

IWC Investment Partners A/S
Central Business Register (CVR) No. 34 46 52 90
Amalievej 20
1875 Frederiksberg C
Annual Report 2017

The Annual General Meeting adopted the annual report on 11 April 2018

Chairman of the General Meeting



Karsten Rømer

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Company details

Company

IWC Investment Partners A/S

Amalievej 20

1875 Frederiksberg C

Denmark

Central Business Register (CVR) No. 34 46 52 90

Municipality of domicile: Frederiksberg, Denmark

Homepage: www.iwcip.dk

E-mail: iwc@iwc.dk

Board of Directors

Steen Villemoes, Chairman

Jan Kamp Justesen, Vice Chairman

Peter Vilhelm Carøe

Nis Jul Clausen

Lars Wilhjelm

Executive Board

Otto Frederik Juel Reventlow

Auditor

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Denmark

Statement by management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of IWC Investment Partners A/S for the financial year 1 January to 31 December 2017.

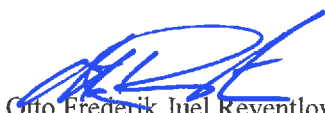
The report has been presented in accordance with the Alternative Investment Fund Managers etc. Act and the Executive Order on Financial Reports for Credit Institutions and Investment Companies etc.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2017 and of its financial performance for the financial year 1 January to 31 December 2017.

In our opinion, the management commentary contains a fair review of the development in the company's activities and financial position together with a description of the principal risks and uncertainties that may affect the company.


Frederiksberg, 20 March 2018

Executive Board



Otto Frederik Juul Reventlow, Chief Executive Officer

Board of Directors



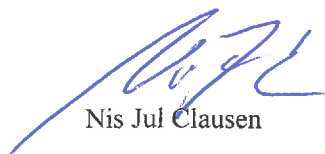
Steen Villemoes
Chairman



Jan Kamp Justesen
Vice Chairman



Peter Vilhelm Carøe



Nis Jul Clausen



Lars Wilhjelm

Independent auditor's report

To the shareholders of IWC Investment Partners A/S

Opinion

We have audited the financial statements of IWC Investment Partners A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Alternative Investment Fund Managers etc. Act and the Executive Order on Financial Reports for Credit Institutions and Investment Companies etc.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Alternative Investment Fund Managers etc. Act and the Executive Order on Financial Reports for Credit Institutions and Investment Companies etc.

Basis for opinion

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

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Alternative Investment Fund Managers etc. Act and the Executive Order on Financial Reports for Credit Institutions and Investment Companies etc., and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material

Independent auditor's report (continued)

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

Independent auditor's report (continued)

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Alternative Investment Fund Managers etc. Act and the Executive Order on Financial Reports for Credit Institutions and Investment Companies etc.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the the Alternative Investment Fund Managers etc. Act and the Executive Order on Financial Reports for Credit Institutions and Investment Companies etc. We did not identify any material misstatement of the management commentary.

Copenhagen, 20 March 2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56



Bill Haudal Pedersen
State-Authorised Public Accountant
MNE-nr. 30131



Martin Jon Albæk Pedersen
State-Authorised Public Accountant
MNE-nr. 34149

Management commentary

Primary activities

The primary activities of IWC Investment Partners A/S are to provide investment management of Alternative Investment Funds (AIFs), and investment advice and discretionary portfolio management regarding securities linked to forest investments to professional investors. The forest-related securities are primarily forest funds managed by an external Timberland Investment Management Organisation. The underlying investments are typically located on the American continent, Oceania, Asia, Africa, and Europe.

The company is the AIFM of two AIF's, IWC Timberland Partners I K/S and IWC Timberland Partners II. The latter had its first close of USD 50 million on 22 December 2017.

Registered investment adviser with the US SEC

Effective as of June 19, 2017, the company is also registered with the United States Securities and Exchange Commission (SEC) as an investment adviser under Section 203(c) of the Investment Adviser Act of 1940. The information in this report has not been approved or verified by the SEC or by any state securities authority. Although the company may refer to itself as a "registered investment adviser" or describe itself as being "registered," the registration with the SEC does not imply a certain level of skill or training. Additional information about the company is also available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Uncertainty relating to recognition and measurement

During the financial year, there have been no uncertainties relating to recognition and measurement.

Unusual circumstances

No unusual circumstances have occurred during the year affecting recognition or measurement.

