio	<u>93,356</u>	<u>48,321</u>
Contribution from share capital investments	<u>190,822</u>	<u>140,693</u>
^{2/} <u>Contribution from project loans and guarantees</u>		
Interest income and fees related to project loans and guarantees	62,742	54,015
Value adjustments excl. exchange rate adjustments, loan portfolio	(227)	(1,703)
Value adjustments, guarantees	278	2,799
Exchange rate adjustments, project loans	58,197	59,668
Value adjustments, derivatives	(43,293)	(44,176)
Value adjustments, interest and fees	<u>(3,427)</u>	<u>(9,572)</u>
Contribution from project loans and guarantees	<u>74,270</u>	<u>61,031</u>
^{3/} <u>Other contributions from projects</u>		
Value adjustments, receivables, excl. exchange rate adjustments	(18,783)	2,437
Exchange rate adjustments, receivables	2,677	(83)
Interest from receivables	575	172
Other income and expenses	<u>(967)</u>	<u>(1,897)</u>
Other contributions from projects	<u>(16,498)</u>	<u>629</u>

Notes

	2015	2014
Note	DKK 1,000	DKK 1,000
4/ <u>Operating expenses, net</u>		
<u>Expenses</u>		
Salaries, head office	41,371	42,077
Rental expenses	6,594	5,218
Travelling expenses	5,651	4,419
Regional office expenses	15,218	12,914
Fees for board of directors	1,016	1,113
Fees for external assistance	3,971	4,059
IT expenses	4,633	3,399
Office expenses	1,285	1,160
Various expenses	6,099	6,269
Depreciation of fixed assets and leasehold improvements (note 10)	834	728
Total expenses before non-refundable VAT/taxes	86,672	81,356
Non-refundable VAT/taxes	515	4,370
Total expenses	87,187	85,726
<u>Income</u>		
Management fees	(26,734)	(22,694)
Board member fees	(208)	(198)
Various income	(225)	(205)
Total income	(27,167)	(23,097)
Total operating expenses, net (IFU and IØ)	60,020	62,629
Operating expenses, net charged to IØ	(5,484)	(7,172)
IFU's part of operating expenses, net	54,536	55,457
Fee to the auditor of the funds included in "Fees for external assistance" and "Various expenses":	594	847
- hereof audit fees	515	637
- hereof tax and VAT advice	20	94
- hereof non-audit services	59	116

Notes

	2015	2014
Note	DKK 1,000	DKK 1,000
<u>Specification of personnel expenses (salaries etc.)*</u>		
Salaries, remunerations etc.	46,123	46,900
Pension contributions	4,156	4,026
Other expenses for social security	232	251
Payroll tax	<u>552</u>	<u>693</u>
Personnel expenses in total	<u>51,063</u>	<u>51,870</u>
*) The figures are included in "Salaries, head office", "Travelling expenses", "Regional office expenses", "Fees for board of directors" and "Non-refundable VAT/taxes".		
Remuneration to the board of directors:		
Michael Rasmussen, Chairman	253	252
Lars Andersen, Deputy Chairman	186	186
Other board members *)	<u>577</u>	<u>675</u>
Total remuneration to the board of directors	<u>1,016</u>	<u>1,113</u>
Remuneration to the executive board:		
Salaries and pension **)	3,570	3,537
Performance remuneration	<u>539</u>	<u>530</u>
Total remuneration to the executive board	<u>4,109</u>	<u>4,067</u>
Total remuneration to the board of directors and executive board	<u>5,125</u>	<u>5,180</u>
*) Five members, of which one member retired during the year and was not replaced (Five members in 2014)		
**) Hereof pension DKK 444 (DKK 435 in 2014)		
Average number of employees, head office	56	55
Average number of employees, regional offices	<u>16</u>	<u>16</u>
	<u>72</u>	<u>71</u>

Notes

	2015	2014
Note	DKK 1,000	DKK 1,000
5/ <u>Financial income, net</u>		
<u>Financial income</u>		
Interest income, cash and bonds	354	1,609
Financial income	354	1,609
<u>Financial expenses</u>		
Interest expenses, bank charges and exchange rate adjustments	(750)	456
Financial expenses	(750)	456
Financial income, net	(396)	2,065

