



PMM Global II K/ S

Strandvejen 102 E, 4., 2900 Hellerup

CVR no. 32 47 15 60

Annual report 2018/19

Approved at the Company's annual general meeting on 30 January 2020

Chairman:

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Mads Peter Grønkjær

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Independent auditor's report

To the limited partners of PMM Global II K/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of PMM Global II K/S for the financial year 1 October 2018 - 30 September 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 September 2019, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 October 2018 - 30 September 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities 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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 18 December 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Ole Karstensen
State Authorised Public Accountant
mne16615

Kaare K. Lendorf
State Authorised Public Accountant
mne33819

Management's review

Business review

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

Recognition and measurement uncertainties

Investments in associates and property investments are measured at fair value. The measurement includes accounting estimates and is, therefore, subject to uncertainty.

Long-term objectives

The Fund's long-term objective is to generate an attractive internal rate of return (IRR) of 11%–13% including approximately 3-4% in dividends from operating cash flow.

Financial review

Real estate fundamentals continue to be relatively healthy, especially in mature markets where leasing demands are significant and supply growth is relatively moderate.

Operating activities

In the financial year 2018/19, the Group generated a negative operating profit of EUR 4,268 thousand. Profit after foreign exchange adjustments and financial expenses was negative by EUR 840 thousand.

Financing

In the financial year, the investors in the Group made capital injections (cash calls) of EUR 343.11 thousand. The investors have received exit distributions of EUR 6.47 million.

The limited partners' committed capital totaled EUR 52.7 million. Undrawn capital amounted to EUR 23,815 thousand. There is not assessed to be any risk in connection with payment of the undrawn commitment.

Investments

At the end of the financial year, the Group has invested in fifteen different funds.

At the end of the financial year, total commitments to investments amounted to EUR 66.4 million, equivalent to 33.1% of total net commitments to the Fund.

Parent company

In the financial year 2018/19, the Parent Company generated a negative operating profit of EUR 4,276 thousand. Profit after foreign exchange adjustments, financial income and financial expenses was negative by EUR 840.

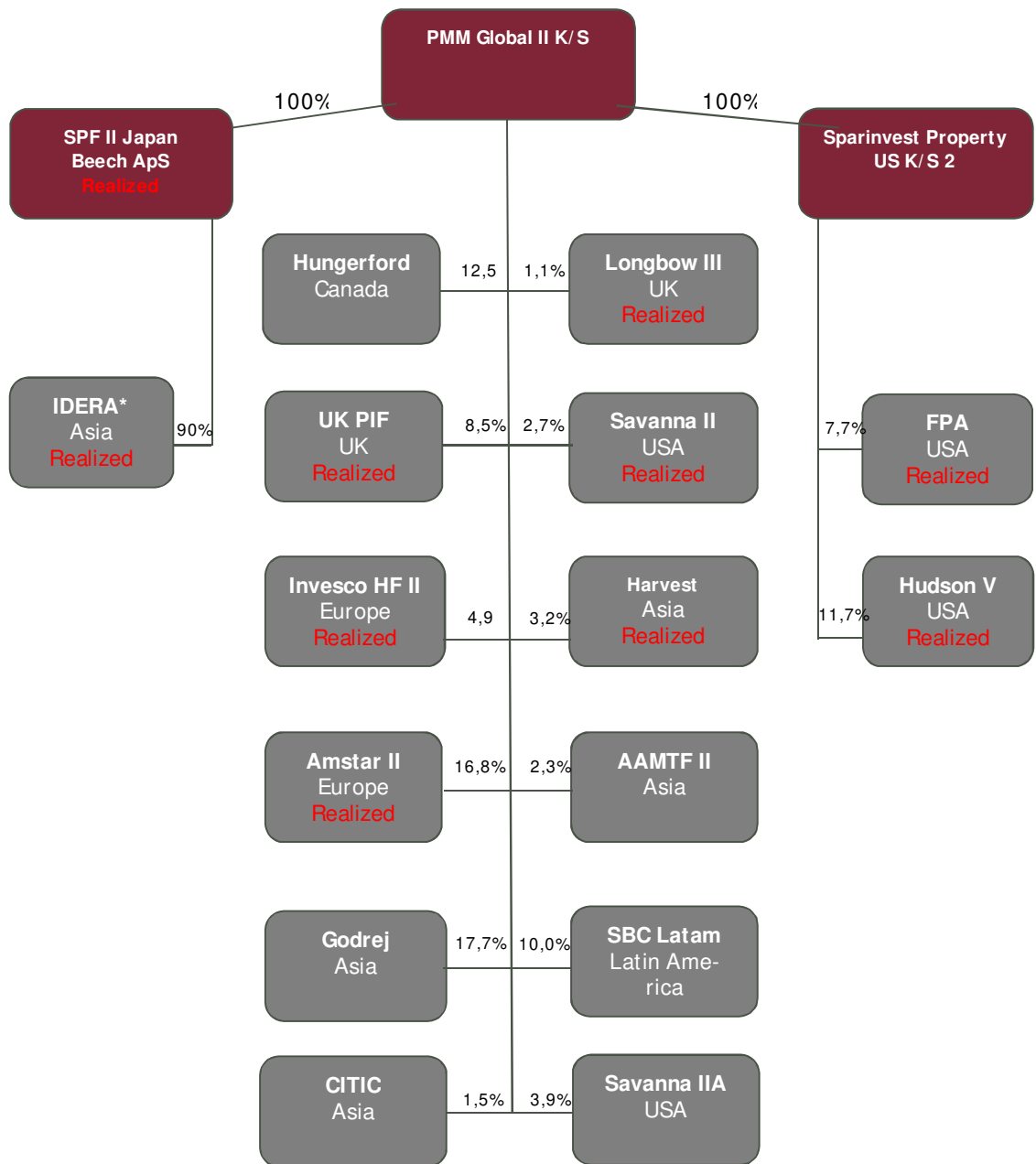
Material misstatement in the financial statement for previous year

