

Sparinvest Property Fund K/S


CVR-no. 29 31 60 58

Annual report

1 October 2015 - 30 September 2016

11th financial year

Approved at the annual general meeting on 25 January 2017



Chairman

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1 Statement by the general partner and independent auditors' report

1.1 Statement by the general partner

The general partner has today considered and approved the annual report of Sparinvest Property Fund K/S for 2015/2016.

The annual report is prepared in accordance with the Danish Financial Statements Act with the adjustments following the legal form and operating activities of the Company.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 30 September 2016 and of the results of the Group's and the parent company's operations and the Group's cash flows for the financial year 1 October 2015 - 30 September 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the parent company's operations and financial matters and the results of the Group's and the parent company's operations and financial position.

We recommend that the annual report is approved at the annual general meeting.

Hellerup, 1 December 2016

Komplementarselskab BMK 1 ApS:

Bo W. Jensen
Managing Partner

Kresten D. Juelner
Senior Partner

Mads Rude
Senior Partner

Independent auditors' report

To the limited partners and the general partner of Sparinvest Property Fund K/S

Independent auditors' report on the financial statements

We have audited the consolidated financial statements and the parent company financial statements of Sparinvest Property Fund K/S for the financial year 1 October 2015 - 30 September 2016. The consolidated financial statements and the parent company financial statements comprise accounting policies, income statement, balance sheet and notes for the Group as well as for the parent company and consolidated cash flow statements. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act with the adjustments following the legal form and operating activities of the company.

Management's responsibility for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of the consolidated financial statements and the parent company 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 Company'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 consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

1.2.1

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position as of 30 September 2016 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 October 2015 - 30 September 2016 in accordance with the 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 consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 1 December 2016

Ernst & Young

Godkendt Revisionspartnerselskab

CVR nr. 30 70 02 28

Ole Karstensen
*State Authorized
Public Accountant*

Kaare Kristensen Lendorf
*State Authorized
Public Accountant*

2 Management's review

2.1 Company details

Sparinvest Property Fund K/S
Strandvejen 102E, 4th floor
DK-2900 Hellerup

Telephone: + 45 36 34 75 00

Fax: + 45 36 34 75 99

Registration no.: 29 31 60 58

Established: 27. January 2006

Registered office: Hellerup

Financial year: 1 October - 30 September

Bank: Nykredit Bank

Investor Board

Erik Veedfald

Jørn Styczen

Allan Nielsen

Christiane Eckert

Jens Sørensen

Thomas Overvad

Jan Henrik Willard

Daniel Voss

Peter Olsson

Per Skovsted

Søren Friedrichsen

Management

Komplementarselskab BMK 1 ApS, Strandvejen 102E, 4th floor, 2900 Hellerup
v/Managing Partner Bo W. Jensen

Senior Partner Kresten D. Juelner

Senior Partner Mads Rude

Auditors

Ernst & Young P/S

Godkendt Revisionspartnerselskab

Osvold Helmuths Vej 4

DK-2000 Frederiksberg

Annual general meeting

The annual general meeting is to be held on 25 January 2017

2.2 Business concept and objectives

2.2.1 *Business concept*

Sparinvest Property Fund K/S's business concept is investment in and management of indirect investments in foreign property via international property funds.

As of 30 September 2016 Sparinvest Property Fund K/S has given commitments to 5 property funds and the following diversification has been obtained on the three geographic regions, measured based on actual gross asset value:

Region	Current investment volume based on actual gross asset value in the portfolio funds.
Europe	0.0%
North America	85.1%
Asia	14.9%

Similarly, the following diversification on property sectors has been obtained:

Property segment	Current investment volume based on actual gross asset value in the portfolio funds.
Retail	0.0%
Office	9.8%
Logistics	0.0%
Residential	5.4%
Other	84.8%

2.2.2 *Long-term objectives*

The Group's objectives are to generate an attractive total rate of return of 8-10%, of this 4-6% in dividend.

2.3 **The year at a glance**

The fund is realizing its investments and all capital are expected to be paid back to investors in Q4 2017.

Over the financial year of the fund, SPF generated a total return of DKK 106.2 million, equal to 7.2%, which are in line with the expectations.

2.3.1 ***Operating activities***

In the financial year 2015/16 the Group generated a positive operating profit of DKK 96,353 thousand. The profit after foreign exchange adjustments, financial income and financial expenses is positive DKK 106,189 thousand.

Administrative expenses for the year and fees to the auditors appointed by the annual general meeting amount to DKK 10,307 thousand.

Financial income for the year totals DKK 192,092 thousand, whereas the financial expenses including foreign exchange losses amount to DKK 182.256 thousand.

