Annual Report 2016

Bregnerødgaard ApS

Høveltevej 67

3460 Birkerød

CVR-no. 33 25 34 78

The Annual Report was presented and adopted at the Annual General Meeting of the company on 30 May 2017

Trine Bøgelund

Chairman of the meeting

Contents

Company Information

The Company	Bregnerødgård ApS Høveltevej 67 DK-3460 Birkerød CVR-no. 33 25 34 78 Established: 15 October 2010 Registred Office: Birkerød Financial Year: 1 January - 31 December
Executive Board	Niels Erik Blangstrup Zibrandtsen
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 DK-1561 Copenhagen V

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Bregnerødgaard ApS for the financial year 1 January - 31 December 2016.

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 at 31 December 2016 of the Company and of the results of the Company operations for 2016

We recommend that the Annual Report be adopted at the Annual General Meeting

Furesø 30 May 2017

Executive Board

Niels Erik Blangstrup Zibrandtsen

Independent Auditor's Report

To the Shareholder of Bregnerødgård ApS

Opinion
We have audited the Financial Statements of Bregnerødgård ApS for the financial year 1 January 2016 - 31 December 2016, which comprise income statement, balance sheet, notes and a summary of significant accounting policies. The Financial Statements are prepared under 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 2016, and of the results of the Company operations for the financial year 1 January 2016 - 31 December 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 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.

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 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, mis-representations, 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 express-ing 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.

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, we conclude that 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 of Management's Review.

Copenhagen, 30 May 2017

BDO Statsautoriseret revisionsaktieselskab
CVR-no. 20 22 26 70

Torben Bjerre-Poulsen
State Authorised Public Accountant

Management's Review

Main activity

The company's main activities is to own real estate, farm activities, including breeding and training of horses, as well as other related activities.

Development in the year

The income statement of the Company for 2016 shows a loss of TDKK -3.326, and at 31 December 2016 the balance sheet of the Company shows equity of TDKK 23.348.

During the financial year the company has changed accounting policies, since it has been transferred to the recognition of biological assets at fair value against prior recognition at cost less accumulated amortisation.

With the new practice, value adjustments are carried out at fair value. The comparative figures for last year have been changed in accordance with the new practice.

Reference is also made to the description under the accounting policies, including the description of the impact on the annual report of the change of practice.

Subsequent events

After the reporting period the company has secured access to funds to carry through the budgeted activities in 2017.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2016	2015
		TDKK	TDKK
		(12 mth)	(12 mth)
Gross profit		3.656	978
Staff costs	1	2.631	2.245
Depreciation, amortisation and write-down		2.987	3.106
Operating ploss		**-1.962**	**-4.374**
Other financial income	2	0	9
Other financial costs	3	1.883	1.543
Loss before tax		**-3.845**	**-5.907**
Tax on loss for the year	4	-519	-3.164
Net loss for the year		**-3.326**	**-2.743**

Distribution of loss

Proposed distribution of loss

Reserves for net revaluations	6.900	5.093
Retained earnings	-10.226	-7.836
	-3.326	**-2.743**

Balance Sheet 31 December

	Note	2016	2015
		TDKK	TDKK
Assets			
Land & Buildings		57.995	58.895
Other fixtures and fittings, tools and equipment		3.778	3.616
Tangible fixed assets	5	**61.773**	**62.511**
Fixed assets		**61.773**	**62.511**
Inventories		**54.643**	**33.439**
Trade receivables		191	54
Receivables from group companies		0	9
Other receivables		265	626
Joint tax contribution		2.151	2.722
Prepayments		54	16
Receivables		**2.661**	**3.427**
Cash and cash equivalents		**463**	**166**
Current assets		**57.767**	**37.032**
Assets		**119.540**	**99.543**

Balance Sheet 31 December

Liabilities and equity

	Note	2016	2015
		TDKK	TDKK
Share capital		80	80
Reserves for net revaluations		19.454	12.554
Retained earnings		3.815	14.041
Equity	6	**23.348**	**26.675**
Provision for deferred tax		6.229	4.686
Provision for liabilities		**6.229**	**4.686**
Mortgage debt	7	22.220	22.760
Long-term liabilities		**22.220**	**22.760**
Mortgage debt, current portion of long-term liabilities		540	522
Amounts due to group companies		65.008	41.825
Trade payables		696	288
Other liabilities		1.483	2.787
Deferred income		15	0
Current liabilities		**67.742**	**45.422**
Liabilities		**89.962**	**68.182**
Liabilities and equity		**119.540**	**99.543**
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Notes to the Financial Statements

