



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - 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: 01.01.2022 - 31.12.2022

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: 01.03.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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, 21.07.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Kostnader			
General and administrative expenses	5,6,14, 19	8 600 000	10 234 000
Sum kostnader		8 600 000	10 234 000
Driftsresultat		-8 600 000	-10 234 000
Finansinntekter og finanskostnader			
Financial income	16	22 120 000	48 312 000
Change in fair value shares			537 116 000
Sum finansinntekter		22 120 000	585 428 000
Change in fair value shares		125 438 000	
Financial costs	5	168 000	385 000
Sum finanskostnader		125 606 000	385 000
Netto finans	7, 13	-103 486 000	585 043 000
Ordinært resultat før skattekostnad	12	-112 086 000	574 809 000
Income tax expense	8	2 280 000	817 000
Ordinært resultat etter skattekostnad		-114 366 000	573 992 000
Årsresultat		-114 366 000	573 992 000
Net other comprehensive cost/income		0	0
Totalresultat		-114 366 000	573 992 000



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	8	9 229 000	11 509 000
Sum immaterielle eiendeler		9 229 000	11 509 000
Finansielle anleggsmidler			
Investering i datterselskap	2,3,11, 15	1 161 603 000	2 238 426 000
Lån til foretak i samme konsern		114 070 000	128 111 000
Other long term receivables		52 000 000	52 000 000
Sum finansielle anleggsmidler		1 327 673 000	2 418 537 000
Sum anleggsmidler	9	1 336 902 000	2 430 046 000
Omløpsmidler			
Varer			
Fordringer			
Other receivables	12	3 188 000	16 442 000
Sum fordringer		3 188 000	16 442 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	12,17	20 194 000	47 723 000
Sum bankinnskudd, kontanter og lignende		20 194 000	47 723 000
Sum omløpsmidler	9	23 382 000	64 165 000
SUM EIENDELER	20	1 360 284 000	2 494 211 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Issued capital		49 493 000	49 493 000



Balanse

Beløp i: NOK	Note	2022	2021
Overkurs		340 820 000	1 344 538 000
Sum innskutt egenkapital	14	390 313 000	1 394 031 000
Opptjent egenkapital			
Fund for unrealised gains		73 871 000	697 412 000
Retained earnings		895 232 000	386 057 000
Sum opptjent egenkapital		969 103 000	1 083 469 000
Sum egenkapital		1 359 416 000	2 477 500 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld	12	408 000	16 029 000
Other current liabilities	12	458 000	682 000
Sum kortsiktig gjeld	14	866 000	16 711 000
Sum gjeld	9	866 000	16 711 000
SUM EGENKAPITAL OG GJELD	20	1 360 282 000	2 494 211 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Gross rental income	4	118 728 000	190 001 000
Property operating expenses		-11 807 000	-27 665 000
Other income		460 000	5 829 000
Profit/(loss) sale of property		9 251 000	49 195 000
Adjustment to value of investment property		-99 358 000	453 689 000
Sum inntekter	10	17 274 000	671 049 000
Kostnader			
General and administrative expenses	5,6,14, 19	45 725 000	61 066 000
Sum kostnader		45 725 000	61 066 000
Driftsresultat		-28 451 000	609 983 000
Finansinntekter og finanskostnader			
Share of net profit/(loss) from joint ventures and associates	16		64 208 000
Financial income	16	30 476 000	12 870 000
Share of net profit/(loss) from joint ventures and associates			
Sum finansinntekter		30 476 000	77 078 000
Financial costs	5	74 471 000	69 381 000
Share of net profit/(loss) from joint ventures and associates	16	24 717 000	
Sum finanskostnader		99 188 000	69 381 000
Netto finans	7, 13	-68 712 000	7 697 000
Ordinært resultat før skattekostnad	12	-97 163 000	617 680 000
Income tax expense	8	-67 607 000	126 509 000
Ordinært resultat etter skattekostnad		-29 556 000	491 171 000
Årsresultat		-29 556 000	491 171 000
Minoritetsinteresser		-916 000	4 102 000
Årsresultat etter minoritetsinteresser		-28 640 000	487 069 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2022	2021
Net other comprehensive cost/income		0	0
Totalresultat		-29 556 000	491 171 000



Konsernets balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Investment property	3,4,10, 11	2 505 523 000	2 949 899 000
Sum varige driftsmidler		2 505 523 000	2 949 899 000
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	3,16	71 763 000	212 621 000
Other long term receivables		52 000 000	52 000 000
Sum finansielle anleggsmidler		123 763 000	264 621 000
Sum anleggsmidler		2 629 286 000	3 214 520 000
Omløpsmidler			
Varer			
Fordringer			
Accounts receivable	12		1 543 000
Other receivables	12	78 653 000	100 451 000
Sum fordringer		78 653 000	101 994 000
Investeringer			
Investment property held for sale	3,10,1 8	574 305 000	1 558 152 000
Other current financial assets	12	35 252 000	12 326 000
Sum investeringer		609 557 000	1 570 478 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	12,17	159 528 000	227 004 000
Sum bankinnskudd, kontanter og lignende		159 528 000	227 004 000
Sum omløpsmidler	9	847 738 000	1 899 476 000



Konsernets balanse

Beløp i: NOK	Note	2022	2021
SUM EIENDELER	20	3 477 024 000	5 113 996 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Issued capital		49 493 000	49 493 000
Overkurs		384 170 000	1 387 887 000
Sum innskutt egenkapital	14	433 663 000	1 437 380 000
Opptjent egenkapital			
Retained earnings		924 273 000	952 911 000
Minoritetsinteresser	15	94 586 000	104 826 000
Sum opptjent egenkapital		1 018 859 000	1 057 737 000
Sum egenkapital		1 452 522 000	2 495 117 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	8	146 763 000	214 927 000
Sum avsetninger for forpliktelser		146 763 000	214 927 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	11,13, 17	1 087 800 000	1 547 196 000
Sum annen langsiktig gjeld		1 087 800 000	1 547 196 000
Sum langsiktig gjeld	14	1 234 563 000	1 762 123 000
Kortsiktig gjeld			
Current interest-bearing loans and borrowings	11,13, 17	725 894 000	742 236 000
Leverandørgjeld	12	3 960 000	51 114 000
Liabilities for current tax	8	2 119 000	2 133 000
Other current liabilities	12	57 965 000	61 274 000
Sum kortsiktig gjeld	14	789 938 000	856 757 000
Sum gjeld	9	2 024 501 000	2 618 880 000



Konsernets balanse

Beløp i: NOK	Note	2022	2021
SUM EGENKAPITAL OG GJELD	20	3 477 023 000	5 113 997 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer: 2023 394913

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

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: 01.03.2023

Revisjon

Ekstern autorisert regnskapsfører har i løpet av regnskapsåret bistått ved den løpende regnskapsføringen eller utført andre tjenester for selskapet enn å utarbeide årsregnskapet: Ja

Grunnlag for avgivelse

År 2022: Årsregnskap er elektronisk innlevert.
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022.

