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Farm Company A/S

Industrivænget 7

5700 Svendborg

CVR No. 32470688

Annual Report 2017

8. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 28 March 2018

Jens Ohnemus
Chairman

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MANAGEMENT'S STATEMENT

Today, the Supervisory Board and the Executive Board have considered and adopted the Annual Report of Farm Company A/S for the financial year 1 January 2017 - 31 December 2017.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

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

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report is adopted at the Annual General Meeting.

Svendborg, 26 February 2018

Executive Board

Hans Thor Jensen
Director

Supervisory Board

Jens Ohnemus	Hans Thor Jensen	Maria Steiner Carlsson
Chairman	Director	Non executive director

Independent Auditor's Report

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To the shareholders of Farm Company A/S

Opinion

We have audited the consolidated financial statements and the financial statements of Farm Company A/S for the financial year 1 January 2017 - 31 December 2017, which comprise an income statement, balance sheet and notes. The consolidated financial statements and the financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, consolidated financial statements and the financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2017 and of the results of its operations for the financial year 1 January 2017 - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under "Auditors' responsibility for the audit of the consolidated financial statements and the financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Group and the Company, 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 responsibility for the financial statements

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

In preparing the consolidated financial statements and the financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the financial statements unless Management either intends to either liquidate the Group and the Company or suspend operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the consolidated financial statements and the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements.

Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

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

Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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 whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.

Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.

Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 which we identify during our audit.

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Statement on Management's Review
Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the consolidated financial statements and the financial statements is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements and the financial statements or with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the consolidated financial statements and the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Næstved, 26 February 2018

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Statsaut. Revisionsanpartsselskab
CVR-no. 20658231

Lars Engelsted Petersen
State Authorised Public Accountant
mne11683

COMPANY DETAILS

Company	Farm Company A/S Industrivænget 7 5700 Svendborg	
	CVR No.:	32470688
	Date of formation:	18 September 2009
	Registered office:	Svendborg
	Financial year:	1 January 2017 - 31 December 2017
Supervisory Board	Jens Ohnemus, Chairman Hans Thor Jensen, Director Maria Steiner Carlsson, Non executive director	
Executive Board	Hans Thor Jensen, Director	
Auditors	ENGELSTED PETERSEN Statsaut. Revisionsanpartsselskab Farvergade 9 B 4700 Næstved CVR-no.: 20658231	

The Group's principal activities

The Group holds 3 farm clusters in Jutland, south-west of Denmark, of which 2 clusters were acquired in 2016.

Reporting Class
The Annual Report of Farm Company A/S for 2017 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B. The Company has applied certain additions from reporting class C.

Reporting currency
The Annual Report is presented in EUR.

Consolidated Financial Statements
The Consolidated Financial Statements comprise the parent company Farm Company A/S and subsidiaries in which Farm Company A/S directly or indirectly holds more than 50% of the voting rights or in other ways has control. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant but not controlling influence are considered associates, cf. Group chart.

For the consolidation, intercompany income and costs, shareholdings, intercompany balances and dividends as well as realised and unrealised profit and loss are eliminated in connection with transactions between the consolidated enterprises.

Equity investments in subsidiaries are eliminated by the proportionate share of the subsidiaries' market value of net assets and liabilities at the time of acquisition.

Newly acquired or established enterprises are recognised in the Consolidated Financial Statements from the date of acquisition. Enterprises sold or liquidated are recognised in the Consolidated Income Statement up to the date of disposal. Comparative figures are not corrected for enterprises newly acquired, sold or liquidated.

General Information

Basis of recognition and measurement
Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income Statement

Gross profit/loss
The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Revenue
Income from the sale of goods is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

Income from delivery of services is recognised as revenue as the service is delivered.

Other sales revenues are recognised as revenue according to the invoicing principle.

Raw materials and fodder
Costs for raw materials and fodder comprise purchase of goods and services for resale.

Other external expenses
Other external expenses comprise expenses regarding sale and administration.

Fair value adjustment of investment assets and debts
Adjustments of investment assets and debts measured at fair value are recognised as a separate item in the Income Statement.

