



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 915 956 211
Organisasjonsform: Aksjeselskap
Foretaksnavn: UNION REAL ESTATE FUND II HOLDING AS
Forretningsadresse: v/UNION Eiendomkapital UREF AS
Bolette brygge 1
0252 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2023 - 31.12.2023

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Torgeir Røstberg
Dato for fastsettelse av årsregnskapet: 06.03.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 27.03.2025



Resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Other income		4 000	0
Sum inntekter		4 000	0
Kostnader			
General and administrative expenses	5,6,14,19	6 312 000	8 600 000
Sum kostnader		6 312 000	8 600 000
Driftsresultat		-6 308 000	-8 600 000
Finansinntekter og finanskostnader			
Financial income	16	47 707 000	22 120 000
Sum finansinntekter		47 707 000	22 120 000
Change in fair value shares		311 479 000	125 438 000
Financial costs	5	168 000	168 000
Sum finanskostnader		311 647 000	125 606 000
Netto finans		-263 940 000	-103 486 000
Ordinært resultat før skattekostnad		-270 248 000	-112 086 000
Income tax expense	8	0	0
Ordinært resultat etter skattekostnad		-270 248 000	-112 086 000
Årsresultat		-270 248 000	-112 086 000



Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	8	5 226 000	9 229 000
Sum immaterielle eiendeler		5 226 000	9 229 000
Finansielle anleggsmidler			
Investering i datterselskap	2,3,11, 15	582 603 000	1 161 603 000
Lån til foretak i samme konsern		186 491 000	114 070 000
Other non-current assets		7 552 000	0
Other long term receivables		58 563 000	52 000 000
Sum finansielle anleggsmidler		835 209 000	1 327 673 000
Sum anleggsmidler	9	840 435 000	1 336 902 000
Omløpsmidler			
Varer			
Fordringer			
Other receivables	12	4 821 000	3 188 000
Sum fordringer		4 821 000	3 188 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	12,17	71 837 000	20 194 000
Sum bankinnskudd, kontanter og lignende		71 837 000	20 194 000
Sum omløpsmidler		76 658 000	23 382 000
SUM EIENDELER	20	917 093 000	1 360 284 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: NOK	Note	2023	2022
Issued capital		49 493 000	49 493 000
Overkurs		171 060 000	340 820 000
Sum innskutt egenkapital	14	220 553 000	390 313 000
Opptjent egenkapital			
Fund for unrealised gains		4 286 000	73 871 000
Retained earnings		690 566 000	895 232 000
Sum opptjent egenkapital		694 852 000	969 103 000
Sum egenkapital		915 405 000	1 359 416 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld	12	215 000	408 000
Other current liabilities	12	1 473 000	458 000
Sum kortsiktig gjeld		1 688 000	866 000
Sum gjeld		1 688 000	866 000
SUM EGENKAPITAL OG GJELD		917 093 000	1 360 282 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Gross rental income	4	95 812 000	118 728 000
Property operating expenses		-8 640 000	-11 807 000
Other income		4 000	460 000
Sum inntekter		87 176 000	107 381 000
Kostnader			
Profit/(loss) sale of property		848 000	-9 251 000
Adjustment to value of investment property	10	229 440 000	99 358 000
General and administrative	5,6,14, 19	33 572 000	45 725 000
Sum kostnader		263 860 000	135 832 000
Driftsresultat		-176 684 000	-28 451 000
Finansinntekter og finanskostnader			
Financial income	16	8 134 000	30 476 000
Sum finansinntekter		8 134 000	30 476 000
Financial costs	5	125 433 000	74 471 000
Share of net profit/(loss) from joint ventures and associates	16	8 176 000	24 717 000
Sum finanskostnader		133 609 000	99 188 000
Netto finans	7, 13	-125 475 000	-68 712 000
Ordinært resultat før skattekostnad	12	-302 159 000	-97 163 000
Income tax expense	8	-29 002 000	-67 607 000
Ordinært resultat etter skattekostnad		-273 157 000	-29 556 000
Årsresultat		-273 157 000	-29 556 000
Minoritetsinteresser		-386 000	-916 000
Årsresultat etter minoritetsinteresser		-272 771 000	-28 640 000
Andre resultatkomponenter for IFRS-foretak		0	0



Konsernets resultatregnskap

Beløp i: NOK	Note	2023	2022
Totalresultat		-272 771 000	-28 640 000



Konsernets balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Investment property	3,4,10, 11	2 549 042 000	2 505 523 000
Sum varige driftsmidler		2 549 042 000	2 505 523 000
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	3,16	22 337 000	71 763 000
Other non-current assets		7 552 000	0
Other long term receivables		90 236 000	52 000 000
Sum finansielle anleggsmidler		120 125 000	123 763 000
Sum anleggsmidler	9	2 669 167 000	2 629 286 000
Omløpsmidler			
Varer			
Fordringer			
Accounts receivable	12	5 826 000	0
Other receivables	12	84 278 000	78 653 000
Other current financial assets	12	31 858 000	35 252 000
Sum fordringer		121 962 000	113 905 000
Investeringer			
Investment property held for sale	3,10,1 8	75 355 000	574 305 000
Sum investeringer		75 355 000	574 305 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	12,17	110 624 000	159 528 000
Sum bankinnskudd, kontanter og lignende		110 624 000	159 528 000
Sum omløpsmidler		307 941 000	847 738 000



Konsernets balanse

Beløp i: NOK	Note	2023	2022
SUM EIENDELER	20	2 977 108 000	3 477 024 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Issued capital		49 493 000	49 493 000
Overkurs		214 409 000	384 170 000
Sum innskutt egenkapital		263 902 000	433 663 000
Opptjent egenkapital			
Retained earnings		651 503 000	924 273 000
Sum opptjent egenkapital		651 503 000	924 273 000
Minoritetsinteresser	15	72 643 000	94 586 000
Sum egenkapital		988 048 000	1 452 522 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	8	117 761 000	146 763 000
Sum avsetninger for forpliktelser		117 761 000	146 763 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	11,13, 17	1 074 791 000	1 087 800 000
Sum annen langsiktig gjeld		1 074 791 000	1 087 800 000
Sum langsiktig gjeld	14	1 192 552 000	1 234 563 000
Kortsiktig gjeld			
Current interest-bearing loans and borrowings	11,13, 17	753 162 000	725 894 000
Leverandørgjeld	12	22 952 000	3 960 000
Liabilities for current tax	8	611 000	2 119 000
Other current liabilities	12	19 784 000	57 965 000
Sum kortsiktig gjeld	14	796 509 000	789 938 000



Konsernets balanse

Beløp i: NOK	Note	2023	2022
Sum gjeld	9	1 989 061 000	2 024 501 000
SUM EGENKAPITAL OG GJELD	20	2 977 109 000	3 477 023 000



UNION Real Estate Fund II Holding AS

Annual accounts

2023

Auditor's report

Directors' report

Statement of comprehensive income

Statement of financial position at 31 December

Statement of changes in equity

Statement of cash flows

Notes



UNION Real Estate Fund II Holding AS

Statement of comprehensive income


Parent company				Consolidated group	
2023	2022	All amounts in NOK I 000	Note	2023	2022
-	-	Gross rental income	4	95 812	118 728
-	-	Property operating expenses		(8 640)	(11 807)
-	-	Net rental and related income	10	87 172	106 921
4	-	Other income		4	460
-	-	Profit/(loss) sale of property		(848)	9 251
-	-	Adjustment to value of investment property	10	(229 440)	(99 358)
(6 312)	(8 600)	General and administrative expenses	5 6 14 19	(33 572)	(45 725)
(6 308)	(8 600)	Operating profit		(176 683)	(28 451)
47 707	22 120	Financial income	16	8 134	30 476
(311 479)	(125 438)	Change in fair value shares		-	-
(168)	(168)	Financial costs	5	(125 433)	(74 471)
-	-	Share of net profit/(loss) from joint ventures and associates	16	(8 176)	(24 717)
(263 940)	(103 486)	Net financial items	7 13	(125 475)	(68 711)
(270 248)	(112 086)	Profit before tax	12	(302 158)	(97 162)
(4 003)	(2 280)	Income tax expense	8	29 002	67 607
(274 250)	(114 366)	Profit for the year		(273 156)	(29 554)
		Other comprehensive income			
-	-	Net other comprehensive cost / income		-	-
-	-	Tax related to other comprehensive income	8	-	-
(274 250)	(114 366)	Total comprehensive income for the year		(273 156)	(29 554)
		Profit for the year attributable to:			
		Equity holders of the parent company		(272 770)	(28 638)
		Non-controlling interests		(386)	(916)
				(273 156)	(29 554)
		Total comprehensive income attributable to:			
		Equity holders of the parent company		(272 770)	(28 638)
		Non-controlling interests		(386)	(916)
				(273 156)	(29 554)



UNION Real Estate Fund II Holding AS
Statement of financial position at 31 December