Management has at year end 2018/19 identified an accounting error in the received reporting from one of the fund's foreign property investments. After careful analysis and discussions with the Manager of the foreign property fund this error was identified as a material misstatement in the financial Statement prepared for the period 1 October 2017 to 30 September 2018 (2017/18). The error was caused by an accounting error in the foreign property investment related to incorrect portfolio valuation, which overstated the Net Asset Value of the investment for the previous financial year.

The material misstatement has had an impact on Profit for the year, Assets and Equity in the financial statement for 2017/18 which has been corrected in the comparative figures for the financial statement for the year. We further refer to the description in Note 1 Accounting Policies.

Management's review

Investments



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

*The company has, as consequence of the structure, characteristics and contractual agreement of the investment, no controlling influence on the investment.

Management's review

Special risks

Operating risks

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

Financial risks

Apart from liabilities relating to operating activities and trading activities, the Fund has no debt, and investments are not leveraged. For each of the foreign property investments, no investments have been made in investments with leverage - the proportion between liabilities and assets - exceeding 70%. The expected leverage total for all property investments is not to exceed an average of 60% at the end of the investment period or when the last investment has been completed. The current leverage in the investments made in foreign property investments amounts to 34.6%. Accordingly, the financial risk is assessed as moderate.

Foreign exchange risks

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

Knowledge resources

The Fund makes investments based on an overall assessment of potential property investments using a systematised selection method involving external consultants, when necessary. When selecting specific assets, the personal knowledge and competencies of the partners are decisive. Consequently, the Fund has ensured strong alignment of the partners through financial incentives.

Environmental matters

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

Research and development activities

During the financial year, the Fund had no research and development activities, and none are expected in the coming financial year.

Events after the balance sheet date

No events materially affecting the Group's and the Company's financial position have occurred subsequent to the financial year-end.

Outlook

In the coming financial year the Fund's total return is expected to be 5 - 7% before currency adjustments.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Income statement

Note	EUR'000	Group		Parent company	
		2018/19	2017/18	2018/19	2017/18
	Net operating income from properties	5,602	3,161	8,683	2,775
	Fair value adjustment of foreign investment properties	-9,509	-5,343	-12,602	-5,463
	Administrative expenses	-361	-477	-357	-413
	Gross profit	-4,268	-2,659	-4,276	-3,101
3	Staff costs	0	0	0	0
	Profit/loss before net financials	-4,268	-2,659	-4,276	-3,101
	Profit from group entities	0	0	-15	721
4	Financial income	8,115	3,355	8,116	3,343
5	Financial expenses	-4,687	-4,746	-4,665	-5,013
	Profit/loss for the year	-840	-4,050	-840	-4,050