Notes

	2015	2014
Note	DKK 1,000	DKK 1,000
6/ <u>Share capital investment in projects, net</u>		
Share capital investment in projects beginning of year at cost	1,384,709	1,238,101
Paid-in share capital in projects during the year	345,016	246,509
Project loans or interest converted into share capital during the year	10,321	32,303
Proceeds from divestment of shares	(176,014)	(149,092)
Income from divestment of shares relative to cost, net	976	13,423
Share capital transferred to other receivables	<u>0</u>	<u>3,465</u>
Share capital investment in projects end of year at cost	<u>1,565,008</u>	<u>1,384,709</u>
Accumulated value adjustments beginning of year	(55,096)	(100,953)
Reversed value adjustments, divested share capital investments	62,465	26,694
Value adjustments, portfolio during the year	93,356	48,321
Value adjustments related to transfer to other receivables during the year	0	(3,465)
Value adjustments related to conversions during the year	<u>(1,676)</u>	<u>(25,693)</u>
Accumulated value adjustments end of year	<u>99,049</u>	<u>(55,096)</u>
Share capital investment in projects, net end of year	<u>1,664,057</u>	<u>1,329,613</u>
Accumulated value adjustments end of year are comprised of:		
Plus values	381,807	230,679
Value adjustments excl. plus values	<u>(282,758)</u>	<u>(285,775)</u>
	<u>99,049</u>	<u>(55,096)</u>

Notes

	2015	2014
Note	DKK 1,000	DKK 1,000
7/ <u>Project loans, net</u>		
Project loans beginning of year at cost	1,008,141	938,663
Disbursements during the year	154,393	281,400
Interest and fees converted into project loans during the year	1,301	2,720
Repayments during the year	(208,138)	(166,728)
Project loans converted into share capital during the year	(10,321)	(29,945)
Exchange rate adjustments during the year relative to cost	17,495	4,562
Project loans transferred to other receivables during the year	(6,766)	539
Write-offs during the year	<u>(22,289)</u>	<u>(23,070)</u>
Project loans end of year at cost *	<u>933,816</u>	<u>1,008,141</u>
Accumulated value adjustments beginning of year	(81,642)	(178,374)
Reversed value adjustments, loans written off	(17,424)	(22,531)
Exchange rate adjustments realised	(17,495)	(4,562)
Value adjustments incl. exchange rate adjustments, during the year	97,682	103,566
Value adjustments related to transfer to other receivables during the year	0	(539)
Value adjustments related to conversions during the year	<u>656</u>	<u>20,798</u>
Accumulated value adjustments end of year	<u>(18,223)</u>	<u>(81,642)</u>
Project loans, net end of year	<u>915,593</u>	<u>926,499</u>
Accumulated value adjustments end of year are comprised of:		
Exchange rate adjustments relative to cost	83,945	43,243
Value adjustments excl. exchange rate adjustment	<u>(102,168)</u>	<u>(124,885)</u>
	<u>(18,223)</u>	<u>(81,642)</u>

Notes

	2015	2014
Note	DKK 1,000	DKK 1,000
*) Project loans end of year at cost are comprised of:		
Senior project loans	807,278	893,591
Subordinated loans	97,657	92,231
Equity loans	<u>28,881</u>	<u>22,319</u>
	<u>933,816</u>	<u>1,008,141</u>
*) Project loans end of year at cost in DKK distributed according to currency denomination:		
	<u>2015</u>	<u>2014</u>
	Currency	Currency
DKK	158,130	181,503
USD ¹	77,970	79,804
EUR	37,460	46,259
Other currencies	<u>42,560</u>	<u>34,013</u>
	<u>933,816</u>	<u>1,008,141</u>
¹) USD 54.2m is hedged against DKK (USD 50.1m in 2014)		
Syndicated capital is investment capital received from third parties and invested in projects, in principle on their own account and risk, and syndicated capital therefore only becomes due to the extent that IFU receives payment from these projects.		
Project loans provided by IFU by means of syndicated capital are not included in the above figures and amount to DKK 0m (DKK 0m in 2014), measured at fair value.		
8/ <u>Investment in associates</u>		
Investment in associates beginning of year at cost	36	36
Divestments during the year	<u>(36)</u>	<u>0</u>
Investment in associates end of year at cost	<u>0</u>	<u>36</u>
Accumulated value adjustments end of year	<u>0</u>	<u>0</u>
Investment in associates, net end of year	<u>0</u>	<u>36</u>

Notes

2015

2014

Note

DKK 1,000

DKK 1,000

9/ Investment in subsidiaries

Investment in subsidiaries beginning of year at cost	1,130	580
New investments during the year	0	550
Investment in subsidiaries end of year at cost	1,130	1,130
Accumulated value adjustments end of year	0	0
Investment in subsidiaries, net end of year	1,130	1,130

Investment in subsidiaries comprises of:

2015

Name/domicile:	Form of company:	IFU's ownership interest: (%)	Result (according to the latest approved annual report):	Equity (according to the latest approved annual report):
IFU Investment Komplementar Copenhagen, Denmark	ApS	100%	11	108
IFU Investment Partners GP Copenhagen, Denmark	P/S	100%	(15)	461
DCIF I GP Komplementar Copenhagen, Denmark	ApS	100%	6	56
DCIF I GP Copenhagen, Denmark	P/S	100%	(7)	493

Subsidiaries are insignificant in size and consolidated accounts have not been made.

