

Sparinvest Property Fund III K/S

CVR-no. 35 38 37 19

Annual report

1 October 2015 - 30 September 2016

4th financial year

Approved at the annual general meeting on 25 January 2017

A handwritten signature in blue ink, consisting of several fluid, connected strokes, positioned above a horizontal line.

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 III K/S for the period 1 October 2015 - 30 September 2016.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group`s and the parent company's financial position 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 SPF III GP ApS:

_____	_____	_____	_____
Bo W. Jensen	Kresten D. Juelner	Mads Rude	Marko Multas
Managing Partner	Senior Partner	Senior Partner	Partner

Independent auditors' report

To the limited partners and the general partner of Sparinvest Property Fund III 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 III 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 nr. 30 70 02 28

Ole Karstensen
*State Authorized
Public Accountant*

Kaare Kristensen Lendorf
*State Authorized
Public Accountant*

2 Management's review

2.1 Company details

Sparinvest Property Fund III K/S

Strandvejen 102E, 4. sal

DK-2900 Hellerup

Telephone: + 45 36 34 75 00

Fax: + 45 36 34 75 99

Registration no.: 35 38 37 19

Established: 24 June 2014

Registered office: Hellerup

Financial year: 1 October - 30 September

Bank: Nykredit Bank

Investor Board

Nikolaj Stampe

Peter Olsson

Anne Charlotte Mark

Helle Ærendahl Heldbo

Christiane Eckert

Niels Mazanti

Per Skovsted

Thomas Overvad

Management

Komplementarselskab SPF III GP ApS, Strandvejen 102E, 4. sal, 2900 Hellerup v/

Managing Partner Bo W. Jensen

Senior Partner Kresten D. Juelner

Senior Partner Mads Rude

Partner Marko Multas

Auditors

Ernst & Young P/S

Godkendt Revisionspartnerselskab

Osvald 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 III 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 III K/S has given commitments to 14 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 investments
Europe	24,1%
Americas	47,5%
Asia	28,4%

2.2.2 *Long-term objectives*

The Fund's objectives are to generate an attractive total rate of return of 11-13% per annum, including approximately 4% in dividends from operating cash flow.

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 growing economies, the future looks bright for the fund.

Over the financial year of the fund, SPF III generated a total return of EUR 28.7 million equal to 14.6%, which is in line with the expectations.

2.3.1 ***Operating activities***

In the financial year 2015/2016 the Group generated a positive operating profit of EUR 25,721 thousand. The profit after foreign exchange adjustments and financial expenses is EUR 28,667 thousand.

Administrative expenses for the year and fees to the auditors appointed by the annual general meeting amount to EUR 1,631 thousand.

Financial income for the year totals EUR 18,416 thousand, whereas the financial expenses including foreign exchange losses amount to EUR 15,351 thousand.

2.3.2 ***Financing***

In the financial year the investors in the Group have made capital injections (cash calls) of EUR 66.1 million. The Investors have received exit distributions of EUR 22.6 million.

Limited partner`s committed capital is EUR 317.3 million. Undrawn capital is EUR 106.5 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 total commitments to investments amounted to EUR 288.4 million, equivalent to 90.9% of total commitments to the fund. Of the total commitments, the net investments made (cash calls) total EUR 185.0 million or approx 58%.

2.3.4 ***Parent company***

In the financial year 2015/2016 the parent company generated a positive operating profit of EUR 3,710 thousand. The profit after foreign exchange adjustments, financial income and financial expenses is positive EUR 28,667 Thousand.

Administrative expenses for the year and fees to the auditors appointed by the annual general meeting amount to EUR 764 thousand.

Financial income for the year totals EUR 12,474 thousand, whereas the financial expenses including foreign exchange losses amount to EUR 652 thousand.

