ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - 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:	01.01.2021 - 31.12.2021

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:	16.03.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert

År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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

Brønnøysundregistrene, 21.03.2023

Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Sum inntekter		**0**	**0**
Kostnader			
Annen driftskostnad		33 136 408	-3 474 614
Sum kostnader		**33 136 408**	**-3 474 614**
Driftsresultat		**-33 136 408**	**3 474 614**
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap		122 155 545	20 082 861
Renteinntekt fra foretak i samme konsern		391 517	984 477
Annen renteinntekt		1 328 025	
Verdiøkning av andre finansielle oml.m.		-1 467 053	-25 274 766
Sum finansinntekter		**122 408 034**	**-4 207 428**
Rentekostnad til foretak i samme konsern		96 592	412 008
Annen finanskostnad		120 406	120 000
Sum finanskostnader		**216 998**	**532 008**
Netto finans		**122 191 036**	**-4 739 435**
Ordinært resultat før skattekostnad		**89 054 628**	**-1 264 821**
Skattekostnad på ordinært resultat		2 885 483	2 640 000
Ordinært resultat etter skattekostnad		**86 169 145**	**-3 904 821**
Årsresultat		**86 169 145**	**-3 904 821**
Årsresultat etter minoritetsinteresser		**86 169 145**	**-3 904 821**
Totalresultat		**86 169 145**	**-3 904 821**
Overføringer og disponeringer			
Overf. fond for urealiserte gevinster		158 116 991	-25 274 766
Overføringer annen egenkapital		-71 947 846	21 369 945

Resultatregnskap

Beløp i: NOK	Note	2021	2020
Sum overføringer og disponeringer		**86 169 145**	**-3 904 821**

Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel		3 274 517	6 160 000
Sum immaterielle eiendeler		**3 274 517**	**6 160 000**
Finansielle anleggsmidler			
Investering i datterselskap		261 022 626	328 251 679
Investeringer i tilknyttet selskap			65 111 636
Andre langsiktige fordringer			35 921 630
Sum finansielle anleggsmidler		**261 022 626**	**429 284 945**
Sum anleggsmidler		**264 297 143**	**435 444 945**
Omløpsmidler			
Varer			
Fordringer			
Andre kortsiktige fordringer		31 586 514	25 371 305
Sum fordringer		**31 586 514**	**25 371 305**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter o.l.		4 208 468	
Sum bankinnskudd, kontanter og lignende		**4 208 468**	
Sum omløpsmidler		**35 794 982**	**25 371 305**
SUM EIENDELER		**300 092 125**	**460 816 250**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		30 890 519	30 890 519
Overkurs			173 516 691

Balanse

Beløp i: NOK	Note	2021	2020
Sum innskutt egenkapital		**30 890 519**	**204 407 210**
Opptjent egenkapital			
Fonds		158 116 991	
Annen egenkapital		42 359 511	126 132 479
Sum opptjent egenkapital		**200 476 502**	**126 132 479**
Sum egenkapital		**231 367 021**	**330 539 689**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld			9 998 684
Sum annen langsiktig gjeld			**9 998 684**
Sum langsiktig gjeld		**0**	**9 998 684**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner			1 458 689
Leverandørgjeld		2 339 311	984 046
Skyldig offentlige avgifter		-813 783	-305 430
Kortsiktig konserngjeld		4 766 969	29 660 151
Annen kortsiktig gjeld		62 432 607	88 480 421
Sum kortsiktig gjeld		**68 725 104**	**120 277 877**
Sum gjeld		**68 725 104**	**130 276 561**
SUM EGENKAPITAL OG GJELD		**300 092 125**	**460 816 250**

