



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 999 326 633
Organisasjonsform: Aksjeselskap
Foretaksnavn: UNION REAL ESTATE FUND HOLDING AS
Forretningsadresse: v/UNION Eiendomskapital AS
Bolette brygge 1
0252 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

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: Bjørn Henningsen
Dato for fastsettelse av årsregnskapet: 25.03.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 22.06.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Sum inntekter		0	0
Kostnader			
Annen driftskostnad		-3 354 614	9 598 452
Sum kostnader		-3 354 614	9 598 452
Driftsresultat		3 354 614	-9 598 452
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap		20 082 861	12 710 116
Renteinntekt fra foretak i samme konsern		984 477	941 888
Verdiøkning av markedsb. finansielle oml.m		-25 274 766	-8 359 063
Sum finansinntekter		-4 207 428	5 292 941
Rentekostnad til foretak i samme konsern		412 008	217 176
Annen rentekostnad			1 554 972
Annen finanskostnad			-172 068
Sum finanskostnader		412 008	1 600 080
Netto finans		-4 619 435	3 692 861
Ordinært resultat før skattekostnad		-1 264 821	-5 905 591
Skattekostnad på ordinært resultat		2 640 000	-6 944 759
Ordinært resultat etter skattekostnad		-3 904 821	1 039 168
Årsresultat		-3 904 821	1 039 168
Årsresultat etter minoritetsinteresser		-3 904 821	1 039 168
Totalresultat		-3 904 821	1 039 168
Overføringer og disponeringer			
Overf. fond for urealiserte gevinster		-25 274 766	26 350 558
Overføringer annen egenkapital		21 369 945	-25 311 390



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Sum overføringer og disponeringer		-3 904 821	1 039 168



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel		6 160 000	8 800 000
Sum immaterielle eiendeler		6 160 000	8 800 000
Finansielle anleggsmidler			
Investering i datterselskap		328 251 679	454 072 157
Investeringer i tilknyttet selskap		65 111 636	63 301 098
Andre langsiktige fordringer		35 921 630	24 078 154
Sum finansielle anleggsmidler		429 284 945	541 451 409
Sum anleggsmidler		435 444 945	550 251 409
Omløpsmidler			
Varer			
Fordringer			
Andre kortsiktige fordringer		25 371 305	5 813 919
Konsernfordringer			14 814 125
Sum fordringer		25 371 305	20 628 044
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter o.l.			155 704
Sum bankinnskudd, kontanter og lignende			155 704
Sum omløpsmidler		25 371 305	20 783 748
SUM EIENDELER		460 816 250	571 035 157
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		30 890 519	30 890 519



Balanse

Beløp i: NOK	Note	2020	2019
Overkurs		173 516 691	173 516 691
Sum innskutt egenkapital		204 407 210	204 407 210
Opptjent egenkapital			
Fonds			10 714 290
Annen egenkapital		126 132 479	177 814 037
Sum opptjent egenkapital		126 132 479	188 528 327
Sum egenkapital		330 539 689	392 935 537
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld		9 998 684	4 600 000
Sum annen langsiktig gjeld		9 998 684	4 600 000
Sum langsiktig gjeld		9 998 684	4 600 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner		1 458 689	7 288 269
Leverandørgjeld		984 046	70 486
Skyldig offentlige avgifter		-305 430	-850 950
Kortsiktig konserngjeld		29 660 151	13 361 320
Annen kortsiktig gjeld		88 480 421	153 630 495
Sum kortsiktig gjeld		120 277 877	173 499 620
Sum gjeld		130 276 561	178 099 620
SUM EGENKAPITAL OG GJELD		460 816 250	571 035 157



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Net rental and related income	10	59 745 000	59 686 000
Other income		2 400 000	1 803 000
Adjustment to value of investment property	10	-64 913 000	-2 284 000
Profit/(loss) sale of property		8 449 000	-8 103 000
Sum inntekter		5 681 000	51 102 000
Kostnader			
General and administrative expenses	5,6,14, 18	6 751 000	20 063 000
Sum kostnader		6 751 000	20 063 000
Driftsresultat		-1 070 000	31 039 000
Finansinntekter og finanskostnader			
Financial income	16	258 000	630 000
Sum finansinntekter		258 000	630 000
Financial costs	5	27 115 000	31 734 000
Share of net profit /(loss) form joint ventures	16	-1 811 000	-288 000
Sum finanskostnader		25 304 000	31 446 000
Netto finans	7	-25 046 000	-30 816 000
Ordinært resultat før skattekostnad		-26 116 000	223 000
Income tax expense ørediff	8	-15 737 000	501 000
Ordinært resultat etter skattekostnad		-10 379 000	-278 000
Årsresultat		-10 379 000	-278 000
Årsresultat etter minoritetsinteresser		-10 379 000	-278 000
Overføringer og disponeringer			
Total comprehensive income attributable to		-10 380 000	-278 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
Sum overføringer og disponeringer		-10 380 000	-278 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Investments property	3,4,10, 11	656 397 000	1 271 965 000
Sum varige driftsmidler		656 397 000	1 271 965 000
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	9,16	65 112 000	63 301 000
other non-currents assets		10 000 000	
deffered tax asset	8	1 209 000	
Sum finansielle anleggsmidler		76 321 000	63 301 000
Sum anleggsmidler		732 718 000	1 335 266 000
Omløpsmidler			
Varer			
Fordringer			
Accounts receivable	9,12	2 317 000	1 231 000
Other receivables	9,12	20 863 000	15 846 000
Investments property held for sale			
Sum fordringer		23 180 000	17 077 000
Investeringer			
Investment property held for sale	3,4,10, 11	316 741 000	
Sum investeringer		316 741 000	
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	9,12,1 7	13 343 000	20 132 000
ørediff			
Sum bankinnskudd, kontanter og lignende		13 343 000	20 132 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
Sum omløpsmidler		353 264 000	37 209 000
SUM EIENDELER		1 085 982 000	1 372 475 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Issued capital	5,14	30 891 000	30 891 000
Overkurs		299 016 000	299 015 000
Sum innskutt egenkapital		329 907 000	329 906 000
Opptjent egenkapital			
Retained earnings		634 000	63 030 000
ørediff			
Sum opptjent egenkapital		634 000	63 030 000
Minoritetsinteresser		5 368 000	13 288 000
Sum egenkapital		335 909 000	406 224 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	8		14 529 000
Other long term liabilities			
Sum avsetninger for forpliktelser			14 529 000
Annen langsiktig gjeld			
Interest-bearing loans and borrowings	9,13,1 4,17	447 600 000	778 715 000
ørediff			-1 000
Sum annen langsiktig gjeld		447 600 000	778 714 000
Sum langsiktig gjeld		447 600 000	793 243 000
Kortsiktig gjeld			
Leverandørgjeld	9,13,1	2 821 000	4 944 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
	4,17		
Liabilities for current tax			
Other current liabilities	9,12,1 4	93 196 000	160 776 000
Interest-bearing loans and borrowings ørediff		206 458 000	7 288 000
Sum kortsiktig gjeld		302 475 000	173 008 000
Sum gjeld		750 075 000	966 251 000
SUM EGENKAPITAL OG GJELD		1 085 984 000	1 372 475 000



