

Sparinvest Property Fund II K/S

CVR-no. 32 47 15 60

Annual report

1 October 2015 - 30 September 2016

7th financial year

Approved at the annual general meeting on 25 January 2017

A handwritten signature in blue ink, consisting of two distinct parts, is written over a horizontal line. The signature is stylized and appears to be 'M. L. Jensen'.

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 II K/S for 2015/16.

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 as of 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 its financial position.

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

Hellerup, 1 December 2016

Komplementarselskab BMK 3 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 II 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 II 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 the Group's 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' judgement, 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 opinion.

Our audit has not resulted in any qualification.

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 the Group's 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 further 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 no. 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 II K/S

Strandvejen 102E, 4. sal

DK-2900 Hellerup

Telephone: + 45 36 34 75 00

Fax: + 45 36 34 75 99

Registration no.: 32 47 15 60

Established: 1 October 2009

Registered office: Hellerup

Financial year: 1 October - 30 September

Bank: Nykredit Bank

Investor Board

Daniel Voss

Nikolaj Stampe

Helle Ærendahl Heldbo

Bo Terkelsen

Signe Krog

Niels Mazanti

Management

Komplementarselskab BMK 3 ApS, Strandvejen 102E, 4.sal, 2900 Hellerup v/

Managing Partner Bo W. Jensen

Senior Partner Kresten D. Juellner

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 II K/S's business concept is investment in and management of indirect investments in foreign property via international partners.

As of 30. September 2016 Sparinvest Property Fund II K/S has given commitments to 15 property investments and the following diversification has been obtained on the three geographic regions, measured as commitments including the effect of gearing:

| Region | Current investment volume based on actual gross asset value in the portfolio investments |
|----------|--|
| Europe | 31,7% |
| Americas | 22,9% |
| Asia | 45,4% |

Similarly, the following diversification on property sectors has been obtained based on the current restrictions stated below:

| Property segment | Current investment volume based on actual gross asset value in the portfolio investments |
|------------------|--|
| Retail | 31,0% |
| Office | 31,2% |
| Logistics | 10,7% |
| Residential | 9,5% |
| Other | 17,7% |

2.2.2 *Long-term objectives*

The Fund's objectives are to generate an attractive total rate of return of 10-13%, of this 3-4% in dividend.

2.3 **The year at a glance**

Real estate is still attractive, and high demand for real estate benefits our investments. In combination with low interest and slowly growing economies, the future looks bright for the fund.

Over the financial year of the fund, SPF II generated a total return of EUR 6.460 million, equal to 4.3%.

The currency adjustment amount to EUR -0,2 thousand.

2.3.1 ***Operating activities***

In the financial year 2015/16 the Group generated a positive operating profit of EUR 6,752 thousand. The profit after foreign exchange adjustments and financial expenses is positive EUR 6,460 thousand.

Administrative expenses for the year and fees to the auditors appointed by the annual general meeting amount to EUR 775 thousand.

Financial income for the year totals EUR 11,700 thousand, whereas the financial expenses including foreign exchange losses amount to EUR 11,991 thousand.

2.3.2 ***Financing***

In the financial year the investors in the Group have made capital injections (cash calls) of EUR 20.4 million. The Investors have received exit distributions of EUR 80.916 million.

Limited partner's committed capital is EUR 200.4 million. Undrawn capital is EUR 27.823 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 15 different investments.

At the end of the financial year the total commitments to investments amounted to EUR 113.5 million, equivalent to 56.6% of total commitments. The net investments made (cash calls) are total EUR 97.4 million or approx 49%.

2.3.4 ***Parent company***

In the financial year 2015/2016 the parent company generated a positive operating profit of EUR 3,138 thousand. The profit after foreign exchange adjustments, financial income and financial expenses is positive EUR 6,460 Thousand.

Administrative expenses for the year and fees to the auditors appointed by the annual general meeting amount to EUR 782 thousand.

Financial income for the year totals EUR 13,749 thousand, whereas the financial expenses including foreign exchange losses amount to EUR 1,425 thousand.

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

Investments in property investments 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.