Konsernets resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Net rental and related income	10	44 739 000	59 745 000
Other income			2 400 000
Adjustment to value of investment property	10	150 698 000	-64 913 000
Profit/(loss) sale of property		-35 421 000	8 449 000
Sum inntekter		**160 016 000**	**5 681 000**
Kostnader			
General and administrative expenses	5,6,14, 18	41 455 000	6 751 000
Sum kostnader		**41 455 000**	**6 751 000**
Driftsresultat		**118 561 000**	**-1 070 000**
Finansinntekter og finanskostnader			
Financial income	16	3 487 000	258 000
Sum finansinntekter		**3 487 000**	**258 000**
Financial costs	5	17 463 000	27 115 000
Share of net profit /(loss) form joint ventures	16	1 467 000	-1 811 000
Sum finanskostnader	7	**18 930 000**	**25 304 000**
Netto finans		**-15 443 000**	**-25 046 000**
Ordinært resultat før skattekostnad		**103 118 000**	**-26 116 000**
Income tax expense	8	46 595 000	-15 737 000
ørediff			
Ordinært resultat etter skattekostnad		**56 523 000**	**-10 379 000**
Årsresultat		**56 523 000**	**-10 379 000**
Årsresultat etter minoritetsinteresser		**56 523 000**	**-10 379 000**
Overføringer og disponeringer			
Total comprehensive income attributable to		56 523 000	-10 380 000

Konsernets resultatregnskap

Beløp i: NOK	Note	2021	2020
Sum overføringer og disponeringer		**56 523 000**	**-10 380 000**

Konsernets balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Investments property	3,4,10, 11		656 397 000
Sum varige driftsmidler			**656 397 000**
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	9,16		65 112 000
other non-currents assets		40 310 000	10 000 000
deffered tax asset	8		1 209 000
Sum finansielle anleggsmidler		**40 310 000**	**76 321 000**
Sum anleggsmidler		**40 310 000**	**732 718 000**
Omløpsmidler			
Varer			
Fordringer			
Accounts receivable	9,12	23 000	2 317 000
Other receivables	9,12	5 154 000	20 863 000
Investments property held for sale			
Sum fordringer		**5 177 000**	**23 180 000**
Investeringer			
Investment property held for sale	3,4,10, 11	577 622 000	316 741 000
Sum investeringer		**577 622 000**	**316 741 000**
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	9,12,1 7	11 495 000	13 343 000
ørediff			
Sum bankinnskudd, kontanter og lignende		**11 495 000**	**13 343 000**

Konsernets balanse

Beløp i: NOK	Note	2021	2020
Sum omløpsmidler		**594 294 000**	**353 264 000**
SUM EIENDELER		**634 604 000**	**1 085 982 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Issued capital	5,14	30 891 000	30 891 000
Overkurs		113 674 000	299 016 000
Sum innskutt egenkapital		**144 565 000**	**329 907 000**
Opptjent egenkapital			
Retained earnings		58 885 000	634 000
ørediff			
Sum opptjent egenkapital		**58 885 000**	**634 000**
Minoritetsinteresser	15		5 368 000
Sum egenkapital		**203 450 000**	**335 909 000**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	8	45 386 000	
Other long term liabilities			
Sum avsetninger for forpliktelser		**45 386 000**	
Annen langsiktig gjeld			
Interest-bearing loans and borrowings	9,13,14,17		447 600 000
ørediff			
Sum annen langsiktig gjeld			**447 600 000**
Sum langsiktig gjeld		**45 386 000**	**447 600 000**
Kortsiktig gjeld			
Leverandørgjeld	9,12,1	2 706 000	2 821 000

Konsernets balanse

Beløp i: NOK	Note	2021	2020
	4		
Liabilities for current tax	8,9		
Other current liabilites	9,12,14	108 063 000	93 196 000
Interest-bearing loans and borrowings	9,13,14,17	275 000 000	206 458 000
ørediff			
Sum kortsiktig gjeld		**385 769 000**	**302 475 000**
Sum gjeld		**431 155 000**	**750 075 000**
SUM EGENKAPITAL OG GJELD		**634 605 000**	**1 085 984 000**

UNION Real Estate Fund Holding AS

Annual accounts

2021

Auditors` report
Directors` report

Statement of comprehensive income
Statement of financial position at 31 December
Statement of changes in equity
Cash flow statement
Notes

The board of directors` report 2021 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 has continued to seek 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 and has one property left as of 31st December which was sold on the 22nd January 2022. 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 which have displayed a 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 38 properties were sold in the period 2015 to 2020, and 5 in 2021. The investment operations through 2021 were based on the Fund`s 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 31.12.2021 308 905 290 shares were issued in the Fund.