2.3.2 ***Financing***

In the financial year the investors in the Group have not made any capital injections (cash calls). The Investors have received exit distributions of DKK 485,3 million.

Limited partner's committed capital is DKK 3,571 million. Undrawn capital is DKK 387 million. There is not assessed to be any risk in connection with payment of the undrawn commitment.

2.3.3 ***Investments***

At the end of the financial year, the Group has invested in 7 different funds. 3 funds has during the financial year been winded down.

At the end of the financial year the total commitments to funds amounted to DKK 800,6 million, equivalent to 22.4% of total commitments to the fund. Of the total commitments, the net investments made (cash calls) total DKK 771.5 million or approx. 22% of the total commitments to the fund.

2.3.4 ***Parent Company***

In the financial year 2015/16 the parent company generated a positive operating profit of DKK 29,394 thousand. The profit after foreign exchange adjustments, financial income and financial expenses is positive DKK 106,189 Thousand.

Administrative expenses for the year and fees to the auditors appointed by the annual general meeting amount to DKK 4,640 thousand.

Financial income for the year totals DKK 25,578 thousand, whereas the financial expenses including foreign exchange losses amount to DKK 26,147 thousand.

2.3.5 ***Uncertainties relating to recognition and measurement in investments in property funds.***

Investments in property funds and investments in subsidiaries in the mothercompany are valued at their fair values. The valuation includes accounting estimates and such valuation is therefore subject to uncertainty.

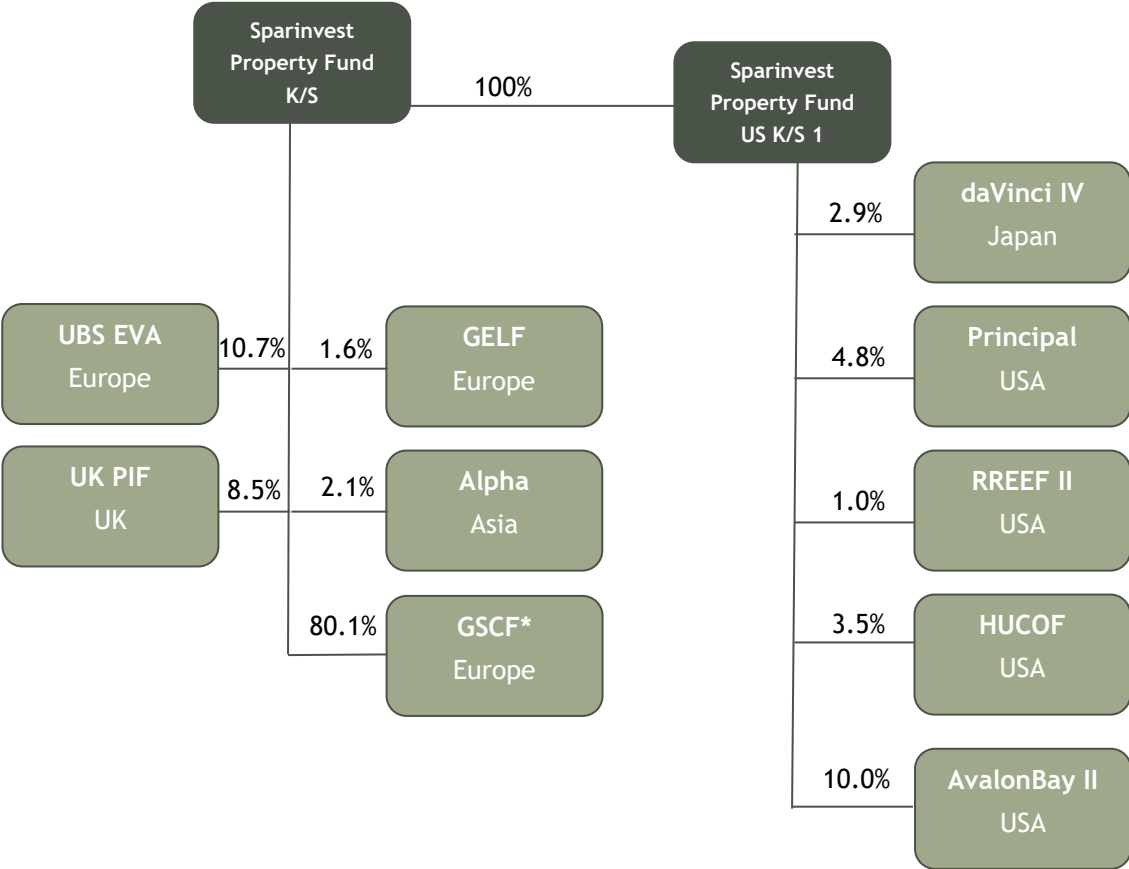
2.3.6 ***Events after the balance sheet date***

No significant events have occurred after the balance sheet date.