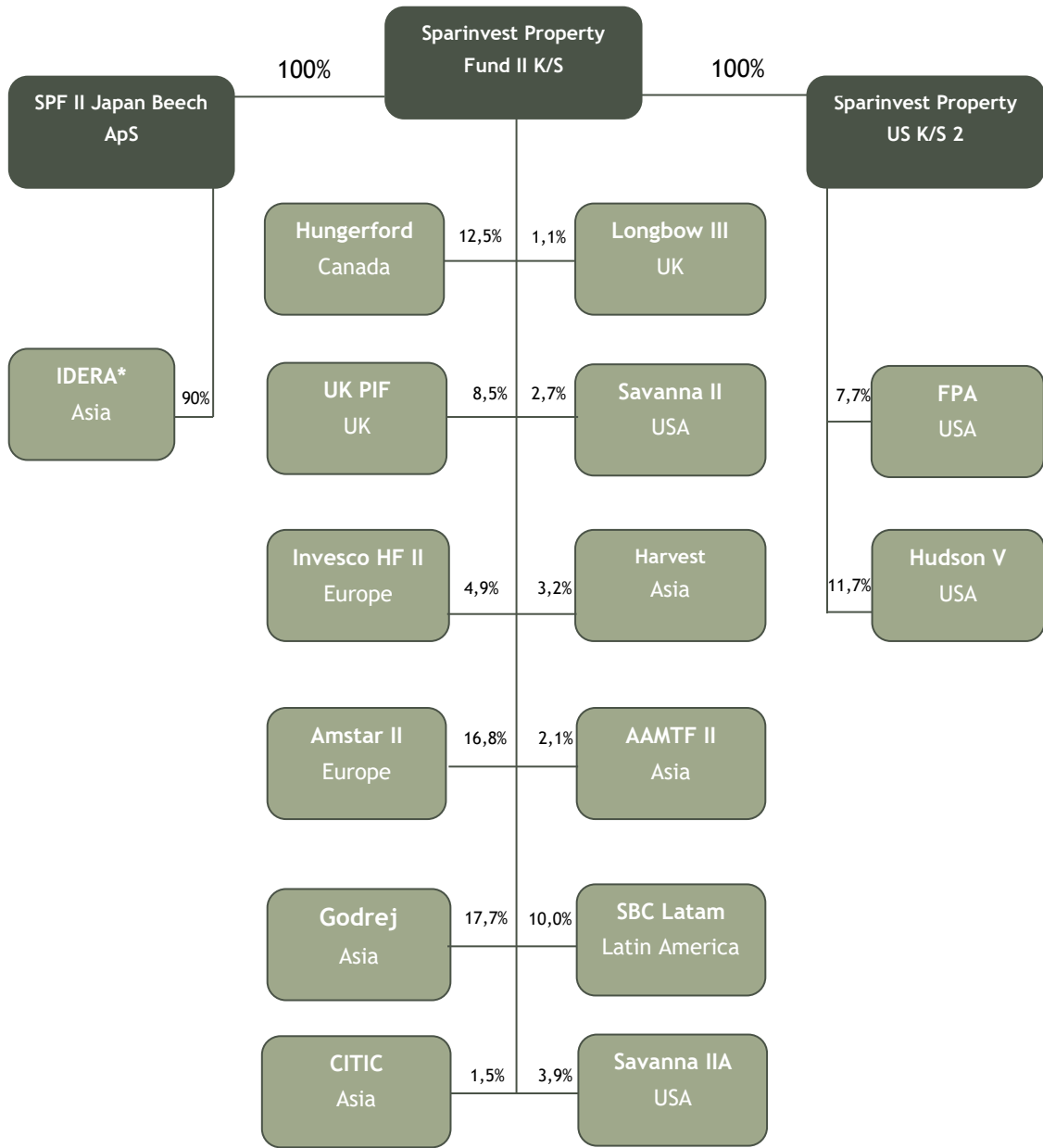
2.3.6 ***Events after the balance sheet date***

No significant events have occurred after the balance sheet date.

2.3.7 ***Outlook***

Going forward we expect satisfying performance as the investments in the fund is doing fine. Our expectations for the coming financial year is a total return of 9-10% before currency. The fund will continue to pay back capital to investors in the coming financial year.