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

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

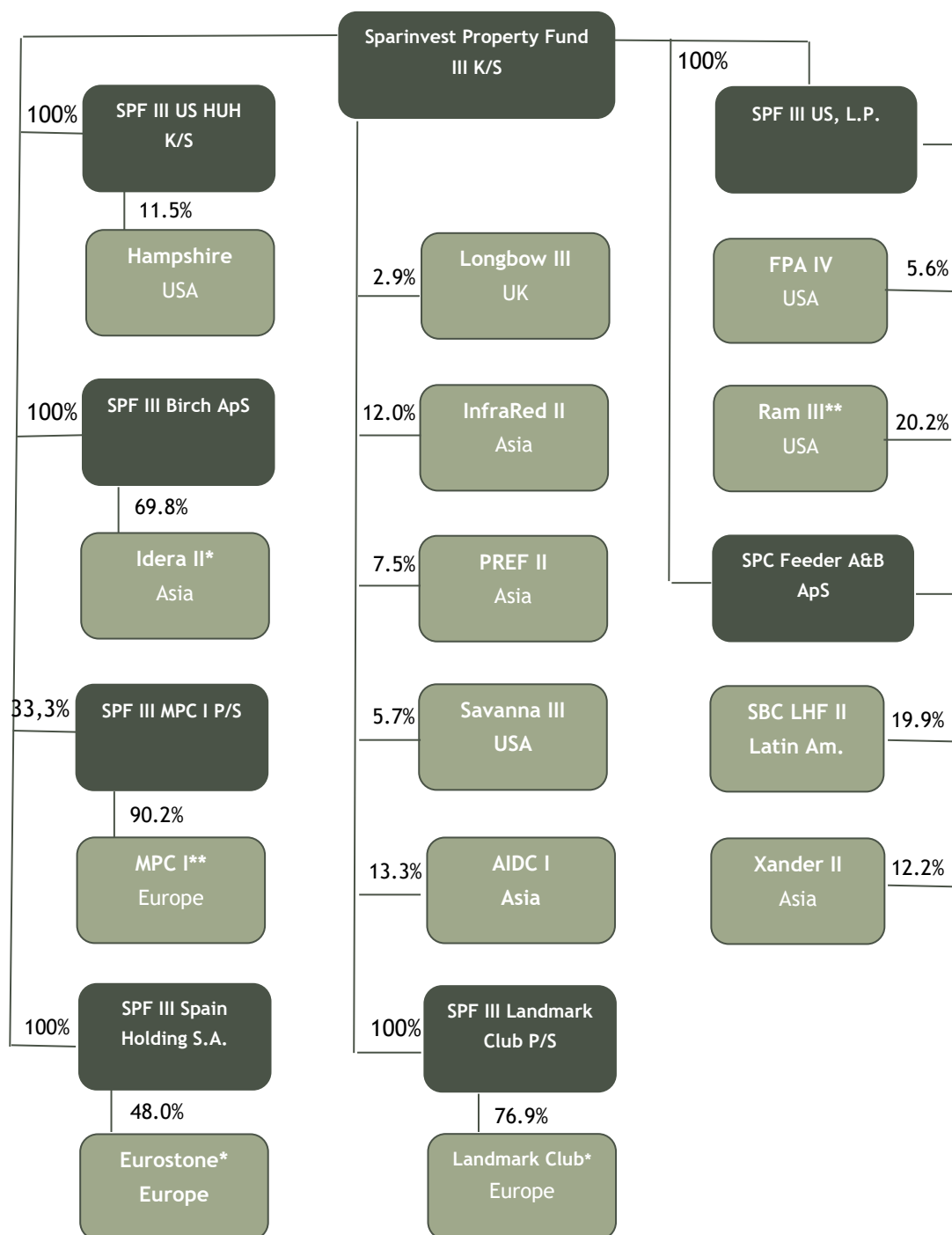
2.3.6 ***Events after the balance sheet date***

No significant events have occurred after the balance sheet date.

2.3.7 ***Outlook***

Going forward we expect satisfying performance as the partners in the fund will implement their business plans. Our expectations for the coming financial year is a total return of 10-12% before currency effects.

Investments



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

*The Company has, as a consequence of the structure, characteristic and contractual agreement of the fund, no significant influence on the fund.

**The Company has, as a consequence of the structure, characteristic and contractual agreement of the fund, no deciding influence on the fund. The fund is a joint venture to the company.

2.5 Financial highlights

EUR 1.000	30.09.2016	30.09.2015	30.09.2014
Fair value adjustment of properties and liabilities	10,089	9,192	2,886
Net operating income from properties	17,263	7,899	1,199
Operating profit	25,721	15,390	1,662
Profit/loss from financial income and expenses	2,947	11,694	5,057
Profit for the year	28.667	27,084	6,720
Investments	231,006	170,113	86,795
Total assets	236.042	175,648	87,655
Cash calls from limited partners	210,866	144,726	81,260
Equity called during the period	66,140	63,466	81,260
Total equity	235,804	175,627	87,631
Non-current liabilities	0	0	0
Current liabilities	238	21	24
Cash flows from operating activities	-1,936	-2,050	-3,059
Net cash flows from investing activities, net	-30,188	-54,219	-62,542
Cash flows from financing activities	31,512	60,911	81,260
Total cash flows	-613	4,642	15,662
Weighted rate of return in %*	14. 6	24.7	9.8
<i>* (Profit for the year/weighted investment in property investments)</i>			
DPI	0.18	0.02	0.00
TVPI	1.30	1.23	1.08

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 44.1%. 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 III 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. Since this is the first financial year of the company no comparative numbers for the year before are shown.

