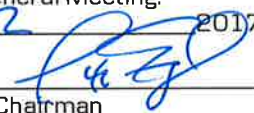


# Danske Private Equity Partners II (USD) K/S

CVR-no. 26 49 29 63

c/o Gorrissen Federspiel  
H.C. Andersens Boulevard 12  
1553 Copenhagen V

The Annual Report has been presented  
and approved at the Limited Partner-  
ship's Annual General Meeting:

24/2 2017  


Chairman

## Annual Report

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October 1, 2015 - September 30, 2016

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## Management's statement on the annual report

The management has today discussed and approved the annual report for Danske Private Equity Partners II (USD) K/S for the financial year October 1, 2015 – September 30, 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Limited Partnership's assets, liabilities and financial position as of September 30, 2016, as well as of the result of the Limited Partnership's activities for the financial year October 1, 2015 – September 30, 2016.

Furthermore, in our opinion, the Management's review gives a fair review of the development in the Limited Partnership's operations and financial matters and the results of the Limited Partnership's operations and financial position as a whole.

The annual report is recommended to be approved at the Annual General Meeting.

Copenhagen, December 16, 2016

Management:



General Partner  
DPE Partners II ApS  
Erik Fosgrau  
*Chief Executive Officer*

## Independent auditors' report

To the Limited Partners of Danske Private Equity Partners II (USD) K/S

### Independent auditor's report on the financial statements

We have audited the financial statements of Danske Private Equity Partners II (USD) K/S for the financial year October 1, 2015 – September 30, 2016, which comprise of accounting policies, income statement, balance sheet, statement of changes in Limited Partners' Capital Account Statement 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' 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 as to whether the internal 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Limited Partnership'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 Limited Partnership'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 evaluating 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 opinion.

Our audit did not result in any qualification.

### Opinion

In our opinion, the financial statements give a true and fair view of the Limited Partnership's financial position at September 30, 2016 and of the results of its operations for the financial year October 1, 2015 – September 30, 2016 in accordance with Danish Financial Statements Act.

### Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information given in the Management's review is consistent with the financial statements.

Copenhagen, December 16, 2016  
Ernst & Young  
Godkendt Revisionspartnerselskab  
CVR-no. 30 70 02 28

  
Lars Rhod Søndergaard  
State Authorised  
Public Accountant

  
Ole Karstensen  
State Authorised  
Public Accountant

## Management's review

### Fund summary

<b>Company:</b>	Danske Private Equity Partners II (USD) K/S c/o Gorrissen Federspiel H.C. Andersens Boulevard 12 1553 Copenhagen V
	CVR-no.: 26 49 29 63 Established: February 1, 2002 Registered office: Copenhagen Financial year: October 1 - September 30
<b>Management:</b>	General Partner DPE Partners II ApS with Chief Executive Officer Erik Fosgrau
<b>Auditor:</b>	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuhs Vej 4 Postboks 250 2000 Frederiksberg
<b>Manager (FAIF):</b>	Danske Private Equity A/S (FT-no.:23026) Website: <a href="http://www.danskeprivateequity.com">www.danskeprivateequity.com</a>

### Main and key figures

USD 1.000	2015/16	2014/15	2013/14	2012/13	2011/12
Gain/losses on investments in portfolio funds	-2,399	3,472	7,021	16,316	18,337
Operating profit	-2,831	2,705	6,265	14,947	16,534
Net financial income and expenses	3	1	2	7	2
Profit/loss	-2,828	2,705	6,267	14,954	16,536
Total assets	30,689	59,914	92,122	117,775	153,321
Total Limited Partners' capital	30,678	59,904	92,110	117,760	153,306
Investments in portfolio funds	25,438	55,714	90,707	107,522	144,938
Performance ratio *	1.45	1.47	1.45	1.43	1.36

\* Accumulated distributions and capital account end period (reduced by unpaid capital)/accumulated paid-up capital.

## Management's review

### Main activity

Danske Private Equity Partners II (USD) K/S ("Danske PEP II (USD)") is a fund-of-funds with a geographical focus on investments in North America. Investments are mainly made in small and mid market buy-out funds.

### Development in the financial year

The financial year resulted in a loss of USD 2.8 million, corresponding to an annual IRR of -7.1%. Losses on investments in portfolio funds amounted to USD 2.4 million. Administrative running costs in the form of management fee to Danske Private Equity A/S amounted to USD 0.3 million.

The result is below our expectations.