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, 22.05.2023

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673



Organisasjonsnr: 915 956 211
UNION REAL ESTATE FUND II HOLDING
AS

RESULTATREGNSKAP

<u>Beløp i: NOK</u>	<u>Note</u>	<u>2022</u>	<u>2021</u>
RESULTATREGNSKAP			
Kostnader			
General and administrative expenses	5, 6, 14, 19	8 600 000	10 234 000
Sum kostnader		8 600 000	10 234 000
Driftsresultat		-8 600 000	-10 234 000
Finansinntekter og finanskostnader			
Financial income	16	22 120 000	48 312 000
Change in fair value shares			537 116 000
Sum finansinntekter		22 120 000	585 428 000
Change in fair value shares		125 438 000	
Financial costs	5	168 000	385 000
Sum finanskostnader		125 606 000	385 000
Netto finans	7, 13	-103 486 000	585 043 000
Ordinært resultat før skattekostnad			
Income tax expense	12 8	-112 086 000 2 280 000	574 809 000 817 000
Ordinært resultat etter skattekostnad		-114 366 000	573 992 000
Årsresultat		-114 366 000	573 992 000
Net other comprehensive cost/income		0	0
Totalresultat		-114 366 000	573 992 000



Organisasjonsnr: 915 956 211
UNION REAL ESTATE FUND II HOLDING
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BALANSE

Beløp i: NOK	Note	2022	2021
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Immaterielle eiendeler			
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Sum anleggsmidler	9	1 336 902 000	2 430 046 000
Omløpsmidler			
Varer			
Fordringer			
Other receivables	12	3 188 000	16 442 000
Sum fordringer		3 188 000	16 442 000
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BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Issued capital		49 493 000	49 493 000
Overkurs		340 820 000	1 344 538 000
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Opptjent egenkapital			
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Retained earnings		895 232 000	386 057 000
Sum opptjent egenkapital		969 103 000	1 083 469 000



Sum egenkapital		1 359 416 000	2 477 500 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld	12	408 000	16 029 000
Other current liabilities	12	458 000	682 000
Sum kortsiktig gjeld	14	866 000	16 711 000
Sum gjeld	9	866 000	16 711 000
SUM EGENKAPITAL OG GJELD	20	1 360 282 000	2 494 211 000



Organisasjonsnr: 915 956 211
UNION REAL ESTATE FUND II HOLDING
AS

KONSERNRESULTATREGNSKAP

<u>Beløp i: NOK</u>	<u>Note</u>	<u>2022</u>	<u>2021</u>
RESULTATREGNSKAP			
Inntekter			
Gross rental income	4	118 728 000	190 001 000
Property operating expenses		-11 807 000	-27 665 000
Other income		460 000	5 829 000
Profit/(loss) sale of property		9 251 000	49 195 000
Adjustment to value of investment property		-99 358 000	453 689 000
Sum inntekter	10	17 274 000	671 049 000
Kostnader			
General and administrative expenses	5, 6, 14, 19	45 725 000	61 066 000
Sum kostnader		45 725 000	61 066 000
Driftsresultat		-28 451 000	609 983 000
Finansinntekter og finanskostnader			
Share of net profit/(loss) from joint ventures and associates	16		64 208 000
Financial income	16	30 476 000	12 870 000
Share of net profit/(loss) from joint ventures and associates			
Sum finansinntekter		30 476 000	77 078 000
Financial costs	5	74 471 000	69 381 000
Share of net profit/(loss) from joint ventures and associates	16	24 717 000	
Sum finanskostnader		99 188 000	69 381 000
Netto finans	7, 13	-68 712 000	7 697 000
Ordinært resultat før skattekostnad			
Income tax expense	8	-67 607 000	126 509 000
Ordinært resultat etter skattekostnad		-29 556 000	491 171 000
Årsresultat		-29 556 000	491 171 000
Minoritetsinteresser		-916 000	4 102 000
Årsresultat etter minoritetsinteresser		-28 640 000	487 069 000



Net other comprehensive cost/income	0	0
Totalresultat	-29 556 000	491 171 000



Organisasjonsnr: 915 956 211
UNION REAL ESTATE FUND II HOLDING
AS

KONSERNBALANSE

Beløp i: NOK **Note** **2022** **2021**

BALANSE - EIENDELER

Anleggsmidler Immaterielle eiendeler

Varige driftsmidler			
Investment property	3,4,10,11	2 505 523 000	2 949 899 000
Sum varige driftsmidler		2 505 523 000	2 949 899 000

Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	3,16	71 763 000	212 621 000
Other long term receivables		52 000 000	52 000 000
Sum finansielle anleggsmidler		123 763 000	264 621 000
Sum anleggsmidler		2 629 286 000	3 214 520 000

Omløpsmidler Varer

Fordringer			
Accounts receivable	12		1 543 000
Other receivables	12	78 653 000	100 451 000
Sum fordringer		78 653 000	101 994 000

Investeringer			
Investment property held for sale	3,10,18	574 305 000	1 558 152 000
Other current financial assets	12	35 252 000	12 326 000
Sum investeringer		609 557 000	1 570 478 000

Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	12,17	159 528 000	227 004 000
Sum bankinnskudd, kontanter og lignende		159 528 000	227 004 000

Sum omløpsmidler	9	847 738 000	1 899 476 000
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SUM EIENDELER	20	3 477 024 000	5 113 996 000
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BALANSE - EGENKAPITAL OG GJELD

Egenkapital Innskutt egenkapital



Issued capital		49 493 000	49 493 000
Overkurs		384 170 000	1 387 887 000
Sum innskutt egenkapital	14	433 663 000	1 437 380 000
Opptjent egenkapital			
Retained earnings		924 273 000	952 911 000
Minoritetsinteresser	15	94 586 000	104 826 000
Sum opptjent egenkapital		1 018 859 000	1 057 737 000
Sum egenkapital		1 452 522 000	2 495 117 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	8	146 763 000	214 927 000
Sum avsetninger for forpliktelseser		146 763 000	214 927 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	11,13,17	1 087 800 000	1 547 196 000
Sum annen langsiktig gjeld		1 087 800 000	1 547 196 000
Sum langsiktig gjeld	14	1 234 563 000	1 762 123 000
Kortsiktig gjeld			
Current interest-bearing loans and borrowings	11,13,17	725 894 000	742 236 000
Leverandørgjeld	12	3 960 000	51 114 000
Liabilities for current tax	8	2 119 000	2 133 000
Other current liabilities	12	57 965 000	61 274 000
Sum kortsiktig gjeld	14	789 938 000	856 757 000
Sum gjeld	9	2 024 501 000	2 618 880 000
SUM EGENKAPITAL OG GJELD	20	3 477 023 000	5 113 997 000