2.3.7 ***Outlook***

Going forward we expect satisfying performance as the investments of the fund is core. Our expectations for the coming financial year is a total return of 6-8% before currency. The fund is running off and we expect to return remaining capital to the investors in FY 2016/17.

2.4 Investments in foreign property funds



Note: The above mentioned percentages refer to Sparinvest Property Fund K/S' ownership shares in each of the funds. The country/region specification refers to the location of the assets.

*The project is sold, and the fund is planned to be wound-up. The Company has during this process no deciding or significant influence.

2.5 Financial highlights

DKK '000	30.09.16	30.09.15	30.09.14	30.09.13	30.09.12
Fair value adjustment of properties and liabilities	-39,738	88,603	23,705	-2,261	70,514
Net operating income from properties	146,399	161,278	132,552	128,438	101,384
Operating profit	96,353	238,039	142,742	112,329	157,271
Profit/loss from financial income and expenses	9,836	224,148	90,754	-86,661	88,078
Profit for the year	106,189	462,188	233,495	25,668	245,350
Investments	910,159	1,754,795	2,063,854	2,276,325	2,431,777
Current assets	359,858	38,001	82,956	14,846	34,572
Total assets	1,270,017	1,792,796	2,146,810	2,291,171	2,466,349
Cash calls from limited partners	3,183,539	3,183,539	3,183,539	3,183,539	3,170,902
Equity called during the period	0	0	0	12,637	33,000
Total equity	1,268,047	1,791,369	2,146,019	2,290,478	2,465,567
Non-current liabilities	252	252	252	252	252
Current liabilities	1,720	1,175	539	441	530
Cash flows from operating activities	-106,907	-21,967	-18,319	-10,178	-912
Net cash flows from investing activities, net	962,076	781,848	458,561	196,121	78,241
Cash flows from financing activities	-629,511	-816,838	-377,954	-200,757	-59,621
Total cash flows	225,657	-56,956	62,289	-14,813	17,707
Assets/Equity	100	100.0	100.0	100.0	100.0
Weighted rate of return in %	7.2	24.3	11.5	1.4	11.4
Price for Sparinvest Property Fund K/S	70.2	78.1	77.8	74.6	78.7

Special risks**Operating risks**

The Company's most significant operating risks are related to the development of the property market and general economic risks. During the investment period the Company will mitigate the risk by diversified investments in the European, North American and Asian markets.

Financial risks

Apart from liabilities arising on operating activities and trading, the Company has no debt and investments are not geared. For each of the foreign property funds no investments are made in funds with gearing - the proportion between liabilities and assets - exceeding 75%. In total the gearing for all property funds may not exceed 60%. The current gearing in the investments made in foreign property funds is 42.5%. Accordingly, the financial risk is assessed as moderate.

Foreign exchange risks

The Company makes investments in foreign property funds in foreign currency. No hedging of foreign currency risks on long-term investments is made. The Company's investors may at their own discretion decide to hedge the underlying risk on an investment.

Knowledge resources

The Company makes investments based on an overall assessment of potential property funds using a systematized selection method involving external consultants, when necessary. When selecting funds, the personal knowledge and competence of the partners are decisive factors. Consequently, the Company has ensured strong alignment of the partners through financial incentives.

Environmental matters

The Company's operations have no direct environmental impact, but the Company intends to contribute to a minimal environmental impact through its investment policy.

Research and development activities

The Company had no research and development activities during the financial year and none are expected in the coming financial year.

3 Accounting policies

The annual report of Sparinvest Property Fund K/S has been prepared in accordance with the provisions applying to medium-sized reporting class C enterprises under the Danish Financial Statements Act with the adjustments following the legal form and operating activities of the Company.

The accounting policies applied in the preparation of the annual report, as described below, are consistently used in the financial year. The accounting policies applied in the preparation of the annual report are consistent with those of previous years.

In order to achieve a true and fair view of operations of the limited partnership the presentation of the income has been changed compared to the reporting form shown in the Danish Financial Act. Fair value adjustment of property funds and liabilities and net operating income from properties is presented as an item under operating profit.

The cash flow statement is only for the Group according to section 86.4 in the Danish Financial Act.

Basis of preparation

The annual report has been presented in DKK, rounded to the nearest thousand.

Recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value. Equally, costs incurred to generate the year's earnings are recognised in the income statement.

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

Liabilities are recognised in the balance sheet when an outflow of economic benefits from the Company 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. In recognising and measuring assets and liabilities, expected 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.

Foreign currency translation

DKK is used as the functional currency. Transactions denominated in other currencies than DKK are considered transactions denominated in foreign currencies.

