



## **PMM Global II K/S**

Adelgade 15, 2., 1304 Copenhagen K

CVR no. 32 47 15 60

Annual report 2019/20

Approved at the Company's annual general meeting on 28 January 2021

Chairman:

.....  
Mads Peter Grønkjær

## Contents

<b>Statement by the Board of Directors</b>	<b>2</b>
<b>Independent auditor's report</b>	<b>3</b>
<b>Management's review</b>	<b>6</b>
<b>Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020</b>	<b>10</b>
Income statement	10
Balance sheet	11
Statement of changes in equity	13
Cash flow statement	14
Notes to the financial statements	15

## Statement by the Board of Directors

Today, the Management has discussed and approved the annual report of PMM Global II K/S for the financial year 1 October 2019 - 30 September 2020.

The annual report is 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 Company at 30 September 2020 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 October 2019 - 30 September 2020.

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

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

Copenhagen, 4 December 2020

Management, Komplementarselskabet BMK 3 ApS:

.....  
Mads Rude

.....  
Kresten Juelner

## 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 2019 - 30 September 2020, 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 2020, 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 2019 - 30 September 2020 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, 4 December 2020  
EY 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

### Company details

Name	PMM Global II K/S
Address, Postal code, City	Adelgade 15, 2., 1304 Copenhagen K
CVR no.	32 47 15 60
Established	1 October 2009
Registered office	Copenhagen
Financial year	1 October 2019 - 30 September 2020
Telephone	+45 36 34 75 00
Management	Mads Rude Kresten Juelner
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

### Financial highlights for the Group

EUR'000	2019/20	2018/19	2017/18	2016/17	2015/16
<b>Key figures</b>					
Net operating income from properties	2,477	5,602	3,161	14,909	30,657
Operating profit/loss	-7,613	-4,268	-2,659	7,768	6,752
Net financials	-3,243	3,428	-1,391	-3,120	-291
Profit/loss before tax	-10,856	-840	-4,050	4,648	6,460
<b>Profit/loss for the year</b>	<b>-10,856</b>	<b>-840</b>	<b>-4,050</b>	<b>4,648</b>	<b>6,460</b>
Fixed assets	28,848	45,201	66,102	93,727	125,076
Non-fixed assets	0	2,635	233	3,888	6,217
<b>Total assets</b>	<b>28,848</b>	<b>47,836</b>	<b>66,335</b>	<b>97,615</b>	<b>131,293</b>
Investments by limited partners	28,568	32,249	172,728	176,585	172,577
<b>Equity</b>	<b>28,689</b>	<b>47,808</b>	<b>66,281</b>	<b>97,539</b>	<b>131,207</b>

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations. For terms and definitions, please see the accounting policies.

## 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.

### Impact of the Covid-19 outbreak

Covid-19 has impacted the world economies in 2020 and the investments in PMM Global II K/S have not been immune to the pandemic. We have stayed in close contact with our partners throughout the year to assess the consequences and business plans of many of our assets have been adjusted to the new environment.

The requirements for "social distancing" and restrictions to travel have been slowing retail sales, hotel occupancy and office occupation to various degrees around the World. Hence business confidence in the retail, leisure and office sectors have been negatively affected. Transaction activity is significantly down and although price discovery is still ongoing the result has been falling asset prices. Conversely, the sectors that have shown relatively more resilience to Covid-19 effects and in certain instances have gained momentum are logistics/industrial and residential.

Given lockdowns and other restrictive measures, our (re)development projects have experienced various forms of delays, including achieving building/planning permits and construction time. Revision of business plans often include assumptions of longer time for leasing/sales, more modest rental growth and sometimes lower exit pricing.

### Operating activities

During the financial year the Group entity Sparinvest Property US K/S II was liquidated. Subsequently PMM Global II K/S remains the only entity within the Group.

### Financing

In the financial year, the investors in the Group made capital injections (cash calls) of EUR 600 thousand. The investors have received exit distributions of EUR 4.58 million.

The limited partners' committed capital totaled EUR 200.4 million. Undrawn capital amounted to EUR 23.2 million. 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 183.7 million, equivalent to 91.7% of total net commitments to the Fund.