In order to achieve a true and fair view of operations of the limited partnership the presentation of the income has been changed compared to the reporting form shown in the Danish Financial Act. Fair value adjustment of property 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 III 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 investments, 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 III 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 Sparinvest Property Fund III K/S - Annual report 2015/16 | 15

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 joint ventures

Investments in joint ventures are recognised and measured according to the equity method. The proportionate ownership share of the joint ventures 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 joint ventures".

The income statement reflects the Group's share of the results of operations of the joint venture. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the income statement and represents profit or loss after tax.

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.

3.3

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 III 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	Net operating income from properties	10,089	9,192	2,755	98
2	Fair value adjustment of properties and liabilities	17,263	7,899	1,719	3,090
		27,352	17,091	4,474	3,188
3	Administrative expenses	1,631	1,701	764	790
	Operating profit	25,721	15,390	3,710	2,398
	Profit from group enterprises	0	0	27,099	17,196
	Profit from joint ventures	-118	-128	-118	-128
4	Financial income	18,416	12,474	7,031	9,314
5	Financial expenses	15,351	652	9,052	1,697
	Profit for the year	28,667	27,084	28,667	27,084
Proposed distribution of the profit for the year					
	Dividend to limited partners	12,577	2,321	12,577	2,321
	Charged the limited partners	-500	0	-500	0
	Retained earnings	16,590	24,763	-10,391	7,695
	Reserve for net revaluation, equity method	0	0	26,981	17,068
	Disponeret i alt	28,667	27,084	28,667	27,084

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	92,458	68,384
7	Investments in joint ventures	5,321	3,275	13,958	3,275
8	Foreign property investments	179,403	142,172	50,242	38,010
9	Loan for foreign property investments	46,281	24,666	37,645	24,666
	Total investments	231,006	170,113	194,302	134,335
	Total non-current assets	231,006	170,113	194,302	134,335
	Receivables in subsidiaries and joint ventures	0	0	39,395	36,589
	Other receivables	501	386	501	361
	Cash at bank and in hand	4,536	5,149	1,641	4,364
	Total current assets	5,037	5,535	41,537	41,314
	Total assets	236,042	175,648	235,839	175,648

Note	EUR 1.000	Group		Parent company	
		30. sep 2016	30. sep 2015	30. sep 2016	30 sep 2015
	Equity and liabilities				
10	Equity				
	Investments by limited partners	210,866	144,726	210,866	144,726
	Reserve for net revaluation, equity method	0	0	46,785	19,804
	Retained earnings	24,939	30,900	-21846	11,096
	Total equity	235,804	175,627	235,804	175,627
	Liabilities				
	Current liabilities				
	Other payables	238	21	35	21
	Total current liabilities	238	21	35	21
	Total liabilities	238	21	35	21
	Total equity and liabilities	236,042	175,648	235,839	175,648

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

4.3 Cash flow statement

Group

EUR 1.000	2015/2016	2014/2015
Profit	28,667	27,084
Adjustment for non-cash operating items		
Value adjustment of property investments and loans	-30,167	-19,558
Unrealised exchange adjustments of property investments and loans	-656	-9,652
Profit from joint ventures	118	111
Cash flow from operating activities before changes in working capital	-2,038	-2,015
Changes in working capital		
Changes in receivables	-115	-33
Changes in current liabilities	217	-3
Cash flow from operating activities	-1,936	-2,050
Acquisition of investments in property investments	-43,738	-69,013
Loan for foreign property investments and joint ventures	-19,875	-6,144
Disposal of investments in property investments	20,522	10,572
Distribution from property investments and loans	12,903	10,366
Cash flow from investing activities	-30,188	-54,219
External financing		
Investments by limited partners	66,140	63,466
Exits to limited partners	-22,551	-235
Dividend to limited partners	-12,077	-2,321
Cash flow from financing activities	31,512	60,911
Net cash flows from operating, investing and financing activities	-613	4,642
Cash and cash equivalents at the beginning of the period	5,149	507
Net cash flows from operating, investing and financing activities	-613	4,642
Cash and cash equivalents at 30 September	4,536	5,149

