

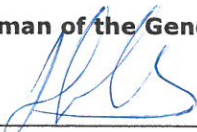
IWC Timberland Partners I K/S

Amalievej 20
1875 Frederiksberg C
Business Registration No
35140964

Annual report 2018

The Annual General Meeting adopted the annual report on 28/5-19

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

Central Business Registration No (CVR): 35140964
Founded: 27.02.2013
Registered in: Frederiksberg
Financial year: 01.01.2018 - 31.12.2018

Executive Board

Otto Frederik Juel Reventlow
Henrik Lundqvist
Celine Emilie Gaelle Claudon

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. 1600
0900 Copenhagen C, Denmark

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of IWC Timberland Partners I K/S for the financial year 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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, 08.05.2019

Executive Board



Otto Frederik Juel Reventlow



Henrik Lundqvist



Celine Emilie Gaelle Claudon

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 01.01.2018 - 31.12.2018, 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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 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.

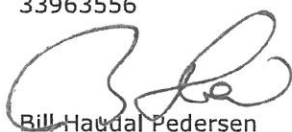
Copenhagen, 08.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR)

33963556



Bill Haudal Pedersen

State Authorised Public Accountant

Identification No (MNE) mne30131



Michael Thorø Larsen

State Authorised Public Accountant

Identification No (MNE) mne35823

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 in 2016 with allocation to eleven timberland investments. As of December 31, 2018, a total of USD 185.437.652 was contributed from Partners, since inception, and remaining uncalled commitment was USD 18.432.447.

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 7.185.935 and the balance sheet as of December 31, 2018 shows equity of USD 162.567.493. The proposed distribution of profit/loss for the year is presented on page 7 of the report. During the year, distributions of USD 6.223.967 were paid out to the partners and the retained earnings balance was increased by the net profit of USD 7.185.935 resulting in total of USD 961.968 increase 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 2018

	<u>Notes</u>	<u>2018 USD</u>	<u>2017 USD</u>
Fair value adjustments of other investment assets		7.065.385	6.421.842
Gross profit/loss		7.065.385	6.421.842
Administrative expenses		(725.081)	(859.194)
Other operating income		191.337	194.679
Operating profit/loss		6.531.641	5.757.327
Other financial income	2	914.575	1.534.811
Other financial expenses	3	(260.281)	(117.942)
Profit/loss for the year		7.185.935	7.174.196
Proposed distribution of profit/loss			
Retained earnings		7.185.935	7.174.196
		7.185.935	7.174.196

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 USD</u>	<u>2017 USD</u>
Investments in group enterprises		79.777.567	63.641.025
Other investments		79.826.690	81.361.039
Fixed asset investments	4	159.604.257	145.002.064
Fixed assets		159.604.257	145.002.064
Receivables from group enterprises		2.135.568	1.354.047
Other receivables		850.476	1.344.531
Receivables		2.986.044	2.698.578
Cash		1.000.839	403.183
Current assets		3.986.883	3.101.761
Assets		163.591.140	148.103.825

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 USD</u>	<u>2017 USD</u>
Contributed capital		185.437.652	171.358.994
Distributions	5	(37.658.742)	(31.434.775)
Retained earnings		14.788.583	7.602.648
Equity		162.567.493	147.526.867
Trade payables		2.399	13.929
Payables to associates		1.003.396	491.674
Other payables		17.852	71.355
Current liabilities other than provisions		1.023.647	576.958
Liabilities other than provisions		1.023.647	576.958
Equity and liabilities		163.591.140	148.103.825
Contingent liabilities	6		

Statement of changes in equity for 2018

	Contributed capital USD	Distributions USD	Retained earnings USD	Total USD
Equity beginning of year	171.358.994	(31.434.775)	7.602.648	147.526.867
Increase of capital	14.078.658	0	0	14.078.658
Ordinary distributions	0	(6.223.967)	0	(6.223.967)
Profit/loss for the year	0	0	7.185.935	7.185.935
Equity end of year	185.437.652	(37.658.742)	14.788.583	162.567.493

Notes

	<u>2018</u>	<u>2017</u>
1. Staff costs		
Average number of employees	<u>0</u>	<u>0</u>

	<u>2018</u> <u>USD</u>	<u>2017</u> <u>USD</u>
2. Other financial income		
Financial income arising from group enterprises	912.966	1.534.811
Other interest income	<u>1.609</u>	<u>0</u>
	<u>914.575</u>	<u>1.534.811</u>

	<u>2018</u> <u>USD</u>	<u>2017</u> <u>USD</u>
3. Other financial expenses		
Other interest expenses	6.963	30.157
Exchange rate adjustments	<u>253.318</u>	<u>87.785</u>
	<u>260.281</u>	<u>117.942</u>

4. Fixed asset investments

	Other in- vestments <u>USD</u>	Investments in group enterprises <u>USD</u>	Total <u>USD</u>
Cost beginning of year	96.516.631	67.941.387	164.458.018
Additions	1.259.538	13.356.231	14.615.768
Cost end of year	<u>97.776.168</u>	<u>81.297.618</u>	<u>179.073.786</u>
Distributions beginning of the year	(14.402.651)	(15.618.227)	(30.020.878)
Distributions	(3.960.781)	(3.118.179)	(7.078.960)
Distributions end of year	<u>(18.363.432)</u>	<u>(18.736.405)</u>	<u>(37.099.838)</u>
Revaluations beginning of the year	(752.942)	11.317.865	10.564.923
Fair value adjustments	1.166.896	5.898.490	7.065.386
Revaluations end of year	<u>413.954</u>	<u>17.216.355</u>	<u>17.630.309</u>
Carrying amount end of year	<u>79.826.690</u>	<u>79.777.567</u>	<u>159.604.257</u>

Notes

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.

5. Distributions

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

6. Contingent liabilities

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

At 31 December 2018 the Partnership assumed an irrevocable commitment to investments of USD 190.8 million. Of this a total amount USD 12.0 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 with addition of certain provisions for reporting class C. 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 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.

Income statement

Fair value adjustments of other investment assets

Fair value adjustments of other investment assets comprise adjustments for the financial year of the Entity's investment assets measured at fair value at the balance sheet date.

Accounting policies

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 IWC Investment Partners A/S.

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 recorded at equity value, which is consistent with fair value. The equity value is compiled at balance sheet date and is based on audited financial statements, since equity of the investments is the closest to fair value.

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.

Investments i Group Companies consist of equity investments in equity funds and loans allocated to these funds through internal holding companies.

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

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.

Accounting policies

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.