UNION Real Estate Fund Holding AS

Annual accounts

2020

Auditor's report

Director's report

Statement of comprehensive income

Statement of financial position at 31 December

Statement of changes in equity

Cash flow statement

Notes



RSM Norge AS

To the General Meeting of UNION Real Estate Fund Holding AS

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Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

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

- The financial statements of the parent company UNION Real Estate Fund Holding AS (the Company) showing a loss of NOK 3 905 000, which comprise the balance sheet as at 31 December 2020, the income statement, statement of changes in equity and cash flow statement 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 Holding AS and its subsidiaries (the Group) showing a loss of NOK 10 380 000, which comprise the balance sheet as at 31 December 2020, 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 are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, 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.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 laws and regulations, 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

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

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

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

Pemneo Dokumentnøkkel: GFEE6-QD7B6-NDSE7-T02WJ-06H3P-7D6YU



Independent Auditor's Report 2020 for UNION Real Estate Fund Holding AS



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 25 March 2021
RSM Norge AS

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

Pemneo Dokumentnøkkel: GFEE6-QD7B6-NDSE7-T02WJ-06H3P-7D6YU



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Per-Henning Schulz Lie

Partner

På vegne av: RSM Norge AS

Serienummer: 9578-5997-4-211409

IP: 88.89.xxx.xxx

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The board of directors report 2020 for UNION Real Estate Fund Holding AS

UNION Real Estate Fund Holding AS

Operational review

UNION Real Estate Fund Holding AS ("the Fund") was established in 2013 to focus on 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 seeks to continue the successful value-add investment strategy of UNION Eiendomskapital ("UNION") and is managed by UNION Eiendomskapital UREF AS. The Fund is in a divestment phase, but the Fund's investment strategy has been 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 Holding AS has invested in a total of 44 commercial properties in Norway from 2013 until the end of 2017, whereas 36 properties were sold in the period 2015 to 2019, and 2 in 2020. The investment operations through 2020 were based on the Funds investment strategy outlined above in accordance with the investment committee and the Board of Directors.

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 31.12.2020 30 890 529 shares were issued in the Fund. The valuations of the properties as of December implied an increase in values of 15.4 % since acquisition.

The portfolio as of 31.12.2020 had a rental occupancy of approx. 93.4 %, and the average duration of the lease contracts were 3.7 years.

UNION Real Estate Fund Holding AS had an operating profit of MNOK 3.5 (2019: -9.5). The Group had an operating loss of MNOK 1.0 (2019: +31.0). Profit before tax was negative with MNOK 1.3 (2019: -5.9) for the parent company and negative with MNOK 26.1 (2019: +0.2) for the Group. The Group net rental and related income was MNOK 59.7 (2019: 59.7) for the year 2020.

The Board of UNION Real Estate Fund Holding AS proposes that the negative total comprehensive income for the year of the parent company of MNOK 3.9 (2019: +1.0) is allocated as follows:

- | | |
|--|------------------|
| • Transferred from fund for unrealized gains | NOK - 10 714 000 |
| • Transferred to retained earnings | NOK 6 809 000 |
| • Net change in equity | NOK -3 905 000 |

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



As per 31.12.2020 the parent company had a bank balance of MNOK -1.5 (2019: 0.2) and for the Group MNOK 13.3 (2019: 20.1).

The total capital pr. 31.12.2020 was MNOK 1,086.0 (2019: 1,372.5) for the Group. Long-term debt equals 41.22% (2019: 57.80 %) and short-term debt equals 27.85% (2019: 12.61 %). The equity ratio for the Group was 30.93% (2019: 29.60 %). Non-controlling interest represents 0.49% (2019: 0.97%) of total assets.

Coronavirus disease (COVID-19) (“Coronavirus”)

The Directors have considered the potential impact of the Coronavirus outbreak on the valuation of underlying assets held by the Company. The stock markets fell sharply in March 2020, but have now risen above levels seen before the outbreak.

The effect on the real estate market was also a decline at the beginning of the pandemic, but this market also strengthened throughout the year, largely driven by a fall in interest rates, despite a macroeconomic decline.

When it comes to the real estate market, the Korona virus has presented challenges for many tenants, especially in certain industries such as retail, catering, tourism, fitness centers and cultural and entertainment offerings. The board has followed the situation closely, among other things through closer follow-up of tenants in order to map the possible negative effect on the payment of rent, prepare liquidity forecasts, etc. It can be stated that through 2020 there were no major negative consequences for the properties owned by the fund. The board will nevertheless continue to follow the development of the fund as a result of the Corona virus closely, and ask the manager to provide information if the situation for the tenants changes and possibly arrange for measures in both the short and long term to secure the company's values.

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.

UNION Real Estate Fund Holding AS is exposed to changes in interest rates. Total liabilities to credit institutions in UNION Real Estate Fund Holding AS are per 31.12.2020 MNOK 654.1 (grossed amount). Of the total debt to credit institutions, MNOK 29.4 where hedged per 31.12.2020. Average interest rate on the loan portfolio was per 31.12.2020 2.45% (2019: 3.99 %) (including margin). 100% of the loan portfolio matures in 2021.

UNION Real Estate Fund Holding AS complies with all covenants per 31.12.2020.

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 Fund's 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

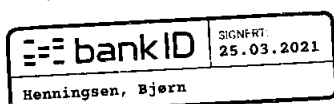
UNION Real Estate Fund Holding AS has no research and development activities.