USD 0.3 million was contributed to the portfolio funds during the financial year, bringing total contributions to USD 219.8 million, corresponding to 98.1% of the commitments to portfolio funds.

An aggregate amount of USD 28.1 million was distributed from portfolio funds during the financial year, bringing total distributions from portfolio funds as of September 30, 2016 to USD 318.3 million, corresponding to 144.8% of the capital contributed to portfolio funds. In the financial year an aggregate amount of USD 26.4 million was distributed to the Limited Partners, bringing the accumulated distributions as of September 30, 2016 to USD 282.7 million, corresponding to 131.1% of the Limited Partners' paid-up capital.

### Special risks

#### Financial risks

The objective of Danske PEP II (USD) is to supply risk capital to the portfolio funds, and also to their investments in competitive companies in the North American Small and Mid Market. The highest factor of risk is therefore the changes in the value of the companies in which Danske PEP II (USD)'s portfolio funds invest in, which to a significant extent depend on the valuations of comparable listed companies on the quoted market. The valuation of investments in portfolio funds is an accounting estimate and could be connected with some uncertainty.

#### Interest rate risks

Danske PEP II (USD) is less sensitive to the changes in interest rate levels.

#### Foreign exchange currency risks

Danske PEP II (USD)'s investments in portfolio funds have been made in USD. As the capital in Danske PEP II (USD) is in USD the currency risk is considered insignificant.

### Investment activity

In the period from inception to September 30, 2016 Danske PEP II (USD) has invested in eight portfolio funds. One of the portfolio funds has been exited as of September 30, 2016.

The portfolio funds have in general performed well.

## Management's review

### **Cash resources**

Danske PEP II (USD)'s cash resources as of September 30, 2016, include cash and cash equivalents, undrawn credit facilities and outstanding commitments from the Limited Partner, and are estimated as satisfactory to cover Danske PEP II (USD)'s liabilities including investment obligations, management fees etc.

### **Expectations for 2016/17**

During the financial year, the valuations of the portfolio funds' investments have developed positively. American companies are generally enjoying a continued strong economy and the private equity market is characterized by relatively high exit activity. This development is expected to carry on in 2017, particularly with the economy benefiting from the anticipated increase in financial stimulus.

The development in valuation of the portfolio funds' investments will still be influenced mainly by the development of the individual portfolio companies' results and their ability to generate cash as well as the valuations of comparable listed companies.

The above-mentioned development along with the general economic development will affect the result for 2016/17.

The continuous exit activity and thereby the reduction of the portfolio will affect future results which are expected to be better than the result of the current financial year.

### **Post balance sheet events**

No events have occurred, after the balance sheet date and to the signing of the annual report which is considered of significance to the annual report.

## Financial statements October 1 – September 30

### Accounting policies

The annual report of Danske Private Equity Partners II (USD) K/S has been prepared in accordance with the provisions of the Danish Financial Statements Act for a reporting class B entity.

The presentation of the income statement, the balance sheet and the description of entries has been adjusted according to the Limited Partnership's activities as an investment company in private equity.

The accounting policies applied are consistent with those of last year.

The annual report is in USD. (USD/DKK: 30/9 2016: 667.62 og 30/9 2015: 665.88)

### In general

Income is recognised in the profit and loss account as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Limited Partnership and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

### Income statement

#### Gain/losses on investments in portfolio funds

Gains/Losses on portfolio fund investments include income from investment (dividend and interest), realised gains and losses of divestments and unrealised gains and losses on revaluations or depreciations of investments in portfolio funds.

#### Gain/losses on other securities and investments

Gain/losses on other securities and investments include realised gains and losses of divestments and unrealised gains and losses on revaluations or depreciations of other securities and investments.

#### Management fee

The management fee includes management fee and performance fee for the period to the Manager, Danske Private Equity A/S.

#### Other administrative expenses

Other administrative expenses include costs paid by the Limited Partnership.

#### Financial income and expenses

Financial income and expenses include interest income and expenses, exchange gains and losses regarding investments in the portfolio funds.

#### Tax

The Limited Partnership is not independently liable to pay tax, consequently no tax is charged to the profit and loss account.



## Financial statements October 1 – September 30

### Accounting policies

#### **Balance sheet**

##### **Investment assets**

Investments in portfolio funds are measured in accordance with the IPEV Valuation Guidelines or similar guidelines depending on the country of origin of the portfolio funds according to which investments are measured at the fair value in the balance sheet in accordance with the Danish Financial Statement Act § 38. Revaluations are included in the profit and loss account.

