

Annual report 2016/17
(Financial year September 1, 2016 – August 31, 2017)

Chr. Hansen Properties A/S
Bøge Allé 10-12
DK-2970 Hørsholm

Business registration no. 28 89 08 18

The Annual General Meeting adopted the annual report on December 6, 2017

Chairman of the General Meeting: _____

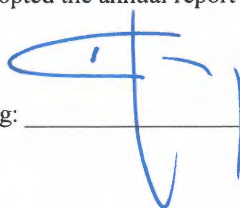
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Statement by Management on the Annual Report

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Chr. Hansen Properties A/S for the financial year September 1, 2016 – August 31, 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 Company's financial position at August 31, 2017 and of the results of its operations for the financial year September 1, 2016 – August 31, 2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein, and describes the company's most significant risks and uncertainties.

We recommend adoption of the Annual Report at the Annual General Meeting.

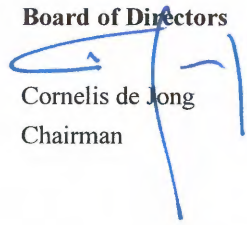
Hørsholm, December 6, 2017

Executive Board

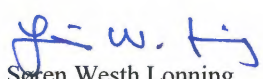


Winnie Højvang Bügel
Chief Executive Officer


Board of Directors



Cornelis de Jong
Chairman



Søren Westh Lonning
Vice Chairman



Winnie Højvang Bügel

Independent Auditor's Report

To the shareholders of Chr. Hansen Properties A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 August 2017, and of the results of the Company's operations and cash flows for the financial year 1 September 2016 - 31 August 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Chr. Hansen Properties A/S for the financial year 1 September 2016 - 31 August 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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 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 judgment and maintain professional skepticism throughout the audit. We also:

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

Hellerup, 6 December 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Kim Fuchsel
State Authorised Public Accountant



Rasmus Friis Jørgensen

State Authorised Public Accountant

Management commentary

Primary activities

The company's main activity is rent out of domicile properties etc. to other companies in the Group.

Development in activities and finances

The company's properties have been rent out to companies in the Group for the whole accounting year.

The company expect the result for next year to be positive and at a similar level as this year's result.

The results for the year are considered satisfactory.

Events after the balance sheet date

No events have occurred after the balance sheet date until today's date, which would influence the evaluation of the annual report.

Accounting Policies

Basis of preparation

The Annual Report of Chr. Hansen Properties A/S for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with application of provisions for reporting class C medium-sized.

The accounting policies are consistent with those applied last year.

The Annual Report for 2016/17 is presented in DKK.

Recognition and measurement

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

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 recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this financial year.

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 rate differences that arise between the rate at the transaction date and the one in effect at the payment date, or the balance sheet date, are recognized in the income statement as financial income or financial expenses.

Accounting Policies

Income statement

Revenue

Revenue consists of rental income and is recognized in the income statement as earned. Revenue is recognized net of VAT and duties.

Other external expenses

Other external expenses comprise expenses for rent of land, insurance and real estate taxes related to the Company's properties etc.

Financial income and expenses

Financial income and expenses comprise interest income and interest expenses, etc. as well as tax surcharge and compensation under the Danish Tax Prepayment Scheme.

Income taxes

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

The current tax payable or receivable is recognized in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

The Company is jointly taxed with its Parent Company Chr. Hansen Holding A/S, Chr. Hansen A/S and Chr. Hansen Natural Colors A/S. The current corporation tax is allocated among the jointly taxed Danish companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting Policies

Balance sheet

Property, plant and equipment

Buildings are measured at cost less accumulated depreciation and impairment losses.

Other fixtures and fittings, tools 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 the asset 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:

Buildings	25 – 30 years
Other fixtures and fittings, tools and equipment	5 – 10 years

Assets costing less than DKK 50,000 per unit are recognised as costs in the income statement at the time of acquisition.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured the lower of amortized cost and net realizable value, usually equaling nominal value less allowances for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning property taxes, rent and consumption expenditures.

Dividends

Dividends are recognized as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item under equity.

Deferred tax assets and liabilities

Deferred tax is recognized on all temporary differences between the carrying amount and tax base of assets and liabilities.

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

Mortgage debt

At the time of borrowing, mortgage debt is measured at cost which corresponds to the proceeds received less transaction costs incurred. Subsequently, mortgage debt is measured at amortized cost.

Other financial liabilities

Other financial liabilities are recognized at amortized cost, which usually corresponds to nominal value.