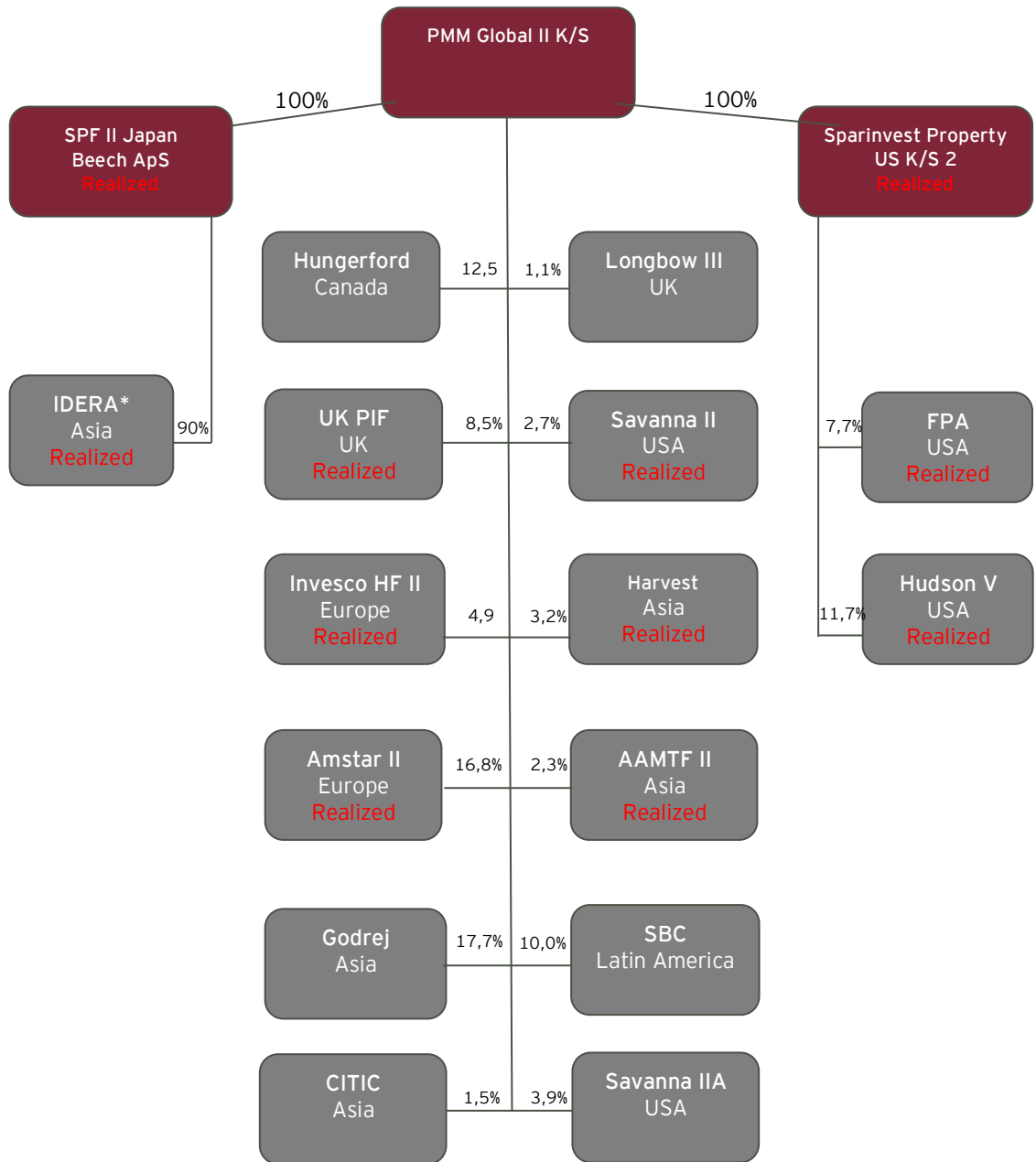
### Parent company

In the financial year 2019/20, the Parent Company generated a negative operating profit of EUR -7,713 thousand. Profit after foreign exchange adjustments, financial income and financial expenses was negative by EUR -10,856 thousand.