The portfolio had as of 31.12.2021 a rental occupancy of approx. 100 %, and the average duration of the lease contracts were 5.5 years.

UNION Real Estate Fund Holding AS had an operating loss of MNOK 33.1 (2020: 3.5). The Group had an operating profit of MNOK 118.6 (2020: -1.0). Profit before tax was positive with MNOK 89.1 (2020: -1.3) for the parent company and positive with MNOK 103.1 (2020: -26.1) for the Group. The Group net rental and related income was MNOK 44.7 (2020: 59.7) for the year 2021.

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 86.2 (2020: +3.9) is allocated as follows:

• Transferred to fund for unrealized gains	NOK 158 117 000
• Transferred from retained earnings	NOK 71 947 000
• Net change in equity	NOK 86 169 000

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

As per 31.12.2021 the parent company had a bank balance of MNOK 4.2 (2020: -1.5) and for the Group MNOK 11.5 (2020: 13.3).

The total capital pr. 31.12.2021 was MNOK 634.6 (2020: 1,086.0) for the Group. Long-term debt equals 7.15% (2020: 41.22 %) and short-term debt equals 60.79% (2020: 27.85 %). The equity ratio for the Group was 32.06% (2020: 29.60 %). Non-controlling interest represents 0% (2020: 0.49%) of total assets.

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 31.12.2021 MNOK 275.0 (grossed amount). Of the total debt to credit institutions, MNOK 0 where hedged per 31.12.2021. Average interest rate on the loan portfolio was per 31.12.2021 2.83% (2020: 2.45 %) (including margin). 100% of the loan portfolio matures in 2022.

UNION Real Estate Fund Holding AS complies with all covenants per 31.12.2021.

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 situations occurs 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 has divested all its properties as of January 2022 and the Manager has initiated matters related to the liquidation process of the Fund.

The Board of Directors are covered by the directors` and officers` Liability Insurance policy entered into by UNION with a limit of liability of NOK 100 000 000.

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

Oslo, 16 March 2022

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 2021	Parent company 2020	All amounts in NOK 1 000	Note	Consolidated group 2021	Consolidated group 2020
-	-	Gross rental income		53 203	74 983
-	-	Property operating expenses		(8 464)	(15 238)
-	**-**	**Net rental and related income**	10	**44 739**	**59 745**
-	-	Other income		-	2 400
-	-	Profit/(loss) sale of property		(35 421)	8 449
-	-	Adjustment to value of investment property	10	150 698	(64 913)
(33 136)	3 474	General and administrative expenses	5 6 14 18	(41 455)	(6 751)
(33 136)	**3 474**	**Operating profit**		**118 561**	**(1 071)**
1 720	21 067	Financial income	16	3 487	258
151 877	(27 085)	Change in fair value shares		-	-
(29 939)	(532)	Financial costs	5	(17 463)	(27 115)
(1 467)	1 811	Share of net profit/(loss) from joint ventures	16	(1 467)	1 811
122 191	**(4 739)**	**Net financial items**	7	**(15 444)**	**(25 046)**
89 055	**(1 266)**	**Profit before tax**		**103 117**	**(26 117)**
(2 885)	(2 640)	Income tax expense	8	(46 595)	15 737
86 169	**(3 905)**	**Profit for the year**		**56 523**	**(10 380)**
		Other comprehensive income			
-	-	Net other comprehensive income		-	-
-	-	Tax related to other comprehensive income	8	-	-
86 169	**(3 905)**	**Total comprehensive income for the year**		**56 523**	**(10 380)**
		Profit for the year attributable to:			
		Equity holders of the parent company		58 251	(3 905)
		Non-controlling interests		(1 728)	(6 475)
				56 523	**(10 380)**
		Total comprehensive income attributable to:			
		Equity holders of the parent company		58 251	(3 905)
		Non-controlling interests		(1 728)	(6 475)
				56 523	**(10 380)**