Income statement, September 1 - August 31

	Notes	2016/17 DKK	2015/16 DKK
Revenue		14,970,266	12,848,841
Other external expenses		(5,455,288)	(4,228,098)
Depreciation	2	(8,704,907)	(8,243,016)
Profit/loss before financial income and expenses		810,071	377,727
Financial income	3	3	737,926
Financial expenses	4	(655,132)	(988,494)
Profit before tax		154,942	127,159
Tax on profit for the year	5	(34,087)	128,618
Profit for the year		120,855	255,777

Balance sheet at August 31

	Notes	2017 DKK	2016 DKK
		<u> </u>	<u> </u>
Buildings	6	135,256,424	143,474,079
Other fixtures and fittings, tools and equipment	6	-	-
Property, plant and equipment		<u>135,256,424</u>	<u>143,474,079</u>
Non-current assets		<u>135,256,424</u>	<u>143,474,079</u>
Receivables from group companies		-	1,500,000
Other receivables		169,916	3,846,891
Tax receivable		1,269,140	1,285,867
Prepaid expenses		649,651	646,948
Receivables		<u>2,088,707</u>	<u>7,279,706</u>
Cash at bank and in hand		<u>27,631</u>	<u>649,023</u>
Current assets		<u>2,116,338</u>	<u>7,928,729</u>
Assets		<u><u>137,372,762</u></u>	<u><u>151,402,808</u></u>

Balance sheet at August 31

	Notes	2017 DKK	2016 DKK
Share capital		500,000	500,000
Retained earnings		31,812,133	31,691,278
Equity		32,312,133	32,191,278
Deferred taxes	5	5,367,534	5,112,724
Provisions		5,367,534	5,112,724
Mortgage debt		24,116,179	40,091,574
Long-term debt	7	24,116,179	40,091,574
Mortgage debt		16,007,362	15,902,374
Payables to group companies		59,239,832	57,938,163
Trade payables		19,701	44,301
Other payables	8	310,021	122,394
Short-term debt		75,576,916	74,007,232
Debt		99,693,095	114,098,806
Equity and liabilities		137,372,762	151,402,808
<i>Mortgages</i>	9		
<i>Other notes</i>	10-13		

Notes

1 Proposed distribution dividend	2017	2016
	DKK	DKK
Retained earnings	<u>120,855</u>	<u>255,777</u>
2 Depreciation		
Buildings	8,704,907	8,243,016
	<u>8,704,907</u>	<u>8,243,016</u>
3 Financial income		
Other financial income	3	737,926
	<u>3</u>	<u>737,926</u>
4 Financial expenses		
Non deductible interests	31,967	988,493
Other financial expenses	623,165	1
	<u>655,132</u>	<u>988,494</u>
5 Tax		
Corporate tax (joint taxation)	(220,724)	(1,048,417)
Corporate tax (joint taxation) - previous years	-	(3,057)
Change in deferred tax	254,811	922,856
Tax on the profit/loss for the year	<u>34,087</u>	<u>(128,618)</u>
Deferred tax / (tax asset)		
Buildings	5,272,047	5,025,964
Other fixtures and fittings, tools and equipment	(5,739)	(12,019)
Prepaid expenses	142,923	142,329
Registration expenses - amortization of loan	(41,697)	(43,550)
Deferred tax	<u>5,367,534</u>	<u>5,112,724</u>

The company is jointly taxed with the other Danish companies in the Group, Chr. Holding A/S, Chr. Hansen A/S and Chr. Hansen Natural Colors A/S and the companies are jointly liable for the joint taxes.

Notes

	Land and buildings	Other fixtures etc
	DKK	DKK
6 Property, plant and equipment		
Cost at September 1, 2016	238,133,199	138,926
Acquisition for the year	487,252	0
Asset retirement for the year	0	0
Cost at August 31, 2017	<u>238,620,450</u>	<u>138,926</u>
Accumulated depreciation at September 1, 2016	(94,659,120)	(138,926)
Depreciation for the year	(8,704,907)	0
Depreciation asset retirement	0	0
Depreciation August 31, 2017	<u>(103,364,026)</u>	<u>(138,926)</u>
Carrying amount at August 31, 2017	<u>135,256,424</u>	<u>0</u>
7 Long-term debt	2017	2016
Due within 1-5 years	24,116,179	40,091,574
Nominal value of long-term debt	<u>24,116,179</u>	<u>40,091,574</u>
8 Other payables		
VAT	222,310	0
Accrued interest	87,711	122,394
	<u>310,021</u>	<u>122,394</u>
9 Mortgages		
Mortgage debt is secured by way of mortgage on buildings.		
Carrying amount of mortgaged buildings	<u>135,256,424</u>	<u>143,474,079</u>

Notes

10 Related parties

Related parties with a controlling interest in Chr. Hansen Properties A/S's Financial Statements:

Chr. Hansen Holding A/S
(Owns 100% of the share capital)
Bøge Alle 10
DK-2970 Hørsholm

11 Ownership

The following shareholders are recorded in the Company's register of shareholders as holding more than 5% of the votes or the nominal value of the share capital:

Chr. Hansen Holding A/S
Bøge Alle 10
DK-2970 Hørsholm

12 The Group

Chr. Hansen Properties A/S is included in the Consolidated Financial Statements of Chr. Hansen Holding A/S.

Chr. Hansen Holding A/S is the ultimate parent company.

Consolidated financial statements can be obtained from Chr Hansen Holding A/S, Bøge Alle 10-12, 2970 Hørsholm.

13 Contingent liabilities

Buildings are build on leasehold land and the rent for the irredeemable period amounts to DKK 3.904 thousand.

The lease is irredeemable for the tenant.