## 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 40%. 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, and 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*

The uncertainty remains high as the effect on the investments in the coming financial year depends on the further development of the Covid-19 pandemic and the release of vaccines to curb the consequences. We expect a slow and gradual return to normalcy in the coming year although a higher level of volatility cannot be ruled out.

## Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

### Income statement

Note	EUR'000	Group		Parent company	
		2019/20	2018/19	2019/20	2018/19
	<b>Net operating income from properties</b>	2,477	5,602	2,369	8,683
	Fair value adjustment of foreign investment properties	-9,765	-9,509	-9,765	-12,602
	Administrative expenses	-325	-361	-317	-357
	<b>Gross profit</b>	-7,613	-4,268	-7,713	-4,276
	Profit from group entities	0	0	100	-15
4	Financial income	1,195	8,115	1,195	8,116
5	Financial expenses	-4,438	-4,687	-4,438	-4,665
	<b>Profit/loss for the year</b>	-10,856	-840	-10,856	-840

## Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

### Balance sheet

Note	EUR'000	Group		Parent company	
		2019/20	2018/19	2019/20	2018/19
		<b>ASSETS</b>			
		<b>Fixed assets</b>			
6	<b>Investments</b>				
	Investments in subsidiaries	0	0	0	22,868
	Investments in foreign property investments	15,486	26,796	15,486	26,796
	Loan to associates and foreign property investments	13,362	18,405	13,362	18,405
		28,848	45,201	28,848	68,069
	<b>Total fixed assets</b>	28,848	45,201	28,848	68,069
	<b>Non-fixed assets</b>				
	<b>Receivables</b>				
	Other receivables	0	44	0	44
		0	44	0	44
	<b>Cash</b>	0	2,591	0	2,591
	<b>Total non-fixed assets</b>	0	2,635	0	2,635
	<b>TOTAL ASSETS</b>	28,848	47,836	28,848	70,704

## Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

### Balance sheet

Note	EUR'000	Group		Parent company	
		2019/20	2018/19	2019/20	2018/19
		<b>EQUITY AND LIABILITIES</b>			
		<b>Equity</b>			
7	Investments by limited partners	28,568	32,249	28,568	32,249
	Net revaluation reserve according to the equity method	0	0	0	0
	Retained earnings	121	15,559	121	15,559
	<b>Total equity</b>	<b>28,689</b>	<b>47,808</b>	<b>28,689</b>	<b>47,808</b>
	<b>Liabilities other than provisions</b>				
	<b>Current liabilities other than provisions</b>				
	Bank debt	145	0	145	0
	Payables to group enterprises	0	0	0	22,878
	Other payables	14	28	14	18
		159	28	159	22,896
	<b>Total liabilities other than provisions</b>	<b>159</b>	<b>28</b>	<b>159</b>	<b>22,896</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>28,848</b>	<b>47,836</b>	<b>28,848</b>	<b>70,704</b>

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 3 Staff costs
- 8 Contractual obligations and contingencies, etc.
- 9 Related parties
- 10 Appropriation of profit/loss

## Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

### Statement of changes in equity

Note	EUR'000	Group		
		Investments by limited partners	Retained earnings	Total
	Equity at 1 October 2019	32,249	15,559	47,808
	Equity called during the period	600	0	600
	Equity distributed during the period	-4,281	0	-4,281
	Transfer through appropriation of loss	0	-10,856	-10,856
	Dividend	0	-4,582	-4,582
	<b>Equity at 30 September 2020</b>	<b>28,568</b>	<b>121</b>	<b>28,689</b>

Note	EUR'000	Parent company			
		Investments by limited partners	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 October 2019	32,249	0	15,559	47,808
	Equity called during the period	600	0	0	600
	Equity distributed during the period	-4,281	0	0	-4,281
10	Transfer, see "Appropriation of profit/loss"	0	100	-10,956	-10,856
	Transferred	0	-100	100	0
	Dividend	0	0	-4,582	-4,582
	<b>Equity at 30 September 2020</b>	<b>28,568</b>	<b>0</b>	<b>121</b>	<b>28,689</b>