Future development

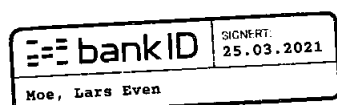
The Fund's prospects depend both on the general market development and on conditions related to the respective properties, and are thus subject to uncertainty. The underlying Norwegian macroeconomic situation is good and we still believe investments in real estate in Norway are an attractive long-term investment opportunity due to factors such as strong public finances and a favorable demographic development.

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

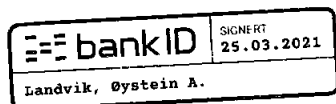
Oslo, 25 March 2021



Bjørn Henningsen
Chairman



Lars Even Moe
Board member



Øystein A. Landvik
Board member



UNION Real Estate Fund Holding AS

Statement of comprehensive income

Parent company				Consolidated group	
2020	2019	All amounts in NOK 1 000	Note	2020	2019
-	-	Gross rental income		74 983	85 177
-	-	Property operating expenses		(15 238)	(25 491)
-	-	Net rental and related income	10	59 745	59 686
-	-	Other income		2 400	1 803
-	-	Profit/(loss) sale of property		8 449	(8 103)
-	-	Adjustment to value of investment property	10	(64 913)	(2 284)
3 474	(9 479)	General and administrative expenses	5 6 14 18	(6 751)	(20 063)
3 474	(9 479)	Operating profit		(1 071)	31 039
21 067	13 480	Financial income	16	258	630
(27 085)	(8 475)	Change in fair value shares		-	-
(532)	(1 720)	Financial costs	5	(27 115)	(31 734)
1 811	288	Share of net profit/(loss) from joint ventures	16	1 811	288
(4 739)	3 573	Net financial items	7	(25 046)	(30 816)
(1 266)	(5 907)	Profit before tax		(26 117)	223
(2 640)	6 945	Income tax expense	8	15 737	(501)
(3 905)	1 039	Profit for the year		(10 380)	(278)
		Other comprehensive income			
-	-	Net other comprehensive income		-	-
-	-	Tax related to other comprehensive income	8	-	-
(3 905)	1 039	Total comprehensive income for the year		(10 380)	(278)
		Profit for the year attributable to:			
		Equity holders of the parent company		(3 905)	1 639
		Non-controlling interests		(6 475)	(1 917)
				(10 380)	(278)
		Total comprehensive income attributable to:			
		Equity holders of the parent company		(3 905)	1 639
		Non-controlling interests		(6 475)	(1 917)
				(10 380)	(278)



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

Parent company		Consolidated group			
2020	2019	All amounts in NOK 1 000	Note	2020	2019
ASSETS					
Non-current assets					
-	-	Investment property	3 4 10 11	656 397	1 271 965
328 252	454 072	Investments in subsidiaries	2 9 15	-	-
35 922	24 078	Loans to group companies		-	-
65 112	63 301	Investments in joint ventures	9 16	65 112	63 301
		Other non-current assets		10 000	-
6 160	8 800	Deferred tax assets	8	1 209	-
435 445	550 251	Total non-current assets		732 718	1 335 266
Current assets					
-	-	Investment property held for sale	3 4 10 11	316 741	-
-	-	Accounts receivable	9 12	2 317	1 231
25 371	20 628	Other receivables	9 12	20 863	15 846
-	156	Cash and cash equivalents	9 12 17	13 343	20 132
25 371	20 784	Total current assets		353 265	37 210
460 816	571 035	TOTAL ASSETS		1 085 983	1 372 475
EQUITY AND LIABILITIES					
Equity					
Paid in capital					
30 891	30 891	Issued capital	5 14	30 891	30 891
173 517	173 517	Share premium		299 016	299 016
204 407	204 407	Total paid in capital		329 906	329 906
Accumulated profits					
-	10 714	Fund for unrealised gains		-	-
126 132	177 814	Retained earnings		634	63 030
126 132	188 528	Total accumulated profits		634	63 030
		Non-controlling interests	15	5 368	13 288
330 540	392 936	Total equity		335 908	406 224
Non-current liabilities					
-	-	Interest-bearing loans and borrowings	9 13 14 17	447 600	778 715
9 999	4 600	Liabilities to group companies		-	-
-	-	Deferred tax liabilities	8	-	14 529
-	-	Other long term liabilities		-	-
9 999	4 600	Total non-current liabilities		447 600	793 243
Current liabilities					
1 459	7 288	Current interest-bearing loans and borrowings	9 13 14 17	206 459	7 288
984	70	Accounts payable	9 12 14	2 821	4 944
-	-	Liabilities for current tax	8 9	-	-
117 835	166 141	Other current liabilities	9 12 14	93 196	160 776
120 278	173 500	Total current liabilities		302 475	173 008
130 277	178 100	Total liabilities		750 075	966 252
460 816	571 035	TOTAL EQUITY AND LIABILITIES		1 085 983	1 372 475

The Board of UNION Real Estate Fund Holding AS
Oslo, 25 March 2021

bankID SIGNFRT: 25.03.2021
Moe, Lars Even

Lars Even Moe
Board member

bankID SIGNFRT: 25.03.2021
Henningsen, Bjørn

Bjørn Henningsen
Chair

bankID SIGNFRT: 25.03.2021
Landvik, Øystein A.

Øystein A. Landvik
Board member



UNION Real Estate Fund Holding AS

Statement of changes in equity

All amounts in NOK 1 000	Note	Attributable to parent company equity holders				Total equity
		Share capital	Share premium	Retained earnings	Non-controlling interests	
Consolidated group						
Equity as at 31.12 2018		30 891	363 132	92 080	22 877	508 980
Dividends distributed		-	(64 117)	(30 690)	(7 672)	(102 478)
Total comprehensive income		-	-	1 639	(1 917)	(278)
Equity as at 31.12 2019		30 891	299 016	63 030	13 288	406 224
Dividends distributed		-	-	(58 491)	(1 445)	(59 936)
Total comprehensive income		-	-	(3 905)	(6 475)	(10 380)
Equity as at 31.12 2020		30 891	299 016	634	5 368	335 908
Parent company						
Equity as at 31.12 2018		30 891	237 633	78 514	139 065	486 103
Share issue		-	-	-	-	-
Dividends distributed		-	(64 117)	-	(30 690)	(94 806)
Total comprehensive income		-	-	(67 799)	68 839	1 039
Mergers		-	-	-	600	600
Equity as at 31.12 2019		30 891	173 517	10 714	177 814	392 936
Dividends distributed		-	-	-	(58 491)	(58 491)
Total comprehensive income		-	-	(10 714)	6 809	(3 905)
Equity as at 31.12 2020		30 891	173 517	-	126 132	330 540