Intellectual capital resources

The company's investment management and investment advisory services are based on the staff's detailed knowledge of the timberland investment market and related markets.

Remuneration policy

The members of the Board of Directors are paid a fixed remuneration which is determined based on market terms and reflect their workload. The Board members are not covered by the company's bonus and incentive programmes. The remuneration of the Board of Directors is approved by the shareholders at the general meeting.

The management of the company has developed a remuneration policy and practice for remunerating the Board of Directors, the Executive Board, other employees whose activities have a significant impact on the company's risk profile, and employees with control and risk functions. It is evident from this policy that the fixed salary must represent such a high share of the total remuneration that it is possible to have a flexible pay policy for the variable salary, including the possibility of not disbursing the variable salary.

Management commentary (continued)

Development in activities and finances

The result for the year 2017 was a loss of DKK 1,543 thousand after tax compared to a net profit of DKK 357 thousand for 2016.

The staff employed was reduced from an average of 5.5 persons in 2016 to an average of 4 persons in 2017, due to the fact the it has taken longer time than expected to broaden the company's client base and develop new business areas. Initially, the company's second AIF, IWC Timberland Partners II K/S, was expected to be established in first quarter of 2017 but it was established ultimo 2017.

As of year-end 2017 the company's equity was DKK 6,078 thousands, the capital base (in Danish: kapitalgrundlag) was DKK 6,078 thousands and the cash position at year end was DKK 7,813 thousands.

Events after the balance sheet date

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

Outlook and other forward-looking statements

The net profit for the year 2018 is expected to be DKK 2,9 million after tax. It is expected that the client base will broaden and the turnover will increase from 2018 and onwards based on income from (i) managing IWC Timberland Partners I K/S, IWC Timberland Partners II K/S and possible new AIFs, and (ii) investment advisory services.

The company will continue to focus on increasing its client base through active marketing of its products and services especially in Europe and in the US. In 2017, the company had hired staff with agricultural expertise with the purpose to include agricultural investments in its primary activities. The company is also contemplating to provide investment management services to certain external AIFs seeking an external AIFM with a tailored solution to meet the regulatory requirements.

Particular risks and uncertainties

The company's business model is based on (i) performing investment management for AIFs and (ii) providing investment advice, discretionary portfolio management, and receipt and transmission of orders regarding securities linked to forest investments and related assets to professional investors. The company plans to expand its investment management activities. There is the risk that it will take longer time than expected to expand these activities. Furthermore, the company's income hinges on whether its clients do invest and how much. The clients' definite investment interest in 2018 will therefore affect the company's ultimate financial performance.

Directorships and other offices

Please refer to note 14.

Income statement and statement of comprehensive income for 2017

Income statement

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Administration fees and income from managed AIF	4	5,228	6,070
Other administration fees and income		2,051	4,662
Administration fees and commission expenses paid		<u>(1,119)</u>	<u>(1,313)</u>
Net Administration fees and commission income		<u>6,160</u>	<u>9,419</u>
Staff costs and administrative expenses	5	<u>(7,848)</u>	<u>(8,910)</u>
Profit/(loss) before financial income and expenses, net		<u>(1,688)</u>	<u>509</u>
Financial expenses	6	(37)	(30)
Translation and market value adjustments	7	<u>(1)</u>	<u>(1)</u>
Profit/loss before tax		<u>(1,726)</u>	<u>478</u>
Income tax	8	<u>183</u>	<u>(121)</u>
Profit/loss for the year		<u>(1,543)</u>	<u>357</u>
Distribution of profit / loss for the year			
Proposed dividend		0	500
Retained earnings		<u>(1,543)</u>	<u>(143)</u>
		<u>(1,543)</u>	<u>357</u>
Statement of comprehensive income			
Profit/loss for the year		(1,543)	357
Other comprehensive income		191	(103)
Tax on other comprehensive income		<u>(42)</u>	<u>26</u>
Total other comprehensive income		<u>149</u>	<u>(77)</u>
Comprehensive income for the year		<u>(1,394)</u>	<u>280</u>