5 Notes

Note	EUR 1.000	Group		Parent company	
		2015/2016	2014/2015	2015/2016	2014/2015
1	Net operating income from properties				
	Longbow UK Real Estate Debt Investments III	2,185	9	2,185	9
	Ram Realty Partners III LP	0	3,282	0	0
	FPA Apartment Opportunity Fund IV	4,506	3,602	0	0
	Infrared NF China Real Estate Fund II	570	1,248	570	1,248
	Idera Residential Partnership II	781	1,542	0	0
	Hampshire U.S. Real Estate Income Fund	1,565	1,109	0	0
	Pamfleet Real Estate Fund II	0	-539	0	-539
	Savanna Real Estate Fund III	0	278	0	278
	The Landmark Club	197	385	0	0
	SBC Latin America Housing Fund II	0	146	0	0
	Eurostone Residential Partnership	0	-753	0	-753
	Xander JV Fund II	285	-970	0	0
	AREA Industrial Development Club I	0	-145	0	-145
		10,089	9,192	2,755	98
2	Fair value adjustment of properties and liabilities				
	Longbow UK Real Estate Debt Investments III	-21	2,119	-21	2,119
	Ram Realty Partners III LP	3,069	1,439	0	0
	FPA Apartment Opportunity Fund IV	819	1,256	0	0
	Infrared NF China Real Estate Fund II	-285	912	-285	912
	Idera Residential Partnership II	2,257	472	0	0
	Hampshire U.S. Real Estate Income Fund	674	1,180	0	0
	Pamfleet Real Estate Fund II	76	59	76	59
	MPC Student Housing Joint Venture	0	0	0	0
	Savanna Real Estate Fund III	1,299	0	1,299	0
	The Landmark Club	8,923	0	0	0
	SBC Latin America Housing Fund II	-363	0	0	0
	Eurostone Residential Partnership	742	0	742	0
	Xander JV Fund II	165	462	0	0
	AREA Industrial Development Club I	-92	0	-92	0
		17,263	7,899	1,719	3,090

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	1,404	1,404	691	663
	Administrative expenses	227	297	73	127
	Total administrative expenses	1,631	1,701	764	790

No persons are employed in the company

Fees for auditors appointed by the annual general meeting

Total fee for EY (incl. VAT)	76	86	63	16
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Specified as follows:

Audit	19	17	15	15
Other assistance	57	69	48	1
Total	76	86	63	16

Management remuneration is settled through the fee to the General Partner amounting to EUR 4.3 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 and loans	12,875	9,955	4,401	2,744
	Realised foreign exchange gains, property investments	2,931	2,481	75	1,340
	Other foreign exchange gains	2,610	21	504	3,333
	Interest income from subsidiaries	0	0	2,051	1,884
	Other financial income	0	0	0	13
	Total financial income	18,416	12,457	7,031	9,314
5	Financial expenses				
	Interest losses	270	241	269	240
	Unrealised foreign exchange losses, property investments	12,218	303	6,758	231
	Realised foreign exchange losses, property investments	117	15	36	13
	Other foreign exchange losses	2,746	93	1,988	1,213
	Total financial expenses	15,351	652	9,052	1,697

Note	EUR 1.000	Group		Parent company	
		30. sep. 2016	30. sep. 2015	30. sep. 2016	30. sep. 2015
6	Investments in subsidiaries				
	Acquisition cost at the beginning of the financial year	0	0	48,317	34,543
	Additions during the year	0	0	0	13,791
	Disposals during the year	0	0	3,025	0
	Transfer to joint ventures	0	0	0	-17
	Acquisition cost at year end	0	0	45,292	48,317
	Value adjustments at the beginning of the financial year	0	0	20,067	2,557
	Profit for the year	0	0	27,099	17,196
	Distributed from the profit for the year	0	0	0	0
	Transfer to joint ventures	0	0	0	314
	Value adjustments at year end	0	0	47,166	20,067
	Carrying amount at 30 September	0	0	92,458	68,384

Investments in subsidiaries regard the 100% ownership in SPF III US, L.P, which has place of residence in USA, and 100% ownership in SPF III Birch ApS, SPF III US HUIH K/S, SPF III Landmark Club and SBC II Feeder A & B ApS, which all have place of residence in Denmark.