UNION Real Estate Fund Holding AS

Statement of cash flows

Parent company		All amounts in NOK 1 000	Note	Consolidated group	
2020	2019			2020	2019
Cash flow from operating activities					
(1 266)	(5 907)	Profit before tax for the year from total operations		(26 117)	223
25 275	8 187	Change in value shares		(1 811)	(288)
(20 083)	-	(Profit)/loss sale of shares		-	-
-	-	Tax payment		-	-
-	-	Adjustment to value of investment property		64 913	2 284
-	-	(Profit) / loss sale of property		(8 449)	8 103
-	737	(Increase)/decrease in accounts receivable		(1 086)	1 463
(5 418)	(15 552)	(Increase)/decrease in other receivables		(15 017)	(14 284)
914	(1 052)	Increase/(decrease) in accounts payable		(2 123)	(512)
(59 768)	(39 769)	Increase/(decrease) in other current liabilities		(61 036)	(45 688)
(6 545)	2 795	Provision for performance fee to manager		(6 545)	2 795
(66 891)	(50 561)	Net cash flow from operating activities		(57 270)	(45 905)
Cash flows from investing activities					
-	-	Purchase of investment property		(10 200)	(5 395)
-	-	Sale of properties		252 561	64 371
75 190	-	Sale of subsidiaries		-	-
43 628	100 350	Repayment of investments in subsidiaries / distributions		-	-
12 238	3 638	(Increase)/decrease in intercompany loan		-	-
131 056	103 988	Net cash flow used in investing activities		242 361	58 977
Cash flows from financing activities					
-	-	Proceeds from issue of share capital		-	-
-	-	Share issue expenses		-	-
-	-	Redemption of shares		-	-
(58 491)	(94 806)	Dividend		(59 936)	(102 478)
-	7 288	Proceeds from borrowings		-	7 288
(5 830)	-	Repayment of borrowings		(131 944)	(30 356)
(64 321)	(87 518)	Net cash flow from financing activities		(191 881)	(125 546)
(156)	(34 091)	Net increase/(decrease) in cash and cash equivalents		(6 789)	(112 474)
156	34 247	Cash and cash equivalents at beginning of period		20 132	132 606
-	156	Cash and cash equivalents at end of period		13 343	20 132



UNION Real Estate Fund Holding AS

Notes 2020

1 Summary of significant accounting policies

UNION Real Estate Fund 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 Holding AS for the fiscal year 2019 were approved in the board meeting at 25.03.2021.

The Group is engaged in the development, letting, management, operation, purchase and sale of office and retail properties in Norway. UNION Real Estate Fund 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 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 2020, and Norwegian disclose requirements listed in the Norwegian Accounting Act as of 31.12.2020.

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

- Financial instruments measured at amortised cost or at fair value through profit or loss
- 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 Holding AS and companies in which UNION Real Estate Fund 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 Holding AS

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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.

(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.

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.



UNION Real Estate Fund Holding AS

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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)



UNION Real Estate Fund Holding AS

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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 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 (non-current liabilities) in the statement of financial position.

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



UNION Real Estate Fund Holding AS

Notes 2020

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.



UNION Real Estate Fund Holding AS

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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.



UNION Real Estate Fund Holding AS

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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.

All investments in subsidiaries and joint ventures in the separate financial statements for the parent company, are measured at fair value through profit or loss. 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) Financial liabilities measured subsequently at amortised cost

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 measured at amortised cost, the difference between the asset’s carrying value amount and the sum of the consideration received and receivable, is recognised in profit or loss. For financial assets classified at FVTOCI the cumulative gain or loss previously recognised in other comprehensive income and accumulated in equity, is reclassified 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 profit and loss.

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.



UNION Real Estate Fund Holding AS

Notes 2020

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 ECL. 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.

1.14 Equity

Equity and liabilities

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



UNION Real Estate Fund Holding AS

Notes 2020

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 is 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 2019. UNION Real Estate Fund Holding AS has not implemented any new standards in the financial statement for 2020. There are no material new standards and interpretations not yet implemented.

1.18 Alternative Investment Funds

UNION Real Estate Fund 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 18 for more information in this context.



UNION Real Estate Fund Holding AS

Notes 2020

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
Handelseiendommer Norge AS	Oslo	90,1 %	21.05.2014	90,1 %	Directly
Hegdehaugsveien 24 AS	Oslo	100,0 %	08.05.2015	100,0 %	Directly
Hegdehaugsveien 26 AS	Oslo	100,0 %	08.05.2015	100,0 %	Directly
Hillevågskvartalet AS	Oslo	100,0 %	01.09.2017	100,0 %	Directly
Kjelsåsveien 161 AS	Oslo	100,0 %	30.01.2015	100,0 %	Directly
Reevegen 13 Holding AS	Oslo	100,0 %	24.06.2014	100,0 %	Directly
Tonsberg Helsebus AS	Tonsberg	75,0 %	18.12.2015	75,0 %	Directly
Wilhelmssens House AS	Tonsberg	75,0 %	18.12.2015	75,0 %	Indirectly

Sold and liquidated companies in 2020 (consolidated in the ownership period):

Company	Business Office	Sale date	Shareholding / voting rights	Acquisition date	Ownership interest	Ownership
Kjelsåsveien 168 DA	Oslo	02.11.2020	100,0 %	06.07.2016	100,0 %	Indirectly
Kjelsåsveien 168 Eiendom AS	Oslo	02.11.2020	100,0 %	06.07.2016	100,0 %	Indirectly
Kjelsåsveien 168 Holding AS	Oslo	02.11.2020	100,0 %	06.07.2016	100,0 %	Directly
Stavanger Handelseiendom AS	Sandnes	09.09.2020	53,5 %	08.03.2017	53,5 %	Indirectly
Stavanger Handelseiendom Invest AS	Oslo	14.12.2020	100,0 %	22.10.2015	100,0 %	Directly
Time Eiendom AS	Oslo	25.06.2020	100,0 %	30.06.2014	100,0 %	Indirectly

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.