Organisasjonsnr: 915 956 211
UNION REAL ESTATE FUND II HOLDING
AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
1

Regnskapsprinsipper

Note
5

Antall årsverk i regnskapsåret
0.00

Note
5

Spesifisering av resultatregnskapet

Lønnskostnader

Lønn	Årets	Fjorårets
	0.00	0.00
Folketrygdavgift	Årets	Fjorårets
	0.00	0.00
Pensjonskostnader	Årets	Fjorårets
	0.00	0.00
Andre ytelser	Årets	Fjorårets
	0.00	0.00

Mer om årsverk og lønn
The parent company have no employees

Note

Ekstraordinære inntekter og kostnader

Sum Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

Konsernregnskap



Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Pantstillelse</u>	<u>Beløp</u>
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Note

<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
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Erverv

Endringer i beholdning av aksjer i løpet av regnskapsåret

Avhendelse

Endringer i beholdning av aksjer i løpet av regnskapsåret

Samvirkeforetak

Vedtektsbestemmelser/årsmøtevedtak/forslag til vedtak om medlemskapskonti

Mer om aksjer



Organisasjonsnr: 915 956 211
UNION REAL ESTATE FUND II HOLDING
AS

NOTEOPPLYSNINGER - KONSERN - alle poster oppgitt i hele tall

Note
1

Regnskapsprinsipper

Note
5

Antall årsverk i regnskapsåret
1.00

Note
5

Spesifisering av resultatregnskapet

Lønnskostnader

Lønn	Årets	Fjorårets
	865000.00	805000.00
Folketrygdavgift	Årets	Fjorårets
	143000.00	133000.00
Pensjonskostnader	Årets	Fjorårets
	36000.00	57000.00
Andre ytelser	Årets	Fjorårets
	87000.00	79000.00
Sum lønnskostnader	Årets	Fjorårets
	1131000.00	1075000.00

Note

Ekstraordinære inntekter og kostnader

Sum Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

Konsernregnskap



Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - felles kontrollert virksomhet Årets Fjorårets

Pantstillelse Beløp

Beholdning av egne aksjer Antall Pålydende Andel av aksjek.



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

RSM Norge AS

Ruseløkkveien 30, 0251 Oslo
Pb 1312 Vika, 0112 Oslo
Org.nr: 982 316 588 MVA

T +47 23 11 42 00
F +47 23 11 42 01

Independent Auditor's Report

www.rsmnorge.no

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 114 366 000, which comprise the balance sheet as at 31 December 2022, 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 a summary of significant accounting policies, and
- the consolidated financial statements of UNION Real Estate Fund II Holding AS and its subsidiaries showing a loss of NOK 29 554 000, which comprise the balance sheet as at 31 December 2022, 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 a summary of significant accounting policies.

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 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting 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 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting 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.

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

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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.

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Penneo Dokumentnøkkel: ANVLF-14HEA-1EGL-MNC6M-KN2MQ-FVMILL



Independent Auditor's Report 2022 for UNION Real Estate Fund II Holding AS



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 International Financial Reporting 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, 1 March 2023
RSM Norge AS

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

Penneo Dokumentnøkkel: ANVLF-14HEA-1EGL-MNC6M-KN2MQ-FVILL



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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Per-Henning Schulz Lie

Partner

På vegne av: RSM Norge AS

Serienummer: 9578-5997-4-211409

IP: 188.95.xxx.xxx

2023-03-03 12:25:51 UTC



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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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UNION Real Estate Fund II Holding AS

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2022

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The board of directors report 2022 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 2022 four investments consisting of 14 office and retail properties in Norway. Five properties were sold during 2022, while one investment where liquidated. UNION Real Estate Fund II Holding AS have one investment held for sale as of 31.12.2022 which is the Hvam Eiendom Invest AS, consisting of three properties (Kjellerholen 7, Kjellerholen 9, and Multianlegg 3). The investment operations through 2022 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 31.12.2022 49 492 964 shares have been issued in the Fund.

The portfolio as of 31.12.2022 had a rental occupancy of approx. 99,6% and the average duration of the lease contracts were 6.5 years.

UNION Real Estate Fund II Holding AS had an operating loss of MNOK 8.6 (loss in 2021: 10.2). The Group had an operating loss of MNOK 28.5 (profit in 2021: 610). Profit before tax was negative with MNOK 112.1 (profit in 2021: 574.8) for the parent company and negative with MNOK 97.2 for the Group (positive for 2022: 617.7). The Group net loss for the year was MNOK 29.6 (profit in 2021: 491.2).

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 114.4 (profit in 2021: 574) is allocated as follows:

- | | |
|--|-------------------|
| • Transferred to fund for unrealized gains | NOK (623 541 000) |
| • Transferred to retained earnings | NOK 509 175 000 |
| • Net change in equity | NOK (114 366 000) |

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



As per 31.12.2022 the parent company had a bank balance of MNOK 20.2 (2021: 47.7) and for the Group MNOK 159.5 (2021: 227.0).

The total capital pr. 31.12.2022 was MNOK 3.477 for the Group. Long-term debt equals 35.5% and short-term debt equals 22.7%. The equity ratio for the Group was 41.8%.

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 31.12.2022 MNOK 1 814. Of the total debt to credit institutions, 30.3% were hedged per 31.12.2022. 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 31.12.2022.

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 100 000 000.

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 will be made available on the Company's website - <https://union.no/> - by 30 June 2023.

Future development

The interest rates are rising, and the yield gap is closing, which in turn can put pressure on property yields. On the other hand, office rents are on the way up, and a tighter market lays the basis for further growth. At the same time, uncertainty is greater than usual. Reasons for this include the inflation picture, tighter monetary policy, rapid price rises for raw materials, and the invasion of Ukraine. The Board still believe investments in property in Norway are attractive long-term investment opportunities due to factors such as a healthy economic growth, strong public finances and inflation hedge in rent contracts.

The Board is not aware of any other incidents that has occurred which may impact the Company's annual results or financial position.