Investments



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

*The Company has no deciding or significant influence.

2.5 Financial highlights

| EUR 1.000 | 30.09.2016 (Group) | 30.09.2015 (Group) | 30.09.2014 (Group) | 30.09.2013 (Group) | 30.09.2012 (Group) |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Fair value adjustment of properties and liabilities | -23,130 | 8,814 | 17,345 | 14,414 | 1,151 |
| Net operating income from properties | 30,657 | 10,504 | 10,007 | 7,428 | 4,668 |
| Operating profit | 6,752 | 18,536 | 26,533 | 20,803 | 4,713 |
| Profit/loss from financial income and expenses | -291 | 12,324 | 5,862 | -4,905 | 1,997 |
| Profit for the year | 6,460 | 30,860 | 32,396 | 15,898 | 6,709 |
| Investments | 125,076 | 179,474 | 167,422 | 135,202 | 89,944 |
| Total assets | 131,293 | 186,867 | 169,784 | 139,494 | 91,016 |
| Cash calls from limited partners | 172,577 | 152,537 | 130,180 | 120,160 | 80,080 |
| Equity called during the period | 20,040 | 22,357 | 10,020 | 40,080 | 40,000 |
| Total equity | 131,207 | 186,816 | 168,695 | 139,417 | 88,274 |
| Non-current liabilities | 28 | 28 | 28 | 28 | 28 |
| Current liabilities | 58 | 23 | 1,061 | 49 | 26 |
| Cash flows from operating activities | 210 | -792 | -2,141 | -3,207 | 794 |
| Net cash flows from investing activities | 61,682 | 19,743 | 1,280 | -28,109 | -43,625 |
| Cash flows from financing activities | -62,070 | -12,739 | -3,119 | 35,245 | 37,950 |
| Total cash flows | -179 | 6,211 | -3,979 | 3,929 | -4,881 |
| Weighted rate of return in %* | 4.3 | 18.2 | 21.2 | 14.6 | 11.0 |
| Price for Sparinvest Property Fund K/S | 126.0 | 149.8 | 133.2 | 114.1 | 107.1 |
| DPI | 0.78 | 0.34 | 0.15 | 0.05 | 0.04 |
| TVPI | 1.54 | 1.57 | 1.43 | 1.20 | 1.10 |

**(Profit for the year/weighted investment in property investments)*

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 investments no investments are made in investments with gearing - the proportion between liabilities and assets - exceeding 70%. In total the gearing for all property investments may not exceed 60%. The current gearing in the investments made in foreign property investments is 40.6%. Accordingly, the financial risk is assessed as moderate.

Foreign exchange risks

The Company makes investments in foreign property investments 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 investments using a systematized selection method involving external consultants, when necessary. When selecting investments, the personal knowledge and competence of the partners are decisive. 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 II 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 value 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 investments 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 EUR, 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

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

On initial recognition investments in property investments are translated to EUR at the exchange rates at the transaction date. Subsequent fair value adjustments of property investments are recognised in the income statement 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 investments and other items.

Receivables, payables and other monetary items denominated in foreign currencies are translated to EUR 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 investments 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 II 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.

Administrative expenses

Administrative expenses comprise expenses for management fee to Sparinvest Property Investors II A/S, transaction costs in connection to investment, 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.

Financial income and expenses

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

Tax on profit/loss for the year

Sparinvest Property Fund II 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 investments is charged directly to the Company's investors.

3.2

Balance sheet

Investments in foreign property investments

On initial recognition investments in property investments 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. Liabilities in property investments 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 investments 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.

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 investments.