In the portfolio funds, the fair value of the funds' portfolio companies are recognised and measured as follows:

##### Listed portfolio companies

The portfolio companies are measured to the current market value on the balance sheet day. If securities in the portfolio companies are subject to a lock-up provision, the provision is considered when measuring the fair value of the portfolio company. If shares are not actively traded the portfolio companies are measured as investments in unlisted portfolio companies.

##### Unlisted portfolio companies

Investments in portfolio companies are measured at fair value on price of recent investment either by way of an increase of capital or a part sale and by the use of valuation methodologies based on the earnings multiples, net assets, discounted cash flows or industry valuation benchmarks.

##### **Other debtors**

Other debtors are measured at amortised cost after deduction of write-downs for anticipated losses.

##### **Prepayments and accrued income**

Prepayments and accrued income included in assets primarily comprise prepaid management fee to Manager, Danske Private Equity A/S.

##### **Other securities and investments, current assets**

Other securities and investments include listed securities distributed from the portfolio funds. The securities are measured to the current market value on the balance sheet day.

##### **Other liabilities**

Other payables include a performance fee to Manager, Danske Private Equity A/S and administration costs due. Liabilities are measured at net realised value.

##### **Foreign currency translation**

Transactions in foreign currency are translated into USD according to the currency rate ruling on the transaction day.

Investments in portfolio funds, accounts receivable and accounts payable in foreign currency are translated into USD according to currency rate rulings on the balance sheet day. Realised and unrealised exchange rate profit margins and losses are booked in the profit and loss account under financial items.

## Financial statements October 1 – September 30

### Income statement

Note	USD 1,000	1/10 2015 - 30/9 2016	1/10 2014 - 30/9 2015
1	Gain/losses on investments in portfolio funds	-2,399	3,025
	Gain/losses on other securities and investments	-63	447
	<b>Gain/losses in the year</b>	<b>-2,462</b>	<b>3,472</b>
2	Management fees etc.	-346	-742
3	Other administrative expenses	-23	-25
	<b>Operating profit</b>	<b>-2,831</b>	<b>2,705</b>
4	Financial income	3	1
	<b>PROFIT/LOSS</b>	<b>-2,828</b>	<b>2,706</b>
<b>PROPOSED DISTRIBUTION OF THE PROFIT/LOSS</b>			
	Transferred to retained earnings	-2,828	2,706
	<b>TOTAL RETAINED EARNINGS</b>	<b>-2,828</b>	<b>2,706</b>

## Financial statements October 1 – September 30

### Balance sheet

Note	USD 1,000	30/9 2016	30/9 2015
	<b>ASSETS</b>		
	<b>FIXED ASSETS</b>		
	<b>Investment assets</b>		
1	Investments in portfolio funds	25,438	55,714
	<b>Total Fixed Assets</b>	<b>25,438</b>	<b>55,714</b>
	<b>CURRENT ASSETS</b>		
	<b>Other securities and investments</b>	1,818	0
	<b>Cash and Cash equivalent</b>	3,433	4,201
	<b>Total current assets</b>	<b>5,251</b>	<b>4,201</b>
	<b>TOTAL ASSETS</b>	<b>30,689</b>	<b>59,915</b>
	<b>LIMITED PARTNERS' CAPITAL AND LIABILITIES</b>		
	<b>LIMITED PARTNERS' CAPITAL</b>		
5	Paid-up capital from Limited Partners	215,590	215,590
	Distributed to Limited Partners	-282,683	-256,285
	Retained earnings	97,771	100,599
	<b>Total Limited Partners' capital</b>	<b>30,678</b>	<b>59,904</b>
	<b>LIABILITIES</b>		
	<b>SHORT-TERM LIABILITIES</b>		
	<b>Other payables</b>	11	11
	<b>Total short-term liabilities</b>	<b>11</b>	<b>11</b>
	<b>Total liabilities</b>	<b>11</b>	<b>11</b>
	<b>TOTAL LIMITED PARTNERS' CAPITAL AND LIABILITIES</b>	<b>30,689</b>	<b>59,915</b>
6	Related parties		
7	Contingent liabilities, contingent assets and securities		