EUR 1.000	Group		Parent company		
	30. sep. 2016	30. sep. 2015	30. sep. 2016	30. sep. 2015	
7	Investments in joint ventures				
	Acquisition cost at the beginning of the financial year	2,539	0	3,386	0
	Additions during the year	3,011	3,491	10,800	3,491
	Disposals during the year	0	0	0	0
	Transfer from subsidiaries	0	17	0	17
	Acquisition cost at year end	5,550	3,508	14,186	3,508
	Value adjustments at the beginning of the financial year	-111	0	-111	0
	Profit for the year	-118	-128	-118	-128
	Distributed from the profit for the year	0	0	0	0
	Disposals during the year	0	209	0	209
	Transfer from subsidiaries	0	-314	0	-314
	Value adjustments at year end	-229	-233	-229	-233
	Carrying amount at 30 September	5,321	2,428	13,958	3,275

Investments in joint ventures regard the 30.1% ownership in MPC I, which has place of residence in Germany.

Note	EUR 1.000	Group		Parent company	
		30. sep. 2016	30. sep. 2015	30. sep. 2016	30. sep. 2015
8	Foreign property investments				
	Acquisition cost at the beginning of the financial year	110,337	62,741	28,315	12,409
	Additions during the year	43,738	65,627	17,537	29,355
	Disposals during the year	20,522	10,572	-762	5,989
	Acquisition cost at year end	133,552	111,796	45,090	35,775
	Value adjustments at the beginning of the financial year	24,375	6,959	2,235	1,053
	Value adjustments	32,258	27,783	3,590	5,599
	Distribution from property Fonds	-10,783	-10,366	-673	-4,417
	Value adjustments at year end	45,850	24,376	5,152	2,235
	Carrying amount at 30 September	179,403	142,172	50,242	38,010
8	Value adjustments are specified as follows:				
	Fair value adjustments of properties and liabilities	17,263	9,192	1,718	97
	Net operating income from properties	7,932	7,900	598	3,091
	Realised foreign exchange adjustment property investments	2,851	2,466	75	1,326
	Unrealised foreign exchange income, property investments	12,875	8,528	4,401	1,317
	Unrealised foreign exchange losses, property investments	-8,663	-303	-3,202	-231
	Total value adjustments	32,258	27,783	3,590	5,599

Foreign property investments:

Name	Region	Carrying amount at 30/9 2016	Owner- ship	Carrying amount at 30/9 2015	Owner- ship
Longbow UK Real Estate Debt Investments III	UK	213	2.9%	275	2.9%
Infrared NF China Real Estate Fund II	Asia	18,305	12.0%	13,148	16.3%
Pamfleet Real Estate Fund II	Asia	7,811	7.5%	6,081	7.5%
Savanna Real Estate Fund III	USA	15,577	5.7%	8,345	5.7%
Eurostone Residential Partnership	Europe	5,859	48.0%	9,552	48.0%
AREA Industrial Development Club I	Asia	2,477	13.3%	610	13.3%
Total Parent company		50,242		38,010	
Ram Realty Partners III LP	USA	22,329	20.2%	23,160	20.2%
FPA Apartment Opportunity Fund IV	USA	12,931	5.6%	20,041	5.6%
Hampshire U.S. Real Estate Income Fund	USA	33,823	11.5%	31,242	11.5%
Idera Residential Partnership II	Asia	30,253	69.8%	13,840	59.4%
The Landmark Club	Europe	22,846	76.9%	11,231	76.9%
SBC Latin America Housing Fund II	Latin Am	3,823	19.9%	2,100	19.9%
Xander JV Fund II	Asia	3,156	12.2%	2,549	12.2%
Total Group		179,403		142,172	

Note	EUR 1.000	Group		Parent company	
		30. sep. 2016	30. sep. 2015	30. sep. 2016	30. sep. 2015
9	Loan for foreign property investments				
	Loan at the beginning of the financial year	30,478	16,027	29,630	16,027
	Loan during the year	16,864	6,144	9,075	6,144
	Payment during the period	0	0	0	0
	Loan at the end of the year	47,342	22,170	38,705	22,170
	Value adjustments at the beginning of the year	2,496	1,068	2,496	1,068
	Value adjustments	-1,436	1,427	-1,436	1,427
	Distribution from loans	-2,120	0	-2,120	0
	Value adjustments at year end	-1,060	2,496	-1,060	2,496
	Carrying amount at 30 September	46,281	24,666	37,645	24,666
9	Value adjustments are specified as follows:				
	Net operating income from loans	2,157	0	2,157	0
	Realised foreign exchange adjustment loans	-36	0	-36	0
	Unrealised foreign exchange gains, loans	0	1,427	0	1,427
	Unrealised foreign exchange losses, loans	-3,556	0	-3,556	0
	Total value adjustments	-1,436	1,427	-1,436	1,427