Parent company		All amounts in NOK 1 000	Note	Consolidated group	
2023	2022			2023	2022
ASSETS					
Non-current assets					
-	-	Investment property	3 4 10 11	2 549 042	2 505 523
582 603	1 161 603	Investments in subsidiaries	2 3 11 15	-	-
-	-	Investments in associated companies and joint ventures	3 16	22 337	71 763
7 552	-	Other non-current assets		7 552	-
186 491	114 070	Loans to group companies		-	-
58 563	52 000	Other long term receivables		90 236	52 000
5 226	9 229	Deferred tax assets	8	-	-
840 434	1 336 902	Total non-current assets	9	2 669 168	2 629 286
Current assets					
-	-	Investment property held for sale	3 10 18	75 355	574 305
-	-	Accounts receivable	12	5 826	-
4 821	3 188	Other receivables	12	84 278	78 653
-	-	Other current financial assets	12	31 858	35 252
71 837	20 194	Cash and cash equivalents	12 17	110 624	159 528
76 658	23 381	Total current assets	9	307 941	847 737
917 092	1 360 283	TOTAL ASSETS	20	2 977 109	3 477 023
EQUITY AND LIABILITIES					
Equity					
Paid in capital					
49 493	49 493	Issued capital		49 493	49 493
171 060	340 820	Share premium		214 409	384 170
220 553	390 313	Total paid in capital	14	263 902	433 663
Accumulated profits					
4 286	73 871	Fund for unrealised gains		-	-
690 566	895 232	Retained earnings		651 503	924 273
694 853	969 103	Total accumulated profits		651 503	924 273
-	-	Non-controlling interests	15	72 643	94 586
915 405	1 359 416	Total equity		988 048	1 452 522
Non-current liabilities					
-	-	Interest-bearing loans and borrowings	11 13 17	1 074 791	1 087 800
-	-	Deferred tax liabilities	8	117 761	146 763
-	-	Total non-current liabilities	14	1 192 552	1 234 563
Current liabilities					
-	-	Current interest-bearing loans and borrowings	11 13 17	753 162	725 894
215	408	Accounts payable	12	22 952	3 960
-	-	Liabilities for current tax	8	611	2 119
1 473	458	Other current liabilities	12	19 784	57 965
1 687	866	Total current liabilities	14	796 508	789 939
1 687	866	Total liabilities	9	1 989 060	2 024 501
917 092	1 360 283	TOTAL EQUITY AND LIABILITIES	20	2 977 108	3 477 023

The Board of UNION Real Estate Fund II Holding AS
Oslo, 6 March 2024


Lars Even Moe
Board member


Bjørn Henningsen
Chair


Øystein A. Landvik
Board member



UNION Real Estate Fund II Holding AS

Statement of changes in equity

All amounts in NOK 1 000

Consolidated group	Note	Attributable to parent company equity holders			Total equity	
		Share capital	Share premium	Retained earnings		
Equity as at 31.12.2021		49 493	1 387 887	952 911	104 826	2 495 118
Dividends distributed		-	(1 003 717)	-	(9 324)	(1 013 041)
Total comprehensive income		-	-	(28 638)	(916)	(29 554)
Equity as at 31.12.2022		49 493	384 170	924 273	94 586	1 452 522
Dividends distributed		-	(169 761)	-	(21 556)	(191 317)
Total comprehensive income		-	-	(272 770)	(386)	(273 156)
Equity as at 31.12.2023		49 493	214 409	651 503	72 643	988 049

Parent company	Share capital	Share premium	Fund for unrealised gains	Retained earnings	Total equity
Equity as at 31.12 2021	49 493	1 344 538	697 412	386 057	2 477 499
Dividends distributed	-	(1 003 717)	-	-	(1 003 717)
Total comprehensive income	-	-	(623 541)	509 175	(114 366)
Equity as at 31.12 2022	49 493	340 820	73 871	895 232	1 359 416
Dividends distributed	-	(169 761)	-	-	(169 761)
Total comprehensive income	-	-	(69 585)	(204 666)	(274 250)
Equity as at 31.12 2023	49 493	171 060	4 286	690 566	915 405



UNION Real Estate Fund II Holding AS

Statement of cash flows

Parent company		All amounts in NOK 1 000	Note	Consolidated group	
2023	2022			2023	2022
		Cash flow from operating activities			
(270 248)	(112 086)	Profit before tax for the year from total operations	(302 158)	(97 162)	
311 479	125 438	Change in value shares	10 438	24 717	
(23 037)	(4 871)	(Profit) / loss sale of shares	21 446	-	
-	-	Change in value swaps	3 394	(22 926)	
-	-	Adjustment to value of investment property	229 440	99 358	
-	-	(Profit) / loss sale of property	848	(9 251)	
-	-	(Increase)/decrease in accounts receivable	(5 826)	1 543	
(1 633)	13 254	(Increase)/decrease in other receivables	(21 597)	73 798	
(194)	(15 620)	Increase/(decrease) in accounts payable	18 991	(47 153)	
1 015	(224)	Increase/(decrease) in other current liabilities	(40 642)	(2 696)	
-	-	Income taxes paid	(1 509)	(569)	
17 382	5 891	Net cash flow from operating activities	(87 175)	19 659	
		Cash flows from investing activities			
-	-	Purchase of investment property	(368 112)	(262 989)	
-	-	Sale of properties	580 993	1 548 493	
252 644	903 580	Sale of subsidiaries	-	-	
-	-	Sale of joint ventures / associates	-	116 142	
2 448	-	Sale of other investments	2 448	-	
21 352	52 676	Repayment of investments / distributions	-	-	
(72 421)	14 041	(Increase)/decrease in intercompany loan	-	-	
204 023	970 297	Net cash flow used in investing activities	215 329	1 401 645	
		Cash flows from financing activities			
(169 761)	(1 003 717)	Dividend	(191 317)	(1 013 041)	
-	-	Proceeds from borrowings	319 639	241 876	
-	-	Repayment of borrowings	(305 380)	(717 615)	
(169 761)	(1 003 717)	Net cash flow from financing activities	(177 058)	(1 488 780)	
51 644	(27 531)	Net increase/(decrease) in cash and cash equivalents	(48 903)	(67 476)	
20 194	47 723	Cash and cash equivalents at beginning of period	159 528	227 004	
71 837	20 194	Cash and cash equivalents at end of period	110 624	159 528	



The board of directors report 2023 for UNION Real Estate Fund II Holding AS

UNION Real Estate Fund II Holding AS

Operational review

UNION Real Estate Fund II Holding AS ("the Fund") was established in 2015 as an alternative investment fund to focus on the acquisition of commercial real estate properties primarily in Norway with the potential for value-add asset management through re-leasing, repositioning, refurbishment or expansion. The Fund will seek to continue the successful value-add investment strategy of UNION Eiendomskapital ("UNION") and is managed by UNION Eiendomskapital UREF AS. The Fund's investment strategy is to make investments in mid-sized, multi-tenant, commercial properties that are located primarily in the larger Norwegian cities and display value creation potential over an expected two to five year holding period.

UNION Real Estate Fund II Holding AS had as of December 2024 four investments consisting of 7 office and retail properties and one plot in Norway. Five properties were sold during 2023. UNION Real Estate Fund II Holding AS have one investment held for sale as of 31.12.2023. The investment operations through 2023 were based on the Funds investment strategy outlined above in accordance with the investment committee and the Board of Director.

Going concern

In accordance with the Accounting Act § 3-3a, the board of directors confirm that the financial statements have been prepared under the assumption of going concern. The Group's economic and financial position is sound.

Comments related to the financial statements

As of 31.12.2023 49 492 964 shares have been issued in the Fund.

The portfolio as of 31.12.2023 had a rental occupancy of approx. 99,9% and the average duration of the lease contracts were 6.7 years.

UNION Real Estate Fund II Holding AS had an operating loss of MNOK 6.3 (loss in 2022: 8.6). The Group had an operating loss of MNOK 176.7 (loss in 2022: 28.5). Profit before tax was negative with MNOK 270.3 (negative in 2022: 112.1) for the parent company and negative with MNOK 302.2 for the Group (negative for 2022: 97.2). The Group net loss for the year was MNOK 273.2 (net loss in 2022: 29.6).

The Board of UNION Real Estate Fund II Holding AS proposes that the negative total comprehensive income for the year of the parent company of MNOK 274.3 (loss in 2022: 114.4) is allocated as follows:

- | | |
|--|-------------------|
| • Transferred to fund for unrealized gains | NOK (69 585 000) |
| • Transferred to retained earnings | NOK (204 666 000) |
| • Net change in equity | NOK (274 250 000) |

The company's liquid assets are invested in a bank and considered to be low risk.



As per 31.12.2023 the parent company had a bank balance of MNOK 71.8 (2022: 20.2) and for the Group MNOK 110.6 (2022: 159.5).

The total capital pr. 31.12.2023 was MNOK 2.977 for the Group. Long-term debt equals 40.1% and short-term debt equals 26.8%. The equity ratio for the Group was 33.2%.