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.



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3 Critical accounting estimates and subjective judgements - continues

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 2019 were obtained from Newsec AS (www.newsec.no). 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 % (plus)	Value change
Inflation	1,00 %	71 984
Market rent	10,00 %	75 621
Discount rates	0,25 %	(34 004)
Exit yield	0,25 %	(17 002)

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, joint ventures and investment property:

	Parent	Parent / Group	Group	Group
	Subsidiaries	Joint ventures	Investment property	Investment property held for sale
Balance as of 1 January 2020	454 072	63 301	1 271 965	-
Additions	-	-	10 200	-
Disposals	(55 107)	-	(244 112)	-
Dividends	(43 628)	-	-	-
Transfer between categories	-	-	(316 741)	316 741
Change in fair value	(27 085)	1 811	(64 913)	-
Balance as of 31 December 2020	328 252	65 112	656 397	316 741
Balance as of 1 January 2019	562 966	63 013	1 302 414	38 914
Additions	-	-	5 395	-
Disposals	(69)	-	(33 560)	(38 914)
Dividends	(100 350)	-	-	-
Change in fair value	(8 475)	288	(2 284)	-
Balance as of 31 December 2019	454 072	63 301	1 271 965	-

Fair value of derivatives

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

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

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

4 Operating leases

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

Operating leases

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

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

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

Lease income from operating leases	Consolidated group	
	2020	2019
Lease income from investment properties	74 983	85 177
Total	74 983	85 177
The Group's future undiscounted accumulated rent from non-terminable operational lease contracts at 31.12.	Consolidated group	
	2020	2019
Within 1 year	84 808	101 983
Between 1 and 5 years	192 995	277 362
Later than 5 years	80 032	158 901
Total	357 835	538 246



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5 Wages and remuneration

Number of employees

The parent company and the group companies have no employees.

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	
	2020	2019	2020	2019
Statutory audit	210	280	530	693
Other assurance services	41	4	51	33
Other non-assurance services	146	195	169	230
Tax consultant services	21	154	21	184
Total audit fee	419	631	772	1 140

¹ Fees to RSM Norge AS and affiliated companies.

Shares held by Board members²

	Position	2020
Bjørn Henningsen	Chair	0,90 %
Lars Even Moe	Board member	1,77 %
Øystein A. Landvik	Board member	0,90 %
Total		3,57 %

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

6 General and administrative expenses

General and administrative expenses	Parent company		Consolidated group	
	2020	2019	2020	2019
Auditor's fee	419	631	772	1 140
Management fee	1 308	1 344	7 232	7 810
Provision for performance fee to manager	(6 545)	2 795	(6 545)	2 795
Other fees	1 138	472	3 763	3 091
Other general and administrative expenses	207	4 237	1 529	5 228
Total general and administrative expenses	(3 474)	9 479	6 751	20 063

7 Financial income and costs

Financial income	Parent company		Consolidated group	
	2020	2019	2020	2019
Interest income on cash and cash equivalents	9	48	242	233
Interest income on group receivables	975	894	-	-
Dividends and other contributions	-	12 537	-	-
Profit sale of shares	20 083	1	-	-
Change fair value swaps	-	-	-	397
Group contribution	-	-	-	-
Share of net profit from joint ventures	1 811	288	1 811	288
Other financial income	-	-	16	-
Total financial income	22 878	13 768	2 069	918
Financial costs				
Interest expense on financial liabilities	128	76	23 599	29 438
Interest expense on group liabilities	284	141	-	-
Change fair value shares	27 085	8 475	-	-
Gain on loans and receivable	-	-	-	-
Change fair value swaps	-	-	1 008	-
Share of net profit from joint ventures	-	-	-	-
Other financial costs	120	1 503	2 507	2 296
Total financial costs	27 617	10 195	27 115	31 734
Net financial items	(4 739)	3 573	(25 046)	(30 815)



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8 Income tax

	Parent company		Consolidated group	
	2020	2019	2020	2019
Income tax expense				
<i>Current tax:</i>				
Tax payable	-	-	-	-
<i>Deferred tax:</i>				
Changes in deferred tax	2 640	(6 945)	8 612	4 711
Changes in deferred tax on value of investment property	-	-	(24 349)	(4 210)
Changes in tax rate	-	-	-	-
Total income tax expense / (income)	2 640	(6 945)	(15 737)	501

	Parent company		Consolidated group	
	2020	2019	2020	2019
Reconciliation of the effective rate of tax				
Income taxes calculated at 22% (2018: 23%) of profit before tax	(279)	(1 300)	(5 746)	49
Changes in unrecognised deferred tax (asset)/liabilities	1 761	(5 173)	(9 608)	(8)
Tax related to change in value of shares	5 560	1 801	(398)	(63)
Tax effect on non deductible expenses	15	523	15	523
Non-taxable income	(4 418)	(2 796)	-	-
Total income tax expense / (income)	2 640	(6 945)	(15 737)	501

	Parent company		Consolidated group	
	2020	2019	2020	2019
Deferred tax and deferred tax assets:				
<i>Deferred tax assets</i>				
Tax losses carried forward	115 836	114 041	183 971	171 095
Investment property	-	-	4 233	-
Other deferred tax assets	88 338	133 877	1 728	720
Deferred tax assets - gross	204 174	247 918	189 932	171 815
<i>Deferred tax liabilities</i>				
Investment property	-	-	-	106 446
Other deferred tax liabilities	-	-	466	410
Deferred tax liabilities - gross	-	-	466	106 856
Net deferred tax asset/(liabilities)	204 174	247 918	189 466	64 958
Net recognised deferred tax asset/(liabilities)	28 000	40 000	5 495	(66 039)
Book value at 31.12 (at 22%)	6 160	8 800	1 209	(14 529)