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Balance sheet

Note	EUR'000	Group		Parent company	
		2018/19	2017/18	2018/19	2017/18
		EQUITY AND LIABILITIES			
		Equity			
7	Investments by limited partners	32,249	172,728	32,249	172,728
	Net revaluation reserve according to the equity method	0	0	0	39,471
	Retained earnings	15,559	-106,447	15,559	-145,918
	Total equity	47,808	66,281	47,808	66,281
	Liabilities other than provisions				
	Current liabilities other than provisions				
	Payables to group enterprises	0	0	22,878	22,701
	Other payables	27	54	18	44
		27	54	22,896	22,745
	Total liabilities other than provisions	27	54	22,896	22,745
	TOTAL EQUITY AND LIABILITIES	47,835	66,335	70,704	89,026

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 8 Contractual obligations and contingencies, etc.
- 9 Related parties

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Statement of changes in equity

Note	EUR'000	Group		
		Investments by limited partners	Retained earnings	Total
	Equity at 1 October 2018	172,728	-102,799	69,929
	Correction of material mistatements	0	-3,648	-3,648
	Adjusted equity at 1 October 2018	172,728	-106,447	66,281
	Equity distributed during the period	-11,946	0	-11,946
	Transfer through appropriation of loss	0	-840	-840
	Other value adjustments of equity	-128,533	128,533	0
	Dividend distributed	0	-5,687	-5,687
	Equity at 30 September 2019	32,249	15,559	47,808

Note	EUR'000	Parent company			
		Investments by limited partners	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 October 2018	172,728	39,471	-142,270	69,929
	Correction of material mistatements	0	0	-3,648	-3,648
	Adjusted equity at 1 October 2018	172,728	39,471	-145,918	66,281
	Equity distributed during the period	-11,946	0	0	-11,946
10	Transfer, see "Appropriation of profit/loss"	0	0	-840	-840
	Other value adjustments of equity	-128,533	-39,471	168,004	0
	Dividend distributed	0	0	-5,687	-5,687
	Equity at 30 September 2019	32,249	0	15,559	47,808

At the balance sheet date, allocated carried interest amounted to approx. EUR 3,195 thousand. In case of liquidation of the Fund, the amount would be redistributed between A and B shares at the balance sheet date. Carried interest will only be relevant in case it is earned over the total lifetime of the Fund.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Cash flow statement

Note	EUR'000	Group	
		2018/19	2017/18
	Profit/loss for the year	-840	-4,050
	Cash generated from operations (operating activities)	-840	-4,050
	Value adjustment of property investments and loans	1,302	1,953
	Unrealised exchange adjustments of property investments and loans	3,429	1,202
	Changes in receivables	125	49
	Changes in current liabilities	-27	21
	Cash flows from operating activities	3,989	-825
	Acquisition of investments in associates	0	-30
	Acquisition of investments in property investments	0	893
	Loan for foreign property investments	1,243	0
	Disposal of investments in property investments	13,578	20,380
	Distribution from property investments and loans	0	3,158
	Cash flows to investing activities	14,821	24,401
	Investments by limited partners	0	544
	Exits to limited partners	-11,289	-4,401
	Dividend to limited partners	-4,994	-23,351
	Cash flows from financing activities	-16,283	-27,208
	Net cash flow	2,527	-3,632
	Cash and cash equivalents at 1 October	64	3,696
	Cash and cash equivalents at 30 September	2,591	64

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

1 Accounting policies

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

The figures regarding Sparinvest Property Fund US K/S 2 are included in the consolidated financial statements for PMM Global II K/S, why there is no requirement to submit a stand-alone financial statement for this entity. Instead of submitting a stand-alone financial statement for Sparinvest Property Fund US K/S 2, Management will submit an exemption statement in accordance with section 5(1) of the Danish Financial Statement Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Material misstatements

The material misstatement, described in the managements review, has had the following effect on the accounting treatment in the comparative figures of the consolidated and the parent company financial statement:

Fair value adjustment of foreign property investments in 2017/18 was overstated with EUR 3,648 thousand and hence the profit for the year 2017/18 was overstated with EUR 3,648 thousand. The fair value adjustment of foreign property investments in 2017/18 has been corrected to negative EUR 5,463 thousand in the comparative figures in parent and to negative EUR 5,343 thousand in the Group.

