

IWCs Naturfond
Amalievej 20
1875 Frederiksberg C
Business Registration No
39176092

Annual report 2019

The Annual General Meeting adopted the annual report on 20.05.2020

Chairman of the General Meeting

Name: Henrik Lundqvist

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2019	13
Balance sheet at 31.12.2019	14
Statement of changes in equity for 2019	16
Notes	17
Accounting policies	18

Entity details

Entity

IWCs Naturfond
Amalievej 20
1875 Frederiksberg C

Central Business Registration No (CVR): 39176092

Founded: 07.12.2017

Registered in: Copenhagen

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Søren Damgaard
Henrik Lundqvist
Lars Holm Simonsen

Auditors

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

Statement by Management on the annual report

The Board of Directors has today considered and approved the annual report of IWCs Naturfond for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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, 20.05.2020

Board of Directors

Søren Damgaard

Henrik Lundqvist

Lars Holm Simonsen

Independent auditor's report

To the shareholders of IWCs Naturfond

Opinion

We have audited the financial statements of IWCs Naturfond for the financial year 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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, 20.05.2020

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 objects of the Fund are to own the shares in the general partner ITP II GP ApS and other companies acting as general partner, as well as trade and services in relation thereto.

Development in activities and finances

Based on legal advice from the lawyer who also assisted with the establishment of IWCs Naturfond, ITP II GP was in 2018 sold from the Foundation to the founder of the Foundation.

However, due to subsequent dialogue in 2019 with Erhvervsstyrelsen and new legal advice, the board of the Foundation decided to buy back ITP II GP ApS at fair market value with effect as of November 1, 2019.

Profit/loss for the year in relation to expected developments

During the reporting period, the Fund had a loss of DKK 234.440 to a large degree due to legal cost in connection with the above-mentioned dialogue with Erhvervsstyrelsen and the buy-back of ITP II GP ApS.

Outlook

No significant profit or loss is expected for the Fund in 2020.

Statutory report on foundation governance

The Board of Directors of the Foundation has three members:

Søren Damgaard

Position on the board: Chairman

Age: 47

Gender: Male

Original appointment date: December 7, 2017. Changed board position from Member to Chairman as of November 4, 2019

Current positions:

Partner at Bruun & Hjejle Advokatpartnerselskab

Chairman in Capricorn Forest Fund K/S

Board chairman in IWCs Naturfond

Direktør in Komplementarselskabet Capricorn ApS

Independence of the fund: Yes

Henrik Lundqvist

Position on the board: Member

Management commentary

Age: 53

Gender: Male

Original appointment date: December 7, 2017. Changed board position from Chairman to Member as of November 4, 2019.

Current positions:

Chief Operating Officer in the following entities:

- International Woodland Company A/S
- IWC Investment Partners A/S

Direktør in the following entities:

- ITP I GP ApS
- ITP II GP ApS
- ITP I Brazil Holding I GP ApS
- ITP I Brazil Holding II GP ApS
- ITP II Brazil Holding I GP ApS
- HLUNDQVIST HOLDING ApS

Board member in IWCs Naturfond

Independence of the fund: No

Lars Holm Simonsen

Position on the board: Member

Age: 45

Gender: Male

Appointment date: November 4, 2019

Current positions:

Director of Timberland Manager Advisory in the following entities:

- International Woodland Company A/S
- IWC Investment Partners A/S

Board member in IWCs Naturfond

Independence of the fund: No

The Board of Directors adheres to the recommendations of the Committee on Foundation Governance.

Management commentary

Recommendation	The foundation complies	The foundation does not comply and explains	Not applicable
1. Transparency and communication			
1.1. IT IS RECOMMENDED that the board of directors adopt guidelines for external communication, including who can make public statements on behalf of the foundation and on what matters. The guidelines should address the need for transparency and stakeholders' needs and possibilities to obtain relevant up-to-date information about the circumstances of the foundation.	X		
2. Tasks and responsibilities of the board of directors			
2.1 Overall tasks and responsibilities			
2.1.1 IT IS RECOMMENDED that, in order to secure the activities of the commercial foundation in accordance with the purposes and interests of the foundation, at least once a year the board of directors take a position on the overall strategy and distribution policy of the foundation on the basis of the articles of association.	X		
2.2 Chairman and vice-chairman of the board of directors			
2.2.1 IT IS RECOMMENDED that the chairman of the board of directors organise, convene and chair meetings of the board of directors in order to ensure effective board work and to establish the best conditions for the work of the board members individually and collectively.	X		
2.2.2 IT IS RECOMMENDED that if, in addition to the position as chairman, in exceptional circumstances, the chairman of the board of directors is requested to perform specific operating functions for the commercial foundation, a board resolution be passed which ensures that the board of directors retains its independent, overall management and control function. Appropriate allocation of responsibilities should be ensured between the chairman, the vice-chairman, the other members of the board of directors and the executive board, if any.	X		