At the balance sheet date, allocated carried interest amounted to approx. EUR 2,088 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 2019 - 30 September 2020

### Cash flow statement

Note	EUR'000	Group	
		2019/20	2018/19
	Profit/loss for the year	-10,856	-840
	Cash generated from operations (operating activities)	-10,856	-840
	Value adjustment of property investments and loans	9,765	1,302
	Unrealised exchange adjustments of property investments and loans	3,237	3,429
	Changes in receivables	44	125
	Changes in current liabilities	-11	-27
	<b>Cash flows from operating activities</b>	<b>2,179</b>	<b>3,989</b>
	Acquisition of investments in property investments	-226	0
	Loan for foreign property investments	0	1,243
	Disposal of investments in property investments	3,246	13,578
	Distribution from property investments and loans	328	0
	<b>Cash flows to investing activities</b>	<b>3,348</b>	<b>14,821</b>
	Investments by limited partners	600	0
	Exits to limited partners	-4,281	-11,289
	Dividend to limited partners	-4,582	-4,994
	<b>Cash flows from financing activities</b>	<b>-8,263</b>	<b>-16,283</b>
	<b>Net cash flow</b>	<b>-2,736</b>	<b>2,527</b>
	Cash and cash equivalents at 1 October	2,591	64
	<b>Cash and cash equivalents at 30 September</b>	<b>-145</b>	<b>2,591</b>

## Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

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

#### 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.

#### Reporting currency

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

#### Consolidated financial statements

During the financial year the Group entity Sparinvest Property US K/S II was liquidated. Subsequently PMM Global II K/S remains as the only entity within the Group.

Referring to section 113 of the Danish Financial Statements Act, a voluntary consolidated financial statement have been prepared in order to ensure comparability between the activities of PMM Global II K/S as a Group, for the financial year as compared to previous periods. The financial statement for the financial year for the Group consist of the activities within the group, and includes operations within both the liquidated subsidiary and the Parent Company for the period disclosed.

The consolidated financial statements comprise the Parent Company PMM Global II K/S and subsidiaries in which the Parent Company directly or indirectly held 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.



## Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

###### Administrative expenses

Administrative expenses comprise expenses for management fee to PATRIZIA Global Partners 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.

## Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Tax

PMM Global II 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 unobservable 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

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 investments in property investments are measured at fair value.

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

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.

## Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

##### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

##### Equity

###### *Revaluation reserve*

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 less distribution of dividends to the Parent Company and adjusted for other changes in equity in subsidiaries.

Fair value adjustments of investments in associates are made on a continuous basis, and revaluations and reversals relative to cost are recognised in a special reserve under equity called "Revaluation reserve".

The revaluation reserve is reduced by the depreciation charges relating to the revaluation.

###### *Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

##### 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.

## Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

#### 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.

## Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

### Notes to the financial statements

#### 3 Staff costs

##### Group

The Partnership has no employees.

The Limited Partnership is managed by the general partner. Without limiting the responsibility of the general partner, the general partner have authorised PATRIZIA Global Partners 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	
	2019/20	2018/19	2019/20	2018/19
<b>4 Financial income</b>				
Other financial income	1,195	8,115	1,195	8,116
	<u>1,195</u>	<u>8,115</u>	<u>1,195</u>	<u>8,116</u>
<b>5 Financial expenses</b>				
Other financial expenses	4,438	4,687	4,438	4,665
	<u>4,438</u>	<u>4,687</u>	<u>4,438</u>	<u>4,665</u>

## Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

### 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 2019	23,249	19,805	43,054
Additions	226	0	226
Disposals	-3,246	-307	-3,553
Cost at 30 September 2020	20,229	19,498	39,727
Value adjustments at 1 October 2019	3,547	-1,400	2,147
Revaluations for the year	-8,290	-4,736	-13,026
Value adjustments at 30 September 2020	-4,743	-6,136	-10,879
<b>Carrying amount at 30 September 2020</b>	<b>15,486</b>	<b>13,362</b>	<b>28,848</b>