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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	
	2020	2019	2020	2019
Financial assets - non current				
<i>Investments in equity instruments at FVTPL</i>				
Investments in subsidiaries	328 252	454 072	-	-
Investments in joint ventures	65 112	63 301	65 112	63 301
Total non current financial assets	393 363	517 373	65 112	63 301
Financial assets - current				
<i>Investments in debt instrument measured at amortised cost</i>				
Accounts receivables	-	-	2 317	1 231
Other receivables	25 371	20 628	20 863	15 846
Cash and cash equivalents	-	156	13 343	20 132
Total current financial assets	25 371	20 784	36 524	37 210
Financial liabilities - non current				
<i>Financial liabilities at amortised cost</i>				
Secured bank debt	-	-	447 600	778 715
Other non current liabilities	9 999	4 600	-	-
Total non current liabilities	9 999	4 600	447 600	778 715
Financial liabilities - current				
<i>Financial liabilities at amortised cost</i>				
Secured bank debt	-	-	205 000	-
Accounts payables	984	70	2 821	4 944
Debt to group companies	29 497	11 829	-	-
Bank draft facilities	1 459	7 288	1 459	7 288
Performance fee	88 338	133 877	88 338	133 877
Accrued expenses	-	-	4 857	6 464
Other current liabilities	-	20 436	-	20 436
Total current liabilities	120 278	173 500	302 475	173 008

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	
	2020	2019
Opening balance as at 1 January	1 271 965	1 341 328
Additions from acquisitions	-	-
Enhancement expenditure capitalised	10 200	5 395
Disposed entities	(244 112)	(72 474)
Net gain/loss on changes in fair value	(64 913)	(2 284)
Balance at 31 December	973 139	1 271 965

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:

	2020	2019
Yields (%)	5,50 %	5,30 %
Inflation rate (%)	1,40 %	1,40 %
Long term vacancy rate (%)	7,40 %	9,80 %
Long term growth rate in real rental terms (%)	2,00 %	2,00 %

The Fund's portfolio was as of 31 December 2020 valued at an average net yield of 5.5 %. The corresponding gross yield was 7.9 % and average owner's costs were 12.7 %. We believe the current valuation is reflective of the underlying values of the properties in the Fund, taking into consideration property specific value drivers such as Weighted Average Lease Term (WALT), locations, rent levels, counterparties, vacancy rates, etc.

The inflation rate of 0.71 % in 2020 was below expectations and below the Norwegian Central Bank's inflation rate target. The underlying property values in the Fund has decreased 4.8% in 2020. Long term vacancy rate is set to the portfolio's current vacancy rate of 7.4 %. The manager is currently underway in reducing the current vacancy rate according to business plan. The long term growth rate in real rental terms is set according to the Norwegian Central Bank's inflation target as of 31 December 2020, 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 2020. 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	
	2020	2019	2020	2019
Rental income	-	-	74 983	85 177
Direct operating expenses of properties that generated income	-	-	(15 238)	(25 491)
Balance at 31 December	-	-	59 745	59 686

11 Pledged assets

	Parent company		Consolidated group	
	2020	2019	2020	2019
<i>Carrying amount secured debt</i>				
Secured long-term debt	-	-	447 600	778 715
Secured short-term debt	-	-	206 459	7 288
<i>Book value pledged assets</i>				
Investment property held for sale	-	-	316 741	-
Fair value of investment property (land, building and fixtures)	-	-	656 397	1 271 965

It has been issued mortgages on the investment properties, as collateral for floating interest bank loans. At 31 December 2020 the loans are recognised at TNOK 653.



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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, UNION Eiendomskapital UREF AS and UNION Real Estate Fund AS (owns 79,54% of UREF Holding AS). Subsidiaries are listed in Note 2. 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 long-term loans are calculated on the basis of the groups external borrowing cost plus an margin of 0,25%. 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 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.

Managers performance fee:

Distributions after payment of the Fund's fees, costs, expenses and liabilities;

- First, return to investors of drawn down commitments;
- Second, a preferred return of 8% p.a. to investors;
- Third, 20% to the manager as performance fee and 80% to investors until the investors have received a return of 11% p.a.;
- Fourth, 40% to the manager as performance fee and 60% to investors until the manager has received a Performance fee equal to 20% of cumulative profits distributed; and
- Fifth, 80% to investors and 20% to the manager as performance fee

If the management agreement is terminated, the manager is entitled to a performance fee for the period up to the termination date.

Other 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	
	2020	2019	2020	2019
Management fee	1 308	1 344	7 232	7 810
Rental fee	-	-	594	657
Performance fee	(6 545)	2 795	(6 545)	2 795
Other fees and expenses	-	-	456	101
Outstanding balances				
	Parent company		Consolidated group	
	2020	2019	2020	2019
Accounts receivable	-	-	-	-
Other receivables	-	14 814	-	14 814
Accounts payable	-	-	-	(7)
Other current liabilities	(88 338)	(133 877)	(88 338)	(133 877)
Balance at 31 December	(88 338)	(119 063)	(88 338)	(119 070)

Transactions with subsidiaries

Amount of transactions	Parent company		Consolidated group	
	2020	2019	2020	2019
Interest received	975	894	-	-
Interest paid	(284)	(141)	-	-
Dividends received	43 628	100 350	-	-
Outstanding balances				
	Parent company		Consolidated group	
	2020	2019	2020	2019
Loans to group companies	35 922	24 078	-	-
Other receivables	679	1 264	-	-
Other current liabilities	(29 497)	(11 829)	-	-
Balance at 31 December	7 103	13 513	-	-



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12 Related parties - continues

Transactions with joint ventures

Amount of transactions	Parent company		Consolidated group	
	2020	2019	2020	2019
Management fee	-	-	-	-
Outstanding balances				
	Parent company		Consolidated group	
	2020	2019	2020	2019
Accounts receivable	-	-	-	-
Accounts payable	-	-	-	-
Balance at 31 December	-	-	-	-

13 Information on financial risks

UNION Real Estate Fund 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 Holding AS. UNION Real Estate Fund 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 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 instalment 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	2021	2022	2023	2024	2025 and later
Interest-bearing loans and borrowings	1 459	-	-	-	-
Other non-current financial liabilities	-	-	-	-	-
Other long term liabilities	-	-	-	-	-
Maturity plan - Consolidated group					
	2021	2022	2023	2024	2025 and later
Interest-bearing loans and borrowings	654 059	-	-	-	-
Other non-current financial liabilities	-	-	-	-	-
Other long term liabilities	-	-	-	-	-

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 2020 the group have accounts receivable of TNOK 2 317. 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.



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13 Information on financial risks continues

At 31 December 2020, the Group had pay-fixed interest-rate swaps in place with a nominal value of TNOK 29 375, and its net debt was 4.50% fixed. Based on the Group's debt balances at 31 December 2020, a 1% increase in interest rates would increase the annual net interest payable in the income statement and reduce equity by TNOK 6 555. The fair value of the interest rate swaps would increase by TNOK 176. The sensitivity has been calculated by applying the interest rate change to the variable rate borrowings, net of interest-rate swaps and cash and cash equivalents.