Balance sheet at 31 December 2017

Assets	Notes	2017 DKK'000	2016 DKK'000
Other receivables		499	373
Current tax receivables	8	183	0
Deferred tax assets	8	0	25
Prepayments		8	8
Total Receivables		690	406
Cash, on demand		7,813	10,217
Total assets		8,503	10,623
Equity and liabilities			
Share capital		2,250	2,250
Share premium		2,750	2,750
Other Reserves		54	(95)
Retained earnings		1,024	2,567
Of this, proposed dividend		0	500
Total equity		6,078	7,972
Provisions for deferred tax	8	17	0
Total provisions		17	0
Current tax receivables	8	0	17
Other liabilities		2,408	2,634
Total liabilities other than provisions		2,408	2,651
 Total equity and liabilities		 8,503	 10,623

Other notes:

1. Accounting policies
2. Accounting estimates
3. Financial highlights
9. Financial risks and financial risk management policies and objectives
10. Related parties
11. Derivative financial instruments
12. Ownership
13. Contingencies
14. Directorships and other offices

Statement of changes in equity

	Share capital DKK'000	Share premium DKK'000	Other reserves DKK'000	Proposed dividend DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 1 January 2017	2,250	2,750	(95)	500	2,567	7,972
Retained earning for the period	0	0	0	0	(1,543)	(1,543)
Other comprehensive income	0	0	149	0	0	149
Paid dividend	0	0	0	(500)	0	(500)
Proposed dividend	0	0	0	0	0	0
Equity at 31 December 2017	<u>2,250</u>	<u>2,750</u>	<u>54</u>	<u>0</u>	<u>1,024</u>	<u>6,078</u>
Equity at 1 January 2016	2,250	2,750	(18)	1,000	2,710	8,692
Retained earning for the period	0	0	0	0	(143)	(143)
Other comprehensive income	0	0	(77)	0	0	(77)
Paid dividend	0	0	0	(1,000)	0	(1,000)
Proposed dividend	0	0	0	500	0	500
Equity at 31 December 2016	<u>2,250</u>	<u>2,750</u>	<u>(95)</u>	<u>500</u>	<u>2,567</u>	<u>7,972</u>

Number of shares, 22,500 shares in denominations of DKK 100
The share capital is not divided into classes.

Notes

1. Accounting policies

The annual report of IWC Investment Partners A/S has been prepared in accordance with the Alternative Investment Fund Managers etc. Act and the Executive Order on Financial Reports for Credit Institutions and Investment Companies etc.

The income statement and balance sheet and the terms within, are adapted to the company's activity as an Alternative Investment Fund Manager (AIFM).

The accounting policies are consistent with those applied last year.

The financial statements are presented in Danish Kroner (DKK), rounded to the nearest thousand.

As part of the preparation of the financial statements, management makes a number of accounting judgments which form the basis of presentation, recognition and measurement of the company's assets and liabilities. The financial statements have been presented applying the principle of going concern based on current practice and interpretation of the rules governing AIFMs. The most significant accounting judgements, estimates and uncertainties are evident from note 2 to the financial statements.

Recognition and measurement

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

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

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

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

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

Notes

1. Accounting policies (continued)

Foreign currency

Transactions denominated in currencies other than DKK are translated using the transaction date exchange rate. Monetary items denominated in currencies other than DKK are translated into DKK at the official rates of exchange at the balance sheet date. Gains and losses arising between the exchange rate on the transaction date and the date of settlement are recognised in the income statement. If foreign currency transactions are considered hedges of future cash flows, the value adjustments are recognised directly in equity.

Income statement and statement of comprehensive income

Net Administration fees and commission income

Income from services for the clients' account, including portfolio fees and brokerage fees, is recognised in administration fees and income. Expenses from the sale of services are recognised in administration fees and commission paid.

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

Staff costs and administrative expenses

Staff costs comprise salaries, social security costs, pension contributions, etc. for the company's staff.

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

Financial expenses

Financial expenses comprises of interest expenses on bank deposits.

Translation and market value adjustments

All translation and market value adjustments of assets and liabilities measured at fair value are recognised in translation and market value adjustments.

Income tax

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

IWC Investment Partners A/S is subject to joint taxation with a number of Danish companies, with International Woodland Company Holding A/S serving as the administration company. The current Danish income

Notes

1. Accounting policies (continued)

tax is allocated among the jointly taxed companies proportionally to their taxable income. The jointly taxed companies are subject to the Danish Tax Prepayment Scheme. Tax for the year, comprising current tax and changes in deferred tax, is recognised in the income statement.

Current tax assets are composed of amounts receivable related to losses used under the joint taxation arrangement. Such amounts are recognised in the balance sheet until the time of settlement by the administration company. The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year taxable income, adjusted for prepaid tax.