Oslo, 1 March 2023

Bjørn Henningsen
Chairman

Lars Even Moe
Board member

Øystein A. Landvik
Board member



UNION Real Estate Fund II Holding AS

Statement of comprehensive income

Parent company				Consolidated group	
2022	2021	All amounts in NOK 1 000	Note	2022	2021
-	-	Gross rental income	4	118 728	190 001
-	-	Property operating expenses		(11 807)	(27 665)
-	-	Net rental and related income	10	106 921	162 336
-	-	Other income		460	5 829
-	-	Profit/(loss) sale of property		9 251	49 195
-	-	Adjustment to value of investment property	10	(99 358)	453 689
(8 600)	(10 234)	General and administrative expenses	5 6 14 19	(45 725)	(61 066)
(8 600)	(10 234)	Operating profit		(28 451)	609 982
22 120	48 312	Financial income	16	30 476	12 870
(125 438)	537 116	Change in fair value shares		-	-
(168)	(385)	Financial costs	5	(74 471)	(69 381)
-	-	Share of net profit/(loss) from joint ventures and associates	16	(24 717)	64 208
(103 486)	585 043	Net financial items	7 13	(68 711)	7 698
(112 086)	574 809	Profit before tax	12	(97 162)	617 680
(2 280)	(817)	Income tax expense	8	67 607	(126 509)
(114 366)	573 992	Profit for the year		(29 554)	491 171
		Other comprehensive income			
-	-	Net other comprehensive cost / income		-	-
-	-	Tax related to other comprehensive income	8	-	-
(114 366)	573 992	Total comprehensive income for the year		(29 554)	491 171
		Profit for the year attributable to:			
		Equity holders of the parent company		(28 638)	487 069
		Non-controlling interests		(916)	4 102
				(29 554)	491 171
		Total comprehensive income attributable to:			
		Equity holders of the parent company		(28 638)	487 069
		Non-controlling interests		(916)	4 102
				(29 554)	491 171



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	
2022	2021			2022	2021
		ASSETS			
		Non-current assets			
		Investment property	3 4 10 11	2 505 523	2 949 899
1 161 603	2 238 426	Investments in subsidiaries	2 3 11 15	-	-
		Investments in associated companies and joint ventures	3 16	71 763	212 621
114 070	128 111	Loans to group companies		-	-
52 000	52 000	Other long term receivables		52 000	52 000
9 229	11 509	Deferred tax assets	8	-	-
1 336 902	2 430 045	Total non-current assets	9	2 629 286	3 214 521
		Current assets			
		Investment property held for sale	3 10 18	574 305	1 558 152
		Accounts receivable	12	-	1 543
3 188	16 442	Other receivables	12	78 653	100 451
		Other current financial assets	12	35 252	12 326
20 194	47 723	Cash and cash equivalents	12 17	159 528	227 004
23 381	64 165	Total current assets	9	847 737	1 899 477
1 360 283	2 494 210	TOTAL ASSETS	20	3 477 023	5 113 998
		EQUITY AND LIABILITIES			
		Equity			
		Paid in capital			
49 493	49 493	Issued capital		49 493	49 493
340 820	1 344 538	Share premium		384 170	1 387 887
390 313	1 394 031	Total paid in capital	14	433 663	1 437 380
		Accumulated profits			
73 871	697 412	Fund for unrealised gains		-	-
895 232	386 057	Retained earnings		924 273	952 911
969 103	1 083 469	Total accumulated profits		924 273	952 911
		Non-controlling interests	15	94 586	104 826
1 359 416	2 477 499	Total equity		1 452 522	2 495 118
		Non-current liabilities			
		Interest-bearing loans and borrowings	11 13 17	1 087 800	1 547 196
		Deferred tax liabilities	8	146 763	214 927
		Other long term liabilities		-	-
		Total non-current liabilities	14	1 234 563	1 762 123
		Current liabilities			
		Current interest-bearing loans and borrowings	11 13 17	725 894	742 236
408	16 029	Accounts payable	12	3 960	51 114
		Liabilities for current tax	8	2 119	2 133
458	682	Other current liabilities	12	57 965	61 274
866	16 711	Total current liabilities	14	789 939	856 757
866	16 711	Total liabilities	9	2 024 501	2 618 880
1 360 283	2 494 210	TOTAL EQUITY AND LIABILITIES	20	3 477 023	5 113 998

The Board of UNION Real Estate Fund II Holding AS
Oslo, 1 March 2023

		
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	Non-controlling interests	
Equity as at 31.12.2020		40 373	1 341 607	465 842	156 122	2 003 944
Share issues		9 120	401 280	-	-	410 400
Dividends distributed		-	(355 000)	-	(55 397)	(410 398)
Total comprehensive income		-	-	487 069	4 102	491 171
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

Parent company	Share capital	Share premium	Fund for unrealised gains	Retained earnings	Total equity
Equity as at 31.12 2020	40 373	1 298 258	160 296	349 180	1 848 108
Share issues	9 120	401 280	-	-	410 400
Dividends distributed	-	(355 000)	-	-	(355 000)
Total comprehensive income	-	-	537 116	36 877	573 992
Equity as at 31.12 2021	49 493	1 344 538	697 412	386 057	2 477 499
Share issues	-	-	-	-	-
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



UNION Real Estate Fund II Holding AS

Statement of cash flows

Parent company				Consolidated group	
2022	2021	All amounts in NOK 1 000	Note	2022	2021
		Cash flow from operating activities			
(112 086)	574 809	Profit before tax for the year from total operations		(97 162)	617 680
125 438	(537 116)	Change in value shares		24 717	(64 208)
(4 871)	(44 581)	(Profit) / loss sale of shares		-	-
-	-	Change in value swaps		(22 926)	(12 326)
-	-	Adjustment to value of investment property		99 358	(453 689)
-	-	(Profit) / loss sale of property		(9 251)	(49 195)
-	-	(Increase)/decrease in accounts receivable		1 543	164
13 254	(16 352)	(Increase)/decrease in other receivables		73 798	(35 681)
(15 620)	15 918	Increase/(decrease) in accounts payable		(47 153)	37 080
(224)	647	Increase/(decrease) in other current liabilities		(2 696)	30 984
-	-	Income taxes paid		(569)	(2 105)
5 891	(6 674)	Net cash flow from operating activities		19 659	68 704
		Cash flows from investing activities			
-	-	Purchase of investment property		(262 989)	(1 938 682)
-	-	Sale of properties		1 548 493	1 821 809
903 580	400 605	Sale of subsidiaries		-	-
-	-	Sale of joint ventures / associates		116 142	-
52 676	92 303	Repayment of investments / distributions		-	25 651
-	(410 400)	Capital contribution to subsidiaries		-	-
14 041	(93 352)	(Increase)/decrease in intercompany loan		-	-
970 297	(10 845)	Net cash flow used in investing activities		1 401 645	(91 222)
		Cash flows from financing activities			
-	410 400	Proceeds from issue of share capital		-	410 400
(1 003 717)	(355 000)	Dividend		(1 013 041)	(410 398)
-	-	Proceeds from borrowings		241 876	1 270 627
-	(299)	Repayment of borrowings		(717 615)	(1 147 154)
(1 003 717)	55 101	Net cash flow from financing activities		(1 488 780)	123 476
(27 530)	37 581	Net increase/(decrease) in cash and cash equivalents		(67 476)	100 957
47 723	10 141	Cash and cash equivalents at beginning of period		227 004	126 047
20 194	47 723	Cash and cash equivalents at end of period		159 528	227 004



UNION Real Estate Fund II Holding AS

Notes 2022

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 2022 were approved in the board meeting at 27 February 2023.

