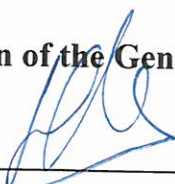


IWC Timberland Partners I K/S
Central Business Registration No
35140964
Amalievej 20
1875 Frederiksberg C, Denmark

Annual report 2015

The Annual General Meeting adopted the annual report on 08.06.2016

Chairman of the General Meeting



Name: Henrik Lundqvist

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Entity details

Entity

IWC Timberland Partners I K/S
Amalievej 20
1875 Frederiksberg C, Denmark

Central Business Registration No: 35140964

Founded: 27.02.2013

Registered in: Denmark

Financial year: 01.01.2015 - 31.12.2015

Management

Otto Reventlow
Henrik Lundqvist
Magnus Weikert

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 Copenhagen C, Denmark

Statement by Management on the annual report

The Management has today considered and approved the annual report of IWC Timberland Partners I K/S for the financial year 01.01.2015 - 31.12.2015.

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

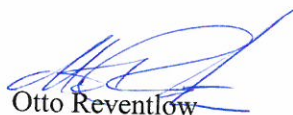
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

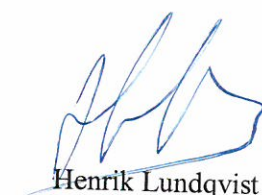
We recommend the annual report for adoption at the Annual General Meeting.

Frederiksberg, 24.05.2016


Management



Otto Reventlow



Henrik Lundqvist



Magnus Weikert

Independent auditor's reports

To the owners of IWC Timberland Partners I K/S

Report on the financial statements

We have audited the financial statements of IWC Timberland Partners I K/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 24.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab



Bill Haudal Pedersen
State-Authorised Public Accountant



Martin Pedersen
State-Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

The purpose and objective of IWC Timberland Partners I K/S ("ITP I") is, by acting as a fund-of-funds, to make, manage, and dispose of sustainably managed forest investments and related assets.

Development in activities and finances

Since the first closing of ITP I on February 27, 2013, the activities of ITP I have focused on due diligence and investments in companies related to forests. As of December 31, 2015, ITP I had investment commitments from partners of a total of USD 230,100,000 and the company had invested USD 127,386,069 in companies related to forests. The geographical investment allocations have been to Latin America, Asia, Oceania, and USA.

In accordance with ITP I's limited partnership agreement, the tasks have been performed by the investment manager, The International Woodland Company A/S, and the investment advisor IWC Investment Partners Fondsmæglerselskab A/S.

Economic development

The income statement for the year shows a loss of USD 3,821,707 and the balance sheet as of December 31, 2015 shows equity of USD 126,359,889. The proposed distribution of profit/loss for the year is presented on page 8 of the report. During the year distributions of USD 1,105,945 were paid out to the partners and the retained earnings balance was reduced by the net loss of USD 3,821,707, resulting in total of USD 4,927,652 decrease in equity.

The economic development of the company has been as expected.

Uncertainty relating to recognition and measurement

Equity investments in the portfolio company are recorded at fair market value based on audited financial statements of the underlying investments. All investments in the fund have been appraised at fair market value by independent appraisers and are based on a valuation methodology that aims at determining the expected transaction price between independent parties applying usual commercial considerations.

The third party appraisals are based on projections, which contain a number of estimates (e.g. discount rate, expected production, sales prices and costs), making third-party appraisal subject to a certain degree of uncertainty.

Appraisal of the subsidiaries can be very volatile and this should also be expected in the coming years.

Management commentary

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.

Accounting policies

Reporting class

These financial statements for IWC Timberland Partners I K/S are presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises. These financial statements are also in compliance with the recognition and measurement requirements of the IFRS. The annual statement has also been presented in accordance with the ILPA guidelines, which has not made any impact on the income statement or balance sheet.

The accounting policies applied for these financial statements are consistent with those applied last year, except for the adjustment to the ILPA Guidelines mentioned above.

The annual report for the company is presented in its functional currency, USD.

The Company has, with reference to section 112(1) of the Financial Statements Act omitted to prepare consolidated 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 Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity 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 Entity, 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 annual report 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.

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

Accounting policies

Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Fair value adjustment of other investment assets and related financial liabilities

Fair value adjustment of other investment assets and related financial liabilities comprises adjustments for the financial year of the Entity's investment assets in the form of securities and related financial liabilities such as bank debt at fair value.

Administrative expenses

Administrative expenses comprise partnership expenses, management fee and establishment costs. Partnership expenses include expenses that have been paid during the year for the performance of the Limited Partnership's investment activities. Management fee comprises expenses for the tasks that have been performed by the investment manager, The International Woodland Company A/S, and the investment advisor, IWC Investment Partners Fondsmæglerselskab A/S. Establishment costs include expenses regarding the establishment of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income

Other financial income comprises interest income and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses and transactions in foreign currencies.

Balance sheet

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Accounting policies

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments are recorded at fair value. The fair value is compiled at balance sheet date and is based on audited financial statements and third party assessment.

The third party assessment is based on a valuation methodology that aims at determining the transaction price which would arise between independent parties who bring normal commercial considerations.

The valuation methodology involves all factors likely to influence the fair value and is in accordance with generally accepted methodologies for pricing equity investment.