Investments in foreign property investments in the balance sheet was overstated with EUR 3,648 thousand and hence the total assets were overstated with EUR 3,648 thousand. Investments in foreign property investments in 2017/18 has been corrected to EUR 45,241 thousand in the comparative figures in parent and EUR 45,431 thousand in the Group.

Equity was overstated with EUR 3,648 thousand and hence the total equity was overstated with EUR 3,648 thousand. Equity in 2017/18 has been corrected to EUR 66,281 thousand in the comparative figures in parent and to EUR 66,281 thousand in the Group.

The accumulative effect of the material misstatements by the beginning of the financial year 2018/19 is a reduction of equity at 1 October 2018 by EUR 3,648 thousand. Comparative figures for 2017/18 in profit and loss, balance sheet, cashflow statement and notes has been restated.

Basis of recognition and measurement

All income in relation to the financial year is recognised in the income statement as earned. Negative value adjustments in respect of investments in foreign property investments are also recognised in the income statement.

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 Fund 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 Fund 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.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

1 Accounting policies (continued)

Reporting currency

The financial statements are presented in euros (EUR), as the Company's most significant transactions are settled in EUR.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company PMM Global 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.

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 investments in 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 regarding 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.

Income statement

Net operating income from properties

In the income statement, net operating income received from properties translated at the weighted historical exchange rates at the transaction date is recognised as income.

Other operating income and operating expenses

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 or expenses.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

1 Accounting policies (continued)

Administrative expenses

Administrative expenses comprise expenses for management fee to PATRIZIA Multi Managers A/S, transaction costs in connection with investments, remuneration to the general partner and audit fee.

The Fund has entered into a management agreement regarding the Fund'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

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

Balance sheet

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 intragroup 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 equity. The reserve is reduced by distribution of dividends to the Parent Company and is adjusted by other changes in equity in subsidiaries.

Investments in associates

On initial recognition, investments in associates 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 investments in property investments are measured at fair value.

The fair value measurement is based on recognised valuation methods on the basis of observable market information (fair value hierarchy 3).

The proportionate ownership share of the associates' equity value determined based on the fair value of the identifiable net assets at the acquisition date minus or plus unrealised intragroup gains or losses is recognised in the balance sheet as "Investments in associates".

Investments in foreign property investments

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Liabilities (current and non-current) are included when the Fund, 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 Fund 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.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the cash flows 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 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 fixed 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 investments in property investments.

Cash flows from financing activities

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

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

2 Recognition and measurement uncertainties

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 assessed 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 Fund is subject to risks and uncertainties, which may lead to actual results differing from the estimates. Particular risks for PMM Global 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 may for example comprise 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.

3 Staff costs

Group

The Limited Partnership is managed by the general partner. Without limiting the responsibility of the general partner, the general partner have authorised PATRIZIA Multi Managers A/S to conduct day-to-day operations. The general partner receives a fee of EUR 27 thousand for the general partner role.

EUR'000	Group		Parent company	
	2018/19	2017/18	2018/19	2017/18
4 Financial income				
Other financial income	8,115	3,355	8,116	3,343
	<u>8,115</u>	<u>3,355</u>	<u>8,116</u>	<u>3,343</u>
5 Financial expenses				
Other financial expenses	4,687	4,746	4,665	5,013
	<u>4,687</u>	<u>4,746</u>	<u>4,665</u>	<u>5,013</u>

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

6 Investments

EUR'000	Group		
	Investments in foreign property investments	Loan to associates and foreign property investments	Total
Cost at 1 October 2018	36,826	21,048	57,874
Disposals	-13,578	-1,243	-14,821
Cost at 30 September 2019	23,248	19,805	43,053
Value adjustments at 1 October 2018	8,605	-377	8,228
Value adjustments for the year	-5,058	-1,023	-6,081
Value adjustments at 30 September 2019	3,547	-1,400	2,147
Carrying amount at 30 September 2019	26,795	18,405	45,200

EUR'000	Parent company			
	Investments in subsidiaries	Investments in foreign property investments	Loan to associates and foreign property investments	Total
Cost at 1 October 2018	16,494	33,564	21,069	71,127
Disposals	0	-10,315	-1,243	-11,558
Cost at 30 September 2019	16,494	23,249	19,826	59,569
Value adjustments at 1 October 2018	6,389	11,677	-400	17,666
Value adjustments for the year	-15	-8,130	-1,021	-9,166
Value adjustments at 30 September 2019	6,374	3,547	-1,421	8,500
Carrying amount at 30 September 2019	22,868	26,796	18,405	68,069

