

**International Woodland
Company A/S**
Amalievej 20
1875 Frederiksberg C
Central Business Registration No
15013176

Annual report 2016

The Annual General Meeting adopted the annual report on 05.04.2017

Chairman of the General Meeting



Name: Karsten Rømer

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2016	7
Balance sheet at 31.12.2016	8
Statement of changes in equity for 2016	10
Notes	11
Accounting policies	15

Entity details

Entity

International Woodland Company A/S
Amalievej 20
1875 Frederiksberg C

Central Business Registration No: 15013176
Founded: 01.01.1991
Registered in: Frederiksberg
Financial year: 01.01.2016 - 31.12.2016

Fax: 33240242
Website: www.iwc.dk
E-mail: iwc@iwc.dk

Board of Directors

Steen Villemoes, Chairman
Jan Kamp Justesen, Vice-chairman
Peter Vilhelm Carøe
Nis Jul Clausen
Lars Wilhjelm

Executive Board

Otto Frederik Juel Reventlow

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of International Woodland Company A/S for the financial year 01.01.2016 - 31.12.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

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

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

Frederiksberg, 01.03.2017

Executive Board



Otto Frederik Juel Reventlow

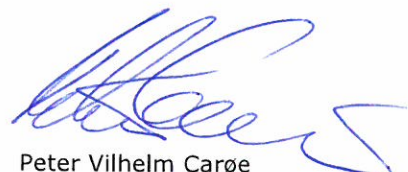
Board of Directors



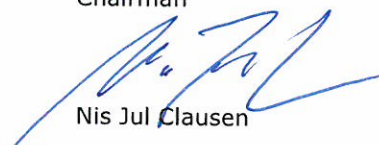
Steen Villemoes
Chairman



Jan Kamp Justesen
Vice-chairman



Peter Vilhelm Carøe



Nis Jul Clausen



Lars Wilhjelm

Independent auditor's report

To the shareholders of International Woodland Company A/S

Opinion

We have audited the financial statements of International Woodland Company A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

Independent auditor's report

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

København, 01.03.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556



Bill Haudal Pedersen

State Authorised Public Accountant



Martin Jon Albæk Pedersen

State Authorised Public Accountant

Management commentary

Primary activities

The company provides investment management services outside the scope of the AIFM Act and advisory services regarding international timberland investments and related investments (including land related issues such as payment for ecosystem services and impact investments) to professional investors.

Change of registration

International Woodland Company A/S was registered with the Danish Financial Supervisory Authority (Danish FSA) as Alternative Investment Fund Manager (AIFM) in accordance with the Alternative Investment Fund Managers etc. Act (AIFM Act) from 1 October 2014 to 18 May 2016, and during that period the company was the registered AIFM for IWC Timberland Partners I K/S (ITP I). The deregistration was required in connection with the Danish FSA granting an AIFM license to International Woodland Company A/S' sister company, IWC Investment Partners A/S in May 2016.

Development in activities and finances

Net profit after tax for the year amounts to DKK 6.4 million DKK compared to a net profit of DKK 6.7 million for 2015. Equity at year-end 2016 is DKK 27.9 million DKK.

Outlook

The company will focus on increasing its client base through active marketing of its products and services especially in Europe and – as a new focus – also in the US. The company expects during 2017 to hire staff with agricultural expertise with the purpose to include agricultural investments in the primary activities

Events after the balance sheet date

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

Income statement for 2016

	<u>Notes</u>	<u>2016</u> <u>DKK</u>	<u>2015</u> <u>DKK</u>
Revenue		35,161,958	34,901,026
Other external expenses		<u>(10,663,777)</u>	<u>(8,826,199)</u>
Gross profit/loss		24,498,181	26,074,827
Staff costs	1	(16,345,807)	(17,145,667)
Depreciation, amortisation and impairment losses	2	<u>(582,507)</u>	<u>(525,874)</u>
Operating profit/loss		7,569,867	8,403,286
Income from investments in group enterprises		41,937	116,111
Other financial income	3	615,695	270,790
Other financial expenses	4	<u>(61,772)</u>	<u>(63,526)</u>
Profit/loss before tax		8,165,727	8,726,661
Tax on profit/loss for the year	5	<u>(1,769,574)</u>	<u>(2,031,725)</u>
Profit/loss for the year		6,396,153	6,694,936
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		1,500,000	2,000,000
Retained earnings		<u>4,896,153</u>	<u>4,694,936</u>
		6,396,153	6,694,936

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016</u> <u>DKK</u>	<u>2015</u> <u>DKK</u>
Acquired intangible assets		1,036,439	1,144,483
Intangible assets	6	1,036,439	1,144,483
Other fixtures and fittings, tools and equipment		456,154	203,740
Property, plant and equipment	7	456,154	203,740
Investments in group enterprises		1,688,698	1,450,102
Other investments		8,768,212	7,283,442
Other receivables		115,892	466,878
Fixed asset investments	8	10,572,802	9,200,422
Fixed assets		12,065,395	10,548,645
Trade receivables		1,358,126	2,893,114
Receivables from group enterprises		978,501	967,627
Other receivables		603,104	316,816
Income tax receivable		201,972	261,991
Prepayments		581,198	177,494
Receivables		3,722,901	4,617,042
Cash		18,848,548	15,231,810
Current assets		22,571,449	19,848,852
Assets		34,636,844	30,397,497