On initial recognition investments in property funds are translated to DKK at the exchange rates at the transaction date. Subsequent fair value adjustments of property funds are recognised at the same historical exchange rate to the effect that exchange rate adjustments do not affect the operating profit. Differences arising between the exchange rate at the balance sheet date and the historical exchange rate are recognised in the income statement as financial items. Financial items are specified in the note for financial income and expenses on investments in foreign property funds and other items.

Receivables, payables and other monetary items denominated in foreign currencies are translated to DKK at the exchange rate or forward price at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or the exchange rate in the latest annual report is recognised in the income statement as financial income or expenses.

Investments in foreign property funds are translated at the exchange rate at the balance sheet date.

Consolidated financial statements

The consolidated financial statements comprise the parent company Sparinvest Property Fund K/S and subsidiaries in which the parent company directly or indirectly holds the majority of the voting rights or which it through shareholding or in some other way controls.

On consolidation similar items are aggregated. Intra-group income and expenses, shareholdings, dividends, balances and realised and unrealised gains on intra-group transactions are eliminated.

The parent company's investments in consolidated subsidiaries are set off against the parent company's share of the subsidiaries' equity value at the date when the subsidiary was acquired.

3.1 Income statement

Fair value adjustment of properties and liabilities

In the income statement fair value adjustment of properties and liabilities translated at the weighted historical exchange rates at the transaction date for cash calls are recognised as income.

Value adjustments due to changes in exchange rates are recognised as financial income and expenses.

Net operating income from properties

In the income statement net operation income received from properties translated at the weighted historical exchange rates at the transaction date are recognised as income.

Profit/loss from investments in subsidiaries

The proportionate share of the results of subsidiaries is recognised in the income statement.

Administrative expenses

Administrative expenses comprise expenses for management fee to Sparinvest Property Investors A/S, remuneration to the general partner, success fee and audit fee.

The Company has entered a management agreement regarding the Company's activities. A fixed management fee is paid.

With effect from the third financial year and onwards the management fee will be determined based on the Company's positive return exceeding 8%. This fee is called a success fee and is determined as 10% of any return exceeding 8%. The success fee is determined each year for half of the calculated amount, whereas the remaining half is dependent on the Company's positive return over the expected life for the Company.

The half of the success fee, which is determined each year, is recognised as an expense with effect for the relevant year. The remaining half is recognised as an expense when payment is probable for the relevant year. The assessment of probability takes into account the natural risks inherent in the long investment period.

Financial income and expenses

Financial income and expenses comprise foreign exchange adjustments of investments in foreign property funds, other realised and unrealised foreign exchange adjustments and interest.

Tax on profit/loss for the year

Sparinvest Property Fund K/S is not a separate entity subject to taxation. The tax liability in respect of the Company's earnings is incumbent on the individual investors of the Company. For this reason no tax is calculated on the Company's earnings, and withholding of foreign tax on dividends from property funds is charged directly to the Company's investors.

3.2

Balance sheet**Investments in foreign property funds**

On initial recognition investments in property funds are determined at the exchange rates at the transaction date and are subsequently measured at fair value translated at the exchange rate at the balance sheet date. The fair value is determined by each fund based on the fair value of the underlying properties measured at fair value. Liabilities in property funds are measured at fair value. On recognition in the income statement fair value adjustments are recognised at historical exchange rates, whereas value adjustments due to changes in exchange rates are recognised as financial income and expenses to the effect that exchange rate adjustments do

not affect the operating profit. Investment commitments where cash calls have not been made at the balance sheet date are disclosed under contingent liabilities in the notes. Received dividends from property funds are deducted from the value of the investments.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured according to the equity method. The proportionate ownership share of the subsidiaries' equity value determined based on the fair value of the identifiable net assets at the acquisition date minus or plus unrealised intra-group gains or losses is recognised in the balance sheet as "Investments in subsidiaries".

The total net revaluation of investments in subsidiaries is transferred via distribution of profit to "Reserve for net revaluation according to the equity method" under the equity. The reserve is reduced by distribution of dividends to the parent company and is adjusted by other changes in equity in subsidiaries.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which is equivalent to nominal value less write-down for bad debt losses. Write-downs are made for bad debt losses based on an individual assessment of receivables.

Receivables from limited partners regarding cash calls receivable etc. are recognised at nominal value.

Equity

Investments by limited partners are recognised when cash calls are made. Investment commitments where cash calls have not been made at the balance sheet date are disclosed in the notes.

The reserve for net revaluation according to the equity method is determined as the total net revaluation of investments in subsidiaries minus distribution of dividends to the parent company and adjusted by other changes in equity in subsidiaries.

Dividends for the year are disclosed as a separate item under proposed distribution of the profit for the year. Exit distributions from subfunds are deducted from retained earnings.