Management commentary

Recommendation	The foundation complies	The foundation does not comply and explains	Not applicable
2.3 Composition and organization of the board of directors			
2.3.1 IT IS RECOMMENDED that the board of directors regularly assess and stipulate the competences that the board of directors is to possess in order to perform the tasks incumbent upon the board of directors as well as possible.	X		
2.3.2 IT IS RECOMMENDED that, with due respect of any right in the articles of association to make appointments, the board of directors ensures a structured, thorough and transparent process for selection and nomination of candidates for the board of directors.	X		
2.3.3 IT IS RECOMMENDED that members of the board of directors are appointed on the basis of their personal qualities and competences taking into account the collective competences of the board and when composing and nominating new members of the board the need for introducing new talent is weighed against the need for continuity and the need for diversity is considered in relation to commercial and grants experience, age and gender.	X		
<p>2.3.4 IT IS RECOMMENDED that in the management review in the annual report and on the commercial foundation's website, there is an account of the composition of the board of directors, including its diversity, and that the following information is provided on each board member:</p> <ul style="list-style-type: none"> • the name and position of the member, • the age and gender of the member, • date of original appointment to the board whether the member has been re-elected, and expiry of the current election period, • any special competences possessed by the member, • other managerial positions held by the member, including positions on executive boards, boards of directors and supervisory boards and board committees in Danish and foreign foundations, enterprises and institutions, as well as other demanding organisation tasks, • whether the member has been appointed by authorities/providers of grants etc., and • whether the member is considered independent. 	X		

Management commentary

Recommendation	The foundation complies	The foundation does not comply and explains	Not applicable
<p>2.3.5 IT IS RECOMMENDED that the majority of the members of the board of directors of the commercial foundation are not also members of the board of directors or executive board of the foundation's subsidiary(ies), unless it is a fully owned actual holding company.</p>	X		
<p><u>2.4 Independence</u></p>			
<p>2.4.1 IT IS RECOMMENDED that an appropriate proportion of the board of directors be independent.</p> <p>If the board of directors (excluding employee representatives) is composed of up to four members, at least one member should be independent. If the board of directors is composed of between five and eight members, at least two members should be independent. If the board of directors is composed of nine to eleven members, at least three members should be independent, and so on.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> • be or within the past three years have been member of the executive board, or senior employee in the foundation, or a subsidiary or associated company to the foundation, • within the past five years have received larger emoluments, including distributions or other benefits from the foundation/group or a subsidiary or associated company to the foundation in other capacity than as member of the board of directors or executive board of the foundation, • within the past year have had a significant business relationship (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management of companies with corresponding connection) with the foundation/group or a subsidiary or associated company of the foundation, • be or within the past three years have been employed or partner at the external auditor, • have been a member of the board of directors or executive board of the foundation for more than 12 years, 	X		

Management commentary

Recommendation	The foundation complies	The foundation does not comply and explains	Not applicable
<ul style="list-style-type: none"> • have close relatives with persons who are not considered as independent, • is the founder or a significant donor if the purpose of the foundation is to grant support to this person's family or others who are especially close to this person, or • a member of the management of an organisation, another foundation or similar, which receives or repeatedly within the past five years have received significant donations from the foundation. 			
2.5 Appointment period			
2.5.1 IT IS RECOMMENDED that members of the board of directors be appointed for a minimum period of two years and a maximum period of four years.	X		
2.5.2 IT IS RECOMMENDED that an age limit for members of the board of directors be set, which is published in the management review or on the foundation's website.	X		
2.6 Evaluation of the performance of the board of directors and the executive board			
2.6.1 IT IS RECOMMENDED that the board of directors establish an evaluation procedure in which the board of directors, the chairman and the contributions and performance of individual members are evaluated annually and the result is discussed by the board of directors.	X		
2.6.2 IT IS RECOMMENDED that once a year the board of directors evaluate the work and performance of the executive board and/or the administrator (where relevant) in accordance with predefined clear criteria.	X		
3. Remuneration of management			
3.1. IT IS RECOMMENDED that the members of the board of directors of commercial foundations be remunerated with a fixed remuneration and that members of a possible executive board be remunerated with a fixed remuneration, possibly combined with a bonus which should not be dependent upon accounting results. The remuneration should reflect the work and responsibilities consequential to the position.	X		

Management commentary

Recommendation	The foundation complies	The foundation does not comply and explains	Not applicable
<p>3.2 IT IS RECOMMENDED that the annual financial statements provide information about the full remuneration received by each member of the board of directors and executive board (if relevant) from the commercial foundation and from other enterprises in the group. Furthermore there should be information on any other remuneration which members of the board of directors, except for employee representatives, have received for performing tasks for the foundation, subsidiaries of the foundation or enterprises in the same group as the foundation.</p>	X		

Statutory report on distribution policy

Distribution shall take place at the discretion of the board by means of the award of a gift or grant of a loan on favorable terms to one of the following objectives:

- a) the development of sustainable nature, including support for sustainable and socially responsible use of natural resources and research and development of timber and agricultural products and
- b) general cultural purposes in Denmark.

