

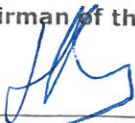
IWC Timberland Partners I K/S

Amalievej 20
1875 Frederiksberg C, Denmark
Central Business Registration No
35140964

Annual report 2016

The Annual General Meeting adopted the annual report on 01.06.2017

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: 01.01.2016 - 31.12.2016

Management

Otto Frederik Juel Reventlow

Henrik Lundqvist

Magnus José 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 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

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

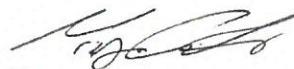
We recommend the annual report for adoption at the Annual General Meeting.

Frederiksberg, 25.05.2017

Management


Otto Frederik Juel Reventlow


Henrik Lundqvist


Magnus José Weikert

Independent auditor's report

To the shareholders of IWC Timberland Partners I K/S

Opinion

We have audited the financial statements of IWC Timberland Partners I K/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared 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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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 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 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:

Independent auditor's report

- 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.

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 Danish Financial Statements Act.

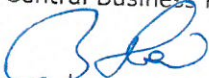
Independent auditor's report

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 Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 25.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556



Bill Haudal Pedersen
State-Authorised Public Accountant



Martin Jon Alback Pedersen
State-Authorised Public Accountant

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

The investment period for ITP I ended on February 11, 2016 with allocation to eleven timberland investments. As of December 31, 2016, ITP I had investment commitments from partners of a total of USD 230,100,000 and the company had invested USD 152,403,856 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, IWC Investment Partners A/S.

Economic development

The income statement for the year shows a net profit of USD 1,758,160 and the balance sheet as of December 31, 2016 shows equity of USD 146,073,591. The proposed distribution of profit/loss for the year is presented on page 7 of the report. During the year, distributions of USD 8,085,157 were paid out to the partners and the retained earnings balance was increased by the net profit of USD 1,758,160 resulting in total of USD 6,326,997 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 to a large degree 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.

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.

Income statement for 2016

	Notes	2016 USD	2015 USD
Fair value adjustments of other investment assets		2.061.245	(3.099.106)
Gross profit/loss		2.061.245	(3.099.106)
Administrative costs		(983.726)	(1.528.819)
Other operating income		133.185	102.748
Operating profit/loss		1.210.704	(4.525.177)
Other financial income	1	908.643	720.521
Other financial expenses	2	(361.187)	(17.051)
Profit/loss for the year		1.758.160	(3.821.707)
Proposed distribution of profit/loss			
Distributions		8.085.157	1.105.945
Retained earnings		(6.326.997)	(4.927.652)
		1.758.160	(3.821.707)

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 USD</u>	<u>2015 USD</u>
Investments in group enterprises		28.834.667	8.232.833
Other investments		117.082.803	116.736.930
Fixed asset investments	3	145.917.470	124.969.763
Fixed assets		145.917.470	124.969.763
Receivables from group enterprises		569.437	802.654
Receivables		569.437	802.654
Cash		57.937	742.416
Current assets		627.374	1.545.070
Assets		146.544.844	126.514.833

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 USD</u>	<u>2015 USD</u>
Contributed capital		157.093.202	131.052.504
Distributions	4	(11.448.063)	(3.362.906)
Retained earnings		428.452	(1.329.708)
Equity		<u>146.073.591</u>	<u>126.359.890</u>
Trade payables		5.895	28.936
Payables to associates		447.726	102.855
Other payables		17.632	23.152
Current liabilities other than provisions		<u>471.253</u>	<u>154.943</u>
Liabilities other than provisions		<u>471.253</u>	<u>154.943</u>
Equity and liabilities		<u>146.544.844</u>	<u>126.514.833</u>
Contingent liabilities	5		

Statement of changes in equity for 2016

	Contributed capital USD	Distributions USD	Retained earnings USD	Total USD
Equity beginning of year	131.052.504	(3.362.906)	(1.329.708)	126.359.890
Increase of capital	26.040.698	0	0	26.040.698
Profit/loss for the year	0	(8.085.157)	1.758.160	(6.326.997)
Equity end of year	157.093.202	(11.448.063)	428.452	146.073.591

Notes

	2016 USD	2015 USD
1. Other financial income		
Financial income arising from group enterprises	908.642	720.378
Exchange rate adjustments	1	143
	908.643	720.521
	2016 USD	2015 USD
2. Other financial expenses		
Interest expenses	5.396	17.051
Exchange rate adjustments	355.791	0
	361.187	17.051
3. Fixed asset investments		
	Other in- vestments USD	Investments in group enterprises USD
Cost beginning of year	118.386.069	9.000.000
Additions	4.017.787	21.000.000
Cost end of year	122.403.856	30.000.000
Distributions beginning of the year	(4.498.145)	0
Distributions	(6.131.326)	0
Distributions end of year	(10.629.470)	0
Revaluations beginning of the year	2.849.006	(767.167)
Fair value adjustments	2.459.411	(398.166)
Revaluations end of year	5.308.417	(1.165.333)
Carrying amount end of year	117.082.803	28.834.667

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

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 2016 the Partnership assumed an irrevocable commitment to investments of USD 202.2 million. Of this a total amount USD 70.2 million is still outstanding.

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. Also, some changes has been made to the presentation in accordance with the new Danish Financial Statement Act. These changes in the presentation, has not affected the income statement or balance.

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

Accounting policies

Income statement

Fair value adjustments of investment assets

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 costs

Administrative expenses comprise partnership expenses and management fee. 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.

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.

Accounting policies

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.