Environment and equality

The parent company and the Group do not pollute the environment beyond what is normal for the operations of the Group. Waste and emissions arising from operations are treated under applicable laws and regulations. The company does not discriminate between the sexes and believe that equality is safeguarded thus no specific measures is implemented.

Financial risk

Market risk

The company is exposed to effects related to macro-economic conditions and local market conditions. This could lead to changes in rent levels, occupancy rate and value of the properties. There has been increasing focus on location as investment criteria over the past years.

The Group is exposed to changes in interest rates. Total liabilities to credit institutions in the Group are per 31.12.2023 MNOK 1 828. Of the total debt to credit institutions, 28.5% were hedged per 31.12.2023. Average interest rate on the hedged part of the portfolio is 1.28 %. The rest of the portfolio has a floating interest rate. In addition to the hedged interest rate and the floating interest rate (3 month NIBOR) the margin is applied. The Group complies with all covenants per 31.12.2023.

Credit risk

The Fund has risks associated with its tenants on the properties. The tenants economy and financial strength, and thus their ability to serve the rent, has great significance for the risk associated with the loss of rent/income. The risk of vacancy depends to a large extent on the economic conditions. Vacancy in a property will lead to loss of rental income and cause the fund to cover the missing common costs. The fund strives to achieve a bank guarantee or rent deposit upon signing or renegotiating lease contracts.

Risk of liquidity

The Board assesses the Funds liquidity as satisfactory and it strives to have a liquidity buffer in case unforeseen things arise through daily operation of the properties.

Research and development

UNION Real Estate Fund II Holding AS has no research and development activities.

Other matters

The Board of Directors are covered by the directors` and officers` Liability Insurance policy entered into by UNION with a limit of liability of NOK 50 000 000.

The Transparency Act came into force on 1 July 2022, and will promote companies` respect for human rights and decent working conditions, as well as ensure the public`s access to information.



Explanation of due diligence assessments cf. Section 5 of the Transparency Act is made available on the Company's website - <https://union.no/>

Future development

Interest rates continued to rise throughout 2023, pushing property yields even higher. Concurrently, growth in office rents plateaued. However, several years of rent growth and high inflation resulted in improved cash flows for many assets. The expansion in yields nevertheless contributed to significant declines in property values.

The outlook for 2024 is more optimistic, as property yields are now aligning with the prevailing interest rate environment. Simultaneously, inflation is decreasing 'across the board,' and many market players anticipate central banks initiating base rate cuts this year.

The Board still believes that investments in the Norwegian property market offer attractive long-term opportunities, supported by factors such as robust economic growth, sound public finances, inflation protection in rent contracts, and low volumes of new construction.

Oslo, 6 March 2024

Bjørn Henningsen
Chairman

Lars Even Moe
Board member

Øystein A. Landvik
Board member



UNION Real Estate Fund II Holding AS

Notes 2023

1 Summary of significant accounting policies

UNION Real Estate Fund II Holding AS is a limited company, incorporated in Norway, headquartered in Oslo. Address headquarter: c/o UNION Eiendomskapital AS, Bolette Brygge 1, 0252 Oslo, Norway.

The combined consolidated financial statements of the consolidated group and parent company of UNION Real Estate Fund II Holding AS for the fiscal year 2023 were approved in the board meeting at 6th March 2024.

The Group is engaged in the development, letting, management, operation, purchase and sale of office and retail properties in Norway. UNION Real Estate Fund II Holding AS is managed by UNION Eiendomskapital UREF AS (the Manager).

1.1 Basis for preparation of the annual accounts

The UNION Real Estate Fund II Holding AS' annual accounts, consisting of the annual accounts of the parent company and the Group's consolidated financial statements, have been prepared in accordance with International Financial Reporting Standards (IFRS) which have been adopted by the EU and are mandatory for financial years beginning on or after 1 January 2023, and Norwegian disclosure requirements listed in the Norwegian Accounting Act as of December 31 2023.

The annual accounts are based on historical cost, with the exception of the following:

- Financial instruments at fair value through profit or loss, and loans, receivables and other financial liabilities which are recognised at amortised cost.
- Investment properties which are assessed at their fair value.

The consolidated financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

1.2 Functional currency and presentation currency

The functional currency and presentation currency for the parent company is NOK. The consolidated financial statements are presented in NOK.

1.3 Consolidation principles

(a) Subsidiaries

The Group's consolidated financial statements comprise UNION Real Estate Fund II Holding AS and companies in which UNION Real Estate Fund II Holding AS has a controlling interest. A controlling interest is normally obtained when the Group owns more than 50% of the shares in the company and can exercise control over the company. Non-controlling interests are included in the Group's equity.

The Group management is of the opinion that the acquisition of all existing subsidiaries is considered not to represent business combinations.

There are some investees where UNION Real Estate Fund II Holding AS has indirect ownership and a total ownership interest of less than 50%. As long as UNION Real Estate Fund II Holding AS has control of each level of the underlying entities (i.e. normally obtained with the ownership of more than 50% of the shares), then this investee is consolidated as a subsidiary.

(b) Associates and joint ventures

The Group has investments in associates and joint ventures. Associates are entities over which the Group has significant influence, but not control or joint control over the financial and operating management.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.



UNION Real Estate Fund II Holding AS

Notes 2023

Associates and joint ventures are accounted for using the equity method from the date when significant influence or joint control is achieved until such influence ceases.

Investments in an associates or joint ventures are initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If there are indication of that the investment in the associate or joint venture is impaired, the Group will perform an impairment test of the carrying amount of the investment. Any impairment losses are recognised as share of profit of an associate and a joint venture in the statement of profit or loss.

If the Group's share of the loss surpass the carrying amount of the associate, the carrying amount is set to zero and further loss is not recognised unless the Group has an obligation to make up for the loss. Upon loss of significant influence over the associate or joint control over the joint venture, and as such the equity method ceases, the Group measures and recognises any retained investment at its fair value. It will not be performed a new measurement of remaining ownership interests if the equity method is still applicable, for example by transition from an associate to a joint venture.

(c) Inter-company transactions and balances

Inter-company transactions and inter-company balances, including internal profits and unrealised gains and losses, are eliminated. Correspondingly, unrealised losses are eliminated but only to the extent that there are no indications of impairment in the value of the asset that has been sold internally.

(d) Non-controlling interests

The non-controlling interest in the consolidated financial statements is the non-controlling interest's share of the carrying amount of the equity. In a business combination are the non-controlling interests measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The subsidiary's profit and loss is together with the separate components of other comprehensive income, is attributable to the owners of the parent company and the non-controlling interests. The comprehensive income is attributable to the owners of the parent company and to the non-controlling interest even though this leads to negative non-controlling interests.

1.4 The use of estimates and assessment of accounting policies when preparing the annual accounts

1.4.1 Estimates and assumptions

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities. Estimates and their underlying assumptions are reviewed on a regular basis and are based on best estimates and historical experience. Changes in accounting estimates are recognised during the period when the changes take place. If the changes also apply to future periods, the effect is divided among the present and future periods.

1.4.2 Judgements

The management has, when preparing the financial statements; made certain significant assessments based on critical judgement when it comes to application of the accounting principles. The following items have been subjected to a significant level of judgement when applying the accounting principles:

- Investment property valuation (further information in notes 3, 9, 10 and 13)



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- Fair value of investments in subsidiaries (notes 2, 3 and 9)
- Investments in joint ventures and associates at equity value (notes 3, 9 and 16)
- Financial liabilities including interest rate derivatives (notes 3, 9 and 13)

1.5 Revenue recognition

The Group recognises revenue on an accruals basis, when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Group.

The Group's revenue includes rental income from investment properties, other income and proceeds from the sale of properties.

Rental income from investment property leased out under an operating lease is recognised in the income statement on a straight-line basis over the term of the lease. The revenue is measured net of any value added tax. Lease incentives being offered to occupiers to enter into a lease, such as an initial rent-free period, are an integral part of the net consideration for the use of the property and are therefore recognised on the same straight-line basis.

Any overhead costs are recognised in the balance sheet along with payments from the tenants and consequently this has no effect on the result.

Other income is recorded as income in the periods in which it is earned.

Proceeds received on the sale of properties are recognised within Revenue when the significant risks and rewards of ownership have been transferred to the buyer.

1.6 Segments

UNION Real Estate Fund II Holding's operations consist primarily of ownership and management of commercial properties in Norway. There are no significant differences in risk and profitability in areas where the company operates. The Company and the Group operates in one business segment and one geographical market, thus no further segment information will be prepared.

1.7 Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities.

Deferred tax assets are recognised when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilise the tax asset. The companies recognise previously unrecognised deferred tax assets to the extent it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the company no longer regards it as probable that it can utilise the deferred tax asset.

Accordingly to the exception in IAS 12 deferred tax is not recognised when buying a company that is not a business. A provision for deferred tax is made after subsequent increases and decreases in the value beyond initial cost.

Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates applicable to the companies in the Group where temporary differences have arisen.