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016</u> <u>DKK</u>	<u>2015</u> <u>DKK</u>
Contributed capital		1,003,000	1,003,000
Retained earnings		25,399,140	20,515,975
Proposed dividend		1,500,000	2,000,000
Equity		<u>27,902,140</u>	<u>23,518,975</u>
Deferred tax		111,077	243,558
Provisions		<u>111,077</u>	<u>243,558</u>
Trade payables		1,689,910	2,104,962
Payables to group enterprises		585,201	258,913
Other payables		4,348,516	4,271,089
Current liabilities other than provisions		<u>6,623,627</u>	<u>6,634,964</u>
Liabilities other than provisions		<u>6,623,627</u>	<u>6,634,964</u>
Equity and liabilities		<u>34,636,844</u>	<u>30,397,497</u>
Contingent liabilities	9		
Related parties with controlling interest	10		

Statement of changes in equity for 2016

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	1,003,000	20,515,975	2,000,000	23,518,975
Ordinary dividend paid	0	0	(2,000,000)	(2,000,000)
Value adjustments	0	(12,988)	0	(12,988)
Profit/loss for the year	0	4,896,153	1,500,000	6,396,153
Equity end of year	1,003,000	25,399,140	1,500,000	27,902,140

Notes

	2016	2015
	DKK	DKK
1. Staff costs		
Wages and salaries	15,490,577	16,330,666
Pension costs	735,416	688,666
Other social security costs	119,814	126,335
	16,345,807	17,145,667
Average number of employees	18	19
	2016	2015
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	420,220	368,329
Depreciation of property, plant and equipment	162,287	157,545
	582,507	525,874
	2016	2015
	DKK	DKK
3. Other financial income		
Financial income from associates	454,832	270,790
Interest income	2,561	0
Exchange rate adjustments	157,542	0
Other financial income	760	0
	615,695	270,790
	2016	2015
	DKK	DKK
4. Other financial expenses		
Other financial expenses	61,772	63,526
	61,772	63,526
	2016	2015
	DKK	DKK
5. Tax on profit/loss for the year		
Tax on current year taxable income	1,872,638	2,043,496
Change in deferred tax for the year	(103,064)	(11,771)
	1,769,574	2,031,725

Notes

	Acquired intangible assets DKK
	<u>DKK</u>
6. Intangible assets	
Cost beginning of year	2,322,368
Additions	<u>312,176</u>
Cost end of year	<u>2,634,544</u>
Amortisation and impairment losses beginning of year	(1,177,885)
Amortisation for the year	<u>(420,220)</u>
Amortisation and impairment losses end of year	<u>(1,598,105)</u>
Carrying amount end of year	<u>1,036,439</u>
	Other fixtures and fittings, tools and equipment DKK
	<u>DKK</u>
7. Property, plant and equipment	
Cost beginning of year	2,716,183
Additions	<u>414,701</u>
Cost end of year	<u>3,130,884</u>
Depreciation and impairment losses beginning of the year	(2,512,443)
Depreciation for the year	<u>(162,287)</u>
Depreciation and impairment losses end of the year	<u>(2,674,730)</u>
Carrying amount end of year	<u>456,154</u>

Notes

	Investments in group enterprises DKK	Other investments DKK	Other receivables DKK
8. Fixed asset investments			
Cost beginning of year	1,588,343	7,697,795	7,545,203
Exchange rate adjustments	21,948	321,794	0
Additions	260,500	1,484,438	231,784
Disposals	0	0	(466,878)
Cost end of year	1,870,791	9,504,027	7,310,109
Impairment losses beginning of year	(138,239)	(414,353)	(7,078,325)
Share of profit/loss for the year	(43,854)	0	0
Impairment losses for the year	0	0	(115,892)
Fair value adjustments	0	133,038	0
Other adjustments	0	(454,500)	0
Impairment losses end of year	(182,093)	(735,815)	(7,194,217)
Carrying amount end of year	1,688,698	8,768,212	115,892

9. Contingent liabilities

The company jointly owns a general partner, which paid USD 253,192 with irrevocable obligation to pay up to a total of USD 258,520 in the coming years.

The Company is a limited partner in a limited partnership which paid USD 1,355,194 with irrevocable obligation to pay up to a total of USD 1,985,000 in the coming years.

The Company participates in a Danish joint taxation arrangement in which International Woodland Company Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

The Company is jointly registered for VAT with a subsidiary company. The companies are jointly and severally liable for the tax liability.

10. Related parties with controlling interest

Related parties with controlling influence - International Woodland Company Holding A / S, Amalievej 20, 1875 Frederiksberg C, owns all the shares and thus has a controlling interest in this.

Notes

Transactions

The company has provided advice to LB Forsikring A / S, which owns 43.97% of its parent company, International Woodland Company Holding A / S. The services amounted to 2.42 % of revenue and is made on market terms.

In addition, there have during the year, except for intercompany transactions and usual Management remuneration transactions with the board of directors, executives, major Shareholder, affiliates or other related parties.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B. By virtue of the Danish Financial Statements Act § 110 the company is not preparing a consolidating financial statement.

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

The financial statements are presented in DKK.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

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

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year. Furthermore revaluation of financial assets and liabilities that are measured at fair value or amortized cost are recognized in the profit and loss statement. The profit and loss statement also includes all expenses that are incurred in order to reach the earnings of the financial year; this includes amortizations, depreciations, provisions and reversals as a consequence of changes in accounting estimates, which have been previously enclosed in the profit and loss statement.

Foreign currency translation

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

Derivative financial instruments

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

Accounting policies

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, realized and unrealized gain on securities and foreign currency transactions, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial comprises interest income, including interest income on receivables from group enterprises, realized and unrealized gain on securities and foreign currency transactions, and tax relief under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Accounting policies

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise the amortization of software.

Intangible assets are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Software	6 years
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Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

IT	3-6 years
Other fixtures and fittings, tools and equipment	5 years

Assets costing less than DKK 12,900 are expensed in the year of acquisition.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Accounting policies

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equaling nominal value less write-downs for bad and doubtful debts.

Other investments

Other investments comprise unlisted securities are measured at fair value at the balance sheet date.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

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