Notes

	2015	2014
Note	DKK 1,000	DKK 1,000
^{10/} <u>Fixed assets and leasehold improvements</u>		
Cost beginning of year	9,014	8,101
Additions during the year	<u>682</u>	<u>913</u>
Cost end of year	<u>9,696</u>	<u>9,014</u>
Depreciation beginning of year	4,379	3,651
Depreciation for the year (note 4)	<u>834</u>	<u>728</u>
Depreciation end of year	<u>5,213</u>	<u>4,379</u>
Book value end of year	<u>4,483</u>	<u>4,635</u>
^{11/} <u>Interest receivable related to projects</u>		
Interest receivable related to projects before value adjustments	29,099	28,896
Value adjustments	<u>(12,495)</u>	<u>(15,605)</u>
Interest receivable related to projects	<u>16,604</u>	<u>13,291</u>
^{12/} <u>Other receivables</u>		
Dividend receivables	931	15,478
Receivables from sale of shares	84,992	10,881
Receivables from sale of loan	3,731	1,469
Receivable front-end fees	1,689	1,284
Other project-related receivables	<u>1,293</u>	<u>1,122</u>
	92,636	30,234
Value adjustments	<u>(20,694)</u>	<u>(1,901)</u>
	71,942	28,333
Administrative receivables	13,855	20,429
Current accounts	0	(183)
Rental deposits	2,237	2,179
Deferred income	<u>0</u>	<u>108</u>
	<u>88,034</u>	<u>50,866</u>

Notes

	2015	2014
Note	DKK 1,000	DKK 1,000
^{13/} <u>Total equity</u>		
Paid-in capital beginning of year	1,152,342	1,152,342
Paid-in capital during the year	0	0
Paid-in capital end of year	<u>1,152,342</u>	<u>1,152,342</u>
Repaid capital beginning of year	(1,250,000)	(1,250,000)
Repaid capital during the year	0	0
Repaid capital end of year	<u>(1,250,000)</u>	<u>(1,250,000)</u>
Retained earnings beginning of year	2,705,543	2,556,582
Net income for the year	193,672	148,961
Retained earnings end of year	<u>2,899,215</u>	<u>2,705,543</u>
Total equity end of year	<u>2,801,557</u>	<u>2,607,885</u>
^{14/} <u>Current liabilities</u>		
Other project-related debt	13	0
	13	0
Derivatives *)	53,900	29,919
Administrative debt	30,044	26,042
Current accounts	883	0
Deferred income	2,736	0
	<u>87,576</u>	<u>55,961</u>

*) Stated amount for 2015 concerns a hedged amount of USD 54.2m with term from 2015 to 2024.

Notes

2015

2014

Note

DKK 1,000

DKK 1,000

15/ Undisbursed commitments to projects and clearances in principle

Undisbursed commitments to projects are comprised of undisbursed contractual commitments and binding commitments not yet contracted. The stated amount of guarantees is net of provision for losses, if any.

Amounts payable on share capital and loan agreements	970,468	878,453
Guarantees	41,604	40,688
Binding commitments	<u>580,503</u>	<u>195,808</u>

Undisbursed commitments to projects	<u>1,592,575</u>	<u>1,114,949</u>
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Clearances in principle for new projects amount to	<u>1,030,850</u>	<u>830,029</u>
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*) Net outstanding guarantees after provision for losses, amount to DKK 38,549 (DKK 37,355 in 2014)

16/ Contingent liabilities

The total lease and rental commitments amount to DKK 8.1m (DKK 2.1m in 2014)
- hereof due within the following year DKK 8.1m (DKK 2.1m in 2014).

17/ Related party disclosures

IFU project investments - shares and loans

IFU's percentage interests in project investments are in a number of cases above 20%, but always remain below 50%. The project companies are not considered related parties, as no controlling or significant influence is exercised over them.