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 2022, and Norwegian disclosure requirements listed in the Norwegian Accounting Act as of December 31 2022.

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.

Business combinations are accounted for under the acquisition method. Any excess of the purchase price of business combinations over the fair value of the assets, liabilities and contingent liabilities acquired and resulting deferred tax thereon is recognised as goodwill. Any discount received is credited to the income statement in the period of acquisition.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any gains or losses arising from such re-measurement are recognised in the income statement.



UNION Real Estate Fund II Holding AS

Notes 2022

Acquisition of subsidiaries that are not considered to represent business combinations as defined in IFRS 3, for example the acquisition of a “Single Purpose” subsidiary that only owns a property and neither has employees, management or significant processes, are recognised as an acquisition of an asset. The cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. In such circumstances there is no recognition of deferred tax.

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Whenever necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The consideration is recognised at fair value and the difference between the consideration and the carrying amount of the asset is recognised at the equity attributable to the parent.

In cases where changes in the ownership interest of a subsidiary lead to loss of control, the consideration is measured at fair value. Assets and liabilities of the subsidiary and non-controlling interest at their carrying amounts are derecognised at the date when the control is lost. Differences between the consideration and the carrying amount of the asset are recognised as a gain or loss in profit or loss.

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.

The considerations made in determining whether the Group has joint control or significant influence over an entity are similar to those necessary to determine control over subsidiaries.

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.



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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) Other investments

All other investments are recognised in accordance with IFRS 9 Financial Instruments, and additional information are provided in notes 3 and 9.

(d) 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.

(e) 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)
- 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)



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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 Borrowing costs related to construction and rehabilitation

Borrowing costs are recognised in the statement of comprehensive income when they arise. Borrowing costs are capitalised to the extent that they are directly related to the purchase, construction or rehabilitation of a non-current asset. The interest costs accrued during the period until the non-current asset is capitalised. Borrowing costs are capitalised until the date when the non-current asset is ready for its intended use. If the cost price exceeds the non-current asset's fair value, an impairment loss is recognised.

1.8 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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1.9 Leases

The Group has applied IFRS 16 using the modified retrospective approach. The application of the new standard has not affected the preparation of the accounts.

Identifying a lease

At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Separating components in the lease contract

For a contract that contains a lease component and one or more additional lease or non-lease components, The Group allocates the consideration in the contract applying the principles in IFRS 15 Revenue from Contracts with Customers.

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 as a lessor does not have any finance leases.

Operating leases

For operating leases, the Group recognises lease payments as other income, mainly on a straight-line basis, unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The Group recognises costs incurred in earning the lease income in other operating expenses. The Group adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognises those costs as an expense over the lease term on the same basis as the rental income.

1.10 Investment property

Investment property consists of properties (land, buildings or both) that are used to accrue rental income, to increase the value of capital or both. 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.

Transfers to or from the category of investment property are only carried out as a result of a change in the use of the property. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. The difference that arises between the carrying amount and the fair value on the reclassification date is recognised directly in equity in the case of a gain. If the property is later sold, the gain is transferred to retained earnings. Losses which arise due to such a reclassification are recognised in the statement of profit or loss immediately.

1.11 Non-current assets held for sale and discontinued operations

Non-current assets and groups of non-current assets and liabilities are classified as held for sale if their carrying amount will be recovered through a sales transaction instead of through continued use. This is only regarded as having been fulfilled when a sale is highly probable and the non-current asset (or groups of non-current assets and liabilities) is available for immediate sale in its present form. The management must be committed to a sale and the sale must be expected to be carried out within one year after the classification date.

Non-current assets and groups of non-current assets and liabilities that are classified as held for sale are valued at the lower of their former carrying amount or fair value minus sales costs.



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1.12 Financial assets and financial liabilities

Recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit and loss.

Financial assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

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

(a) Debt instruments 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 with fixed or determinable payments that are not quoted in an active market, are included in current assets except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

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 other comprehensive income (FVTOCI)

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

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

Financial assets not measured at amortised cost or at fair value through other comprehensive income 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.



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Assets in this category are classified as current if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. Otherwise, they are classified as non-current.

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 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.

A financial instrument is classified as at FVTPL if it is a derivative that is not designated and effective as a hedging instrument, or the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial liabilities are also classified as at FVTPL when the financial liability is held for trading.

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).

Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities ("accounts payable" and "other current liabilities"; notes 9 and 11).

Derecognition of financial assets and liabilities

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when substantially all the risks and rewards of ownership of the asset are transferred to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying value amount and the sum of the consideration received and receivable, and the cumulative gain or loss previously recognised in other comprehensive income and accumulated in equity, is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the income statement.



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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.

For trade receivables, contract assets and lease receivables, the Group always recognise lifetime ELC. The ECL on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other financial instruments where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month ECL allowance is estimated. This represents a portion of the asset's lifetime ECL that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime ECL. The amount of ECL recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Derivative financial instruments

The Group uses derivative financial instruments to manage exposure to interest rate risk. They are initially recognised on the trade date at fair value and subsequently re-measured at fair value.

In assessing fair value the Group uses its judgement to select suitable valuation techniques and make assumptions which are mainly based on market conditions existing at the balance sheet date.

A derivative with a positive fair value is recognised as a financial asset whilst a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non current asset or non current liability if the remaining maturity of the instrument is more than 12 months, otherwise a derivative will be presented as a current asset or current liability. Changes in fair values of derivatives are recognised immediately in the statement of profit and loss, classified as financial items.

Amounts paid under interest rate swaps, both on obligations as they fall due and on early settlement, are recognised in the income statement as finance costs. Fair value movements on revaluation of derivative financial instruments are shown in the income statement through changes in fair value of financial instruments.

The Group does not currently apply hedge accounting to its interest rate swaps.

See notes 3, 9 and 13 for "derivatives".

1.13 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.



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1.14 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.

1.15 Provisions

A provision is recognised when the Group has an obligation (legal or self-imposed) because a result of a previous event, it is probable (more likely than not) that a financial settlement will take place because a result of this obligation and the size of the amount can be measured reliably. If the effect is considerable, the provision is calculated by discounting estimated future cash flows using a discount rate before tax that reflects the market pricing of the time value of money and, if relevant, risks specifically linked to the obligation.

1.16 Events after the reporting period

New information on the company's financial position on the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the company's financial position on the end of the reporting period but which will affect the company's financial position in the future are disclosed if significant.

1.17 Application of new and amended standards

No significant changes have been made to accounting principles compared with the principles used in the preparation of the financial statements for 2021. UNION Real Estate Fund II Holding AS has not implemented any new standards in the financial statement for 2022. There are no material new standards and interpretations not yet implemented.

Amendments to standards and interpretations with a future effective date

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.

The amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2023. 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.



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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.

1.18 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)*).

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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All amounts in NOK 1 000 unless otherwise stated

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 Development AS **	Oslo	70,00 %	01.02.2017	70,00 %	Indirectly
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
Holmenkollveien 43 Eiendom AS	Oslo	53,40 %	01.02.2017	53,40 %	Indirectly
Hvam Eiendom Invest AS *	Oslo	100,00 %	15.03.2018	100,00 %	Directly
Kjellerholen 7 AS *	Oslo	100,00 %	19.02.2019	100,00 %	Indirectly
Kjellerholen 9 AS *	Oslo	100,00 %	19.02.2019	100,00 %	Indirectly
Multianlegg 3 AS *	Oslo	100,00 %	31.01.2019	100,00 %	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 Eiendom Holding AS	Oslo	100,00 %	10.09.2019	100,00 %	Indirectly
Valle Eiendom II Holding AS	Oslo	100,00 %	01.02.2021	100,00 %	Indirectly
Valle Valuc 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

** Under liquidation

Sold companies in 2022 (consolidated in the ownership period):

Company	Business Office	Sold date	Shareholding / voting rights	Acquisition date	Ownership interest	Ownership
Anders Wigens vei 2 AS	Oslo	01.01.2022	100,00 %	01.02.2017	100,00 %	Indirectly
Ankerbygget AS	Oslo	20.01.2022	100,00 %	30.09.2017	100,00 %	Indirectly
Ankerkvartalet Holding AS	Oslo	20.01.2022	100,00 %	30.09.2017	100,00 %	Directly
Gjerdeveien 49 Eiendom AS	Oslo	31.05.2022	53,40 %	01.02.2017	53,40 %	Indirectly
Haakon VII's gate 9 AS	Oslo	20.01.2022	100,00 %	30.09.2017	100,00 %	Indirectly
Haakon VII's gate 9 Utleie AS	Oslo	20.01.2022	100,00 %	30.09.2017	100,00 %	Indirectly
Rømsøegården Eiendom AS	Oslo	20.01.2022	100,00 %	30.09.2017	100,00 %	Indirectly
TA Invest AS ***	Oslo	26.11.2022	100,00 %	15.03.2018	100,00 %	Directly

*** Liquidated

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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All amounts in NOK 1 000 unless otherwise stated

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 2022 were obtained from Akerhus Eiendom AS 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	-5,0 %	(99 500)	5,0 %	100 700
Discount rates	-0,25 %	178 800	0,25 %	(160 900)

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 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
Balance as of 1 January 2021	1 791 237	174 064	3 373 171	567 124
Additions	410 400	-	1 938 681	-
Disposals	(408 023)	-	(1 257 490)	(567 124)
Dividends	(92 303)	(25 651)	-	-
Transfer between categories	-	-	(1 558 152)	1 558 152
Change in fair value	537 116	64 208	453 689	-
Balance as of 31 December 2021	2 238 426	212 622	2 949 899	1 558 152

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 to 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	
	2022	2021
Lease income from investment properties	118 728	190 001
Total	118 728	190 001
The Group's future accumulated rent from non-terminable operational lease contracts at 31.12.	2022	2021
Within 1 year	127 008	178 483
Between 1 and 5 years	561 113	585 396
Later than 5 years	483 831	550 315
Total	1 171 953	1 314 194



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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	
	2022	2021	2022	2021
Salary	-	-	865	805
Payroll tax	-	-	143	133
Pension costs	-	-	36	57
Other benefits	-	-	87	79
Total wage costs	-	-	1 131	1 075

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	
	2022	2021	2022	2021
Statutory audit	319	273	1 110	1 187
Other assurance services	77	61	132	182
Other non-assurance services	110	109	227	226
Tax consultant services	73	57	81	63
Total expensed audit fee	578	499	1 550	1 658
Non-expensed other non-assurance services	-	-	-	-
Total audit fee	578	499	1 550	1 658

¹ Fees to RSM Norge AS and affiliated companies.

Shares held by Board members ²	Position	2022
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	
	2022	2021	2022	2021
Auditor's fee	578	499	1 550	1 658
Wage costs	-	-	1 131	1 075
Management fee	5 133	8 089	16 313	24 653
Other fees	2 709	1 095	18 722	19 979
Other general and administrative expenses	181	551	8 009	13 702
Total general and administrative expenses	8 600	10 234	45 725	61 066



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7 Financial income and costs - continues

	Parent company		Consolidated group	
	2022	2021	2022	2021
Financial income				
Change fair value shares	-	537 116	-	-
Interest income on cash and cash equivalents	855	8	7 326	544
Interest income on group receivables	6 787	1 207	-	-
Dividends and other contributions	9 608	2 516	-	-
Profit sale of shares	4 871	44 581	-	-
Change fair value swaps	-	-	22 926	12 326
Share of net profit from joint ventures and associates	-	-	-	64 208
Other financial income	-	-	225	-
Total financial income	22 120	585 427	30 476	77 078

7 Financial income and costs

Financial costs				
	Parent company		Consolidated group	
	2022	2021	2022	2021
Change fair value shares	125 438	-	-	-
Interest expense on financial liabilities	-	165	74 005	62 928
Share of net profit from joint ventures and associates	-	-	24 717	-
Other financial costs	168	220	466	6 453
Total financial costs	125 606	385	99 188	69 381
Net financial items	(103 486)	585 043	(68 711)	7 698

8 Income tax

	Parent company		Consolidated group	
	2022	2021	2022	2021
Income tax expense				
<i>Current tax:</i>				
Tax payable	-	-	570	1 051
<i>Deferred tax:</i>				
Changes in deferred tax	2 280	817	(11 768)	(11 476)
Changes in deferred tax on value of investment property	-	-	(56 410)	138 433
Correction of previous years deferred tax	-	-	-	(1 500)
Total income tax expense	2 280	817	(67 607)	126 509

	Parent company		Consolidated group	
	2022	2021	2022	2021
Reconciliation of the effective rate of tax				
Income taxes calculated at 22% of profit before tax	(24 659)	126 458	(21 376)	135 890
IFRS tax adjustments	-	2 881	-	-
Tax related to change in value of shares	27 596	(118 165)	(2 035)	(10 823)
Tax effect on non deductible expenses	-	5	-	5
Non-taxable income	(657)	(10 361)	(43 815)	-
Tax effect on non-recognised tax asset / acquired tax assets	-	-	(381)	1 437
Total income tax expense	2 280	817	(67 607)	126 509