Income from equity investments in group enterprises and associates
Income from equity investments comprises the proportionate share of profit/loss after tax and any adjustment of internal profit/loss and less amortisation of consolidated goodwill.

Result of equity investments in subsidiaries and associates
The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the parent company's Income Statement after full elimination of intercompany profit/loss.

The proportionate shares of the associates' profit/loss after tax are recognised in both the group's and parent company's Income Statement after elimination of the proportionate share of intercompany profit/loss.

Financial income and expenses
Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year
The parent company is subjected to the Danish rules on compulsory joint taxation of the group's Danish subsidiaries. Subsidiaries are included in the joint taxation from the time when they are included in the consolidation in the Consolidated Financial Statement until they leave the consolidation.

The parent company is the administration company of the joint taxation and therefore settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is distributed by settling the joint taxation contributions between the jointly taxed enterprises in proportion to their taxable income. In this connection, enterprises with tax losses receive joint taxation contributions from enterprises that have been able to use these losses to reduce their own tax profit.

Tax for the year which comprises the current corporation tax for the year and any changes in deferred tax, including as a consequence of a change to the tax rate, is recognised by the part attributable to the profit/loss for the year and directly in equity by the part attributable to items directly in equity.

Balance Sheet

Intangible assets
Payment entitlements are recognised at the date of acquisition at cost plus costs directly attributable to the acquisition. Subsequently, payment entitlements are measured at fair value by adjusting the carrying amount through upwards or downwards adjustments in the Income Statement.

Tangible assets
Tangible assets are recognised at the date of acquisition at cost plus costs directly attributable to the acquisition. Subsequently, payment entitlements are measured at fair value by adjusting the carrying amount through upwards or downwards adjustments in the Income Statement.

Investment property
Investment property comprises investment in land and buildings for the purpose of achieving a return on the invested capital in the form of regular operating income and a capital gain on resale. Investment property is recognised at the date of acquisition at cost plus costs directly attributable to the acquisition. Interest and other borrowing costs in the construction period are recognised in cost. Subsequently, investment property is measured at fair value by adjusting the carrying amount through upwards or downwards adjustments in the Income Statement. For calculation of the fair value, an individually determined discount rate is used based on capitalisation of the expected, continuing future operating income from the property. In so far as current market prices are available for comparable property, these will form the basis of the assessment of the fair value of the property.

Equity investments in group enterprises and associates
Equity investments in subsidiaries and associates are measured by the equity method.

Equity investments in subsidiaries and associates are measured at the proportionate share of the enterprises' equity value determined according to the group's accounting policies with deduction or addition of unrealised intercompany profit or loss and with the addition or deduction of the residual value of positive or negative goodwill determined according to the acquisition method.

Equity investments in subsidiaries and associates with a negative equity value are measured at EUR 0, and any receivable from these enterprises are written down in so far as the receivable is uncollectible. In so far as the parent company has a legal or actual obligation to cover a negative balance that exceeds the receivable, the residual amount is recognised in provisions.

Net revaluation of equity investments in subsidiaries and associates is tied up as reserve for net revaluation by the equity method in equity, in so far as the carrying amount exceeds the cost. Dividends from subsidiaries that are expected to be adopted before the annual report for Farm Company A/S is approved are not tied up in the revaluation reserve.

The acquisition method is used to purchase enterprises, cf. the above description under determination of goodwill.

Inventories
Inventories are measured at cost on the basis of the FIFO principle or at the net realisable value if the latter is lower.

Receivables
Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Provisions

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Financial liabilities

Fixed-rate loans such as mortgage loans and loans from credit institutions are recognised initially at the proceeds received less transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the Income Statement as an interest expense over the term of the loan.