Cash flows from financing activities

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

Accounting estimates and judgements

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

The estimates and assumptions made are based on fair value calculations from property investments, 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 II 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 investments. 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 | EUR 1.000 | Group | | Parent company | |
|---|---|--------------|---------------|----------------|---------------|
| | | 2015/2016 | 2014/2015 | 2015/2016 | 2014/2015 |
| 1 | Fair value adjustment of properties and liabilities | -23,130 | 8,814 | -4,617 | 2,745 |
| 2 | Net operating income from properties | 30,657 | 10,504 | 8,342 | 6,403 |
| | | 7,527 | 19,318 | 3,725 | 9,148 |
| 3 | Administrative expenses | 775 | 782 | 587 | 623 |
| | Operating profit | 6,752 | 18,536 | 3,138 | 8,525 |
| 6 | Profit from group enterprises | 0 | 0 | 5,242 | 15,102 |
| 4 | Financial income | 11,700 | 13,749 | 6,554 | 8,907 |
| 5 | Financial expenses | 11,991 | 1,425 | 8,474 | 1,675 |
| | Profit for the year | 6,460 | 30,860 | 6,460 | 30,860 |
| Proposed distribution of the profit for the year | | | | | |
| | Dividend to limited partners | 29,046 | 10,754 | 29,046 | 10,754 |
| | Retained earnings | -22,586 | 20,107 | -27,828 | 5,004 |
| | Reserve for net revaluation, the equity method | 0 | 0 | 5,242 | 15,102 |
| | Total distribution | 6,460 | 30,860 | 6,460 | 30,860 |

4.2

Balance sheet

| Note | EUR 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 | 17,499 | 42,623 |
| 7 | Foreign property investments | 100,577 | 161,265 | 93,986 | 116,488 |
| 8 | Loan for foreign property investments | 24,499 | 18,209 | 24,499 | 18,209 |
| | Loan for subsidiaries | 0 | 0 | 0 | 0 |
| | Total investments | 125,076 | 179,474 | 135,984 | 177,320 |
| | Total non-current assets | 125,076 | 179,474 | 135,984 | 177,320 |
| | Receivables in subsidiaries | 0 | 0 | 0 | 2,595 |
| | Other receivables | 227 | 1,226 | 191 | 774 |
| | Cash at bank and in hand | 5,987 | 6,166 | 4,458 | 6,166 |
| | Total current assets | 6,217 | 7,392 | 4,649 | 9,535 |
| | Total assets | 131,293 | 186,867 | 140,633 | 186,855 |

| Note | EUR 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 | 172,577 | 152,537 | 172,577 | 152,537 |
| | Reserve for net revaluation according to the equity method | 0 | 0 | 34,779 | 29,537 |
| | Retained earnings | -41,370 | 34,280 | -76,150 | 4,742 |
| | Total equity | 131,207 | 186,816 | 131,207 | 186,816 |
| Liabilities | | | | | |
| Non-current liabilities | | | | | |
| | Loan general partners (mature after 5 years) | 28 | 28 | 17 | 17 |
| | Total non-current liabilities | 28 | 28 | 17 | 17 |
| Current liabilities | | | | | |
| | Other payables | 58 | 23 | 9,409 | 23 |
| | Total current liabilities | 58 | 23 | 9,409 | 23 |
| | Total liabilities | 86 | 51 | 9,426 | 40 |
| | Total equity and liabilities | 131,293 | 186,867 | 140,633 | 186,855 |

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

| EUR 1.000 | 2015/2016 | 2014/2015 |
|--|----------------|----------------|
| Profit | 6,460 | 30,860 |
| Adjustment for non-cash operating items | | |
| Value adjustment of property investments | -12,708 | -24,434 |
| Unrealised exchange adjustments of property investments | 5,424 | -7,361 |
| Cash flow from operating activities before changes in working capital | -824 | -935 |
| Changes in working capital | | |
| Changes in receivables | 999 | 196 |
| Changes in current liabilities | 35 | -53 |
| Cash flow from operating activities | 210 | -792 |
| Acquisition of investments in property investments | -7,413 | -13,794 |
| Loan for foreign property investments | -293 | -8,350 |
| Disposal of investments in property investments | 33,549 | 26,267 |
| Distribution from property investments | 35,840 | 15,620 |
| Cash flow from investing activities | 61,682 | 19,743 |
| External financing | | |
| Investments by limited partners | 20,040 | 22,357 |
| Exits to limited partners | -53,064 | -24,342 |
| Dividend to limited partners | -29,046 | -10,754 |
| Cash flow from financing activities | -62,070 | -12,739 |
| Net cash flows from operating, investing and financing activities | -179 | 6,211 |
| Cash and cash equivalents at 1 October | 6,166 | -45 |
| Net cash flows from operating, investing and financing activities | -179 | 6,211 |
| Cash and cash equivalents at 30 September | 5,987 | 6,166 |