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

The tax liability incumbent on any temporary difference between its carrying amount and its tax base is recognised as deferred tax. If the temporary difference is negative, and it is probable that it may be used to reduce future tax payments, then a deferred tax asset is recognised.

Balance sheet

Other receivables

Other receivable comprises income not payable until after financial year-end, including portfolio and advisory fees, interest and brokerage fees receivable. Other receivables are measured at amortised cost, usually equalling nominal value less provisions for bad debts

Prepayments

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

Other liabilities

Other liabilities comprises expenses not payable until after financial year-end, including various accounts payable and salaries payable. The financial statement item is measured at cost on initial recognition and subsequently at amortised cost, which usually corresponds to nominal value.

Derivative Financial instruments

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

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

Notes

1. Accounting policies (continued)

Financial highlights

Financial and operating data and key ratios have been prepared in accordance with the requirements of the Executive Order on Financial Reports to this effect. Also, financial and operating data and key ratios representing zero value are not disclosed in the statement of financial highlights. The ratios and key figures are defined in the Executive Order on Financial Reports for Credit Institutions and Investment Companies etc.

2. Accounting estimates

The financial statements are prepared based on specific assumptions which involve the use of accounting estimates. These estimates are made by management in accordance with the accounting policies and based on historical experience as well as assumptions which management considers reasonable and realistic.

For the year of 2017, no areas have been subject to significant accounting estimates or uncertainties.

3. Financial highlights

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>	<u>2013</u> <u>DKK'000</u>
Income statement					
Net fees and commission income	6,160	9,419	9,209	9,281	6,750
Staff costs and administrative expense	(7,848)	(8,910)	(8,245)	(7,483)	(7,481)
Profit/(loss) before financial income	(1,688)	509	964	1,798	(731)
Profit / (loss) for the year	(1,543)	357	737	1,360	(548)
Balance sheet					
Equity	6,078	7,972	8,692	7,791	6,618
Total assets	8,503	10,623	11,649	10,708	9,164
Solvency ratio	210%	258%	344%	349%	254%
Return on equity before tax	(25%)	5.7%	12%	25%	(15%)
Return on equity after tax	(22%)	4.3%	8.9%	19%	(11%)
Average number of employees	4	6	5	6	5
Number of AIF under admin. *	2	1	n/a	n/a	n/a
Assets under Management, AUM *	892,568	1,017,932	n/a	n/a	n/a

* No comparative figures are disclosed. The company was licensed as an AIFM as of 10 May 2016.

Notes

	2017	2016
	DKK'000	DKK'000
4. Administration fees and income from managed AIF		
IWC Timberland Partners I K/S, CVR 35140964	5,189	6,070
IWC Timberland Partners II K/S, CVR 39185954	<u>39</u>	<u>0</u>
Total administration fees and income from managed AIF	<u>5,228</u>	<u>6,070</u>
5. Staff costs and administrative expenses		
Staff costs	4,876	6,491
Other administrative expenses	<u>2,972</u>	<u>2,419</u>
Total staff costs and administrative expenses	<u>7,848</u>	<u>8,910</u>
Salaries	4,651	6,195
Pension contributions	199	262
Other social security costs	<u>26</u>	<u>34</u>
Staff costs	<u>4,876</u>	<u>6,491</u>
Average number of employees converted into full-time employees	<u>4</u>	<u>6</u>
Remuneration of the Executive Board		
Otto Reventlow, Chief Executive Officer, fixed remuneration	646	630
Otto Reventlow, Chief Executive Officer, variable remuneration	<u>4</u>	<u>7</u>
Remuneration of the Executive Board	<u>650</u>	<u>637</u>
Number of members of the Executive Board	<u>1</u>	<u>1</u>
The group's remuneration of the Executive Board		
Otto Reventlow, Chief Executive Officer, fixed remuneration	2,584	2,522
Otto Reventlow, Chief Executive Officer, variable remuneration	<u>15</u>	<u>28</u>
The group's remuneration of the Executive Board	<u>2,599</u>	<u>2,550</u>
Number of members of the Executive Board	<u>1</u>	<u>1</u>
Board of Directors		
Steen Villemoes, Chairman	180	150
Jan Kamp Justesen, Vice Chairman	60	50
Peter Carøe	60	50
Lars Wilhjelm	60	50
Nis Jul Clausen	<u>60</u>	<u>50</u>
Fixed remuneration of the Board of Directors	<u>420</u>	<u>350</u>
Number of members of the Board of Directors	<u>5</u>	<u>5</u>