Third party evaluation is based on projections, which contain a number of estimates (e.g. discount rate, expected production, sales prices and costs), making third-party assessments subject to a certain degree of uncertainty.

Unrealised and realised fair values of financial assets are recognised in the income statement as income from portfolio companies.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Prepayments received from customers

Prepayments from investors comprise cash calls received from investors.

Income statement for 2015

	<u>Notes</u>	<u>2015 USD</u>	<u>2014 USD</u>
Fair value adjustments of other investment assets		<u>(3.099.106)</u>	<u>2.401.138</u>
Gross profit/loss		(3.099.106)	2.401.138
Administrative costs		(1.528.819)	(1.592.316)
Other operating income		<u>102.748</u>	<u>156.250</u>
Operating profit/loss		(4.525.177)	965.072
Other financial income	1	720.521	199.399
Other financial expenses	2	<u>(17.051)</u>	<u>(2.178)</u>
Profit/loss for the year		<u>(3.821.707)</u>	<u>1.162.293</u>
Proposed distribution of profit/loss			
Distributions		1.105.945	1.569.529
Retained earnings		<u>(4.927.652)</u>	<u>(407.236)</u>
		<u>(3.821.707)</u>	<u>1.162.293</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 USD</u>	<u>2014 USD</u>
Investments in group enterprises		8.232.833	0
Other investments		<u>116.736.930</u>	<u>87.861.726</u>
Fixed asset investments	3	<u>124.969.763</u>	<u>87.861.726</u>
Fixed assets		<u>124.969.763</u>	<u>87.861.726</u>
Receivables from associates		802.654	70.349
Receivables		<u>802.654</u>	<u>70.349</u>
Cash		<u>742.415</u>	<u>211</u>
Current assets		<u>1.545.069</u>	<u>70.560</u>
Assets		<u><u>126.514.832</u></u>	<u><u>87.932.286</u></u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 USD</u>	<u>2014 USD</u>
Contributed capital		131.052.504	87.102.435
Distributions	4	(3.362.906)	(2.256.961)
Retained earnings		(1.329.709)	2.491.998
Equity		<u>126.359.889</u>	<u>87.337.472</u>
Bank loans		0	323.245
Prepayments received from customers		0	212.507
Trade payables		28.936	6.264
Debt to associates		102.855	37.890
Other payables		23.152	14.908
Current liabilities other than provisions		<u>154.943</u>	<u>594.814</u>
Liabilities other than provisions		<u>154.943</u>	<u>594.814</u>
Equity and liabilities		<u>126.514.832</u>	<u>87.932.286</u>
Contingent liabilities	5		
Related parties with control	6		

Statement of changes in equity for 2015

	Contributed capital USD	Distributi- ons USD	Retained earnings USD	Total USD
Equity beginning of year	87.102.435	(2.256.961)	2.491.998	87.337.472
Increase of capital	43.950.069	0	0	43.950.069
Profit/loss for the year	0	(1.105.945)	(3.821.707)	(4.927.652)
Equity end of year	<u>131.052.504</u>	<u>(3.362.906)</u>	<u>(1.329.709)</u>	<u>126.359.889</u>

Notes

	2015 USD	2014 USD
1. Other financial income		
Financial income arising from group enterprises	720.378	199.233
Interest income	0	58
Exchange rate adjustments	143	108
	720.521	199.399
	2015 USD	2014 USD
2. Other financial expenses		
Interest expenses	17.051	2.178
	17.051	2.178
3. Fixed asset investments		
	Other in- vestments USD	Investments in group enterprises USD
Cost beginning of year	84.769.910	
Additions	33.616.159	9.000.000
Cost end of year	118.386.069	9.000.000
Distributions beginning of the year	(2.089.129)	
Distributions	(2.409.016)	0
Distributions end of year	(4.498.145)	0
Revaluations beginning of the year	5.180.945	
Fair value adjustments	(2.331.939)	(767.167)
Revaluations end of year	2.849.006	(767.167)
Carrying amount end of year	116.736.930	8.232.833

Fixed asset investments comprise investments in non-controlling assets and Investments in group enterprises. The fair market value can be very volatile and is described in the management commentary.

Notes

3. Fixed asset investments (continued)

Subsidiaries in ITP Cauquens SPA, also consist of bond in the subsidiary with a value of USD 5.000.000

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity interest %</u>	<u>Equity USD</u>	<u>Profit/loss USD</u>
Subsidiaries:					
ITP Cauquenes SPA.	Chile	SPA	99,17	3.260.000	(441.000)

4. Distributions

Distributions comprise payments to the owners, based on distributions received from investments.

5. Contingent liabilities

IWC Timberland Partners I K/S is liable to pay a performance fee to partners if the internal rate of return exceeds 8% per year.

At 31 December 2015 the Partnership assumed an irrevocable commitment to investments of USD 202.2 million. Of this a total amount USD 74.8 million is still outstanding.

6. Related parties with control

Related parties with a controlling interest:

The following related parties have a controlling interest in IWC Timberland Partners I K/S:

ITP I GP ApS, Amalievej 20, 1875 Frederiksberg, Denmark
Basis of influence: General Partner

Transactions between related parties and IWC Timberland Partners I K/S that have not been conducted on an arm's length basis: None.