Parent company

Name	Domicile	Interest	Equity EUR'000	Profit/loss EUR'000
Subsidiaries				
Sparinvest Property US K/S 2	USA	100.00%	22,867	-15,211

Consolidated financial statements and parent company financial statement 1 October 2018 – 30 September 2019

6 Investments (continued)

Parent

Name	Domicile	Interest	Equity EUR' 000	Profit/loss EUR' 000
Foreign property investments				
Alpha Asia Macro Trends Fund II	Asia	2.3%	53,904	14,983
Godrej Residential Partnership	Asia	17.7%	55,497	5,195
SBC Latin America Housing Fund	Latin America	10.0%	93,431	-8,841
Hungerford Porperties Opportunities Fund	Canada	12.5%	65,571	-19,665
Longbow UK Real Estate Debt Investments III	Europe	1.1%	311,736	31,909
CITIC Capital China Retail Fund	Asia	1.5%	425,693	14,787
Savanna Real Estate Fund IIA	USA	3.9%	172,726	19,282

On initial recognition, property investments are measured at cost translated at the exchange rates at the transaction date. Subsequently property investments are 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 net assets in the fund comprising underlying properties and related liabilities.

PMM Global II invests in managed real estate funds, which are not quoted on an active market. The investments in these funds will generally be classified as Level 3 in the fair value hierarchy. The valuation models applied for the real estate funds assets will typically be based on (i) discounted cash flow analysis; (ii) direct capitalisation method; and/or (iii) comparable sales method. The real estate funds reflects its real estate equity investments net of investment level financing. Increases or decreases in any of the assumptions in isolation would result in a lower or higher fair value measurement.

The real estate funds generally invest in real estate and real estate related investments for which there is no liquid market. The market price for such investments may not be readily ascertainable. As a result, amounts ultimately realised by the fund from investments sold may differ from the fair value presented and the difference could be material.

The review of the valuation process is performed by the management of PATRIZIA Multi Managers A/S. PATRIZIA Multi Managers A/S considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing to ensure they are reasonable and appropriate.

PATRIZIA Multi Managers A/S bases their ongoing review of the valuation proces on the information reported from the real estate funds in their annual financial statements and quarterly reports. In PATRIZIA Multi Managers A/S's review of the valuation process, the obtained reported information is compared to what is budgetted or expected by the management of PATRIZIA Multi Managers A/S and, if the information is not in accordance with what is expected, the management engages in dialog with the real estate funds in order to clarify any irregularities. At least once every year, PATRIZIA Multi Managers A/S ensures that an valuation of all the assets in the funds is carried out.

The following table shows information about the by the real estate funds used unobservable inputs related to the fair value measurement at 30 September 2019 as per their quarterly reports:

Consolidated financial statements and parent company financial statement 1 October 2018 – 30 September 2019

Notes to the financial statements

6 Investments (continued)

At 30 September 2019						
Fund	Type	Asset class	Valuation techniques	Unobservable inputs	Weighted average	Vacancy
Alpha Asia Macro Trends Fund II	Investment in real estate equity	Office	Discounted CF, Capitalisation Method, Comparable sales, Cost method	a) NOI margin	a) Range 28%-83%	73.4%
	Investment in real estate equity	Residential	Selling price per square feet of comparable market transactions		SGD 2,780-2,880 psf	8%
Amstar Global Property Fund II	Investment in real estate equity	Retail	Discounted CF	a) Cap rate b) Discount rate	a) 8.7%- 10.0% b) 10.0%	0
Godrej Residential Partnership	Real estate development	Residential	Discounted CF	a) Discount rate b) Selling price per square feet of comparables	a) 20-22.5% b) INR 5,400/SqFt -14,750/SqFt +/-5-10%annual price inflation	21.3%

Consolidated financial statements and parent company financial statement 1 October 2018 – 30 September 2019