	Parent company		Consolidated group	
	2022	2021	2022	2021
Deferred tax and deferred tax assets:				
<i>Deferred tax assets</i>				
Tax losses carried forward	41 950	52 313	281 148	229 045
Other deferred tax assets	-	-	6 210	(3 050)
Deferred tax assets - gross	41 950	52 313	287 358	225 995
<i>Deferred tax liabilities</i>				
Investment property	-	-	942 615	1 199 022
Profit and loss accounts	-	-	5 427	6 781
Other deferred tax liabilities	-	-	3 398	2 983
Deferred tax liabilities - gross	-	-	951 440	1 208 787
Net deferred tax asset/(liabilities)	41 950	52 313	(664 082)	(982 792)
Net recognised deferred tax asset/(liabilities)	41 950	52 313	(667 104)	(976 940)
Book value at 31.12 (22 %)	9 229	11 509	(146 763)	(214 927)



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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	
	2022	2021	2022	2021
Financial assets - non current				
<i>Financial assets designated as FVTPL</i>				
Investments in subsidiaries	1 161 603	2 238 426	-	-
Investments in joint ventures	-	-	/ 71 763	212 621
<i>Financial assets at amortised cost</i>				
Loans to group companies	114 070	128 111	-	-
Other long term receivables	52 000	52 000	52 000	52 000
Total non current financial assets	1 327 673	2 418 537	123 763	264 621
Financial assets - current				
<i>Financial assets at FVTPL</i>				
Interest rate swap	-	-	35 252	12 326
<i>Investments in debt instrument measured at amortised cost</i>				
Accounts receivables	-	-	-	1 543
Other receivables	3 188	16 442	78 653	100 451
<i>Cash and cash equivalents</i>	20 194	47 723	159 528	227 004
Total current financial assets	23 381	64 165	273 432	341 325
Financial liabilities - non current				
<i>Financial liabilities held at amortised cost</i>				
Secured bank debt	-	-	1 087 800	1 547 196
Other non current liabilities	-	-	-	-
Total non current liabilities	-	-	1 087 800	1 547 196
Financial liabilities - current				
<i>Financial liabilities at FVTPL</i>				
Interest rate swap	-	-	-	-
<i>Financial liabilities at amortised cost</i>				
Secured bank debt	-	-	725 894	742 236
Accounts payables	408	16 029	3 960	51 114
Current tax liability	-	-	2 119	2 133
Accrued expenses / other current liabilities	458	682	57 965	61 274
Total current liabilities	866	16 711	789 939	856 757

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.



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10 Investment property

Investment property	Consolidated group	
	2022	2021
Opening balance as at 1 January	4 508 051	3 940 295
Additions from acquisitions	-	1 067 959
Enhancement expenditure capitalised	262 989	870 722
Disposed entities	(1 591 855)	(1 824 614)
Net gain/loss on changes in fair value	(99 358)	453 689
Balance at 31 December	3 079 828	4 508 051

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:

	2022	2021
Yields (%)	4,60 %	4,00 %
Inflation rate (%)	6,57 %	5,07 %
Long term vacancy rate (%)	0,40 %	4,00 %
Long term growth rate in real rental terms (%)	2,00 %	2,00 %

The Fund's portfolio was as of 31 December 2022 valued at an average net yield of 4.6 %. The corresponding gross yield was 5.1 % and average owner's costs were 6.5 %. 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 6.57 % in 2022 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 0.4 %. The long term growth rate in real rental terms is set according to the Norwegian Central Bank's inflation target as of 31 December 2022, 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 2022. 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	
	2022	2021	2022	2021
Rental income	-	-	118 728	190 001
Direct operating expenses of properties that generated income	-	-	(11 807)	(27 665)
Balance at 31 December	-	-	106 921	162 336

11 Pledged assets

	Parent company		Consolidated group	
	2022	2021	2022	2021
<i>Carrying amount secured debt</i>				
Secured long-term debt	-	-	1 087 800	1 547 196
Secured short-term debt	-	-	725 894	742 236
<i>Book value of pledged assets</i>				
Investment property held for sale	-	-	574 305	1 558 152
Fair value of investment property (land, building and fixtures)	-	-	2 505 523	2 949 899

It has been issued mortgages on the investment properties, as collateral for floating interest bank loans. At 31 December 2022 the loans are recognised at TNOK 1 813 694.

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.



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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	
	2022	2021	2022	2021
Management fee	5 133	8 089	16 313	24 653
Rental fee	-	-	1 223	1 325
Property management	-	-	294	-
Project fee	-	-	11 974	17 319
Other fees	-	-	4 828	4 363
Outstanding balances	Parent company		Consolidated group	
Accounts receivable	2022	2021	2022	2021
Balance at 31 December	-	-	-	-

Transactions with subsidiaries

Amount of transactions	Parent company		Consolidated group	
	2022	2021	2022	2021
Interest received / paid	-	-	-	-
Dividends received	52 676	92 303	-	-
Outstanding balances	Parent company		Consolidated group	
Other receivables	2022	2021	2022	2021
Balance at 31 December	114 070	128 111	-	-

Transactions with joint ventures

Amount of transactions	Parent company		Consolidated group	
	2022	2021	2022	2021
Dividends received	-	-	-	25 651



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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.

Maturity plan - Parent company	2023	2024	2025	2026	2027 and later
Interest-bearing loans and borrowings	-	-	-	-	-

Maturity plan - Consolidated group	2023	2024	2025	2026	2027 and later
Interest-bearing loans and borrowings	327 503	75 000	312 291	1 098 900	-

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 2022 the group have accounts receivable of nil. 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 2022, the Group had pay-fixed interest-rate swaps in place with a nominal value of TNOK 549 450, and its net debt was 30.3 % fixed.

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

	Parent company 2022	Parent company 2021	Consolidated group 2022	Consolidated group 2021
One year or less, or on demand	-	-	-	4 163
More than one year but not more than two years	-	-	-	5 550
More than two years but not more than five years	-	-	549 450	543 900
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.



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14 Share capital, shareholder information and dividend

(Number of shares are in whole numbers)

14.1 Share capital	2022	2021
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 2021	49 007 739	485 225	49 492 964
Share redemption	-	-	-
Issued during the period	-	-	-
Issued as of 31 December 2022 - fully paid in	49 007 739	485 225	49 492 964
As at December 31 2020	39 977 151	395 813	40 372 964
Share redemption	-	-	-
Issued during the period	9 030 588	89 412	9 120 000
Issued as of 31 December 2021 - 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 %
Sjømannenes Hus Eiendom AS	388 180	-	0,78 %	0,78 %
Øylaks Drift AS	388 180	-	0,78 %	0,78 %
Aakvik Holding AS	388 180	-	0,78 %	0,78 %
Paus & Paus Eiendom AS	485 225	-	0,98 %	0,98 %
Ews Stiftelsen	485 225	-	0,98 %	0,98 %
Tomte Forvaltning AS	485 225	-	0,98 %	0,98 %
Harbarn AS	485 225	-	0,98 %	0,98 %
Ngh Invest AS	485 225	-	0,98 %	0,98 %
Swap Invest AS	582 270	-	1,18 %	1,18 %
Skips As Tudor	582 270	-	1,18 %	1,18 %
Haslelund Holding AS	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 Johansson Eiendom AS	4 852 252	-	9,80 %	9,80 %
Geveran Trading Co. Limited	7 763 602	-	15,69 %	15,69 %
Union Real Estate II LP	19 772 129	-	39,95 %	39,95 %
Sum top 20 shareholders	45 003 835	-	90,93 %	90,93 %
Other shareholders	4 003 904	-	8,09 %	8,09 %
UREF II Sponsor AS	-	485 225	0,98 %	0,98 %
Total number of shares 31.12.2021	49 007 739	485 225	100,00 %	100,00 %

14.3 Dividends

Cash dividends approved and paid	2022		2021	
	NOK pr share	Total	NOK pr share	Total
Ordinary shares				
Total dividends approved and paid	20,28	993 877	7,17	351 520
Sponsor shares				
Total dividends approved and paid	20,28	9 840	7,17	3 480
Total		1 003 717		355 000

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.