		2016	2015
		TDKK	TDKK
		(12 mth)	(12 mth)
1	**Staff costs**		
	Wages and salaries	2.496	2.147
	Other social security costs	63	47
	Other staff costs	72	52
		2.631	2.246
	Average number of employees:	9	7
2	**Other financial income**		
	Interest income from group enterprises	0	9
		0	9
3	**Other financial costs**		
	Interest expense to group enterprises	1.516	1.123
	Other interest expenses	366	418
	Exchange adjustment	1	2
		1.883	1.543
4	**Tax on loss for the year**		
	Calculated tax on taxable income of the year	-2.386	-2.722
	Adjustment of deferred tax	1.543	-442
	Tax adjustment relating to prior years	324	0
		-519	-3.164
5	**Revaluation of land and buildings**		
	Value of recognised assets, excluding revalution under § 41 amont to	46.555	4.712

Notes to the Financial Statements

6 Equity

	Share capital	Reserves for net revaluations	Retained earnings	Proposed dividend for the financial year
Equity at 1 January	80	9.144	12.357	0
Change in accounting policies	0	3.410	1.684	0
Adjusted equity at 1 January	**80**	**12.554**	**14.041**	**0**
Proposed distribution of loss	0	6.900	-10.226	0
Equity at 31 December	80	19.454	3.815	0

7 Long-term liabilities

	2016 TDKK	2015 TDKK
Mortgage debt, outstanding after 5 years	20.050	21.195

8 Contingencies etc.

Bregnerødgård ApS has pledged assets as security for financial debt of	57.995	58.895

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of ZS Holding ApS, which is the management company of the joint taxation purposes.

Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

9 Information on principal activities and accounting and financial matters

The company has secured access to funds to carry through the budgeted activities in 2017.

10 Consolidated financial statements

Bregnerødgård ApS is included in the consolidated finacial statements of:

ZS Holding ApS
Høveltevej 67
DK-3460 Birkerød

Accounting Policies

Financial Statements of Bregnerødgård ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with the adoption of rules from reporting class C.

Financial Statements are presented in DKK.

The accounting policies applied remain unchanged from last year, except for the following changes:

Change in accounting policies
Accounting policies have been changed in the following areas:

- The company's biological assets were previously measured at cost less accumulated amortisation. Practice is changed to biological assets are recognized and measured at fair value and recognized in the income statement of the value adjustments of the year.

- The reason for the change of practice is that the company's main activity is investment in biological assets in order to achieve an ongoing return on it. The application of the rules for measuring biological assets at fair values thus gives a more true and fair view of the company's assets and liabilities, equity, financial position, income and cash flows, and consequently accounting policies have been amended accordingly.

- Comparative figures regarding changes in practice have been adapted for last year. The practice changes on the comparative figures are recognized directly in equity at the beginning, cf. the equity note.

- The cumulative effect of the change of practice for 2016 represents an increase in profit before tax of TDKK 7.591 and net profit for the year after taxes of TDKK 5.921 thousand as a result of recognized fair value adjustments. The balance sheet total at the end of the year is increased by TDKK 7.591, attributable to inventories. For 2015, the profit for the year before tax was changed by TDKK 6.530 and after tax by 5.094, while the balance sheet total was increased by TDKK 6.530 and the equity per share. January 1, 2016 increased by TDKK 5.094. The deferred tax at the beginning is due to the change of practice, changed by TDKK 1.436.

Translation policies
Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

INCOME STATEMENT

Gross profit/loss
With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Accounting Policies

Revenue
Revenue from the sale of goods and services is recognised when the risks and rewards relating to the goods and services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses
Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses
Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses
Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of tangible assets.

Financial income and expenses
Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year
Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

BALANCE SHEET

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

		Residual value
Land & Buildings	20-40 years	0%
	Land is not depreciated	
Other fixtures and fittings, tools and equipment	3-5 years	0%

Depreciation period and residual value are reassessed annually.

Profit or loss on disposal of tangible fixed assets is stated at the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Accounting Policies

Impairment of fixed assets
The carrying amount of tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, it is written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories
Inventories are measured at the lower of cost under the FIFO method and net realisable value.

Biological animals is measured to the fair value subsequent to initial recognition. An amount equivalent to the net upward adjustment for the year as a result of changed fair value in accordance with subsection is included in the item "Reserves for net revaluations" under equity.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price. The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables
Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments
Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities
Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Accounting Policies

Current tax receivables and liabilities
Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts
Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income
Deferred income comprises payments received in respect of income in subsequent years.