5 Notes

| Note | EUR 1.000 | Group | | Parent company | |
|----------|--|----------------|---------------|----------------|--------------|
| | | 2015/2016 | 2014/2015 | 2015/2016 | 2014/2015 |
| 1 | Fair value adjustment of properties and liabilities | | | | |
| | Legal & General UK Property Income Geared Fund, LP | -2,725 | -535 | -2,725 | -535 |
| | Savanna Real Estate (PIV) Fund I, LP | -228 | -507 | -228 | -507 |
| | CR China Retail Real Estate Development Fund | -970 | -2,524 | -970 | -2,524 |
| | FPA Apartment Opportunity Fund | -7,371 | 3,740 | 0 | 0 |
| | Invesco European Hotel Real Estate Fund II | 869 | -136 | 869 | -136 |
| | Alpha Asia Macro Trends Fund II | 1,309 | 848 | 1,309 | 848 |
| | Hudson Realty Capital Fund V | -2,751 | -874 | 0 | 0 |
| | Amstar Global Property Fund II | -161 | 1,790 | -161 | 1,790 |
| | Godrej Residential Partnership | 1,347 | 2,976 | 1,347 | 2,976 |
| | SBC Latin America Housing Fund | -85 | -631 | -85 | -631 |
| | Hungerford Properties Opportunities Fund | -4,205 | 1,164 | -4,205 | 1,164 |
| | Savanna IIA | 612 | 534 | 612 | 534 |
| | Longbow UK Real Estate Debt Investments III | -8 | 3 | -8 | 3 |
| | CITIC Capital China Retail Fund | -372 | -237 | -372 | -237 |
| | Idera Residential Partnership | -8,391 | 3,201 | 0 | 0 |
| | Fair value adjustment of properties and liabilities | -23,130 | 8,814 | -4,617 | 2,745 |
| 2 | Net operating income from properties | | | | |
| | Legal & General UK Property Income Geared | 3,944 | 2,718 | 3,944 | 2,718 |
| | Savanna Real Estate (PIV) Fund I, LP | 306 | 1,381 | 306 | 1,381 |
| | CR China Retail Real Estate Development Fund | 0 | 0 | 0 | 0 |
| | FPA Apartment Opportunity Fund | 5,737 | 760 | 0 | 0 |
| | Invesco European Hotel Real Estate Fund II | 914 | 686 | 914 | 686 |
| | Alpha Asia Macro Trends Fund II | 1,798 | 10 | 1,798 | 10 |
| | Hudson Realty Capital Fund V | 3,078 | 1,912 | 0 | 0 |
| | Amstar Global Property Fund II | 118 | 118 | 118 | 118 |
| | Godrej Residential Partnership | 0 | 138 | 0 | 138 |
| | SBC Latin America Housing Fund | 436 | 467 | 436 | 467 |
| | Hungerford Properties Opportunities Fund | 27 | 97 | 27 | 97 |
| | Savanna IIA | 0 | 0 | 0 | 0 |
| | Longbow UK Real Estate Debt Investments III | 799 | 788 | 799 | 788 |
| | CITIC Capital China Retail Fund | 0 | 0 | 0 | 0 |
| | Idera Residential Partnership | 13,500 | 1,430 | 0 | 0 |
| | Total net operating income from properties | 30,657 | 10,504 | 8,342 | 6,403 |

| Note | EUR 1.000 | Group | | Parent company | |
|------|--|------------|------------|----------------|------------|
| | | 2015/2016 | 2014/2015 | 2015/2016 | 2014/2015 |
| 3 | Administrative expenses | | | | |
| | Management fee Sparinvest Property Investors II A/S | 601 | 686 | 485 | 540 |
| | Administrative expenses | 173 | 96 | 102 | 83 |
| | Total administrative expenses | 775 | 782 | 587 | 623 |
| | No persons are employed in the company | | | | |
| | Fees for auditors appointed by the annual general meeting | | | | |
| | Total fee for EY (incl. VAT) | 33 | 20 | 29 | 15 |
| | Specified as follows: | | | | |
| | Audit | 17 | 19 | 13 | 15 |
| | Other assistance | 16 | 1 | 16 | 0 |
| | Total | 33 | 20 | 29 | 15 |