Liabilities

Liabilities (current and non-current) are included when the Company, as a consequence of an event occurring no later than on the balance sheet date has a legal or constructive obligation and an outflow of economic benefits from the Company to settle the obligation is probable. Investment commitments where cash calls have not been made at the balance sheet date are disclosed in the notes.

Cash flow statement

The cash flow statement shows flow from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning of the year and the statement shows the cash position at the end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as profit/loss for the year adjusted for changes in working capital and non-cash operating items such as value adjustments. The working capital comprises current assets minus current liabilities - excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from and to property funds.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from and to the investors.

3.3

Accounting estimates and judgements

The determination of the carrying amount of property funds and liabilities requires judgements, estimates and assumptions concerning future events.

The estimates and assumptions made are based on fair value calculations from property funds, historical experiences and other factors judged by Management to be reliable in the circumstances, but which by nature are associated with uncertainty and unpredictability.

The assumptions made may prove incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore the Company is subject to risks and uncertainties, which may lead to actual results differing from the estimates. Particular risks for Sparinvest Properties Fund K/S are mentioned in the Management's review.

It may be necessary to change previously made estimates as a consequence of changes in the circumstances on which the previous estimates were based or due to new knowledge or subsequent events.

Estimates essential to the financial reporting comprise for example determination of the value of the underlying investments in foreign property funds. Because of the measurement principles used the calculation of fair value will be subject to uncertainty.

4 Financial statements for 1 October 2015 - 30 September 2016

4.1 Income statement

Note	DKK 1.000	Group		Parent company	
		2015/2016	2014/2015	2015/2016	2014/2015
1	Fair value adjustment of properties and liabilities	-39,738	88,603	-14,922	18,792
2	Net operating income from properties	146,399	161,278	48,956	53,597
		106,661	249,881	34,034	72,389
3	Administrative expenses	10,307	11,842	4,640	4,797
	Operating profit	96,354	238,039	29,394	67,592
6	Profit from group enterprises	0	0	77,363	364,414
4	Financial income	191,809	234,688	25,578	39,105
5	Financial expenses	181,973	10,540	26,147	8,924
	Profit for the year	106,189	462,188	106,189	462,188
Proposed distribution of the profit for the year					
	Dividend to limited partners	144,193	351,420	144,193	351,420
	Retained earnings	-38,004	110,768	-38,004	110,768
	Reserve for net revaluation according to the equity method	0	0	0	0
	Total distribution	106,189	462,188	106,189	462,188

4.2 Balance sheet

Note	DKK 1.000	Group		Parent company	
		30. sep. 2016	30. sep. 2015	30. sep. 2016	30. sep. 2015
Assets					
Non-current assets Investments					
6	Investments in subsidiaries	0	0	1,397,973	1,320,614
7	Investments in foreign property funds	910,159	1,640,025	159,080	467,080
8	Loan for foreign property funds	0	114,770	0	0
Total investments		910,159	1,754,795	1,557,053	1,787,694
Total non-current assets		910,159	1,754,795	1,557,053	1,787,694
Current assets					
	Other receivables	126,727	30,528	451	1,291
	Cash at bank and in hand	233,130	7,473	26,700	3,629
Total current assets		359,857	38,001	27,151	4,920
Total assets		1,270,018	1,792,796	1,584,204	1,792,615

Note	DKK 1.000	Group		Parent company	
		30. sep. 2016	30. sep. 2015	30. sep. 2016	30. sep. 2015
	Equity and liabilities				
9	Equity				
	Investments by limited partners	3,183,539	3,183,539	3,183,539	3,183,539
	Retained earnings	-1,915,492	-1,392,170	-1,915,492	-1,392,170
	Total equity	1,268,047	1,791,369	1,268,047	1,791,369
	Liabilities				
	Non-current liabilities				
	Loan general partners (mature 1 - 5 years)	252	252	126	126
	Total non-current liabilities	252	252	126	126
	Current liabilities				
	Other payables	1,720	1,175	316,031	1,120
	Total current liabilities	1,720	1,175	316,031	1,120
	Total liabilities	1,972	1,427	316,157	1,246
	Total equity and liabilities	1,270,018	1,792,796	1,584,204	1,792,615

Note

- 10 Contingent assets, liabilities and security
- 11 Related parties
- 12 Currency and interest rate risks and use of derivative financial instruments
- 13 Events after the balance sheet date
- 14 Exemption from filing requirements