Deferred tax and deferred tax assets are recognised at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet.

Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.



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1.8 Leases

Recognition of leases and income

For contracts where the Group acts as a lessor, it classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

The group does not have any finance leases.

1.9 Investment property

Investment properties are recognised at their fair value. The fair value equals the estimated market value without any deductions for expenses incurred in the case of any sale. Changes to the fair value are recognised in the statement of comprehensive income during the period when it arises.

The fair value is assessed annually, based on a valuation by an independent valuation expert that is qualified and has extensive experience of the area and the type of property that is valued. The valuation is prepared by discounting the total net annual rental income by a required rate of return that reflects the risk in net cash flows.

1.10 Financial assets and financial liabilities

Recognition and measurement

The Group classifies its financial assets in the following categories: at fair value through profit and loss (FVTPL) and at amortised cost.

(a) Financial assets at amortised cost and effective interest method

Financial assets that is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and that the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost.

Assets in this category are subsequently measured at amortised cost using the effective interest (EIR) method and are subject to impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial. See note 9 for "accounts receivables" and "other receivables".

(b) Fair value through profit or loss (FVTPL)

Financial assets not measured at amortised cost are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

- a debt instrument or equity instrument held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or
- a derivative, or
- designated as such upon initial recognition where permitted.

Financial assets at FVTPL are initially recognised and subsequently measured at fair value on a recurring basis with gains or losses arising from changes in fair value recognised through gains in investments in the income statement. Dividends or interest earned on the financial asset are excluded from the gains on investments and recognised separately within finance income.

The Group's management have designated all investments in subsidiaries and joint ventures in the separate financial statements for the parent company as Financial instruments at fair value through profit or loss, because this designation results in more relevant information as the Group manages these investments, evaluate its performance and makes purchase and sale decisions based on their fair value, in accordance with a documented risk management and investment strategy, and information about the Group is provided internally on that basis to



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the entity's key management personnel. See notes 2, 3 and 9 for "investments in subsidiaries" and notes 9 and 16 for "joint arrangements".

The Group classifies its financial liabilities in the following categories: at fair value through profit or loss (FVTPL), and other financial liabilities.

(a) Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL include derivative liabilities and other financial liabilities designated as FVTPL.

All hedging instruments is classified as at FVTPL.

Financial liabilities at FVTPL are initially recognised and subsequently measured at fair value on a recurring basis with gains or losses arising from changes in fair value recognised through gains in investments in the income statement. Interest paid on the financial instruments is excluded from the gains on investments and recognised separately within Finance costs

(b) Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the income statement over the period of the borrowings, using the effective interest method ("interest-bearing loans and borrowings"; notes 9, 11 and 13).

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Group has a legal right to offset the amounts and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

1.11 Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be converted immediately into a known amount of cash and have a maximum term to maturity of three months.

1.12 Equity

Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying economical realities.

Interest, dividend, gains and losses relating to a financial instrument classified as a liability will be presented as an expense or income. Amounts distributed to holders of financial instruments that are classified as equity will be recorded directly in equity.

Transaction costs directly related to an equity transaction are recognised directly in equity after deducting tax expenses.



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1.13 Application of new and amended standards

Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current

The International Accounting Standards Board has issued amendments to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The amendments clarify:

- The meaning of right to defer settlement
- That the right to defer must exist at the end of the reporting period
- That classification is not affected by the probability that an entity will exercise its deferral right
- That the terms of a liability would not impact its classification, only if an embedded derivative is an equity instrument itself.

Amendments to standards and interpretations with a future effective date

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Amendments to IAS 8 - Definition of Accounting Estimates

IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The amendments are effective for annual periods beginning on or after 1 January 2023, but earlier application is permitted. The Group does not intend to early adopt the amendments.

It is not expected that the amendments will have any major effect to the financial statement of the Company.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies

Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, IASB has issued amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments are effective for annual periods beginning on or after 1 January 2023, but earlier application is permitted as long as this fact is disclosed. The Group does not intend to early adopt the amendments.

Some of the accounting policies presented in the annual accounts for 2022 may in this not be required for the 2023 annual accounts.

1.14 Alternative Investment Funds

UNION Real Estate Fund II Holding AS is registered as a Alternative Investment Fund at the The Financial Supervisory Authority of Norway (*Finanstilsynet*), and must consequently meet certain disclosure requirements in the Act on Alternative Investment Fund Managers (AIF-Act) (*Lov om forvaltning av alternative investeringsfond (AIF-loven)*).



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Article 104 in Commission delegated regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU sets out certain requirements as to information in the Annual report, disclosure to investors and reporting to competent authorities.

See note 19 for more information in this context.



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2 List of subsidiaries

The following subsidiaries are included in the consolidated financial statements:

Company	Business Office	Shareholding / voting rights	Acquisition date	Ownership interest	Ownership
Bekkefaret Bolig Holding AS	Oslo	100,00 %	15.08.2017	100,00 %	Directly
Frost Retail Holding AS	Oslo	53,40 %	01.02.2017	53,40 %	Directly
Frost Retail Invest AS	Oslo	53,40 %	01.02.2017	53,40 %	Indirectly
Frost Retail Invest II AS	Oslo	53,40 %	01.02.2017	53,40 %	Indirectly
Frost Retail Properties AS	Oslo	53,40 %	01.02.2017	53,40 %	Indirectly
Trondheimsveien 85 Eiendom AS *	Oslo	53,40 %	01.02.2017	53,40 %	Indirectly
Valle E Holding AS	Oslo	100,00 %	10.09.2021	100,00 %	Directly
Valle Value AS	Oslo	100,00 %	12.12.2020	100,00 %	Indirectly
Valle View AS	Oslo	100,00 %	01.02.2021	100,00 %	Indirectly
Valle Vision AS	Oslo	100,00 %	02.12.2019	100,00 %	Indirectly
Valle Volume AS	Oslo	100,00 %	01.02.2021	100,00 %	Indirectly
Valle Wood AS	Oslo	100,00 %	02.12.2019	100,00 %	Indirectly

* Subsidiaries that are classified as Held for sale. See note 18 for more information.

Sold companies in 2023 (consolidated in the ownership period):

Company	Business Office	Sold date	Shareholding / voting rights	Acquisition date	Ownership interest	Ownership
Frost Retail Development AS **	Oslo	02.03.2023	70,00 %	01.02.2017	70,00 %	Indirectly
Holmenkollveien 43 Eiendom AS	Oslo	30.06.2023	53,40 %	01.02.2017	53,40 %	Indirectly
Hvam Eiendom Invest AS	Oslo	01.03.2023	100,00 %	15.03.2018	100,00 %	Directly
Kjellerholen 7 AS	Oslo	01.03.2023	100,00 %	19.02.2019	100,00 %	Indirectly
Kjellerholen 9 AS	Oslo	01.03.2023	100,00 %	19.02.2019	100,00 %	Indirectly
Multianlegg 3 AS	Oslo	01.03.2023	100,00 %	31.01.2019	100,00 %	Indirectly
Valle Eiendom Holding AS ***	Oslo	27.04.2023	100,00 %	10.09.2019	100,00 %	Indirectly
Valle Eiendom II Holding AS ***	Oslo	27.04.2023	100,00 %	01.02.2021	100,00 %	Indirectly

** Liquidated

*** Merged with Valle E Holding AS

There are no particular significant restrictions on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans or advances.

See also note 15 for information about subsidiaries with material non-controlling interests.



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3 Critical accounting estimates and subjective judgements

In accordance with IFRS 13, disclosure is required for financial instruments that are measured in the consolidated statement of financial position at fair value.

This requires disclosure of fair value measurements by level for the following fair value measurement hierarchy:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

There were no transfers between levels in the period.

Fair value of investment properties

Investment properties are measured at their fair value based on external, independent valuations.

Property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer which may not prove to be accurate. For these reasons, and consistent with EPRA's guidance, the Group have classified the valuations of the investment property portfolio as Level 3 as defined by IFRS 13.

Semiannually all the properties are valued by independent, external valuer. The valuations at 31 December 2023 were obtained from Newsec and Cushman&Wakefield. The valuations are mainly based on the discounted cash flow method, which involves discounting future cash flow over a specified period using an estimated discount rate and then adding a residual value at the end of the period. Future cash flows are calculated on the basis of cash flows from signed leases, as well as future cash flows based on an expected market rent at the end of the lease terms. The fair value of investment properties is therefore mainly affected by expected market rents, discount rates and inflation. The market rent for each property takes into account the property's situation, standard and leases signed for comparable properties in the area. For the duration of existing lease terms, the discount rate is mainly based on an assessment of the individual tenant's financial solidity and classification. After the end of the lease term, cash flows are discounted using a discount rate that takes into account the risk relating to letting and location. Inflation is estimated using the consensus of a selection of banks and official statistics.

When carrying out their valuations, the valuers receive comprehensive details of the leases for the properties, floor space and details of any vacant premises, and up-to-date information about all ongoing projects. Any uncertainties relating to the properties/projects and leases are also clarified verbally and in writing as and when required. The Group management performs internal controls to ensure that all relevant information is included in the valuations.