It should be noted that transactions conducted during the year with the project companies include dividends, interest income and fees and directors' fees from the companies in which IFU representatives are board members.

Board of directors and executive board

IFU's other related parties are the members of the board of directors and the executive board.

During the year there were no transactions other than remuneration paid to the members of the board of directors and the executive board.

18/ Financial highlights, Investments contracted in 2015, Developmental highlights and Sustainability classification

Financial highlights (table) - see page 7

Investments contracted in 2015 (table) - see page 12

Sustainability classification (table) - see page 20

The **Danish Climate
Investment Fund** made **five new
investments** in 2015



MANAGEMENT

BOARD OF DIRECTORS

The Danish Minister for Foreign Affairs appoints the chairman, the deputy chairman and the other members of the board of directors for three-year terms. Each appointment is personal.

According to the Act on Denmark's international development cooperation, IFU's board is appointed for a three-year period. The current three-year term ends on 31 July 2018.

Since 1 January 2013, an observer from the Ministry of Foreign Affairs has been appointed to IFU's board of directors.

The board of directors usually convenes six to eight times a year. On the recommendation of the executive board, it makes decisions about investments and key issues.

It is noted that the chairman and deputy chairman have both been members of the board for more than 12 years. Further it is noted that IFU in 2015 had business transactions with Nykredit Bank A/S (part of the Nykredit group in which the chairman is CEO) and also with Kjær Group A/S, which is majority owned by board member Mads Kjær.

The rules of procedure for the board contain detailed rules regarding conflicts of interest – as well as a reference to the conflict of interest rules in the Danish Public Administrations Act which the board is subject to – and the above mentioned circumstances are not considered to be of a nature as to impair the independence of the board members.



Michael Rasmussen, Chairman, board member since 2000

MSc (Economics). CEO, Nykredit.

Other board memberships: Nykredit Bank A/S (chairman),
Totalcredit A/S (chairman).



Lars Andersen, Deputy Chairman, board member since 1994

MSc (Economics). Managing Director, The Economic Council of the Labour Movement.

Other board memberships: DSB, Industripension Holding A/S,
Industriens Pensionsforsikring A/S, Arbejdernes Landsbank A/S.

>



Jens Jørgen Kollerup, board member since 2009

MSc (Dairy science).

Managing Director, Ormholt A/S.

Other board memberships: Arctic Group A/S, Vermund Larsen A/S (chairman).



Bjarne H. Sørensen, board member since 2012

MSc (Civil Engineering). Ambassador (retired).

Other board memberships: Care Danmark.



Dorrit Vanglo, board member since 2012

MSc (Economics). CEO, Lønmodtagernes Dyrtidsfond.

Other board memberships: Kapitalforeningen LD (chairman), EKF, the Danish Committee on Corporate Governance, Committee on Foundation Governance.



Mads Kjær, board member since 2015

Managing Director, The Way Forward ApS. Other board memberships:

Kjaer Group A/S (chairman and owner), Andersen & Martini A/S, Udsyn A/S (chairman), Lunar Way A/S.



Morten Elkjær, board observer since 2013

MSc (Economics). Ambassador, Head of Department, Ministry of Foreign Affairs.

EXECUTIVE BOARD

The Danish Minister for Foreign Affairs appoints the CEO.



Tommy Thomsen, CEO

Management/shipping trainee education, A.P. Moller – Maersk Group.

Harvard University's graduate school of business administration,
International Senior Management Program.

Board memberships: Director, Port of Singapore International,
Director, Panama Canal Advisory Board, Director, Danish Shipowners' Club,
Chairman, Danish Maritime Fund.



Torben Huss, Executive Vice President

MSc (Political Science and Public Administration), Copenhagen University,

PhD (Business Economics), Copenhagen Business School.

Board memberships: JØP.