UNION Real Estate Fund Holding AS

Statement of financial position at 31 December

Parent company				Consolidated group	
2021	**2020**	All amounts in NOK 1 000	**Note**	**2021**	**2020**
		ASSETS			
		Non-current assets			
-	-	Investment property	3 4 10 11	-	656 397
261 023	328 252	Investments in subsidiaries	2 9 15	-	-
-	35 922	Loans to group companies		-	-
-	65 112	Investments in joint ventures	9 16	-	65 112
-	-	Other non-current assets		40 310	10 000
3 275	6 160	Deferred tax assets	8	-	1 209
264 297	**435 445**	**Total non-current assets**		**40 310**	**732 718**
		Current assets			
-	-	Investment property held for sale	3 4 10 11	577 622	316 741
-	-	Accounts receivable	9 12	23	2 317
31 587	25 371	Other receivables	9 12	5 154	20 863
4 208	-	Cash and cash equivalents	9 12 17	11 495	13 343
35 795	**25 371**	**Total current assets**		**594 294**	**353 265**
300 092	**460 816**	**TOTAL ASSETS**		**634 604**	**1 085 983**
		EQUITY AND LIABILITIES			
		Equity			
		Paid in capital			
30 891	30 891	Issued capital	5 14	30 891	30 891
-	173 517	Share premium		113 674	299 016
30 891	**204 407**	**Total paid in capital**		**144 564**	**329 906**
		Accumulated profits			
158 117	-	Fund for unrealised gains		-	-
42 360	126 132	Retained earnings		58 885	634
200 477	**126 132**	**Total accumulated profits**		**58 885**	**634**
		Non-controlling interests	15	-	5 368
231 367	**330 540**	**Total equity**		**203 449**	**335 908**
		Non-current liabilities			
-	-	Interest-bearing loans and borrowings	9 13 14 17	-	447 600
-	9 999	Liabilities to group companies		-	-
-	-	Deferred tax liabilities	8	45 386	-
-	**9 999**	**Total non-current liabilities**		**45 386**	**447 600**
		Current liabilities			
-	1 459	Current interest-bearing loans and borrowings	9 13 14 17	275 000	206 459
2 339	984	Accounts payable	9 12 14	2 706	2 821
-	-	Liabilities for current tax	8 9	-	-
66 386	117 835	Other current liabilities	9 12 14	108 063	93 196
68 725	**120 278**	**Total current liabilities**		**385 770**	**302 475**
68 725	**130 277**	**Total liabilities**		**431 155**	**750 075**
300 092	**460 816**	**TOTAL EQUITY AND LIABILITIES**		**634 604**	**1 085 983**

The Board of UNION Real Estate Fund Holding AS
Oslo, 16 March 2022

Lars Even Moe
Board member

Bjørn Henningsen
Chair

Øystein A. Landvik
Board member

UNION Real Estate Fund Holding AS

Statement of changes in equity

All amounts in NOK 1 000

Consolidated group	Note	Attributable to parent company equity holders				
		Share capital	Share premium	Retained earnings	Non-controlling interests	Total equity
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**
Dividends distributed		-	(185 343)	-	(3 639)	**(188 982)**
Total comprehensive income		-	-	58 251	(1 728)	**56 523**
Equity as at 31.12 2021		**30 891**	**113 674**	**58 885**	-	**203 449**

Parent company	Share capital	Share premium	Fund for unrealised gains	Retained earnings	Total equity
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**
Dividends distributed	-	(173 517)		(11 826)	**(185 343)**
Total comprehensive income	-	-	158 117	(71 947)	**86 169**
Equity as at 31.12 2021	**30 891**	-	**158 117**	**42 360**	**231 367**