4.3 Cash flow statement

Group

DKK 1.000	2015/2016	2014/2015
Profit	106,189	462,188
Adjustment for non-cash operating items		
Value adjustment of property funds	-228,588	-307,297
Unrealised exchange adjustments of property funds	111,147	-165,493
Cash flow from operating activities before changes in working capital	-11,252	-10,602
Changes in working capital		
Changes in receivables	-96,200	-12,001
Changes in current liabilities	545	636
Cash flow from operating activities	-106,907	-21,967
Acquisition of investments in property funds	0	-1,392
Loan for foreign property funds	93,945	13,744
Disposal of investments in property funds, net	593,684	550,803
Distribution from property funds	274,447	218,693
Cash flow from investing activities	962,076	781,848
External financing		
Investments by limited partners	0	0
Exits to limited partners	-485,318	-465,418
Dividend to limited partners	-144,193	-351,420
Cash flow from financing activities	-629,511	-816,838
Net cash flows from operating, investing and financing activities	225,657	-56,956
Cash and cash equivalents at 1 October	7,473	64,429
Net cash flows from operating, investing and financing activities	225,657	-56,956
Cash and cash equivalents at 30 September	233,130	7,473

5 Notes

Note	DKK 1.000	Group		Parent company	
		2015/2016	2014/2015	2015/2016	2014/2015
1	Fair value adjustment of properties and liabilities				
	The Mall Unit Trust	0	-1,935	0	-1,935
	UBS (Lux) Euro Value Added Real Estate Fund	-1,125	8,649	-1,125	8,649
	RREEF II America REIT II Inc.	3,332	44,959	0	0
	daVinci Japan Real Estate Partners IV	-3	315	0	0
	Principal Enhanced Property Fund	27,990	13,371	0	0
	IRUS European Retail Property Fund	0	50,454	0	50,454
	Goodmann European Logistics Fund	9,947	8,608	9,947	8,608
	CBRE Asia Retail Fund Limited	0	0	0	0
	Alpha Asia Macro Trends Fund Private Limited	-3,388	2,289	-3,388	2,289
	Hines U.S. Core Office Fund	-24,754	11,660	0	0
	Phillips Edison Shopping Center Fund IV	0	-161	0	0
	AvalonBay Value Added Fund II, LP	-31,381	-333	0	0
	German Shopping Centre Fund	0	-45,315	0	-45,315
	Legal & General UK Property Income Fund	-20,356	-3,958	-20,356	-3,958
	Fair value adjustment of properties and liabilities	-39,738	88,603	-14,922	18,792
2	Net operating income from properties				
	The Mall Unit Trust	0	0	0	0
	UBS (Lux) Euro Value Added Real Estate Fund	1,308	224	1,308	224
	RREEF II America REIT II Inc.	38,420	16,548	0	0
	daVinci Japan Real Estate Partners IV	0	0	0	0
	Principal Enhanced Property Fund	20,089	28,036	0	0
	IRUS European Retail Property Fund	0	13,594	0	13,594
	Goodmann European Logistics Fund	11,532	12,620	11,532	12,620
	CBRE Asia Retail Fund Limited	0	0	0	0
	Alpha Asia Macro Trends Fund Private Limited	6,911	7,031	6,911	7,031
	Hines U.S. Core Office Fund	6,896	18,178	0	0
	Phillips Edison Shopping Center Fund IV	585	568	0	0
	AvalonBay Value Added Fund II, LP	31,452	44,351	0	0
	German Shopping Centre Fund	0	0	0	0
	Legal & General UK Property Income Fund	29,205	20,128	29,205	20,128
	Total net operating income from properties	146,399	161,278	48,956	53,597

Note	DKK 1.000	Group		Parent company	
		2015/2016	2014/2015	2015/2016	2014/2015
3	Administrative expenses				
	Management fee Sparinvest Property Investors A/S	8,270	11,154	3,264	4,462
	Administrative expenses	1,077	440	416	187
	Success fee	961	248	961	248
	Total administrative expenses	10,307	11,842	4,640	4,797
	No persons are employed in the company				
	Fees for auditors appointed by the annual general meeting				
	Total fee for EY (incl. VAT)	264	293	168	34
	Specified as follows:				
	Audit	116	169	46	20
	Other assistance	148	124	122	14
		264	293	168	3
	All administrative expenses are allocated between the parent company and the subsidiary according to commitments in the property funds.				
	Management remuneration is settled through the fee to the General Partner amounting to DKK 150 thousand.				
4	Financial income				
	Unrealised foreign exchange gains, property funds	69,272	167,059	7,711	24,919
	Realised foreign exchange gains, property funds	122,490	64,468	17,820	12,477
	Other foreign exchange gains	47	3,161	47	1,709
	Total financial income	191,809	234,688	25,578	39,105
5	Financial expenses				
	Interest losses	139	136	103	136
	Financial expenses general partner	101	101	51	51
	Unrealised foreign exchange losses, property funds	180,419	1,566	24,952	0
	Realised foreign exchange losses, property funds	563	7,052	513	7,052
	Other foreign exchange losses	751	1,685	528	1,685
	Total financial expenses	181,973	10,540	26,147	8,924