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

	Parent company 2020	Parent company 2019	Consolidated group 2020	Consolidated group 2019
One year or less, or on demand	-	-	-	-
More than one year but not more than two years	-	-	-	-
More than two years but not more than five years	-	-	29 375	-
More than five years	-	-	-	31 875

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.

14 Share capital, shareholder information and dividend

(Number of shares are in whole numbers)

	2020	2019
14.1 Share capital		
Ordinary shares, nominal amount NOK 0,1 (2019: NOK 1)	308 904 290	30 890 429
B-shares, nominal amount NOK 0,1 (2019: NOK 1)	1 000	100
Total number of shares	308 905 290	30 890 529

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

14.2 Shareholders

	Ordinary shares	B-shares	Ownership interest	Voting interest
Aakvik Holding AS	3 830 183	-	1,2 %	1,2 %
Banan II AS	2 872 637	-	0,9 %	0,9 %
Canica AS	15 320 733	-	5,0 %	5,0 %
Det Norske Eiendomscompagniet AS	3 830 183	-	1,2 %	1,2 %
Geveran Trading Co Ltd	95 754 583	-	31,0 %	31,0 %
Harbarn AS	4 787 729	-	1,5 %	1,5 %
Lærdal Finans AS	4 787 729	-	1,5 %	1,5 %
Nordea Liv Norge AS	13 405 642	-	4,3 %	4,3 %
Norwegian Hull Club	9 575 458	-	3,1 %	3,1 %
Pactum AS	11 490 550	-	3,7 %	3,7 %
Petroservice AS	5 745 275	-	1,9 %	1,9 %
Seamt Invest AS	3 830 183	-	1,2 %	1,2 %
Sjømennenes Hus AS	3 830 183	-	1,2 %	1,2 %
Skips AS Tudor	9 575 458	-	3,1 %	3,1 %
Spleismark Næring AS	9 575 458	-	3,1 %	3,1 %
Stornbull Eiendom AS	2 872 637	-	0,9 %	0,9 %
UFI AS	8 338 309	-	2,7 %	2,7 %
UNION Real Estate LP	39 259 380	-	12,7 %	12,7 %
UNION Real Estate B LP	23 938 650	-	7,7 %	7,7 %
Wani Investerings AS	3 830 183	-	1,2 %	1,2 %
Sum top 20 shareholders	276 451 143	-	89,5 %	89,5 %
Other shareholders	32 453 147	-	10,5 %	10,5 %
UNION Eiendomskapital UREF AS	-	1 000	0,0 %	0,0 %
Total number of shares 31.12.2020	308 904 290	1 000	100 %	100 %



UNION Real Estate Fund Holding AS

Notes 2020

All amounts in NOK 1 000 unless otherwise stated

14 Share capital, shareholder information and dividend continues

Reconciliation of total number of shares in issue:

	Ordinary shares	B-shares	Total
As at December 31 2019	30 890 429	100	30 890 529
Split 1/10	278 013 861	900	278 014 761
Issued as of 31 December 2020 - fully paid in	308 904 290	1 000	308 905 290
As at December 31 2018	30 890 429	100	30 890 529
Issued during the period	-	-	-
Issued as of 31 December 2019 - fully paid in	30 890 429	100	30 890 529

14.3 Dividends

Cash dividends approved and paid	2020		2019	
	NOK pr share	Total	NOK pr share	Total
Ordinary shares				
Total dividends approved and paid	0,19	58 491	3,07	94 806
B-shares				
Total dividends approved and paid	-	-	-	-
Total		58 491		94 806

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

14.4 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 leveraged internal rate of return of 15% to 17% with a targeted average dividend of at least 5% on invested capital per annum over the life of the fund, utilising target leverage of up to 60% of portfolio value.

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

	2020	2019
Borrowings	750 075	966 252
Less cash and cash equivalents	(13 343)	(20 132)
Net debt	736 732	946 119
Total equity	335 908	406 224
Total capital resources	1 072 640	1 352 343
Gearing ratio	68,7 %	70,0 %

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

14.5 Financial Covenants

Under the terms of the major borrowing facilities, the Group is required to comply with certain financial covenants.

The parent company does not have any interest-bearing debt; instead many of the subsidiaries have separate loan facilities where they are the borrower, and where they have used its property as a collateral.

The covenants under these facilities vary. The Group has complied with all covenants throughout the reporting period.



UNION Real Estate Fund Holding AS

Notes 2020

All amounts in NOK 1 000 unless otherwise stated

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 subsidiaries at 100 per cent, and the amounts are before intercompany eliminations.

		2020	2019
The Company's ownership			
	Handelseiendommer Norge AS	90,1 %	90,1 %
	Tønsberg Helsehus AS	75,0 %	75,0 %
	Stavanger Handelseiendom AS	N/A	53,5 %
Summarised income statement			
Revenue			
	Handelseiendommer Norge AS	-	3 704
	Tønsberg Helsehus AS	10 145	10 581
	Stavanger Handelseiendom AS	-	-
Profit/(Loss) for the year			
	Handelseiendommer Norge AS	4 160	(2 359)
	Tønsberg Helsehus AS	(29 520)	(6 084)
	Stavanger Handelseiendom AS	-	(342)
Summarised balance sheet			
Total assets			
	Handelseiendommer Norge AS	911	1 730
	Tønsberg Helsehus AS	58 169	85 190
	Stavanger Handelseiendom AS	-	2 263
Total liabilities			
	Handelseiendommer Norge AS	16	151
	Tønsberg Helsehus AS	37 230	36 741
	Stavanger Handelseiendom AS	-	97
Net assets			
	Handelseiendommer Norge AS	895	1 579
	Tønsberg Helsehus AS	20 939	48 450
	Stavanger Handelseiendom AS	-	2 166
Non-controlling interests			
	Handelseiendommer Norge AS	133	158
	Tønsberg Helsehus AS	5 235	12 112
	Stavanger Handelseiendom AS	-	1 018
Equity attributable to shareholders of the Company			
	Handelseiendommer Norge AS	762	1 421
	Tønsberg Helsehus AS	15 704	36 337
	Stavanger Handelseiendom AS	-	1 148

There has been paid a total dividend of TNOK 7 672 to non-controlling interests in 2019.
There has been paid a total dividend of TNOK 1 445 to non-controlling interests in 2020.



