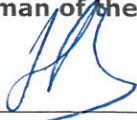


ITP I Brazil Holding II K/S
c/o International Woodland
Company A/S, Amalievej 20
1875 Frederiksberg C
Central Business Registration No
37426563

Annual report 2016

The Annual General Meeting adopted the annual report on 25.05.2017

Chairman of the General Meeting



Name: Henrik Lundqvist

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Entity details

Entity

ITP I Brazil Holding II K/S
c/o International Woodland Company A/S, Amalievej 20
1875 Frederiksberg C

Central Business Registration No: 37426563

Founded: 05.02.2016

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 København C

Statement by Management on the annual report

The Management has today considered and approved the annual report of ITP I Brazil Holding II 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 ITP I Brazil Holding II K/S

Opinion

We have audited the financial statements of ITP I Brazil Holding II 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 Albæk Pedersen
State Authorised Public Accountant

Management commentary

Primary activities

The purpose of the Entity is to carry out long-term sustainable investments in forestry and plantation establishment in Brazil, through equity participation in the Brazilian forest fund Lacan Florestal II.

Development in activities and finances

Activities

Since the establishment of the Entity in the beginning of 2016, the main activity has been investment in plantation establishment in Brazil via a Brazilian company, Lacan Florestal II.

In accordance with a special agreement, this task has been performed in collaboration with the investment adviser, IWC Investment Partners A/S.

Economic development

The economic development is primarily influenced by the adjustment of fair value in the underlying investments, the fair value adjustment of other investments in 2016 has been 22.456 USD.

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

	<u>Notes</u>	<u>2016 USD</u>
Fair value adjustments of other investment assets		22.456
Gross profit/loss		22.456
Other operating expenses		(33.270)
Operating profit/loss		(10.814)
Other financial income		30.456
Other financial expenses		(28)
Profit/loss for the year		19.614
Proposed distribution of profit/loss		
Retained earnings		19.614
		19.614

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016</u> <u>USD</u>
Other investments		3.963.667
Fixed asset investments	1	3.963.667
Fixed assets		3.963.667
Other receivables		7.996
Receivables		7.996
Cash		60.448
Current assets		68.444
Assets		4.032.111

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 USD</u>
Contributed capital		4.010.282
Retained earnings		<u>19.614</u>
Equity		<u>4.029.896</u>
Other payables		<u>2.215</u>
Current liabilities other than provisions		<u>2.215</u>
Liabilities other than provisions		<u>2.215</u>
Equity and liabilities		<u>4.032.111</u>
Contingent liabilities	2	

Statement of changes in equity for 2016

	Contributed capital USD	Retained earnings USD	Total USD
Contributed upon formation	4.010.282	0	4.010.282
Profit/loss for the year	0	19.614	19.614
Equity end of year	4.010.282	19.614	4.029.896

Notes

1. Fixed asset investments

	Other in- vestments
	<u>USD</u>
Additions	3.941.211
Cost end of year	<u>3.941.211</u>
Fair value adjustments	22.456
Revaluations end of year	<u>22.456</u>
Carrying amount end of year	<u>3.963.667</u>

2. Contingent liabilities

At 31 December 2016 the Partnership assumed an irrevocable commitment to investment of USD 15.3 million. Of this a total amount USD 11.4 million is still outstanding.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises. These financial statement are also in compliance with recognition and measurement requirements of the IFRS. The annual report has also been presented in accordance with the guidelines of ILPA, 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.

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 rate 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 asset and related financial liabilities comprises adjustments for the financial year of the Entity's investment.

Other operating expenses

Other operating expenses comprise expenses of bank, audit, legal fee, and remuneration to ITP I Brazil II GP ApS.

Accounting policies

Other financial income

Other financial income comprises exchange rate gain on distributions from other investment, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses consists of realised as well as unrealised exchange rate adjustments.

Balance sheet

Other investments

Other investments in the portfolio company are recorded at fair value. The fair value is compiled at balance sheet date and is based on audited financial statements.

Unrealized and realized fair values of financial assets are recognized in the income statement as income portfolio companies.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns 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.