Notes to the financial statements

6 Investments (continued)

Fund	Type	Asset class	Valuation techniques	Unobservable inputs	Weighted average	Vacancy
SBC Latin America Housing Fund	Real estate development	Residential	Market approach Discounted CF	a) Average land value multiple (Lurin / Other) b) Discount Rate	a) USD 190 - 500 per sq.m./ USD 26-80 per sq.m. b) 16.2%- 19.5%	15.0%
Hungerford Properties Opportunities Fund	Investment in real estate equity	Logistics/industrial	Direct capitalisation Discounted CF Comparison approach	a) Cap. Rate b) Disc. Rate c) Comparable properties	N/A	19.1%
Longbow UK Real Estate Debt Investments II	Investment in Real estate equity	Loan	Principal and capitalised interest	N/A	N/A	5.2%
CITIC Capital China Retail Fund	Investment in real estate equity	Retail	Discounted CF Direct capitalisation	a) Disc. Rate b) Exp. Market rental growth c) Exp. occupancy rate d) cap rate	a) 8.0%8.5% b) 5.0% c) 80.0% d) 3.5-5.5%	10.0%
Savanna Real Estate Fund IIA	Investment in Real estate equity	Office	Discounted CF	a) Disc. Rate b) Cap. Rate c) Loan to value ratio	a) 7.6% b) 5.75% c) 40.47%	10%

Consolidated financial statements and parent company financial statement 1 October 2018 – 30 September 2019

Notes to the financial statements

7 Investments by limited partners

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

The total subscribed equity capital amounts to EUR 200,400 thousand, the equity called at year end amounts to EUR 176,585 thousand and the commitments for additional investments amounts to EUR 23,815 thousand.

The subscribed capital has not changed since final closing.

Limited Partners Holding more than 5% of the subscribed capital:

Pensam Livforsikringsaktieselskab

Lærernes Pension Forsikringsaktieselskab

Pensionskassen for Sygeplejersker og Lægeseekretærer

Pensionskassen for Socialrådgivere / -Pædagoger og Kontorpersonale

Pensionskassen for Sundhedsfaglige

8 Contractual obligations and contingencies, etc.

EUR million	Commitment		Residual commitment	
	Currency	EUR	Currency	EUR
Fund				
AAMTF II	USD 2.7	2.2	USD 0.0	0.0
SBC LHF I	USD 11.7	9.3	USD 0,1	0,1
Godrej	INR 1,142.9	15.4	INR 546.8	7.1
Hungerford	CAD 13.4	9.5	CAD 0.9	0.6
Longbow III	GBP 3.1	3.8	GBP 0.9	0.6
CITIC	USD 9.2	7.9	USD 0.9	0.8
Savanna IIA	USD 4.4	3.5	USD 0.3	0.3
Total Parent Company		51.6		9.5
Total Group		51.6		9.5

Consolidated financial statements and parent company financial statement 1 October 2018 – 30 September 2019

Notes to the financial statements

9 Related parties

PMM Global II K/S has the following related parties exercising control:

BMK 3 ApS, registration no. 32 46 89 26 is general partner in PMM Global II K/S. As general partner the company has the general management responsibility for PMM Global II K/S. However, a management agreement with a management company was entered when founding PMM Global II K/S, see below. As general partner BMK 3 ApS receives a fixed fee. Transactions have been made on an arm's length basis.

On behalf of BMK 3 ApS, PATRIZIA Multi Managers A/S, registration no. 32 46 88 88 has entered into an agreement with PMM Global II K/S on management of PMM Global II K/S. As management company PATRIZIA Multi Managers 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 PMM Global II K/S and PATRIZIA Multi Managers A/S have taken place.

Investor Board

The Fund's Investor Board does not receive any fees.

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Kresten Juelner

Board of Directors

På vegne af: PMM Global II K/S

Serienummer: PID:9208-2002-2-073801260001

IP: 165.225.xxx.xxx

2019-12-18 14:47:42Z

NEM ID 

Mads Rude

Board of Directors

På vegne af: PMM Global II K/S

Serienummer: PID:9208-2002-2-044133565664

IP: 165.225.xxx.xxx

2019-12-18 14:49:44Z

NEM ID 

Ole Karstensen

State Authorised Public Accountant

På vegne af: EY

Serienummer: CVR:30700228-RID:1268145551631

IP: 2.131.xxx.xxx

2019-12-18 14:53:08Z

NEM ID 

Kaare Kristensen

State Authorised Public Accountant

På vegne af: EY

Serienummer: CVR:30700228-RID:73827337

IP: 80.196.xxx.xxx

2019-12-18 14:57:30Z

NEM ID 

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Mads Peter Grønkjær

Modtager1

På vegne af: PMM Global II K/S

Serienummer: CVR:32471560-RID:82191977

IP: 165.225.xxx.xxx

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