## Financial statements October 1 – September 30

### Statement of changes in Limited Partners' capital

USD 1,000	Paid-up capital from Limited Partners	Distributed to Limited Partners	Retained earnings	Total
Capital October 1, 2014	215,590	-221,373	97,893	92,110
Paid-up capital from Limited Partners	0	0	0	0
Distributed to Limited Partners	0	-34,912	0	-34,912
Retained earnings	0	0	2,706	2,706
Capital October 1, 2015	215,590	-256,285	100,599	59,904
Paid-up capital from Limited Partners	0	0	0	0
Distributed to Limited Partners	0	-26,398	0	-26,398
Retained earnings	0	0	-2,828	-2,828
<b>Capital September 30, 2016</b>	<b>215,590</b>	<b>-282,683</b>	<b>97,771</b>	<b>30,678</b>

## Financial statements October 1 – September 30

### Notes

Note	USD 1,000	<u>30/9 2016</u>	<u>30/9 2015</u>
<b>1</b>	<b>Investments in portfolio funds</b>		
	Cost October 1	109,607	125,795
	Additions in the year	266	600
	Disposals in the year	<u>-9,911</u>	<u>-16,788</u>
	<b>Acquisition cost September 30</b>	<b><u>99,962</u></b>	<b><u>109,607</u></b>
	Revaluations October 1	-53,893	-35,088
	Revaluations on disposals in the year	-18,232	-21,830
	Revaluations in the year	<u>-2,399</u>	<u>3,025</u>
	<b>Revaluations September 30</b>	<b><u>-74,524</u></b>	<b><u>-53,893</u></b>
	<b>Carrying amount September 30</b>	<b><u>25,438</u></b>	<b><u>55,714</u></b>
	<b>Specification of revaluations in the year</b>		
	Realised gains/losses on investments in portfolio funds	11,001	8,991
	Unrealised gains/losses on investments in portfolio funds	<u>-13,400</u>	<u>-5,966</u>
	<b>Gains/losses on investments in portfolio funds</b>	<b><u>-2,399</u></b>	<b><u>3,025</u></b>

## Financial statements October 1 – September 30

### Notes

Note	USD 1,000	1/10 2015 - 30/9 2016	1/10 2014 - 30/9 2015
2	<b>Management fees etc.</b>		
	Management fee	346	742
	<b>Management fees etc. in total</b>	<b>346</b>	<b>742</b>
3	<b>Other administrative expenses (incl. VAT)</b>		
	Fee to auditor elected on the Annual General Meeting		
	Statutory audit	11	11
	Tax consultancy	1	2
	<b>Fee to auditor elected on the Annual General Meeting in total</b>	<b>12</b>	<b>13</b>
	<b>The fund has not had any employees in the financial year</b>		
4	<b>Financial income</b>		
	Financial income credit institutions	3	1
	<b>Financial income in total</b>	<b>3</b>	<b>1</b>

## Financial statements October 1 – September 30

### Notes

Note USD 1,000

#### 5 Limited Partners

	<u>Commitment</u>	<u>Paid-up</u>	<u>Outstanding Commitment</u>
Limited Partners	<u>224,572</u>	<u>215,589</u>	<u>8,983</u>

#### 6 Related parties

##### Manager

Danske Private Equity A/S, Niels Juel's Gade 7, 1059 Copenhagen K

*Transactions: Annual management fee and possible performance fee*

##### Limited Partnerships administrated by Danske Private Equity A/S

Danske Private Equity Partners K/S, c/o Gorrissen Federspiel, H.C. Andersens Boulevard 12, 1553 København V

*Transactions: The partnerships have syndicated some of the investments in the portfolio funds.*

##### General Partner

DPE Partners II ApS, c/o Gorrissen Federspiel, H.C. Andersens Boulevard 12, 1553 Copenhagen V

*Transactions: Annual administration fee*

## Financial statements October 1 – September 30

### Notes

Note USD 1,000

#### 7 Contingent liabilities, contingent assets and securities Investment commitments

	Commitment		Outstanding commitment	
	Currency	USD	Currency	USD
Commitment USD	224,072	224,072	1,102	1,102
<b>Total commitment, USD</b>		<b>224,072</b>		<b>1,102</b>

Calculated as a residual commitment in local currency after balance day plus contributed to portfolio funds in USD (transaction date's currency rate).

The portfolio funds have made distributions to the Limited Partnership, which they have the opportunity to call again at a later time. As of September 30, 2016 the recallable amounts to USD 5.9 million.

The Limited Partnership has no other contingent liabilities, contingent assets or collaterals as of September 30, 2016.