Note	EUR 1.000	Group		Parent company	
		30. sep. 2016	30. sep. 2015	30. sep. 2016	30. sep. 2015
10	Equity				
	The Company's equity capital				
	Equity called at the beginning of the financial year	144,726	81,260	144,726	81,260
	Equity called during the period	66,140	63,466	66,140	63,466
		210,866	144,726	210,866	144,726
	Reserve for net revaluation according to the equity method				
	Reserve for net revaluation according to the equity method at the beginning of the financial year	0	0	19,804	2,726
	Transferred according to distribution of the profit	0	0	26,981	17,078
		0	0	46,785	19,804
	Retained earnings				
	Retained earnings at the beginning of the financial year	30,900	6,372	11,096	3,645
	Distributions, exits in foreign property investments	-22,551	-235	-22,551	-235
	Transferred according to distribution of the profit	16,590	24,763	-10,391	7,684
	Total retained earnings	24,939	30,900	-21,846	11,096
	Total equity	235,804	175,627	235,304	175,627

Allocated Carried Interest amounts at the balance sheet date to approx. 3,882 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 317,330 shares of EUR 1,000 each and is specified as follows:

Total subscribed equity capital	317,330
Equity called	144,726
Commitments for additional investments	172,604

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

AP Pension
Sampension
Lærernes Pension forsikringsaktieselskab
Pensionskassen for sygeplejersker og Lægeseekretærer
Pensionskassen for Socialrådgivere/-pædagoger og kontorphersonale

11 Contingent assets, liabilities and security

Million Fund	Commitment		Residual commitment	
	Currency	EUR	Currency	EUR
Longbow UK Real Estate Debt Investments III	GBP 18.4	22.4	GBP 0	0
Infrared NF China Real Estate Fund II	CNY 181.6	24.2	CNY 99.0	13.9
Pamfleet Real Estate Fund II	HKD 232.6	27.0	HKD 175.4	20.2
Savanna Real Estate Fund III	USD 25.0	21.7	USD 16.0	14.3
Eurostone Residential Partnership	EUR 22.0	22.0	EUR 11.7	11.7
AREA Industrial Development Club I	MYR 75.5	15.5	MYR 71.9	14.6
Total Parent company		132.8		74.7
Ram Realty Partners III LP	USD 27.2	21.6	USD 8.1	7.3
FPA Apartment Opportunity Fund IV	USD 19.1	15.6	USD 0.9	0.7
Hampshire U.S. Real Estate Income Fund	USD 35.0	27.4	USD 3.6	3.2
Idera Residential Partnership II	JPY 3,000	22,4	JPY 1,357	10.2
MPC Student Housing Joint Venture I	EUR 20.0	20.0	EUR 16.6	16.6
The Landmark Club	EUR 17.0	17.0	EUR 6.2	6.2
SBC Latin America Housing Fund II	USD 20.0	17.9	USD 17.8	15.9
Xander JV Fund II	INR 1,592	21.8	INR 1,335	18.2
Total		296.5		153.1

12 Related parties

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

SPF III GP ApS, registration no. 35 38 37 19 is general partner in Sparinvest Property Fund III K/S. As general partner the company has the general management responsibility for Sparinvest Property Fund III K/S. However, a management agreement with a management company was entered when founding Sparinvest Property Fund III K/S, see below. As general partner BMK 3 ApS receives a return on loan capital. Transactions have been made on an arm's length basis.

On behalf of SPF III GP ApS, Sparinvest Property Investors II A/S, registration no. 32 46 88 88 has entered into an agreement with Sparinvest Property Fund III K/S on management of Sparinvest Property Fund III 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 III K/S and Sparinvest Property Investors II A/S have taken place.

BMK Holding ApS, registration no. 29 24 30 34 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, KDJ ApS, registration no. 28 70 10 04, who hold equal shares of the capital in BMK Holding ApS and SomeCapital OY who in addition to the 3 first mentioned is part owner of SPF III GP ApS. In addition also the Groups with Sparinvest Property Fund K/S CVR nr. 29 31 60 58 and Sparinvest Property Fund II K/S, CVR nr. 32 47 15 60 as mothercompanies. No transactions between the companies have taken place during the financial year.

13 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.

14 Events after the balance sheet date

No significant events have occurred after 30 September 2016.

15 Exemption from filing requirements

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