UNION Real Estate Fund Holding AS

Statement of cash flows

Parent company				Consolidated group	
2021	**2020**	All amounts in NOK 1 000	**Note**	**2021**	**2020**
		Cash flow from operating activities			
89 055	(1 266)	Profit before tax for the year from total operations		103 117	(26 117)
(150 410)	25 275	Change in value shares		1 467	(1 811)
29 722	(20 083)	(Profit)/loss sale of shares		-	-
-	-	Tax payment		-	-
-	-	Adjustment to value of investment property		(150 698)	64 913
-	-	(Profit) / loss sale of property		35 421	(8 449)
-	-	(Increase)/decrease in accounts receivable		2 294	(1 086)
21 335	(5 418)	(Increase)/decrease in other receivables		15 774	(15 017)
1 355	914	Increase/(decrease) in accounts payable		(115)	(2 123)
(56 779)	(59 768)	Increase/(decrease) in other current liabilities		(16 006)	(61 036)
30 874	(6 545)	Provision for performance fee to manager		30 873	(6 545)
(34 849)	**(66 891)**	**Net cash flow from operating activities**		**22 129**	**(57 270)**
		Cash flows from investing activities			
-	-	Purchase of investment property		-	(10 200)
-	-	Sale of properties		480 418	252 561
136 975	75 190	Sale of subsidiaries		-	-
22 535	43 628	Repayment of investments in subsidiares / distributions		500	-
3 204	12 238	(Increase)/decrease in intercompany loan		-	-
63 145	-	Sale of investment in joint venture		63 145	-
225 859	131 056	**Net cash flow used in investing activities**		**544 063**	**242 361**
		Cash flows from financing activities			
(185 343)	(58 491)	Dividend		(188 982)	(59 936)
(1 459)	(5 830)	Repayment of borrowings		(379 059)	(131 944)
(186 802)	(64 321)	**Net cash flow from financing activities**		**(568 041)**	**(191 881)**
4 208	**(156)**	**Net increase/(decrease) in cash and cash equvivalents**		**(1 848)**	**(6 789)**
-	156	Cash and cash equivalents at beginning of period		13 343	20 132
4 208	-	**Cash and cash equivalents at end of period**		**11 495**	**13 343**

UNION Real Estate Fund Holding AS

Notes 2021

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 2021 were approved in the board meeting at 14.03.2022.

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 2021, and Norwegian disclose requirements listed in the Norwegian Accounting Act as of 31.12.2021.

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.

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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 surpasses 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.

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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)

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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.

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

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

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

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

The group as a lessor does not have any finance leases.

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

1.10 Investment property
Investment property consists of properties (land, buildings or both) that are used to accrue rental income, to increase the value of capital or both. Investment properties are recognised at their fair value. The fair value equals the estimated market value without any deductions for expenses incurred in the case of any sale. Changes to the fair value are recognised in the statement of comprehensive income during the period when it arises.

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

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

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

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

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1.12 Financial assets and financial liabilities

Recognition and measurement

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

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

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

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

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

(a) Debt instruments at amortised cost and effective interest method

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

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

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

(b) Fair value through other comprehensive income (FVTOCI)

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

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

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:
- a debt instrument or equity instrument held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or
- a derivative, or
- designated as such upon initial recognition where permitted.

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

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

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 classifies 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.

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Impairment of financial assets

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

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

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

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

Derivative financial instruments

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

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

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

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

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

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

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

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

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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 2020. UNION Real Estate Fund Holding AS has not implemented any new standards in the financial statement for 2021. 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.

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All amounts in NOK 1 000 unless otherwise stated

2 List of subsidiaries

The following subsidiaries are included in the consolidated financial statements:

Company	Business Office	Shareholding / voting rights	Acquisition date	Ownership interest	Ownership
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

Sold and liquidated companies in 2021 (consolidated in the ownership period):

Company	Business Office	Sale date	Shareholding / voting rights	Acquisition date	Ownership interest	Ownership
Handelseiendommer Norge AS	Oslo	09.12.2021	90,1 %	21.05.2014	90,1 %	Directly
Hegdehaugsveien 24 AS	Oslo	16.12.2021	100,0 %	08.05.2015	100,0 %	Directly
Hegdehaugsveien 26 AS	Oslo	16.12.2021	100,0 %	08.05.2015	100,0 %	Directly
Hillevågskvartalet AS	Oslo	21.12.2021	100,0 %	01.09.2017	100,0 %	Directly
Tønsberg Helsehus AS	Tønsberg	01.02.2021	75,0 %	18.12.2015	75,0 %	Directly
Wilhelmsens House AS	Tønsberg	01.02.2021	75,0 %	18.12.2015	75,0 %	Indirectly

* Held for sale

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 observable market data (i.e. unobservable inputs)

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

There were no transfers between levels in the period.