Management remuneration is settled through the fee to the General Partner amounting to EUR 27 thousand.

| Note | EUR 1.000 | Group | | Parent company | |
|------|--|---------------|---------------|----------------|--------------|
| | | 2015/2016 | 2014/2015 | 2015/2016 | 2014/2015 |
| 4 | Financial income | | | | |
| | Unrealised foreign exchange gains, property investments | 6,132 | 8,480 | 3,922 | 5,547 |
| | Realised foreign exchange gains, property investments | 5,209 | 5,242 | 2,607 | 2,488 |
| | Other foreign exchange gains | 359 | 27 | 0 | 347 |
| | Interest income from subsidiaries | 0 | 0 | 25 | 525 |
| | Total financial income | 11,700 | 13,749 | 6,554 | 8,907 |
| 5 | Financial expenses | | | | |
| | Interest losses | 103 | 78 | 103 | 78 |
| | Financial expenses general partner | 11 | 11 | 7 | 7 |
| | Unrealised foreign exchange losses, property investments | 11,555 | 1,119 | 8,066 | 1,119 |
| | Realised foreign exchange losses, property investments | 30 | 126 | 17 | 3 |
| | Other foreign exchange losses | 292 | 91 | 281 | 468 |
| | Total financial expenses | 11,991 | 1,425 | 8,474 | 1,675 |

| Note | EUR 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 | 30,654 | 30,654 |
| | Additions during the year | 0 | 0 | 0 | 0 |
| | Disposals during the year | 0 | 0 | 14,160 | 0 |
| | Acquisition cost at year end | 0 | 0 | 16,494 | 30,654 |
| | Value adjustments at the beginning of the year | 0 | 0 | 11,969 | 9,325 |
| | Profit for the year | 0 | 0 | 5,242 | 15,102 |
| | Distributed from the profit for the year | 0 | 0 | -16,206 | -12,458 |
| | Value adjustments at year end | 0 | 0 | 1,005 | 11,969 |
| | Carrying amount at 30 September | 0 | 0 | 17,499 | 42,623 |

Investments in subsidiaries regards the 100% ownerships in Sparinvest Property US K/S 2 and SPF II Japan Beech ApS, both with place of residence in Hellerup.

| Note | EUR 1.000 | Group | | Parent company | |
|----------|--|----------------|----------------|----------------|----------------|
| | | 2015/2016 | 2014/2015 | 2015/2016 | 2014/2015 |
| 7 | Foreign property investments | | | | |
| | Acquisition cost at the beginning of the year | 99,831 | 116,387 | 73,775 | 76,485 |
| | Additions during the year | 7,413 | 16,364 | 7,413 | 16,364 |
| | Disposals during the year | -33,549 | -26,267 | -15,155 | -12,421 |
| | Acquisition cost at year end | 73,694 | 106,483 | 66,033 | 80,428 |
| | Value adjustments at the beginning of the year | 50,790 | 39,178 | 32,067 | 29,457 |
| | Value adjustments | 11,103 | 31,222 | 5,993 | 15,489 |
| | Distribution from property Fonds | -35,011 | -15,620 | -10,107 | -8,887 |
| | Value adjustments at year end | 26,883 | 54,781 | 27,953 | 36,059 |
| | Carrying amount at 30 September | 100,577 | 161,265 | 93,986 | 116,488 |

7 Value adjustments are specified as follows:

| | | | | |
|---|---------------|---------------|--------------|---------------|
| Fair value adjustments of properties and liabilities | -19,767 | 8,814 | -1,253 | 2,747 |
| Net operating income from properties | 29,836 | 10,504 | 7,521 | 6,402 |
| Realised foreign exchange adjustment property investments | 5,174 | 5,116 | 2,585 | 2,485 |
| Unrealised foreign exchange income, property investments | 5,365 | 7,908 | 3,155 | 4,975 |
| Unrealised foreign exchange losses, property investments | -9,505 | -1,119 | -6,015 | -1,119 |
| Total value adjustments | 11,103 | 31,222 | 5,993 | 15,489 |