The valuers perform their valuations on the basis of the information they have received, and estimate future market rents, yields, inflation and other relevant parameters. Each individual property is assessed in terms of its market position, rental income (contractual rents versus market rents) and ownership cost, with estimates being made for anticipated vacancy levels and the need for alterations and upgrades. The remaining term of leases is also assessed for risk, along with any special clauses in the contracts. Each property is also compared with recently sold properties in the same segment (location, type of property, mix of tenants, etc.)

The table below shows to what extent the value of the property portfolio is affected by inflation, market rents, discount rates (interest rates) and exit yields (market yields), assuming that all other factors are equal.

Change variable (The Group)	Change in % (minus)	Value change	Change in % (plus)	Value change
Market rent	-4,0 %	(72 002)	4,0 %	72 003
Discount rates	-0,20 %	92 066	0,20 %	(85 665)

Fair value of investments in subsidiaries and joint ventures

The sole purpose of the subsidiaries of the Group is to own the investment properties described above. Any other assets or liabilities that the subsidiaries and joint ventures may have will for the most part consist of cash and cash equivalents and short-term payables and receivables, and the fair value of these items is expected to approximate the nominal and carrying amounts.

As the main assets of the subsidiaries and joint ventures, i.e. the investment properties, are classified as level 3 financial instruments, the subsidiaries and joint ventures are also classified as level 3 instruments.

The valuation technique for measuring the fair value of the subsidiaries and the joint ventures is an adjusted net asset value method, where the fair value of the main assets are measured by an income approach, and the fair value of the subsidiaries and joint ventures is then estimated by adjusting for any other assets and liabilities.

Consequently the inputs and the relationship of unobservable inputs to fair value for the subsidiaries and joint ventures will correspond with those for the investment properties.



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3 Critical accounting estimates and subjective judgements - continues

Reconciliation of Level 3 fair value measurements of subsidiaries and joint ventures:

	Parent		Group	
	Subsidiaries	Joint ventures & associates	Investment property	Investment property held for sale
Balance as of 1 January 2023	1 161 603	71 763	2 505 523	574 305
Additions	-	-	368 112	-
Disposals	(248 431)	(41 250)	(19 798)	(574 305)
Dividends	(21 352)	-	-	-
Transfer between categories	-	-	(75 312)	75 312
Change in fair value	(309 217)	(8 176)	(229 483)	43
Balance as of 31 December 2023	582 603	22 337	2 549 042	75 355
Balance as of 1 January 2022	2 238 426	212 622	2 949 899	1 558 152
Additions	-	-	262 989	-
Disposals	(898 709)	(116 142)	(33 703)	(1 558 152)
Dividends	(52 676)	-	-	-
Transfer between categories	-	-	(574 305)	574 305
Change in fair value	(125 438)	(24 717)	(99 358)	-
Balance as of 31 December 2022	1 161 603	71 763	2 505 523	574 305

Fair value of derivatives

The interest rate swaps used by the Group are not traded in an active market. As a result, their fair value is based on valuation techniques that are consistent with generally accepted valuation methodologies for pricing financial instruments and they incorporate all factors and assumptions that market participants would consider in setting the price.

The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The valuations are market observable, internally calculated and verified to externally sourced data and are therefore included within level 2.

The derivatives have been valued by the Group's banks, and these valuations have been tested for reasonableness by the Group's Management.

4 Operating leases

The Group mainly enters into contracts with a fixed rent for the lease of property.

Operating leases

The Group leases out its owned investment properties to third parties with contracted non-cancellable lease terms between 3 and 15 years. The Group has classified all of these leases as operating because they do not transfers substantially all the risks and rewards incidental to ownership of the properties the counterparties. For the Group's investment property leases the rental income is largely fixed under the contracts, however, subject to an annual price adjustment based on inflation.

The Group also leases out part of its owned machinery and equipment to third parties with contracted non-cancellable lease terms between 1 and 3 years. The Group has classified these leases as operating because they do not transfers substantially all the risks and rewards incidental to ownership of the counterparties. The lease payment in these contracts are fixed over the lease term.

The Group's lease income from operating leases are presented in the table below:

Lease income from operating leases	Consolidated group	
	2023	2022
Lease income from investment properties	95 812	118 728
Total	95 812	118 728
The Group's future accumulated rent from non-terminable operational lease contracts at 31.12.	2023	2022
Within 1 year	91 457	127 008
Between 1 and 5 years	320 223	561 113
Later than 5 years	204 047	483 831
Total	615 727	1 171 953



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5 Wages and remuneration

Number of employees

The parent company have no employees.

The Group has in 2021 had 1 full-time employee.

Wage costs	Parent company		Consolidated group	
	2023	2022	2023	2022
Salary	-	-	899	865
Payroll tax	-	-	160	143
Pension costs	-	-	52	36
Other benefits	-	-	88	87
Total wage costs	-	-	1 200	1 131

Remuneration to members of the Board

The Board has not received any remuneration for their work.

Expensed audit fee (excl. VAT)	Parent company ¹		Consolidated group	
	2023	2022	2023	2022
Statutory audit	279	319	930	1 110
Other assurance services	27	77	150	132
Other non-assurance services	80	110	140	227
Tax consultant services	36	73	39	81
Total expensed audit fee	422	578	1 258	1 550
Non-expensed other non-assurance services	-	-	-	-
Total audit fee	422	578	1 258	1 550

¹ Fees to RSM Norge AS and affiliated companies.

Shares held by Board members²

	Position	2023
Bjørn Henningsen	Chair	0,24 %
Lars Even Moe	Board member	0,24 %
Øystein A. Landvik	Board member	0,24 %
Total		0,71 %

² The shares are owned indirectly in the form of ownership in UREF II Sponsor AS and through private holding companies. UREF II Sponsor AS owns directly shares in UNION Real Estate Fund II Holding AS.

6 General and administrative expenses

General and administrative expenses	Parent company		Consolidated group	
	2023	2022	2023	2022
Auditor's fee	422	578	1 258	1 550
Wage costs	-	-	1 200	1 131
Management fee	3 842	5 133	17 912	16 313
Other fees	1 282	2 709	8 260	18 722
Bad debt	-	-	1 250	-
Other general and administrative expenses	766	181	3 692	8 009
Total general and administrative expenses	6 312	8 600	33 572	45 725



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7 Financial income and costs - continues

Financial income	Parent company		Consolidated group	
	2023	2022	2023	2022
Interest income on cash and cash equivalents	4 313	855	6 317	7 326
Interest income on group receivables	7 586	6 787	-	-
Other interest income	1 792	-	1 792	-
Dividends and other contributions	10 979	9 608	-	-
Profit sale of shares	23 037	4 871	-	-
Change fair value swaps	-	-	-	22 926
Other financial income	-	-	25	225
Total financial income	47 707	22 120	8 134	30 476

7 Financial income and costs

Financial costs	Parent company		Consolidated group	
	2023	2022	2023	2022
Change fair value shares	311 479	125 438	-	-
Interest expense on financial liabilities	-	-	100 410	74 005
Loss sale of shares	-	-	21 446	-
Change fair value swaps	-	-	3 394	-
Share of net profit from joint ventures and associates	-	-	8 176	24 717
Other financial costs	168	168	184	466
Total financial costs	311 647	125 606	133 609	99 188
Net financial items	(263 940)	(103 486)	(125 475)	(68 711)

8 Income tax

Income tax expense	Parent company		Consolidated group	
	2023	2022	2023	2022
<i>Current tax:</i>				
Tax payable	-	-	(54)	570
<i>Deferred tax:</i>				
Changes in deferred tax	4 003	2 280	(14 894)	(11 768)
Changes in deferred tax on value of investment property	-	-	(14 054)	(56 410)
Total income tax expense	4 003	2 280	(29 002)	(67 607)

Reconciliation of the effective rate of tax	Parent company		Consolidated group	
	2023	2022	2023	2022
Income taxes calculated at 22% of profit before tax	(59 454)	(24 659)	(21 376)	(21 376)
Tax related to change in value of shares	68 525	27 596	(2 035)	(2 035)
Non-taxable income	(5 068)	(657)	(43 815)	(43 815)
Tax effect on non-recognised tax asset / acquired tax assets	-	-	38 224	(381)
Total income tax expense	4 003	2 280	(29 002)	(67 607)

Deferred tax and deferred tax assets:	Parent company		Consolidated group	
	2023	2022	2023	2022
<i>Deferred tax assets</i>				
Tax losses carried forward	23 756	41 950	341 123	281 148
Other deferred tax assets	-	-	6 210	6 210
Deferred tax assets - gross	23 756	41 950	347 333	287 358
<i>Deferred tax liabilities</i>				
Investment property	-	-	878 734	942 615
Profit and loss accounts	-	-	-	5 427
Other deferred tax liabilities	-	-	1 909	3 398
Deferred tax liabilities - gross	-	-	880 643	951 440
Net deferred tax asset/(liabilities)	23 756	41 950	(533 310)	(664 082)
Net recognised deferred tax asset/(liabilities)	23 756	41 950	(538 277)	(667 104)
Book value at 31.12 (22 %)	5 226	9 229	(117 761)	(146 763)