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

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

Semiannually all the properties are valued by independent, external valuer The valuations at 31 December 2020 were obtained from Newsec AS (www.newsec.no). No valuation were done at 31 December 2021. 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.

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3 Critical accounting estimates and subjective judgements - continues

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 the 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)

At 31 December 2021 the last remaining property were valued at agreed upon selling price adjusted for transaction costs.

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.

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 2021	328 252	65 112	656 399	316 741
Disposals	(197 072)	(63 145)	(229 475)	(316 741)
Dividends	(22 035)	(500)	-	-
Transfer between categories	-	-	(426 924)	426 924
Change in fair value	151 877	(1 467)	-	150 698
Balance as of 31 December 2021	**261 023**	**-**	**-**	**577 622**
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**	**656 399**	**316 741**

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:

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All amounts in NOK 1 000 unless otherwise stated

4 Operating leases - continues

	Consolidated group	
Lease income from operating leases	**2021**	**2020**
Lease income from investment properties	53 203	74 983
Total	**53 203**	**74 983**

	Consolidated group	
The Group's future undiscounted accumulated rent from non-terminable operational lease contracts at 31.12.	**2021**	**2020**
Within 1 year	-	84 808
Between 1 and 5 years	-	192 995
Later than 5 years	-	80 032
Total	-	**357 835**

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

	Parent company[1]		Consolidated group	
Expensed audit fee (excl. VAT)	**2021**	**2020**	**2021**	**2020**
Statutory audit	195	210	418	530
Other assurance services	21	41	25	51
Other non-assurance services	65	146	71	169
Tax consultant services	-	21	1	21
Total audit fee	**282**	**419**	**515**	**772**

[1] Fees to RSM Norge AS and affiliated companies.

Shares held by Board members[2]	**Position**	**2021**
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

	Parent company		Consolidated group	
General and administrative expenses	**2021**	**2020**	**2021**	**2020**
Auditor's fee	282	419	515	772
Management fee	1 130	1 308	5 785	7 232
Provision for performance fee to manager	30 873	(6 545)	30 873	(6 545)
Other fees	770	1 138	3 498	3 763
Other general and administrative expenses	82	207	784	1 529
Total general and administrative expenses	**33 136**	**(3 474)**	**41 455**	**6 751**

7 Financial income and costs

	Parent company		Consolidated group	
Financial income	**2021**	**2020**	**2021**	**2020**
Change fair value shares	151 877	-	-	-
Interest income on cash and cash equivalents	45	9	31	242
Interest income on group receivables	347	975	-	-
Profit sale of shares	-	20 083	-	-
Change fair value swaps	-	-	1 728	
Share of net profit from joint ventures	-	1 811	-	1 811
Other financial income	1 328	-	1 728	16
Total financial income	**153 597**	**22 878**	**3 487**	**2 069**

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7 Financial income and costs - continues

Financial costs				
Interest expense on financial liabilities	24	128	16 355	23 599
Interest expense on group liabilities	73	284		-
Change fair value shares	-	27 085		-
Loss sale of shares	29 722	-		-
Change fair value swaps	-	-	-	1 008
Share of net profit from joint ventures	1 467	-	1 467	-
Other financial costs	120	120	1 108	2 507
Total financial costs	**31 406**	**27 617**	**18 930**	**27 115**
Net financial items	**122 191**	**(4 739)**	**(15 444)**	**(25 046)**

8 Income tax

	Parent company		Consolidated group	
Income tax expense	**2021**	**2020**	**2021**	**2020**
Current tax:				
Tax payable	-	-	-	-
Deferred tax:				
Changes in deferred tax	2 885	2 640	278	8 612
Changes in deferred tax on value of investment property	-	-	46 317	(24 349)
Total income tax expense / (income)	**2 885**	**2 640**	**46 595**	**(15 737)**