Foreign property investments:

| Name | Region | Carrying amount at 30/9 2016 | Share |
|--|--------------|---------------------------------|-------|
| Legal & General UK Property Income Geared Fund, LP | Europa | 116 | 8,5% |
| Savanna Real Estate (PIV) Fund II, LP | USA | 85 | 2,7% |
| CR China Retail Real Estate Development Fund 1 | Asien | 8,508 | 3,2% |
| Invesco European Hotel Real Estate Fund II | Europa | 8,787 | 4,9% |
| Alpha Asia Macro Trends Fund II | Asien | 23,269 | 2,1% |
| Amstar Global Property Fund II | Europa | 18,491 | 16,8% |
| Godrej Residential Partnership | Asien | 9,800 | 17,7% |
| SBC Latin America Housing Fund | Latinamerika | 12,430 | 10,0% |
| Hungerford Properties Opportunities Fund | Canada | 1,866 | 12,5% |
| Longbow UK Real Estate Debt Investments III | Europa | 80 | 1,1% |
| Savanna Real Estate Fund IIA | USA | 5,485 | 3,9% |
| CITIC Capital China Retail Fund | Asien | 5,071 | 1,5% |
| Total Parent company | | 93,988 | |
| FPA Apartment Opportunity Fund | USA | 1,021 | 7,7% |
| Hudson Realty Capital Fund V | USA | 5,570 | 11,7% |
| Total Group | | 100,579 | |

| Note | EUR 1.000 | Group | | Parent company | |
|----------|--|---------------|---------------|----------------|---------------|
| | | 2015/2016 | 2014/2015 | 2015/2016 | 2014/2015 |
| 8 | Loan for foreign property investments | | | | |
| | Loan at the beginning of the year | 24,100 | 11,668 | 24,100 | 11,668 |
| | Loan during the year | 293 | 5,979 | 293 | 5,979 |
| | Payment during the period | 0 | 0 | 0 | 0 |
| | Loan at the end of the year | 24,393 | 17,448 | 24,393 | 17,448 |
| | Value adjustments at the beginning of the year | 4,753 | -389 | 4,753 | -389 |
| | Value adjustments | -3,819 | 578 | -3,819 | 578 |
| | Distribution from property Fonds | -829 | 0 | -829 | 0 |
| | Value adjustments at year end | 106 | 189 | 106 | 189 |
| | Carrying amount at 30 September | 24,499 | 11,857 | 24,499 | 11,857 |

8 Value adjustments are specified as follows:

| | | | | |
|---|---------------|------------|---------------|------------|
| Fair value adjustments, loan for property investments | -3,364 | 0 | -3,364 | 0 |
| Net operating income from properties | 821 | 0 | 821 | 0 |
| Realised foreign exchange adjustment, loans | 8 | 0 | 8 | 0 |
| Unrealised foreign exchange income, loans | 767 | 578 | 767 | 578 |
| Unrealised foreign exchange losses, loans | -2,051 | 0 | -2,051 | 0 |
| Total value adjustments | -3,819 | 578 | -3,819 | 578 |

| Note | EUR 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 | 152,537 | 130,180 | 152,537 | 130,180 |
| | Equity called during the period | 20,040 | 22,357 | 20,040 | 22,357 |
| | | 172,577 | 152,537 | 172,577 | 152,537 |
| | 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 | 29,537 | 14,435 |
| | Transferred according to distribution of the profit | 0 | 0 | 5,242 | 15,102 |
| | | 0 | 0 | 34,779 | 29,537 |
| | Retained earnings | | | | |
| | Retained earnings at the beginning of the period | 34,280 | 38,515 | 4,742 | 24,080 |
| | Distributions, exits in foreign property investments | -53,064 | -24,342 | -53,064 | -24,342 |
| | Transferred according to distribution of the profit | -22,586 | 20,107 | -27,828 | 5,004 |
| | Total retained earnings | -41,370 | 34,280 | -76,150 | 4,742 |
| | Total equity | 131,207 | 186,816 | 131,207 | 186,816 |

Allocated Carried Interest amounts at the balance sheet date to approx. 4,068 tEUR (2014/15: 4,180 tEUR). The amount would, in case of liquidation of the fund at balance date, be redistributed between A- and B- shares. Carried interest will only be relevant, in case it is earned over the total lifetime of the fund, and will in that case be paid in connection with liquidation of the fund.