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9 Carrying amounts and fair value of financial instruments

The following table provides information about the carrying amounts and the fair value of all classes of financial instruments:

	Parent company		Consolidated group	
	2023	2022	2023	2022
Financial assets - non current				
<i>Financial assets designated as FVTPL</i>				
Investments in subsidiaries	582 603	1 161 603	-	-
Investments in joint ventures	-	-	22 337	71 763
Other non-current assets	7 552	-	7 552	-
<i>Financial assets at amortised cost</i>				
Loans to group companies	186 491	114 070	-	-
Other long term receivables	58 563	52 000	90 236	52 000
Total non current financial assets	835 208	1 327 673	120 126	123 763
Financial assets - current				
<i>Financial assets at FVTPL</i>				
Interest rate swap	-	-	31 858	35 252
<i>Investments in debt instrument measured at amortised cost</i>				
Accounts receivables	-	-	5 826	-
Other receivables	4 821	3 188	84 278	78 653
<i>Cash and cash equivalents</i>				
Cash and cash equivalents	71 837	20 194	110 624	159 528
Total current financial assets	76 658	23 381	232 586	273 432
Financial liabilities - non current				
<i>Financial liabilities held at amortised cost</i>				
Secured bank debt	-	-	1 074 791	1 087 800
Total non current liabilities	-	-	1 074 791	1 087 800
Financial liabilities - current				
<i>Financial liabilities at amortised cost</i>				
Secured bank debt	-	-	753 162	725 894
Accounts payables	215	408	22 952	3 960
Current tax liability	-	-	611	2 119
Accrued expenses / other current liabilities	1 473	458	19 784	57 965
Total current liabilities	1 687	866	796 508	789 939

The fair values for all "Investments in debt instrument measured at amortised cost", and all current "Financial liabilities measured at amortised cost" are expected to approximate their carrying amounts given the short-term nature of these financial instruments.

The total carrying value of non current "Financial liabilities measured at amortised cost" is a reasonable approximation of their fair value at the year end date.



UNION Real Estate Fund II Holding AS

Notes 2023

All amounts in NOK 1 000 unless otherwise stated

10 Investment property

Investment property	Consolidated group	
	2023	2022
Opening balance as at 1 January	3 079 827	4 508 051
Enhancement expenditure capitalised	368 112	262 989
Disposed entities	(594 103)	(1 591 855)
Net gain/loss on changes in fair value	(229 440)	(99 358)
Balance at 31 December	2 624 397	3 079 827

External appraisers performs the Fund's property valuations semi-annually. The appraisers has the mandate to estimate the market value of the property if sold on the open market in an arm's length transaction between a willing seller and buyer. A number of factors, including tenancy schedules, maintenance requirements, tenant improvements, location, the technical condition of the property, etc are considered for the valuation. In addition, comparable transactions, availability and cost of financing, general vacancy levels, rental levels and economic activity are all factors contributing to the analysis. Overall, these factors contribute to providing a realistic picture of the price level achievable in the market should the property be sold. The Fund use Akershus Eiendom and Cushman & Wakefield as their external appraisers. Akershus Eiendom and Cushman & Wakefield are two of the leading providers of valuation services in the Norwegian real estate market.

The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and seller in an arm's length transaction at the date of valuation. The following main inputs have been used:

	2023	2022
Yields (%)	5,20 %	4,60 %
Inflation rate (%)	4,80 %	6,57 %
Long term vacancy rate (%)	0,04 %	0,40 %
Long term growth rate in real rental terms (%)	2,00 %	2,00 %

The Fund's portfolio was as of 31 December 2023 valued at an average net yield of 5.2 %. The corresponding gross yield was 5.4 % and average owner's costs were 3.7 %. We believe the current valuation is reflective of the underlying values of the properties in the Fund, taking into consideration property specific value drivers such as Weighted Average Lease Term (WALT), locations, rent levels, counterparties, vacancy rates, etc.

The inflation rate of 4.8 % in 2023 was above expectations and above the Norwegian Central Bank's inflation rate target. The underlying property values in the Fund has as a result increased correspondingly. Long term vacancy rate is set to the portfolio's current vacancy rate of 0.04 %. The long term growth rate in real rental terms is set according to the Norwegian Central Bank's inflation target as of 31 December 2023, of 2.0 %.

Changes in fair value is recognised in the period to which the profit/loss relates. The latest independent valuation was carried out on 31 December 2023. Investment properties are not depreciated.

There are no restrictions on when the investment properties can be realised, or how the revenue and cash flow on any sale can be used.

There are no significant contractual obligations to buy, build or develop investment properties.

Income and expenditure relating to investment properties	Parent company		Consolidated group	
	2023	2022	2023	2022
Rental income	-	-	95 812	118 728
Direct operating expenses of properties that generated income	-	-	(8 640)	(11 807)
Balance at 31 December	-	-	87 172	106 921

11 Pledged assets

	Parent company		Consolidated group	
	2023	2022	2023	2022
<i>Carrying amount secured debt</i>				
Secured long-term debt	-	-	1 074 791	1 087 800
Secured short-term debt	-	-	753 162	725 894
<i>Book value of pledged assets</i>				
Investment property held for sale	-	-	75 355	574 305
Fair value of investment property (land, building and fixtures)	-	-	2 549 042	2 505 523

It has been issued mortgages on the investment properties, as collateral for floating interest bank loans. At 31 December 2023 the loans are recognised at TNOK 1 827 953.

The pledge under the facilities vary, but typically the lender has a first priority pledge over the property, a first priority pledge over the shares in the borrower, target company, property company and the title company. In some cases the lender also have a first priority assignment by the Borrower over any monetary under any Intra-group loan.



UNION Real Estate Fund II Holding AS

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All amounts in NOK 1 000 unless otherwise stated

12 Related parties

12.1 Identification of related parties

Amongst the identified related parties there have been transactions with the Group's subsidiaries, the Group's management, UREF II Sponsor AS.

Apart from the transactions described below, there are no significant transactions with related parties.

Information about the parent company is provided in note 14.

12.2 Group related transactions

Interests on internal loans are calculated on the basis of Nibor 3 month plus a margin of 2,00%-2,25%. Transactions with group companies have been eliminated in the Consolidated Group.

The parent company recharge the group companies management fee based on an distribution model. The distribution model is based on work carried out for group companies.

12.3 Board, management and owners

UNION Eiendomskapital UREF AS have entered into a management agreement with UNION Real Estate Fund Holding II AS. The management fee for the investment period amounts to 1,65% of total commitments per annum. After expiration of the investment period, management fee amounts to 1,65% of invested capital per annum.

Rental fees:

When UNION Eiendomskapital UREF AS negotiate lease contracts on behalf of group companies, the manager receives a fee of between 7,5% and 15% of the annual rent, depending on whether it applies to extension of existing contracts and finding new tenants.

Transactions with the manager (UNION Eiendomskapital UREF AS)

Amount of transactions	Parent company		Consolidated group	
	2023	2022	2023	2022
Management fee	3 842	5 133	17 912	16 313
Rental fee	-	-	2 029	1 223
Property management	-	-	228	294
Project fee	-	-	5 885	11 974
Other fees	-	-	331	4 828

Outstanding balances	Parent company		Consolidated group	
	2023	2022	2023	2022
Accounts receivable	-	-	-	-
Balance at 31 December	-	-	-	-

Transactions with subsidiaries

Amount of transactions	Parent company		Consolidated group	
	2023	2022	2023	2022
Dividends received	32 331	52 676	-	-

Outstanding balances	Parent company		Consolidated group	
	2023	2022	2023	2022
Other receivables	186 491	114 070	-	-
Balance at 31 December	186 491	114 070	-	-

Transactions with joint ventures

Amount of transactions	Parent company		Consolidated group	
	2023	2022	2023	2022
Dividends received	-	-	1 250	-



UNION Real Estate Fund II Holding AS

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All amounts in NOK 1 000 unless otherwise stated

13 Information on financial risks

UNION Real Estate Fund II Holding AS will through recognised financial instruments be exposed to various forms of risk. The main types of risk will be liquidity risk, credit risk and market risk. It is the responsibility of the fund's manager to determine the strategies for managing risk associated with financial instruments and to operationalize and implement the chosen strategy. Selected strategies, fixed limits and actual exposure in relation to established limits are reported periodically to the Board of UNION Real Estate Fund II Holding AS. UNION Real Estate Fund II Holding AS has adopted an moderate risk profile, and this consideration is also governing the determination of the strategy for risk management in financial instruments.