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

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

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Income Statement

	Note	Group 2017 EUR	2016 EUR	Parent 2017 EUR	2016 EUR
Gross profit		**115.853**	**-119.648**	**-220.191**	**-58.590**
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		-21.492	43.275	0	0
Gains from current value adjustments of investment assets		752.083	858.201	0	0
Profit from ordinary operating activities		**846.444**	**781.828**	**-220.191**	**-58.590**
Income from investments in group enterprises and associates		0	0	654.329	681.573
Finance income		9.578	908	0	0
Finance expenses arising from group enterprises		0	0	0	-136.650
Other finance expenses		-242.423	-148.355	-5.097	-24
Profit from ordinary activities before tax		**613.599**	**634.381**	**429.041**	**486.309**
Tax expense on ordinary activities		-136.366	-132.766	48.192	15.306
Profit		**477.233**	**501.615**	**477.233**	**501.615**

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Income Statement

	Note	Group 2017 EUR	Group 2016 EUR	Parent 2017 EUR	Parent 2016 EUR
Proposed distribution of results					
Reserve for net revaluation according to equity method		0	0	517.678	681.573
Retained earnings		477.233	501.615	-40.445	-179.958
Distribuation of profit		**477.233**	**501.615**	**477.233**	**501.615**

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Balance Sheet as of 31 December

	Note	Group 2017 EUR	Group 2016 EUR	Parent 2017 EUR	Parent 2016 EUR
Assets					
Payment entitlements		13.432	0	0	0
Intangible assets		**13.432**	**0**	**0**	**0**
Land and buildings		3.817.378	0	0	0
Fixtures, fittings, tools and equipment		123.575	0	0	0
Investment property		7.882.333	10.559.854	0	0
Property, plant and equipment		**11.823.286**	**10.559.854**	**0**	**0**
Long-term investments in group enterprises	1, 2	0	0	1.242.352	720.788
Investments		**0**	**0**	**1.242.352**	**720.788**
Fixed assets		**11.836.718**	**10.559.854**	**1.242.352**	**720.788**
Raw materials, fodder and livestock		212.407	134.671	0	0
Inventories		**212.407**	**134.671**	**0**	**0**
Short-term trade receivables		40.439	6.180	0	0
Short-term receivables from group enterprises		0	0	4.103.480	4.228.195
Other short-term receivables		0	61.310	0	42.371
Current deferred tax		63.498	55.745	63.498	15.306
Receivables		**103.937**	**123.235**	**4.166.978**	**4.285.872**
Cash and cash equivalents		**5.036.032**	**1.107.886**	**4.529.429**	**1.274**
Current assets		**5.352.376**	**1.365.792**	**8.696.407**	**4.287.146**
Assets		**17.189.094**	**11.925.646**	**9.938.759**	**5.007.934**

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Balance Sheet as of 31 December

	Note	Group 2017 EUR	Group 2016 EUR	Parent 2017 EUR	Parent 2016 EUR
Liabilities and equity					
Contributed capital		8.469.256	4.438.825	8.469.256	4.438.825
Share premium		469.545	0	469.545	0
Revaluation reserve		3.886	0	0	0
Reserve for net revaluation according to equity method		0	0	1.224.866	703.302
Retained earnings		989.616	512.383	-231.364	-190.919
Equity		**9.932.303**	**4.951.208**	**9.932.303**	**4.951.208**
Provisions for deferred tax		346.370	201.155	0	0
Provisions		**346.370**	**201.155**	**0**	**0**

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Balance Sheet as of 31 December

	Note	Group 2017 EUR	Group 2016 EUR	Parent 2017 EUR	Parent 2016 EUR
Mortgage debt		6.714.161	6.551.054	0	0
Long-term liabilities other than provisions	3	**6.714.161**	**6.551.054**	**0**	**0**
Short-term part of long-term liabilities other than provisions		99.311	97.309	0	0
Debt to banks		0	35.470	0	0
Trade payables		46.528	9.280	0	0
Other payables		50.421	80.170	6.456	56.726
Short-term liabilities other than provisions		**196.260**	**222.229**	**6.456**	**56.726**
Liabilities other than provisions within the business		**6.910.421**	**6.773.283**	**6.456**	**56.726**
Liabilities and equity		**17.189.094**	**11.925.646**	**9.938.759**	**5.007.934**
Contingent liabilities	4				
Collaterals and assets pledges as security	5				
Assumptions on calculation method of fair value for assets and liabilities	6				

