LF Investment ApS

Tranegårdsvej 20, 2900 Hellerup

CVR no. 22 04 20 17

Annual report 2017

Approved at the Company's annual general meeting on 27 March 2018

Chairman:

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Building a better working world

Contents

Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of LF Investment ApS for the financial year 1 January - 31 December 2017.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 27 March 2018
Executive Board:

Bent Østergaard | Inge Grønvold

Independent auditor's report

To the shareholder of LF Investment ApS

Opinion

We have audited the financial statements of LF Investment ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and requirements.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company 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 as to 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, 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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 27 March 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender
State Authorised Public Accountant
MNE no.: mne21332

Management's review

Company details

Name	LF Investment ApS
Address, Postal code, City	Tranegårdsvej 20, 2900 Hellerup
CVR no.	22 04 20 17
Established	21 December 1999
Registered office	Hellerup
Financial year	1 January - 31 December
Telephone	+45 33 96 84 33
Executive Board	Bent Østergaard Inge Grønvold
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

The purpose of the Company is to conduct trade, industry, finance and investment activities, including investments in equity and real estate.

Financial review

The income statement for 2017 shows a loss of DKK 262,226 thousand against a loss of DKK 274,409 thousand last year, and the balance sheet at 31 December 2017 shows equity of DKK 788,466 thousand.

As in 2016, the negative results were primarily impacted by losses and write-downs on the non-strategic assets acquired from J. Lauritzen A/S in 2016.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year end.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2017	2016
	Other operating income	391	391
	Expenses, property	-1,104	-626
	Other external expenses	-3,236	-10,929
	Gross margin	-3,949	-11,164
2	Staff costs	-7,354	-10,227
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-1,494	-781
	Profit/loss before net financials	-12,797	-22,172
	Income from investments in group entities	14,071	-1,475
	Loss from investments in associates	-109,452	-3,239
3	Financial income	34,747	42,082
4	Financial expenses	-196,444	-295,150
	Profit/loss before tax	-269,875	-279,954
	Tax for the year	7,649	5,545
	Profit/loss for the year	-262,226	-274,409
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-262,226	-274,409
		-262,226	-274,409

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	ASSETS		
	Fixed assets		
5	**Property, plant and equipment**		
	Land and buildings	40,364	40,816
	Other fixtures and fittings, tools and equipment	6,398	7,330
		46,762	48,146
6	**Investments**		
	Investments in group entities, net asset value	349,418	369,203
	Receivables from group entities	2	175
	Investments in associates, net asset value	1,929	266,690
	Receivables from associates	16,433	4,082
	Other securities and investments	302,255	325,740
	Other receivables	4,444	5,685
		674,481	971,575
	Total fixed assets	721,243	1,019,721
	Non-fixed assets		
	Receivables		
	Receivables from group entities	7,558	1,037
	Income taxes receivable	5,100	0
	Other receivables	20,209	5,225
		32,867	6,262
	Securities and investments		
	Other securities and investments	0	910
		0	910
	Cash	55,966	94,410
	Total non-fixed assets	88,833	101,582
	TOTAL ASSETS	810,076	1,121,303

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	100,000	100,000
	Net revaluation reserve according to the equity method	0	12,525
	Retained earnings	688,466	962,056
	Total equity	788,466	1,074,581
	Provisions		
	Other provisions	233	12,000
	Total provisions	233	12,000
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Mortgage debt	19,945	19,457
		19,945	19,457
	Current liabilities other than provisions		
	Current portion of long-term liabilities	0	1,382
	Payables to group entities	0	3,843
	Income taxes payable	0	4,493
	Other payables	1,432	5,547
		1,432	15,265
	Total liabilities other than provisions	21,377	34,722
	TOTAL EQUITY AND LIABILITIES	810,076	1,121,303

1 Accounting policies
7 Contractual obligations and contingencies, etc.
8 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 January 2017	100,000	12,525	962,056	1,074,581
Transfer through appropriation of loss	0	0	-262,226	-262,226
Exchange adjustment	0	-12,525	0	-12,525
Transfer	0	0	-11,364	-11,364
Equity at 31 December 2017	100,000	0	688,466	788,466

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of LF Investment ApS for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements for LF Investment A/S and its group entities are part of the consolidated financial statements of Lauritzen Fonden.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Income statement

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Property expenses

Property expenses include expenses relating to renting out the Company's investment property, including expenses relating to running and maintaining such property.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc., made to the entity's employees. The item is net of refunds made by public authorities.

Depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	50 years
Other fixtures and fittings, tools and equipment	4-10 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Land is not depreciated.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured using the equity method at the Parent Company's proportionate share of such entities' equity plus goodwill on consolidation and intra-group losses and less intra-group gains and negative goodwill, if any. Investments in entities whose net asset value is negative are measured at DKK 0. The entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment in so far as the deficit is irrecoverable. Amounts in excess thereof are recognised under 'Provisions' in so far as the Parent Company has a legal or constructive obligation to cover the deficit.

However, equity investments acquired with the sole purpose of subsequent sale, are measured at fair value. If the fair value cannot be reliably measured, cost is used as an alternative.

On initial recognition, equity investments in subsidiaries and associates are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity investments in subsidiaries and associates measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Other securities and investments

Other securities and investments are measured at fair value. The fair value is made up at the market value at the balance sheet date if the securities are listed and at a value made up using generally recognised valuation principles if the securities are unlisted.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, restructurings, etc. Provisions are recognised when the company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

As management company for all the entities in the joint taxation arrangement, the Parent Company is liable for the subsidiaries' income taxes vis-à-vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivables are recognised in the balance sheet as income tax receivable or payable.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

	DKK'000	2017	2016
2	**Staff costs**		
	Wages/salaries	7,035	9,838
	Pensions	295	362
	Other social security costs	24	27
		7,354	10,227
	Average number of full-time employees	4	4

Total remuneration to Management amounted to DKK 5.4 million (2016 : DKK 6 million).

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK'000	2017	2016
3	Financial income		
	Income from other investments, securities and receivables that are non-fixed assets	27,820	17,438
	Interest receivable, group entities	0	401
	Interest receivable, associates	251	994
	Other interest income	105	6,014
	Exchange adjustments	0	12,978
	Remission of debt and similar	6,571	4,257
		34,747	42,082

4	Financial expenses		
	Impairment of financial assets	188,666	257,610
	Other interest expenses	489	116
	Exchange adjustments	6,910	803
	Exchange losses	0	31,388
	Interest surcharges and tax recognised under net financials	379	2,233
	Remission of debt and similar	0	3,000
		196,444	295,150

5 Property, plant and equipment

DKK'000	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2017	41,082	7,845	48,927
Additions in the year	0	110	110
Cost at 31 December 2017	41,082	7,955	49,037
Impairment losses and depreciation at 1 January 2017	266	515	781
Impairment losses in the year	452	1,042	1,494
Impairment losses and depreciation at 31 December 2017	718	1,557	2,275
Carrying amount at 31 December 2017	40,364	6,398	46,762

Financial statements 1 January - 31 December

Notes to the financial statements

6 Investments

DKK'000	Investments in group entities, net asset value	Receivables from group entities	Investments in associates net asset value	Receivables from associates	Other receivables
Cost at 1 January 2017	11,319	54	477,151	10,219	13,685
Additions in the year	32	0	4,731	12,351	795
Disposals in the year	0	-19	0	0	-2,036
Transfer from other accounts	0	0	-160,040	0	0
Cost at 31 December 2017	411,351	35	321,842	22,570	12,444
Value adjustments at 1 January 2017	-42,116	121	-210,461	-6,137	-8,000
Exchange adjustment	-23,888	0	0	0	0
Dividend distributed	-10,000	0	0	0	0
Share of the profit/loss for the year	14,071	0	-91,876	0	0
Impairment losses	0	-154	-17,576	0	0
Transferred	0	0	0	0	0
Value adjustments at 31 December 2017	-61,933	-33	-319,913	-6,137	-8,000
Carrying amount at 31 December 2017	349,418	2	1,929	16,433	4,444

7 Contractual obligations and contingencies, etc.

Other contingent liabilities

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1st July 2012.

LF Investment ApS is obligated to invest an additional DKK 3.5 million (2016: DKK 4.5 million) in Erhvervsinvest II K/S.

LF Investment ApS has issued a guarantee of payment to Deutsche Bank of USD 34 million regarding their subsidiary Lauritzen Ship Owner A/S.

8 Related parties

Information about consolidated financial statements

Parent Company	Domicile	Requisitioning of the Parent Company's consolidated financial statements
Lauritzen Fonden	Tranegårdsvej 20, 2900 Hellerup	www.Lauritzenfonden.dk