Notes

5. Staff costs and administrative expenses (continued)

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
The group's total remuneration of the Board of Directors		
Steen Villemoes, Chairman	450	375
Jan Kamp Justesen, Vice Chairman	150	125
Peter Carøe	150	125
Lars Wilhjelm	150	125
Nis Jul Clausen	<u>150</u>	<u>125</u>
The group's fixed remuneration of the Board of Directors	<u>1,050</u>	<u>875</u>
Number of members of the Board of Directors	<u>5</u>	<u>5</u>
Other employees significantly influencing the company's risk profile		
Fixed remuneration	1,202	1,826
Variable remuneration	<u>22</u>	<u>41</u>
Remuneration of employees influencing the company's risk profile	<u>1,224</u>	<u>1,867</u>
Number of employees	<u>4</u>	<u>4</u>
Audit fees		
Statutory audit of the financial statements	27	27
Tax advisory services	3	3
Other services	<u>31</u>	<u>58</u>
Total fees for the auditors appointed by the general meeting who perform the statutory audit	<u>61</u>	<u>88</u>
6. Financial expenses		
Other interest expenses	<u>(37)</u>	<u>(30)</u>
Total financial interest expense	<u>(37)</u>	<u>(30)</u>
7. Translation and market value adjustments		
Foreign currency translations	<u>(1)</u>	<u>(1)</u>
Total translation and market value adjustments	<u>(1)</u>	<u>(1)</u>

Notes

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
8. Income tax		
Current tax	183	(180)
Change in deferred tax	<u>0</u>	<u>59</u>
Tax on profit/loss for the year	<u>183</u>	<u>(121)</u>
Effective tax rate		
Danish corporation tax rate	22.0	22.0
Non-deductible expenses etc.	<u>(11.4)</u>	<u>3.3</u>
Effective tax rate	<u>10.6</u>	<u>25.3</u>
Deferred tax is incumbent on the following financial statement items:		
Prepayments	2	2
Derivative financial instruments	<u>15</u>	<u>(27)</u>
Deferred tax assets / Provisions for deferred tax	<u>17</u>	<u>(25)</u>

9. Financial risks and financial risk management policies and objectives

The company is exposed to different types of risks. The objective of the company's risk management policies is to minimise the losses which might occur due to changes in e.g. the financial markets.

The company continuously develops its tools to identify and manage the risks affecting it on a daily basis. The Board of Directors lays down the overall framework and principles for risk and capital management, and the Chairman and the Executive Board receive monthly reports on developments in risks and utilisation of the defined risk framework.

Credit risk

Risk management policies have therefore been prepared to ensure that transactions with credit institutions are consistent with the framework laid down by the Board of Directors.

Market risk

The company's market risk is managed through fixed limits for a large number of risk targets. Market risks are determined and monitored on a daily basis in so far as this is relevant.

Liquidity risk

The company's cash resources are managed by maintaining sufficient cash and cash equivalents. The cash resources are determined with the object of securing sufficient and stable cash resources.

Notes

9. Financial risks and financial risk management policies and objectives (continued)

Operational risk

With a view to reducing losses from operational risks, the company has prepared a number of policies to mitigate human and systems errors.

10. Related parties

All related party transactions have been conducted on an arm's length basis.

Related parties with a controlling interest in the company

International Woodland Company Holding A/S, Frederiksberg, Denmark holds the majority of votes.

Related party transactions in the financial year

The company has had the following transactions with related parties in the financial year:

<u>Name</u>	<u>Basis of influence</u>	<u>Nature and scope of transactions</u>
International Woodland Company A/S	Group company	Sharing of costs on a cost recovery basis, DKK 713 thousands. (2016: DKK 1,352 thousands).
IWC Timberland Partners I K/S	Control through group company	Management fee, DKK 5,228 thousands (2016: DKK 6,070 thousands).
Otto Reventlow	Executive Board	Remuneration
Steen Villemoes	Board of Directors	Remuneration
Jan Kamp Justesen	Board of Directors	Remuneration
Peter Carøe	Board of Directors	Remuneration
Lars Wilhjelm	Board of Directors	Remuneration
Nis Jul Clausen	Board of Directors	Remuneration

Please refer to note 5 to the financial statements for the amount of remuneration of the Board of Directors and the Executive Board.