The subscribed equity capital consists of 200.4 shares of EUR 1,000,000 each allocated to 199.7 A-shares and 0.7 B-shares. The subscribed equity is specified as follows:

| | |
|---|---------------|
| Total subscribed equity capital | 200,400 |
| Charged the limited partners | -2,317 |
| Equity called | -170,260 |
| Commitments for additional investments | 27,823 |

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

Pensam Liv Forsikringsaktieselskab
 Lærernes Pension Forsikringsaktieselskab
 Pensionskassen for Sygeplejersker og Lægesekretærer
 Pensionskassen for Socialrådgivere/-pædagoger og Kontorpersonale
 Pensionskassen for Sundhedsfaglige

10 Contingent assets, liabilities and security

| Million Fund | Commitment | | Residual commitment | |
|--|------------|-------------|---------------------|-------------|
| | Currency | EUR | Currency | EUR |
| Legal & General UK Property Income Geared Fund | GBP 0.8 | 0.9 | GBP 0.8 | 0.9 |
| CR China Retail Real Estate Development Fund 1 | CNY 61.7 | 7.1 | CNY 6.0 | 0.8 |
| Amstar Global Property Fund II | EUR 10.4 | 10.4 | EUR 1.1 | 1.1 |
| Godrej Residential Partnership | INR 1,375 | 18.9 | INR 555 | 7.5 |
| SBC Latin America Housing Fund | USD 13.1 | 10.4 | USD 0.6 | 0.5 |
| Hungerford Properties Opportunities Fund | CAD 14.6 | 10.3 | CAD 3.0 | 2.0 |
| Savanna Real Estate Fund IIA | USD 5.0 | 4.0 | USD 0.3 | 0.3 |
| CITIC Capital China Retail Fund | USD 10.0 | 8.5 | USD 3.3 | 2.9 |
| Total Parent company | | 70.5 | | 16.0 |
| FPA Apartment Opportunity Fund | USD 1.0 | 0.9 | USD 1.0 | 0.9 |
| Total | | 71.4 | | 16.9 |

10 Related parties

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

BMK 3 ApS, registration no. 32 46 89 26 is general partner in Sparinvest Property Fund II K/S. As general partner the company has the general management responsibility for Sparinvest Property Fund II K/S. However, a management agreement with a management company was entered when founding Sparinvest Property Fund II K/S, see below. As general partner BMK 3 ApS receives a fixed fee of EUR 20 thousand and a return on loan capital. Transactions have been made on an arm's length basis.

On behalf of BMK 3 ApS, Sparinvest Property Investors II A/S, registration no. 32 46 88 88 has entered into an agreement with Sparinvest Property Fund II K/S on management of Sparinvest Property Fund II K/S. As management company Sparinvest Property Investors II A/S receives a fee calculated as a percentage of obtained commitments to invest in foreign property investments. Transactions have been made on an arm's length basis. No other transactions between Sparinvest Property Fund II K/S and Sparinvest Property Investors II A/S have taken place.

BMK Holding ApS, registration no. 29 24 30 34, is parent company for the general partnership BMK 3 ApS and owns 30% of the share capital in Sparinvest Property Investors II 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 the Sparinvest Group. 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 who besides the 3 mentioned is co-owner of SPF III GP ApS. In addition also the Groups with Sparinvest Property Fund K/S CVR nr. 29 31 60 58, Sparinvest Property Fund III K/S, CVR nr. 35 38 37 19 and Sparinvest Property Fund IV K/S, CVR nr. 37 12 78 76 as mother companies. 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 2 has been prepared.