There have been no distributions in the reporting period.

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.

The outbreak and spread of COVID-19 at the beginning of 2020 has not and is not expected to have a significant impact on the company's financial position and development.

Income statement for 2019

<u>Notes</u>	<u>2019 DKK</u>	<u>2017/18 DKK</u>
Other external expenses	(187.423)	(63.390)
Operating profit/loss	(187.423)	(63.390)
Other financial income	0	274.683
Other financial expenses	(47.017)	(1.315)
Profit/loss for the year	(234.440)	209.978
Proposed distribution of profit/loss		
Retained earnings	(234.440)	209.978
	(234.440)	209.978

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2017/18 DKK</u>
Investments in group enterprises		91.044	0
Fixed asset investments	2	<u>91.044</u>	<u>0</u>
Fixed assets		<u>91.044</u>	<u>0</u>
Dividends receivable from group enterprises		160.000	0
Other receivables		10.000	274.683
Receivables		<u>170.000</u>	<u>274.683</u>
Cash		<u>89.494</u>	<u>251.545</u>
Current assets		<u>259.494</u>	<u>526.228</u>
Assets		<u>350.538</u>	<u>526.228</u>

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2017/18 DKK</u>
Contributed capital		300.000	300.000
Retained earnings		<u>(24.462)</u>	<u>209.978</u>
Equity		<u>275.538</u>	<u>509.978</u>
Other payables		<u>75.000</u>	<u>16.250</u>
Non-current liabilities other than provisions		<u>75.000</u>	<u>16.250</u>
Liabilities other than provisions		<u>75.000</u>	<u>16.250</u>
Equity and liabilities		<u>350.538</u>	<u>526.228</u>
Staff costs	1		

Statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	300.000	209.978	509.978
Profit/loss for the year	0	(234.440)	(234.440)
Equity end of year	300.000	(24.462)	275.538

Notes

	<u>2019</u>	<u>2017/18</u>
1. Staff costs		
Average number of employees	<u>0</u>	<u>0</u>
Remuneration of management	2019	2017/18
	<u>DKK</u>	<u>DKK</u>
Søren Damgaard	0	20.313
Henrik Lundqvist	0	0
Lars Holm Simonsen, joined the board on 4 November 2019	0	0
Claus Kirkeby Olsen, resigned from the Board on 4 November 2019	41.406	25.781
	<u>41.406</u>	<u>46.094</u>
		Invest- ments in group enterprises DKK
2. Fixed asset investments		
Additions		<u>295.520</u>
Cost end of year		<u>295.520</u>
Share of profit/loss for the year		(44.476)
Dividend		<u>(160.000)</u>
Revaluations end of year		<u>(204.476)</u>
Carrying amount end of year		<u>91.044</u>

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 with addition of certain provisions for reporting class C.

The accounting policies applied for the financial statements are consistent with those applied last year.

The annual report for the entity is presented in its functionality currency, DKK.

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.

Income statement

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for bank, audit and legal fee, etc.

Other financial income

Other financial income comprised last year a sale of ITP II GP ApS.

Other financial expenses

Other financial expenses comprise value adjustments and bank interests.

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.

Accounting policies

Group enterprises with negative equity value 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 enterprises.

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.

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.

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Lars Holm Simonsen

Bestyrelsesmedlem

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IP: 193.104.xxx.xxx

2020-05-20 06:12:48Z

NEM ID 

Bill Haudal Pedersen

Revisor

Serienummer: PID:9208-2002-2-171332147953

IP: 93.164.xxx.xxx

2020-05-20 06:21:02Z

NEM ID 

Henrik Lundqvist

Bestyrelsesmedlem

Serienummer: PID:9208-2002-2-339462497465

IP: 193.104.xxx.xxx

2020-05-20 07:09:41Z

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Henrik Lundqvist

Dirigent

Serienummer: PID:9208-2002-2-339462497465

IP: 193.104.xxx.xxx

2020-05-20 07:09:41Z

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Søren Damgaard

Bestyrelsesformand

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Michael Thorø Larsen

Revisor

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