Note	DKK 1.000	Group		Parent company	
		2015/2016	2014/2015	2015/2016	2014/2015
6	Investments in subsidiaries				
	Acquisition cost at the beginning of the year	0	0	1,577,334	1,505,763
	Additions during the year	0	0	0	71,571
	Disposals during the year	0	0	0	0
	Acquisition cost at year end	0	0	1,577,334	1,577,334
	Value adjustments at the beginning of the year	0	0	-256,720	-329,167
	Profit for the year	0	0	77,363	364,414
	Distributed from the profit for the year	0	0	0	-291,967
	Value adjustments at year end	0	0	-179,358	-256,720
	Carrying amount at 30 September	0	0	1,397,973	1,320,614

Investments in subsidiaries regard the 100% ownership in Sparinvest Property US K/S 1. Sparinvest Property US K/S 1 has place of residence in Hellerup.

Note	DKK 1.000	Group		Parent company	
		2015/2016	2014/2015	2015/2016	2014/2015
7	Foreign property funds				
	Acquisition cost at the beginning of the year	1,917,721	2,640,868	742,889	1,395,110
	Additions during the year	0	1,392	0	1,392
	Disposals during the year	-593,684	-724,539	-269,716	-653,612
	Acquisition cost at year end	1,324,038	1,917,721	473,173	742,889
	Value adjustments at the beginning of the year	-277,696	-693,013	-275,809	-497,432
	Value adjustments	138,266	634,010	34,101	280,645
	Distribution from property funds	-274,447	-218,693	-72,385	-59,022
	Value adjustments at year end	-413,878	-277,696	-314,093	-275,809
	Carrying amount at 30 September	910,159	1,640,025	159,080	467,080
7	Value adjustments are specified as follows:				
	Fair value adjustments of properties and liabilities	-39,738	88,603	-14,922	18,792
	Net operating income from properties	146,399	161,278	48,956	53,597
	Realised foreign exchange adjustments, property funds	121,927	57,415	17,307	5,425
	Realised value adjustments, property funds	0	173,735	0	177,912
	Unrealised foreign exchange gains, property funds	69,272	154,544	7,711	24,919
	Unrealised foreign exchange losses, property funds	-159,594	-1,566	-24,952	0
	Total value adjustments	138,266	634,010	34,101	280,645

Foreign property funds:

Name	Region	Group		Parent company	
		Carrying amount at 30/9 2016	Ownership share	Carrying amount at 30/9 2016	Ownership interest
UBS (LUX) Euro Value Added Real Estate	Europa	30,699	10.7%	30,699	10.7%
RREEF America REIT II, Inc.	USA	361,357	0.9%	0	0%
Principal Enhanced Property Fund, LP	USA	240,985	4.3%	0	0%
Hines U.S. Core Office Fund	USA	74,138	3.4%	0	0%
Alpha Asia Macro Trends Fund Private Ltd	Asien	127,515	2.1%	127,515	2,1%
AvalonBay Value Added Fund II, LP	USA	74,599	10.0%	0	0%
Legal&General UK Property Income Fund	England	865	8.5%	865	8.5%
Total		910,159		159,080	

Note	DKK 1.000	Group		Parent company	
		2015/2016	2014/2015	2015/2016	2014/2015
8	Loan for foreign property funds				
	Loan at the beginning of the year	93,945	107,689	0	0
	Loan during the year	0	0	0	0
	Payment during the period	93,945	13,744	0	0
	Loan at the end of the year	0	93,945	0	0
	Value adjustments at the beginning of the year	20,825	8,310	0	0
	Value adjustments	-20,825	12,515	0	0
	Value adjustments at year end	0	20,825	0	0
	Carrying amount at 30 September	0	114,770	0	0
8	Value adjustments are specified as follows:				
	Unrealised foreign exchange gains, loan for property funds	0	12,515	0	0
	Unrealised foreign exchange losses, loan for property funds	20,825	0	0	0
	Total value adjustments	-20,825	12,515	0	0

Note	DKK 1.000	Group		Parent company	
		2015/2016	2014/2015	2015/2016	2014/2015
9	Equity				
	The Company's equity capital				
	Equity called at the beginning of the year	3,183,539	3,183,539	3,183,539	3,183,539
	Equity called during the period	0	0	0	0
		3,183,539	3,183,539	3,183,539	3,183,539
	Reserve for net revaluation according to the equity method				
	Reserve for net revaluation according to the equity method at the beginning of the period	0	0	0	0
	Transferred according to distribution of the profit	0	0	0	0
		0	0	0	0
	Retained earnings				
	Retained earnings at the beginning of the period	-1,392,170	-1,037,520	-1,392,170	-1,037,520
	Distributions, exits in foreign property funds	-485,318	-465,418	-485,318	-465,418
	Transferred according to distribution of the profit	-38,004	110,768	-38,004	110,768
	Total retained earnings	-1,915,492	-1,392,170	-1,915,492	-1,392,170
	Total equity	1,268,047	1,791,369	1,268,047	1,791,369

The subscribed equity capital consists of 3,571 shares of DKK 1,000,000 each and is specified as follows:

Total subscribed equity capital	3.571.000
Equity called	-3.183.539
Commitments for additional investments	387.461

The subscribed equity capital hasn't changed during the last 5 years.