13.1 Liquidity risk

UNION Real Estate Fund II Holding AS are exposed to liquidity risk in the form of repayment of loans from credit institutions, current interest on such obligations, and the use of interest rate swaps result in payment obligations when paid interest exceeds interest received. The manager prepares liquidity forecasts, which include maturity overviews of debt. The cash flow projection are reported to the group board and form the basis for future financing plans.

The maturity plan below shows how commitments are payable in nominal amounts in accordance with the agreed instalments plans and expected payments under financial interest rate swaps based on current market rates. Commitments are here presented in nominal amounts.

	2024	2025	2026	2027	2028 and later
Maturity plan - Parent company					
Interest-bearing loans and borrowings	-	-	-	-	-
Maturity plan - Consolidated group					
Interest-bearing loans and borrowings	752 468	10 406	1 065 079	-	-

13.2 Credit risk

For the financial assets in the balance sheet, financial derivatives and receivables, the maximum credit risk may be best expressed by the recognised value of the assets. No security have been established for financial assets. The risk connected with the financial derivatives and bank deposits are perceived in practice limited due to the counterparts being major Norwegian commercial banks. In terms of exposure to other counterparties than banks are at any given time is relatively limited compared to the total balance. For most rental agreements security in the form of cash or bank guarantees equivalent to half the annual rent including share of common costs have been established.

At 31 December 2023 the group have accounts receivable of TNOK 5 826. The group have made provision for bad debts on overdue receivables not covered by the rental guarantees.

13.3. Interest rate risk

The Group's exposure to interest rate risk mainly concerns financial liabilities which are floating rate.

The Group uses interest rate swaps to hedge exposure to the variability in cash flows on floating rate debt, such as bank facilities, caused by movements in market rates of interest.

Due to a combination of factors, principally the high level of certainty required under IAS 39 'Financial Instruments: Recognition and Measurement', hedging instruments used in this context do not qualify for hedge accounting.

At 31 December 2023, the Group had pay-fixed interest-rate swaps in place with a nominal value of TNOK 543 900, and its net debt was 28.5 % fixed.

The expected maturity profiles of the Group's interest rate swaps are as follows (based on nominal values):

	Parent company 2023	Parent company 2022	Consolidated group 2023	Consolidated group 2022
One year or less, or on demand	-	-	-	-
More than one year but not more than two years	-	-	-	-
More than two years but not more than five years	-	-	543 900	549 450
More than five years	-	-	-	-

13.4. Foreign exchange risk

The Group is not exposed to currency risk in relation to the translation of net assets, currency transactions or the translation of net assets and income statement of foreign subsidiaries.



UNION Real Estate Fund II Holding AS

Notes 2023

All amounts in NOK 1 000 unless otherwise stated

14 Share capital, shareholder information and dividend

(Number of shares are in whole numbers)

14.1 Share capital	2023	2022
Ordinary shares, nominal amount NOK 1	49 007 739	49 007 739
Sponsorshares, nominal amount NOK 1	485 225	485 225
Total number of shares	49 492 964	49 492 964

The sponsorshares have the right to elect the board members of the company, ordinary shares are without voting rights concerning the board election.

Reconciliation of total number of shares in issue:

	Ordinary shares	Sponsor shares	Total
As at December 31 2022	49 007 739	485 225	49 492 964
Issued as of 31 December 2023 - fully paid in	49 007 739	485 225	49 492 964
As at December 31 2021	49 007 739	485 225	49 492 964
Issued as of 31 December 2022 - fully paid in	49 007 739	485 225	49 492 964

14.2 Shareholders

	Ordinary shares	Sponsor shares	Ownership interest	Voting interest
Marienlyst Eiendom AS	388 180	-	0,78 %	0,78 %
Øylaks Drift AS	388 180	-	0,78 %	0,78 %
Sjømennenes Hus Eiendom AS	388 180	-	0,78 %	0,78 %
Aakvik Holding AS	388 180	-	0,78 %	0,78 %
Ngh Invest AS	485 225	-	0,98 %	0,98 %
Ews Stifelsen	485 225	-	0,98 %	0,98 %
Paus & Paus Eiendom AS	485 225	-	0,98 %	0,98 %
Tomte Forvalning AS	485 225	-	0,98 %	0,98 %
Harbarn AS	582 269	-	1,18 %	1,18 %
Swap Invest AS	582 270	-	1,18 %	1,18 %
Haslelund Holding AS	582 270	-	1,18 %	1,18 %
Skips As Tudor	582 270	-	1,18 %	1,18 %
BIMO Kapital AS	970 450	-	1,96 %	1,96 %
Spleismark Næring AS	970 450	-	1,96 %	1,96 %
Pactum AS	1 164 540	-	2,35 %	2,35 %
Livsforsikringselskapet Nordea Liv Norge AS	1 843 856	-	3,73 %	3,73 %
Farvatn Capital AS	1 940 901	-	3,92 %	3,92 %
Joh Johannson Eiendom AS	4 852 252	-	9,80 %	9,80 %
Geveran Trading Co. Limited	7 763 602	-	15,69 %	15,69 %
Union Real Estate Fund II SCSp	19 772 129	-	39,95 %	39,95 %
Sum top 20 shareholders	45 100 879	-	91,13 %	91,13 %
Other shareholders	3 906 860	-	7,89 %	7,89 %
UREF II Sponsor AS	-	485 225	0,98 %	0,98 %
Total number of shares 31.12.2023	49 007 739	485 225	100,00 %	100,00 %

14.3 Dividends

Cash dividends approved and paid	2023		2022	
	NOK pr share	Total	NOK pr share	Total
Ordinary shares				
Total dividends approved and paid	3,43	168 097	20,28	993 877
Sponsor shares				
Total dividends approved and paid	3,43	1 664	20,28	9 840
Total		169 761		1 003 717

Dividends to non-controlling shareholders in UNION Real Estate Fund II Holding's subsidiaries are reported as dividends in the consolidated statement of changes in equity.

Since the year end, the Board of Directors have not proposed any final dividend in respect of 2023.



UNION Real Estate Fund II Holding AS

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All amounts in NOK 1 000 unless otherwise stated

14.4 Estimated allocation of equity

The shareholders of UNION Real Estate Fund II Holding AS have entered into a shareholders agreement where the allocation of profits have been set out. This allocation will be settled on the date of liquidation of the fund.

14.5 Capital Resources

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to be able to implement future investments. The fund will target a gross compounded annual internal rate of return of 15% to 17 % with a targeted average dividend of at least 5% to 7% on invested capital per annum over the life of the fund, utilising target leverage of 50% to 60% of portfolio value.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as borrowings less cash and cash equivalents.

The table below illustrates the gearing ratio for the consolidated group at December 31. Non-controlling interests are included in the total equity.

	2023	2022
Borrowings	1 827 953	1 813 694
Less cash and cash equivalents	(110 624)	(159 528)
Net debt	1 717 329	1 654 166
Total equity	988 048	1 452 522
Total capital resources	2 705 377	3 106 687
Gearing ratio	63,5 %	53,2 %

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

14.6 Financial Covenants

Under the terms of the major borrowing facilities, the Group is required to comply with certain financial covenants. There are loan agreements with a total carrying amount of around NOK 1 108 million for which the banks have imposed requirements in the form of financial covenants.

The covenants under these facilities vary, but typically the Group must achieve a maximum Loan to Value (LTV) of between 70 and 75 per cent. No breaches of covenants arose in any form in 2023.

15 Subsidiaries with material non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

The information below represents the consolidated figures of the subsidiary at 100 per cent, and the amounts are before intercompany eliminations.

	2023	2022
The Company's ownership		
Frost Retail Holding AS	53,4 %	53,4 %
Summarised income statement for Frost Retail Holding AS		
Revenue	5 102	6 311
Profit/(Loss) for the year	(1 405)	(1 356)
Summarised balance sheet for Frost Retail Holding AS		
Total assets	164 775	226 271
Total liabilities	(32 313)	(49 497)
Net assets	132 461	176 775
Non-controlling interests	94 586	94 586
Equity attributable to shareholders of UNION Real Estate Fund II Holding AS	37 876	82 189

There has been paid a total dividend of TNOK 21 556 to non-controlling interests in 2023 (2022: TNOK 9 324).



UNION Real Estate Fund II Holding AS

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16 Joint ventures and associated companies

The joint ventures is a 50% interest in Borgenveien 50 AS.

Borgenveien 50 AS

Borgenveien 50 AS is a company located in Oslo which owns the building in Borgenveien 50. Borgenveien 50 AS is jointly controlled with one other party as a result of a contractual agreement involving sharing of control over the relevant activities of Borgenveien AS.

Bekkefarefaret Bolig AS

Bekkefarefaret is a residential development and newbuild project in Jessheim, approximately 30 minutes north of Oslo, close to Oslo Airport Gardermoen. The 50% interest were sold in 2023.

Since the contractual arrangement specifies that the parties with joint control have rights to the net assets of the arrangement, the Group is assessed to be party to a joint venture.

The joint ventures and the associated companies are accounted for using the equity method in the consolidated group and at fair value through profit or loss in the separate financial statements for the parent company.