EUR'000	Parent company			
	Investments in subsidiaries	Investments in foreign property investments	Loan to associates and foreign property investments	Total
Cost at 1 October 2019	16,494	23,249	19,826	59,569
Additions	0	226	0	226
Disposals	-16,494	-3,246	-328	-20,068
Cost at 30 September 2020	0	20,229	19,498	39,727
Value adjustments at 1 October 2019	6,374	3,547	-1,421	8,500
Revaluations for the year	-6,374	-8,290	-4,715	-19,379
Value adjustments at 30 September 2020	0	-4,743	-6,136	-10,879
<b>Carrying amount at 30 September 2020</b>	<b>0</b>	<b>15,486</b>	<b>13,362</b>	<b>28,848</b>

#### Parent company

Name	Domicile	Interest	Equity EUR'000	Profit/ loss EUR'000
<b>Subsidiaries</b>				
Sparinvest Property US K/S 2	Europe	100.00%	0	100

## Consolidated financial statements and parent company financial statement 1 October 2019 - 30 September 2020

### 6 Investments (continued)

#### Parent

Name	Domicile	Interest	Equity EUR '000	Profit/loss EUR '000
<b>Foreign property investments</b>				
Alpha Asia Macro Trends Fund II	Asia	2.3%	0	21,452
Godrej Residential Partnership	Asia	17.7%	42,373	-6,791
SBC Latin America Housing Fund	Latin America	10.0%	47,000	-41,794
Hungerford Porperities Opportunities Fund	Canada	12.5%	31,200	-30,542
Longbow UK Real Estate Debt Investments III	Europe	1.1%	290,909	-9,536
CITIC Capital China Retail Fund	Asia	1.5%	406,667	-12,707
Savanna Real Estate Fund IIA	USA	3.9%	94,872	-32,700

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 based on the fair value of the net assets in the investment comprising underlying properties and related liabilities.

PMM Global II K/S' investments are not quoted on an active market. The investments will generally be classified as Level 3 in the fair value hierarchy. The valuation models applied for assets within the underlying investments will typically be based on (i) discounted cash flow analysis; (ii) direct capitalisation method; and/or (iii) comparable sales method. The investments reflect 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.

Since there is no liquid market for real estate or real estate related investments the market price for such investments may not be readily ascertainable. As a result, amounts ultimately realised by the investments 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 Global Partners A/S. PATRIZIA Global Partners A/S considers the valuation techniques and inputs used in valuing the investments as part of its due diligence prior to investing to ensure they are reasonable and appropriate.

PATRIZIA Global Partners A/S bases their ongoing review of the valuation process on the information reported from the real estate investments in their annual financial statements and quarterly reports. In PATRIZIA Global Partners A/S' review of the valuation process, the obtained reported information is compared to what is budgeted or expected by the management of PATRIZIA Global Partners A/S and, if the information is not in accordance with what is expected, the management engages in a dialog with the operating partners of the investments in order to clarify any irregularities. At least once every year, PATRIZIA Global Partners A/S ensures that an external valuation or satisfactory documentation for the fair market valuation of all the assets in the Fund 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 2020 as per their quarterly reports:

Consolidated financial statements and parent company financial statement 1 October 2019 - 30 September 2020

Notes to the financial statements

6 Investments (continued)

At 30 September 2020						
Investment	Type	Asset class	Valuation techniques	Unobservable inputs	Weighted average	Vacancy
Godrej Residential Partnership	Real estate development	Residential	Discounted CF	a) Discount rate b) Selling price per square feet	a) 17.5-20.0% b) INR 4.750/SqFt - ,13,000/SqFt +/-0-5% annual price inflation	8.7%
Longbow UK Real Estate Debt Investments II	Investment in Real estate equity	Loan	Principal and capitalised interest	N/A	N/A	N/A
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) 6.5%-8.25% b) 3.0-5.0% c) 95.0-97.0% d) 4.5-5.5%	17.0%
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) 7.5% b) 5.5% c) 39.2%	76.0%