Limited partners holding more than 5% of the subscribed capital:

Sparinvest Foreign Properties Ltd

SEB Pensionsforsikring A/S - Property Pool

MP Pension

PFA Pension

Pen-Sam Liv forsikringsaktieselskab

Juristernes og Økonomernes Pensionskasse

Lægernes Pensionskasse

AP Pension

10 Contingent assets, liabilities and security

Group

Million Fund	Commitment		Residual commitment	
	Currency	DKK	Currency	DKK
daVinci Japan real Estate Partners IV	JPY 3.751,3	181.7	JPY 226,8	12.7
AvalonBay Value Added Fund II	USD 33,9	169.8	USD 4,4	29.2
Legal & General UK Property Income Fund	GBP 13,7	81.7	GBP 0,8	7.7
Total		433.2		49.6

Parent company

Million Fund	Commitment		Residual commitment	
	Currency	DKK	Currency	DKK
Legal & General UK Property Income Fund	GBP 13.7	81.7	GBP 0.8	7.7
Total		81.7		7.7

11 Related parties

Sparinvest Property Fund K/S has the following related parties exercising control:

BMK 1 ApS, registration no. 29 24 51 50 is general partner in Sparinvest Property Fund K/S. As general partner the company has the general management responsibility for Sparinvest Property Fund K/S. However, a management agreement with a management company was entered when founding Sparinvest Property Fund K/S, see below. As general partner BMK 1 ApS receives a fixed fee of DKK 100 thousand and a return on loan capital. Transactions have been made on an arm's length basis.

On behalf of BMK 1 ApS, Sparinvest Property Investors A/S, registration no. 28 33 08 04 has entered into an agreement with Sparinvest Property Fund K/S on management of Sparinvest Property Fund K/S. As management company Sparinvest Property Investors A/S receives a fee calculated as a percentage of obtained commitments to invest in foreign property funds. Transactions have been made on an arm's length basis. No other transactions between Sparinvest Property Fund K/S and Sparinvest Property Investors A/S have taken place.

BMK 2 ApS, registration no. 29 91 87 59, is general partner in Sparinvest US K/S 1. As general partner the company has the general management responsibility for Sparinvest Property US K/S 1. As general partner BMK 2 ApS receives a return on loan capital. Transactions have been made on an arm's length basis.

BMK Holding ApS, registration no. 29 24 30 34, is parent company for the general partnership BMK 1 ApS and owns 30% of the share capital in Sparinvest Property Investors A/S. No transactions between the companies have taken place during the financial year.

Investor Board and partners

The Company's Investor Board does not receive any fees. The partners receive fees from the administration company in accordance with the administration agreement made with the management company.

Other related parties

The Company's other related parties comprise Group Sparinvest. No transactions between the companies have taken place during the financial year.

The Company's other related parties comprise the owners of BMK Holding ApS and SPF III GP ApS. These are BWJ Holding ApS, registration no. 28 48 79 32, MR ApS, registration no. 28 70 16 67 and KDJ ApS, registration no. 28 70 10 04, who hold equal shares of the capital in BMK Holding ApS and SomeCapital OY tho besides the 3 mentioned is co-owner of SPF III GP ApS. In addition also the Groups with Sparinvest Property Fund II K/S, CVR nr. 32 47 15 60 and Sparinvest Property Fund III K/S, CVR nr. 35 38 37 19 as mothercompanies. No transactions between the companies have taken place during the financial year.

12 Currency and interest rate risks and use of derivative financial instruments

As a consequence of its operating activities, investments and financing activities the Company is exposed to changes in foreign exchange rates and the level of interest rates. Company policy is not to hedge against the exposure to financial risks. This hedging is made independently by the Company's investors. However, active speculation in financial risks is not made. The Company's financial management is only directed at management of those financial risks arising as a consequence of the Company's operating activities.

13 Events after the balance sheet date

No significant events have occurred after 30 September 2016.

14 Exemption from filing requirements

Pursuant to section 5(1) of the Danish Financial Statements Act, no annual report for the subsidiary Sparinvest Property US K/S 1 has been prepared.