The table below provides summarised financial information for the joint ventures and associated companies. The information disclosed is based on separate financial statements for the joint ventures in accordance with IFRS. The information have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

These are figures at 100 per cent and are not adjusted for holding period.

Income statement	Bekkefarefaret Bolig AS		Borgenveien 50 AS	
	2023	2022	2023	2022
Revenues	-	88 922	7 771	7 828
Operating costs	-	(1 234)	(556)	(816)
Adjustment to value of investment property	-	(7 156)	(19 321)	(17 746)
Net interest	-	(1 234)	(4 782)	(3 137)
Income tax expense	-	25 201	538	3 904
Profit for the period	-	104 499	(16 352)	(9 967)
Other comprehensive income	-	(176 209)	-	802
Total comprehensive income	-	(71 710)	(16 352)	(9 165)
Assets and liabilities				
Investment properties	-	145 280	118 697	138 019
Cash and cash equivalents	-	15 730	4 427	3 749
Other current assets	-	84 847	5	113
Current liabilities	-	(28 908)	(524)	(1 295)
Non current liabilities	-	(136 950)	(77 931)	(77 060)
Net assets	-	80 000	44 675	63 526
Dividends received from the joint venture				
				-
Reconciliation to carrying amounts				
Opening net assets 1 January	80 000	134 019	63 526	72 691
Capital increase / demerger / other	(80 000)	17 690	-	-
Profit/(loss) for the period	-	104 499	(16 352)	(9 967)
Other comprehensive income	-	(176 209)	-	802
Dividends paid	-	-	(2 500)	-
Closing net assets	-	80 000	44 675	63 526
Group's share in %	50 %	50 %	50 %	50,0 %
Carrying amount	-	40 000	22 337	31 763

There are no particular significant restrictions on the ability of the joint venture to transfer funds to the Group in the form of cash dividends or to repay loans or advances.

The Group have no commitments or contingent liabilities in respect of this joint venture.



UNION Real Estate Fund II Holding AS

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17 Reconciliation of liabilities arising from financing activities

This section sets out an analysis of net debt and the movements in net debt at Group level for each of the periods presented.

Net debt	2023	2022
Cash and cash equivalents	110 624	159 528
Borrowings - repayable within one year (including overdraft)	(752 468)	(725 894)
Borrowings - repayable after one year	(1 075 485)	(1 087 800)
Net debt at 31.12	(1 717 329)	(1 654 166)
Cash and liquid investments	110 624	159 528
Gross debt - fixed interest rates	(543 900)	(549 450)
Gross debt - variable interest rates	(1 284 053)	(1 264 244)
Net debt at 31.12	(1 717 329)	(1 654 166)

	Other assets		Liabilities from financing activities		Net debt
	Cash/cash equivalents	Borrowings due within 1 year	Borrowings due after 1 year		
Net debt as at 01.01.2022	227 004	(742 236)	(1 547 196)	(2 062 428)	
Cash flows	(67 476)	719 310	(266 498)	385 336	
Other non-cash movements					
Fair value change swap	-	22 926	-	22 926	
Reclassification to short term debt	-	(725 894)	725 894	-	
Net debt as at 31.12.2022	159 528	(725 894)	(1 087 800)	(1 654 166)	
Cash flows	(48 904)	725 894	(740 847)	(63 857)	
Other non-cash movements					
Amortised loan fees	-	694	-	694	
Reclassification to short term debt	-	(753 162)	753 162	-	
Net debt as at 31.12.2023	110 624	(752 468)	(1 075 485)	(1 717 329)	

18 Investment property held for sale

As of 31 December 2023, the Group had entered into contracts for the sale of the subsidiaries set out below. The risks and returns of ownership had not fully transferred to the buyer as of this date, and as a result the investment properties and the interest-bearing debt for these subsidiaries are classified as "Investment property held for sale" and "Current interest-bearing loans".

Trondheimsveien 85 Eiendom AS

The transaction is expected to close in the first quarter 2024, and it is currently estimated that the disposal group will realise its carrying amount (net of disposal costs).

Gross rental income from these investment properties was TNOK 4 533 in 2023.

The subsidiaries that have been sold in 2023 (see note 2) are not considered to represent a separate major line of business, and consequently the requirements for discontinued operations in IFRS 5 does not apply.



UNION Real Estate Fund II Holding AS

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19 Alternative Investment Fund disclosure

Compensation to the Manager

UNION Real Estate Fund II Holding AS is managed by UNION Eiendomskapital UREF AS. As UNION Eiendomskapital UREF AS also manages other funds, the managers' compensation also derives from the results from managing these funds. For 2023 the employees in the management company received a total of MNOK 33,501 as wage compensation (including fixed and variable compensation). The leading management of the management company received a total of MNOK 4,200 as wage compensation (including fixed and variable compensation). Final variable compensation for leading employees will be decided by the board of directors after the annual accounts are approved. Total compensation is charged the 2023-accounts.

Annual report, disclosure to investors and reporting to competent authorities

The following table provides information about the direct and indirect costs, where the columns "direct costs" illustrate the costs expensed in UNION Real Estate Fund II Holding AS and the columns "indirect costs" illustrate UNION Real Estate Fund II Holding AS' share of the costs, according to ownership share, in the consolidated accounts (where UNION Real Estate Fund II Holding AS is the parent), adjusted for joint ventures.

	Direct costs		Indirect costs	
	2023	2022	2023	2022
Auditor's fee	422	578	836	972
Management fee	3 842	5 133	14 070	11 180
Other fees	1 282	2 709	6 978	16 014
Other general and administrative expenses	766	181	5 376	8 959
Total general and administrative expenses	6 312	8 600	27 260	37 124



To the General Meeting of UNION Real Estate Fund II Holding AS

RSM Norge AS

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Independent Auditor's Report

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Opinion

We have audited the financial statements of UNION Real Estate Fund II Holding AS, which comprise:

- the financial statements of the parent company UNION Real Estate Fund II Holding AS showing a loss of NOK 274 250 000, which comprise the balance sheet as at 31 December 2023, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and
- the consolidated financial statements of UNION Real Estate Fund II Holding AS and its subsidiaries showing a loss of NOK 273 156 000, which comprise the balance sheet as at 31 December 2023, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors (management) is responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

THE POWER OF BEING UNDERSTOOD

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RSM Norge AS is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Norge AS er medlem av/ is a member of Den norske Revisorforening.

Penneo Dokumentno: kket-YN25B-EEZVM-YF5X5-V3N3M-HNBSU-UTMM6



Independent Auditor's Report 2023 for UNION Real Estate Fund II Holding AS



In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, 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 Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group 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 about 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 6 March 2024
RSM Norge AS

Per-Henning Lie
State Authorised Public Accountant
(This document is signed electronically)

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"By my signature I confirm all dates and content in this document."

Per-Henning Schulz Lie

State Authorized Public Accountant

On behalf of: RSM Norge AS

Serial number: UN:NO-9578-5997-4-211409

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Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Jeanette Munkvold Skovholt	13.10.2017	26.10.2017
Telefon	Deres referanse	Vår referanse
90076012	Jannecke Vinjum	2017/1094572

UNION EIENDOMSKAPITAL UREF AS
c/o Union Gruppen AS Postboks 1715 Vika
0121 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for UNION Real Estate Fund II Holding AS, org.nr. 915 956 211

Vi viser til deres brev av 13. oktober 2017 hvor dere på vegne av UNION Real Estate Fund II Holding AS søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering UNION Real Estate Fund II Holding AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden gjengis:

På vegne av UNION Real Estate Fund II Holding AS (org.nr 915 956 211) ("Fondet"), søker vi med dette om dispensasjon fra Regnskapslovens § 3-4 tredje ledd om å få avlegge konsern- og selskapsregnskap på engelsk fra og med regnskapsåret 2017.

UNION Real Estate Fund II Holding AS er et eiendomsfond med en internasjonal investor som eier 40% av aksjene i selskapet.

Konsernets funksjonelle valuta er NOK. Som følge av at Fondet delvis eies av en internasjonale investorer foregår all rapportering og kommunikasjon i hovedsak på engelsk. Brukeren av konsern- og selskapsregnskapet er utenlandsk og benytter engelsk som sitt arbeidsspråk.

Utarbeidelse på norsk språk vil kun ha til formål å tilfredsstille regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post:	22 17 08 60
	skatteetaten.no/sendepost	



”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “*informative regnskaper for ulike grupper av regnskapsbrukere*”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at en vesentlig del av selskapet eies av utenlandsk aksjonær. Selskapet retter seg hovedsakelig mot utenlandske investorer og arbeidsspråket er engelsk. Videre er det vektlagt at ingen øvrige regnskapsbrukere blir negativt berørt av at årsregnskapet og årsberetningen utarbeides på engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jeanette Munkvold Skovholt

Kopi til:

UNION REAL ESTATE FUND II
HOLDING AS

v/UNION Eiendoms kapital AS Postboks 0121 OSLO
1715 vika

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