Statement of changes in Equity

Parent

	Contributed capital	Share premium	Revaluation reserve	Reserve for net revaluation of investment assets	Retained earnings	Total
Equity 1 January 2017	4.438.825	0	0	703.302	-190.919	4.951.208
Increase of capital	4.030.431	469.545	0	0	0	4.499.976
Profit (loss)	0	0	0	517.678	-40.445	477.233
Revaluations in subsidiary	0	0	3.886	0	0	3.886
Equity 31 December 2017	**8.469.256**	**469.545**	**3.886**	**1.220.980**	**-231.364**	**9.932.303**

Parent

The share capital has developed as follows:

	2017	2016	2015	2014	2013
Balance at the beginning of the year	4.438.825	16.814	16.814	16.814	16.814
Addition during the year	4.030.431	4.422.011	0	0	0
Balance at the end of the year	**8.469.256**	**4.438.825**	**16.814**	**16.814**	**16.814**

Statement of changes in Equity

Group

	Contributed capital	Share earnings	Revaluation reserve	Retained earnings	Total
Equity 1 January 2017	4.438.825	0	0	512.383	4.951.208
Increase of capital	4.030.431	469.545	0	0	4.499.976
Profit (loss)	0	0	0	477.233	477.233
Revaluations in subsidiary	0	0	3.886	0	3.886
Equity 31 December 2017	**8.469.256**	**469.545**	**3.886**	**989.616**	**9.932.303**

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Notes

	Parent 2017	2016
1. Long-term investments in group enterprises		
Cost at the beginning of the year	17.486	10.761
Addition during the year, incl. improvements	0	6.725
Cost at the end of the year	**17.486**	**17.486**
Revaluations at the beginning of the year	703.302	21.728
Revaluations for the year	517.678	681.574
Revaluation reserve in subsidiary	3.886	0
Revaluations at the end of the year	**1.224.866**	**703.302**
Fair value adjustments at the beginning of the year	0	23.674
Adjustments for the year	0	-23.674
Fair value adjustments at the end of the year	**0**	**0**
Carrying amount at the end of the year	**1.242.352**	**720.788**

2. Disclosure in long-term investments in group enterprises and associates

Group enterprises

Name	Registered office	Share held in %	Equity	Profit
Ravnholtgård ApS	Svendborg	100,00	692.567	-32.107
Vestergaard Hejnsvig ApS	Svendborg	100,00	549.785	686.436
			1.242.352	**654.329**

3. Long-term liabilities

Group

	Due after 1 year	Due within 1 year	Due after 5 years
Mortgage debt	6.714.161	99.311	6.310.479
	6.714.161	**99.311**	**6.310.479**

Notes

4. Contingent liabilities

Group:
The company has concluded a performance agreement to settle 10% of the value added in the affiliated companies when they are disposed of. Amount of liability per. 31/12 2017 is on T.EUR 122.

In addition, there are no contingent liabilities exist at the balance sheet date.

Parent:
The company has concluded a performance agreement to settle 10% of the value added in the affiliated companies when they are disposed of. Amount of liability per. 31/12 2017 is on T.EUR 122.

The Company is jointly taxed with the other enterprises in the group and are jointly and severally liable for the taxes that concern the joint taxation.

In addition, there are no contingent liabilities exist at the balance sheet date.

5. Collaterals and securities

Group
As security for mortgage debt and debt to banks the company has granted a pledge on land and buildings on T.EUR 8.643.

Parent
No securities or pledge exist at the balance sheet date.

6. Assumptions on calculation method of fair value for assets and liabilities

The assessment and valuations are based on historical experiences and a number of other factors considered reasonable under the given circumstances. Under different circumstances the actual results can deviate from the assessments, cf. the accounting policies.

The following assessments are significant in order to describe the financial position:

The investment property is assessed to estimated market value based on a normalized operating profit on T.EUR 222 and a rate of return on 2,81%. The rate of return is determined with regards to the location, maintenance and rental rate of the property and also the terms and conditions in the rental agreements.

The property consists of farms and farmland, and is located in Jutland, Denmark .

The lease agreements are concluded on usual terms under Danish legislation, with an annual rent of approximately T.EUR 269