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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.

	2022	2021
Borrowings	1 813 694	2 289 432
Less cash and cash equivalents	(159 528)	(227 004)
Net debt	1 654 166	2 062 428
Total equity	1 452 522	2 495 118
Total capital resources	3 106 687	4 557 546
Gearing ratio	53,2 %	45,3 %

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021

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 1 408 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 2022.

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.

	2022	2021
The Company's ownership		
Frost Retail Holding AS	53,4 %	53,4 %
Summarised income statement for Frost Retail Holding AS		
Revenue	6 311	27 097
Profit/(Loss) for the year	(1 356)	10 109
Summarised balance sheet for Frost Retail Holding AS		
Total assets	226 271	274 578
Total liabilities	(49 497)	(76 447)
Net assets	176 775	198 131
Non-controlling interests	94 586	104 826
Equity attributable to shareholders of UNION Real Estate Fund II Holding AS	82 189	93 305

There has been paid a total dividend of TNOK 9 324 to non-controlling interests in 2022 (2021: TNOK 55 397).



UNION Real Estate Fund II Holding AS

Notes 2022

All amounts in NOK 1 000 unless otherwise stated

16 Joint ventures and associated companies

The joint ventures is a 50% interest Bekkefaret Bolig AS and 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.

Bekkefaret Bolig AS

Bekkefaret is a residential development and newbuild project in Jessheim, approximately 30 minutes north of Oslo, close to Oslo Airport Gardermoen. The purpose of the investment is to acquire land, undertake and complete the residential development of the land plot. The investment is structured in Joint Venture together with Fredensborg Bolig AS.

Trondheim Areal AS

The shares in Trondheim Areal AS were sold in 2022.

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	Trondheim Areal AS		Bekkefaret Bolig AS		Borgenveien 50 AS	
	2022	2021	2022	2021	2022	2021
Revenues	-	61 850	88 922	80 716	7 828	7 462
Operating costs	-	(11 154)	(1 234)	(595)	(816)	(505)
Adjustment to value of investment property	-	88 805	(7 156)	(7 156)	(17 746)	26 885
Net interest	-	(2 707)	(1 234)	(2 779)	(3 137)	212
Income tax expense	-	(29 258)	25 201	(23 355)	3 904	(7 517)
Profit for the period	-	107 536	104 499	46 831	(9 967)	26 537
Other comprehensive income	-	2 879	(176 209)	-	802	(3 662)
Total comprehensive income	-	110 415	(71 710)	46 831	(9 165)	22 875
Assets and liabilities						
Investment properties	-	1 013 521	145 280	482 877	138 019	154 878
Other non current assets	-	6 706	-	-	-	-
Cash and cash equivalents	-	36 661	15 730	11 268	3 749	5 284
Other current assets	-	15 367	84 847	-	113	34
Current liabilities	-	(5 483)	(28 908)	(26 058)	(1 295)	(4 752)
Non current liabilities	-	(629 709)	(136 950)	(334 067)	(77 060)	(85 766)
Net assets	-	437 064	80 000	134 020	63 526	69 678

Dividends received from the joint venture

-

Reconciliation to carrying amounts

Opening net assets 1 January	437 064	336 649	134 019	127 188	72 691	52 616
Acquisition	-	-	-	-	-	-
Capital increase / demerger / other	-	-	17 690	-	-	-
Profit/(loss) for the period	-	107 536	104 499	46 831	(9 967)	26 537
Other comprehensive income	131 397	2 879	(176 209)	-	802	(3 662)
Dividends paid	(568 461)	(10 000)	-	(40 000)	-	(2 800)
Closing net assets	0	437 064	80 000	134 019	63 526	72 691

Group's share in %

25 % 25 % 50 % 50 % 50 % 50,0 %

Carrying amount

0 109 266 40 000 67 010 31 763 36 345

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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All amounts in NOK 1 000 unless otherwise stated

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	2022	2021
Cash and cash equivalents	159 528	227 004
Borrowings - repayable within one year (including overdraft)	(725 894)	(742 236)
Borrowings - repayable after one year	(1 087 800)	(1 547 196)
Net debt at 31.12	(1 654 166)	(2 062 428)
Cash and liquid investments	159 528	227 004
Gross debt - fixed interest rates	(549 450)	(553 613)
Gross debt - variable interest rates	(1 264 244)	(1 735 820)
Net debt at 31.12	(1 654 166)	(2 062 428)

	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 01.01.2021	126 047	(482 965)	(1 682 995)		(2 039 913)
Cash flows	100 957	470 086	(612 001)		(40 957)
Other non-cash movements					
Amortised loan fees	-	552	5 563		6 116
Fair value change swap	-	12 326	-		12 326
Reclassification to short term debt	-	(742 236)	742 236		-
Net debt as at 31.12.2021	227 004	(742 236)	(1 547 196)		(2 062 428)
Cash flows	(67 476)	719 310	(266 498)		385 336
Other non-cash movements					
Amortised loan fees	-	-	-		-
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)

18 Investment property held for sale

As of 31 December 2022, 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"

Hvam Eiendom Invest AS
Kjellerholen 7 AS
Kjellerholen 9 AS
Multianlegg 3 AS

The transaction is expected to close in the first quarter 2023, 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 39 143 in 2022.

The subsidiaries that have been sold in 2022 (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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All amounts in NOK 1 000 unless otherwise stated

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 2022 the employees in the management company received a total of MNOK 55,171 as wage compensation (including fixed and variable compensation). The leading management of the management company received a total of MNOK 10,580 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 2022-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	
	2022	2021	2022	2021
Auditor's fee	578	499	972	1 159
Management fee	5 133	8 089	11 180	16 564
Other fees	2 709	1 095	16 014	18 884
Other general and administrative expenses	181	551	8 959	14 226
Total general and administrative expenses	8 600	10 234	37 124	50 833