Consolidated financial statements and parent company financial statement 1 October 2019 - 30 September 2020

Notes to the financial statements

6 Investments (continued)

At 30 September 2020

Investment	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 85 - 250 per sq.m./ USD 26-80 per sq.m. b) 16.2% - 19.5%	14.4%
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	15.7%

## Consolidated financial statements and parent company financial statement 1 October 2019 - 30 September 2020

### 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 177,185 thousand and the commitments for additional investments amounts to EUR 23,615 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 Fund	Commitment		Residual commitment	
	Currency	EUR	Currency	EUR
AAMTF II	USD 25.0	20.8	USD 0.0	0.0
SBC LHF I	USD 15.0	11.9	USD 0.0	0.0
Godrej	INR 1,375.0	18.2	INR 546.8	6.3
Hungerford	CAD 15.0	10.6	CAD 0.9	0.6
Longbow III	GBP 6.9	8.4	GBP 0.0	0.0
CITIC	USD 10.0	8.5	USD 0.7	0.6
Savanna IIA	USD 5.0	4.0	USD 0.3	0.3
<b>Total Parent Company</b>		<b>82.4</b>		<b>7.8</b>
<b>Total Group</b>		<b>82.4</b>		<b>7.8</b>

## Consolidated financial statements and parent company financial statement 1 October 2019 - 30 September 2020

### 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 Global Partners 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 Global Partners 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 Global Partners A/S have taken place.

#### Investor Board

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

**Consolidated financial statements and parent company financial statements 1 October  
2019 - 30 September 2020**

**Notes to the financial statements**

EUR'000	Parent company	
	2019/20	2018/19
<b>10 Appropriation of profit/loss</b>		
<b>Recommended appropriation of profit/loss</b>		
Net revaluation reserve according to the equity method	100	0
Retained earnings/accumulated loss	-10,956	-840
	<u>-10,856</u>	<u>-840</u>

# PENNEO

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registreret, og informationerne er listet herunder.

“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

## Mads Rude

### Board of Directors

På vegne af: PMM Gloval II K/S

Serienummer: PID:9208-2002-2-044133565664

IP: 165.225.xxx.xxx

2020-12-04 16:43:19Z

NEM ID 

## Kresten Juelner

### Board of Directors

På vegne af: PMM Global II K/S

Serienummer: PID:9208-2002-2-073801260001

IP: 165.225.xxx.xxx

2020-12-07 07:45:14Z

NEM ID 

## Ole Karstensen

### Stateauthorised Public Accountant

På vegne af: EY Godkendt Revisionspartnerselskab

Serienummer: CVR:30700228-RID:1268145551631

IP: 80.162.xxx.xxx

2020-12-07 07:48:17Z

NEM ID 

## Kaare Kristensen

### Stateauthorised Public Accountant

På vegne af: EY Godkendt Revisionspartnerselskab

Serienummer: CVR:30700228-RID:73827337

IP: 188.183.xxx.xxx

2020-12-07 10:31:14Z

NEM ID 

Penneo dokumentnøgle: T8PIF-S4J8U-GIZNS-JKTZZ-0775V-645Z8

Dette dokument er underskrevet digitalt via **Penneo.com**. Signeringsbeviserne i dokumentet er sikret og valideret ved anvendelse af den matematiske hashværdi af det originale dokument. Dokumentet er låst for ændringer og tidsstemplet med et certifikat fra en betroet tredjepart. Alle kryptografiske signeringsbeviser er indlejret i denne PDF, i tilfælde af de skal anvendes til validering i fremtiden.

#### Sådan kan du sikre, at dokumentet er originalt

Dette dokument er beskyttet med et Adobe CDS certifikat. Når du åbner dokumentet

i Adobe Reader, kan du se, at dokumentet er certificeret af **Penneo e-signature service** <[penneo@penneo.com](mailto:penneo@penneo.com)>. Dette er din garanti for, at indholdet af dokumentet er uændret.

Du har mulighed for at efterprøve de kryptografiske signeringsbeviser indlejret i dokumentet ved at anvende Penneos validator på følgende websted: <https://penneo.com/validate>