11. Derivative financial instruments

The company has entered into forward exchange contracts to hedge future transactions until 27 September 2018 in the total amount of USD 300 thousands. The fair value of these contracts is positive by DKK 70 thousands at 31 December 2017, which amount has been recognised in the balance sheet (31 December 2016: negative by DKK 121 thousands).

Notes

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>

12. Ownership

The following shareholders hold more than 5% of the company's share capital:

International Woodland Company Holding A/S, Amalievej 20, 1875 Frederiksberg C, Denmark

13. Contingencies

Guarantees etc.

Guaranteed towards the Danish Guarantee Fund for Depositors and Investors	<u>23</u>	<u>21</u>
Total	<u>23</u>	<u>21</u>

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

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

Notes

14. Directorships and other offices

Executive Board:

Otto Frederik Juel Reventlow, Chief Executive Officer

Chief Executive officer of:

- International Woodland Company Holding A/S
- International Woodland Company A/S
- International Woodland Company Employee ApS
- ITP I GP ApS
- ITP I Brazil Holding I GP ApS
- ITP I Brazil Holding II GP ApS
- ITP II Brazil Holding I GP ApS
- OREW Holding ApS

Member of the Board of Directors of:

- Den Reventlowske Stiftelse Theophilskoven
- Godfred Birkedal Hartmann's Familiefond

Owner of:

- Agerup Gods, Saksjøbing

Board of Directors:

Steen Villemoes, Chairman

Chairman of the Board of Directors of:

- International Woodland Company Holding A/S
- International Woodland Company A/S
- International Woodland Company Employee ApS
- K/S Habro-Lowestoft
- ApS Habro Komplementar-19
- Aspecto A/S

Member of the Board of Directors of:

- K/S Habro-Norwich
- K/S Habro-Islington
- ApS Habro Komplementar-26
- ApS Habro Komplementar-39

Owner of:

- Virksomhedskonsulent Steen Villemoes
- Vilmo Invest ApS

Jan Kamp Justesen, Vice Chairman

Vice chairman of the Board of Directors of:

- International Woodland Company Holding A/S
- International Woodland Company A/S
- International Woodland Company Employee ApS

Chief Financial Officer of:

- LB Forsikring A/S
- LB Foreningen F.M.B.A.

Chairman of the Board of Directors of:

- Semen Ejendomsaktieselskab
- Randan A/S
- LB IT A/S

Member of the Board of Directors of:

- Terrorforsikringspool for skadesforsikring

Jan Kamp Justesen, Vice Chairman (cont.)

- Danwood Invest I/S
- Forsikringselskabet Nærsikring A/S

Peter Vilhelm Carøe

Member of the Board of Directors of:

- International Woodland Company Holding A/S
- International Woodland Company A/S
- International Woodland Company Employee ApS
- Aase og Ejnar Danielsens Fond
- DADES A/S
- SPF IV GP ApS
- SPI-Fonden
- Dansk Vækstkapital II K/S
- Dansk Vækstkapital II Komplementar ApS
- IMAP, Matterhorn, PLC, Dublin

Chief Executive Officer of:

- CI-II Holdings GP ApS.
- Copenhagen Infrastructure Taiwan GP ApS
- CI III Taiwan GP ApS
- CI III Australia GP ApS

Owner and Manager of:

- Finance Advisory ApS

Nis Jul Clausen

Member of the Board of Directors of:

- International Woodland Company Holding A/S
- International Woodland Company A/S
- International Woodland Company Employee ApS

Lars Wilhjelm

Member of the Board of Directors of:

- International Woodland Company Holding A/S
- International Woodland Company A/S
- International Woodland Company Employee ApS
- WEFRI A/S
- Vennerlund Skove A/S
- KW Plan Software A/S
- Triangelhus A/S
- Ejendomsselskabet Bispenbo ApS
- H.C.A. ApS
- H.C.Andersens Boulevard 39 A/S
- Wasardske Familiefond
- Wilhjelm A/S
- Skovselskabet Poulsker ApS
- Copenhagen City Invest A/S
- Wefri Holding ApS
- Vennerlund Familiefond

Notes

14. Directorships and other offices (continued)

Lars Wilhjem (cont.)

Chairman of the Board of Directors of:

- LeapAgro ApS

Chief Executive Officer of:

- Skovselskabet Poulsker ApS

Owner and Chief Executive Officer of:

- Orenæs Gods
- Wilhjem Holding ApS