STAFF - COPENHAGEN

EXECUTIVE MANAGEMENT



Tommy Thomsen
CEO



Torben Huss
Executive Vice President



Elsebeth H Rasmussen
Executive Assistant

LEGAL



Nicolai Boserup
General Counsel



Lisa Andersen
Legal Counsel



Louise Berthelsen
Legal Counsel

INVESTMENTS



Morten Christiansen
Senior Vice President
Investments



Lis Bluhme
Investment Support

INVESTMENTS/NORTH ASIA



Catherine I Cax
Vice President
North Asia



Rena Chen
Investment Director



Anders Nellemose
Investment Director



Maria Monti
Investment Support



Ib Albertsen
Investment Director
SME



Kathrine Cecilie Schleisner
Senior Investment Manager



Anne Kathrine Oxenvad
Senior Investment Manager



Birgitte Bang Nielsen
Sustainability Director

INVESTMENTS/SUB-SAHARAN AFRICA



Alex Unsgaard
Vice President
Sub-Saharan Africa



Hans-Jørgen Nyegaard
Investment Director



Henrik Henriksen
Regional Director
West Africa

INVESTMENTS/LATIN AMERICA



Lars Kruse
Vice President
Latin America



Henrik Jepsen
Investment Director



Niels Evendt
Investment Director

INVESTMENTS/AGRIBUSINESS



Max Kruse
Vice President
Agribusiness



Jens Bayer
Investment Director

INVESTMENTS/CLIMATE



Jacob Klingemann
Vice President
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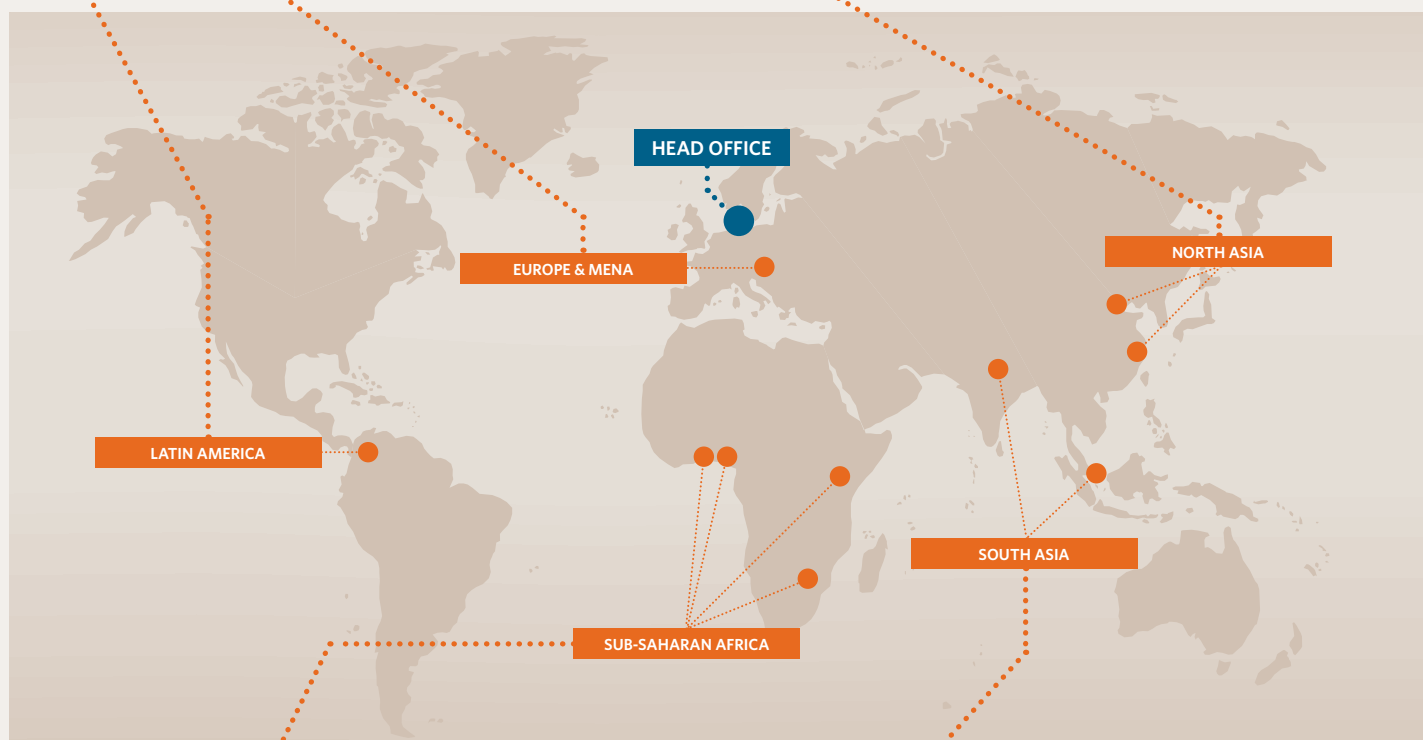
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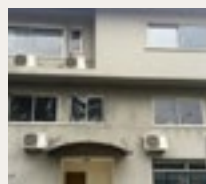
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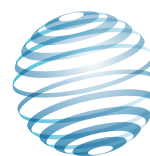
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Cover photo from Silverlands' cattle farm in Livingston, Zambia.



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