UNION Real Estate Fund Holding AS

Notes 2020

All amounts in NOK 1 000 unless otherwise stated

16 Joint ventures

The only joint venture is a 50% interest in Morenen Handelspark AS, a company located in Oslo which owns a retail park in Eidsberg Municipality. Morenen Handelspark AS is jointly controlled with one other party as a result of a contractual agreement involving sharing of control over the relevant activities of Morenen Handelspark AS.

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.

Morenen Handelspark AS owns, directly and indirectly, 100% of Morenen Senter AS, Morstongveien 47 AS, Morenen Eiendom AS and Morenen Eiendom II AS.

The joint venture is 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 venture. The information disclosed is based on a consolidation in accordance with IFRS for the joint venture. 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 consolidated figures at 100% and is not adjusted for holding period.

Morenen Handelspark AS

Income statement	2020	2019
Revenues	22 788	24 311
Adjustment to value of investment property	(7 618)	(17 039)
Operating costs	(5 042)	(4 678)
Net interest	(5 761)	(2 017)
Income tax expense	(746)	-
Profit for the period	3 621	576
Other comprehensive income	-	-
Total comprehensive income	3 621	576

Assets and liabilities

Investment properties	326 086	325 842
Cash and cash equivalents	1 285	6 598
Other current assets	2 563	608
Current liabilities	(500)	(4 290)
Non current liabilities	(199 211)	(202 156)
Net assets	130 223	126 602

Dividends received from the joint venture - -

Reconciliation to carrying amounts	2020	2019
Opening net assets 1 January	126 602	126 026
Profit/(loss) for the period	3 621	576
Closing net assets	130 223	126 602

Group's share in %	50 %	50 %
Group's share in Morenen Handelspark AS	-	-
Carrying amount	65 112	63 301

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 Holding AS

Notes 2020

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	2020	2019
Cash and cash equivalents	13 343	20 132
Borrowings - repayable within one year (including overdraft)	(206 459)	(7 288)
Borrowings - repayable after one year	(447 600)	(778 715)
Net debt at 31.12	(640 716)	(765 871)
Cash and liquid investments	13 343	20 132
Gross debt - fixed interest rates	(30 000)	(31 875)
Gross debt - variable interest rates	(624 059)	(754 128)
Net debt at 31.12	(640 716)	(765 871)

	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 01.01.2019	132 606	(225 717)	(792 479)		(885 590)
Cash flows	(112 474)	220 826	13 193		121 545
Other non-cash movements					
Amortised loan fees		-	571		571
Fair value change swap		397	-		397
Provision for performance fee		(2 795)	-		(2 795)
Reclassification to short term debt		-	-		-
Net debt as at 31.12.2019	20 132	(7 288)	(778 715)		(765 871)
Cash flows	(6 789)	293	125 887		119 392
Other non-cash movements					
Amortised loan fees		-	228		228
Fair value change swap		(1 008)	-		(1 008)
Provision for performance fee		6 545	-		6 545
Reclassification to short term debt		(205 000)	205 000		-
Net debt as at 31.12.2019	13 343	(206 459)	(447 601)		(640 716)

18 Alternative Investment Fund disclosure

Compensation to the Manager

UNION Real Estate Fund 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 2020 the employees in the management company received a total of NOK 46 627 689 as compensation (including fixed and variable compensation). The leading management of the management company received a total of NOK 16 357 144 as 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 2020-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 Holding AS and the columns "indirect costs" illustrate UNION Real Estate Fund Holding AS' share of the costs, according to ownership share, in the consolidated accounts (where UNION Real Estate Fund Holding AS is the parent), adjusted for joint ventures. Performance fee is in full presented as a direct cost for UNION Real Estate Fund Holding AS.

	Direct costs		Indirect costs	
	2020	2019	2020	2019
Auditor's fee	419	631	353	508
Management fee	1 308	1 344	5 924	6 465
Provision for performance fee to manager	-6 545	2 795	-	-
Other fees	1 138	472	2 625	2 619
Other general and administrative expenses	207	4 237	1 323	991
Total general and administrative expenses	-3 474	9 479	10 224	10 584

19 Other information

The Board of UNION Real Estate Holding AS have signed an option with an external part to sell the shares in Kjelsåsveien 161 AS. The option can be called earliest in 2022, and is based on fair value on the date of the agreement.



Skattedirektoratet

Saksbehandler Geir Johannessen	Deres dato 12.02.2014	Vår dato 25.02.2014
Telefon 22 66 11 14	Deres referanse Jannecke Vinjum	Vår referanse 2014/98637

UNION REAL ESTATE FUND HOLDING AS
v/UNION Eiendomskapital AS Postboks 1715 Vika
0121 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Union Real Estate Fund Holding AS, org.nr. 999 326 633

- Vi viser til deres brev av 12. februar 2014, samt utfyllende opplysninger gitt i e-post, hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for ovennevnte selskap. Søknaden gjelder fra og med regnskapsåret 2014.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Union Real Estate Fund Holding AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at 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

Union Real Estate Fund Holding AS er et eiendomsfond. I 2014 vil anslagsvis 70 % av eierne være utenlandske investorer. All rapportering og kommunikasjon foregår i hovedsak på engelsk. Hovedtyngden av brukerne er utenlandske eller benytter engelsk som arbeidsspråk. Søknaden gjelder kun selskapsregnskapet og konsernregnskapet til Union Real Estate Fund Holding AS. Underliggende datterselskaper utarbeider årsregnskap og årsberetning på norsk

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:

”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

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

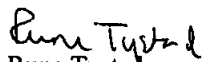
Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *“informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

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 selskapet hovedsakelig retter seg mot utenlandske investorer og at arbeidsspråket er engelsk. Videre er det vektlagt at ingen vesentlige brukere blir negativt berørt.

Vennligst oppgi vår referanse ved henvendelser i saken.

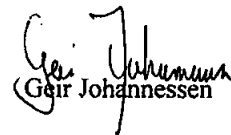
Med hilsen



Rune Tystad

seniorrådgiver

Rettsavdelingen, foretaksskatt
Skattedirektoratet


Geir Johannessen