	Parent company		Consolidated group	
Reconciliation of the effective rate of tax	**2021**	**2020**	**2021**	**2020**
Income taxes calculated at 22% of profit before tax	19 592	(279)	22 686	(5 746)
Changes in unrecognised deferred tax (asset)/liabilities	(3 799)	1 761	8 377	(9 608)
Tax related to change in value of shares	(33 090)	5 560	-	(398)
Tax effect on non deductible expenses	6 542	15	6 542	15
Other tax effects	13 640	(4 418)	8 989	-
Total income tax expense / (income)	**2 885**	**2 640**	**46 595**	**(15 737)**

	Parent company		Consolidated group	
Deferred tax and deferred tax assets:	**2021**	**2020**	**2021**	**2020**
Deferred tax assets				
Tax losses carried forward	145 892	115 836	145 892	183 971
Investment property		-	-	4 233
Other deferred tax assets	62 433	88 338	-	1 728
Deferred tax assets - gross	208 324	204 174	145 892	189 932
Deferred tax liabilities				
Investment property	-	-	206 298	-
Other deferred tax liabilities	-	-	-	466
Deferred tax liabilities - gross	-	-	206 298	466
Net deferred tax asset/(liabilities)	**208 324**	**204 174**	**(60 407)**	**189 466**
Net recognised deferred tax asset/(liabilities)	**14 884**	**28 000**	**(206 298)**	**5 495**
Book value at 31.12 (at 22%)	**3 275**	**6 160**	**(45 386)**	**1 209**

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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	
Financial assets - non current	**2021**	**2020**	**2021**	**2020**
Investments in equity instruments at FVTPL				
Investments in subsidiaries	261 023	328 252	-	-
Investments in joint ventures	-	65 112	-	65 112
Total non current financial assets	**261 023**	**393 363**	**-**	**65 112**
Financial assets - current				
Investments in dept instrument measured at amortised cost				
Accounts receivables		-	23	2 317
Other receivables	31 587	25 371	5 154	20 863
Cash and cash equivalents	4 208	-	11 495	13 343
Total current financial assets	**35 795**	**25 371**	**16 672**	**36 524**
Financial liabilities - non current				
Financial liabilities at amortised cost				
Secured bank debt	-	-	-	447 600
Other non current liabilities	-	9 999		-
Total non current liabilities	**-**	**9 999**	**-**	**447 600**
Financial liabilities - current				
Financial liabilities at amortised cost				
Secured bank debt		-	275 000	205 000
Accounts payables	2 339	984	2 706	2 821
Debt to group companies	3 953	29 497	-	-
Bank draft facilities	-	1 459	-	1 459
Performance fee	62 433	88 338	62 433	88 338
Accrued expenses	-	-	45 630	4 857
Total current liabilities	**68 725**	**120 278**	**385 770**	**302 475**

The fair values for all "Investments in dept 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.

10 Investment property

	Consolidated group	
Investment property	**2021**	**2020**
Opening balance as at 1 January	973 139	1 271 965
Enhancement expenditure capitalised	-	10 200
Disposed entities	(546 215)	(244 112)
Net gain/loss on changes in fair value	150 698	(64 913)
Balance at 31 December	**577 622**	**973 139**

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:

	2021	**2020**
Yields (%)	N/A	**5,50 %**
Inflation rate (%)	N/A	1,40 %
Long term vacancy rate (%)	N/A	7,40 %
Long term growth rate in real rental terms (%)	N/A	2,00 %

At 31 December 2021 the company owns one property, which are classified as held for sale. The property have been valued at agreed upon selling price.

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.

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10 Investment property - continues

Income and expenditure relating to investment properties	Parent company 2021	2020	Consolidated group 2021	2020
Rental income	-	-	53 203	74 983
Direct operating expenses of properties that generated income	-	-	(8 464)	(15 238)
Balance at 31 December	-	-	**44 739**	**59 745**

11 Pledged assets

	Parent company 2021	2020	Consolidated group 2021	2020
Carrying amount secured debt				
Secured long-term debt	-	-	-	447 600
Secured short-term debt	-	-	275 000	206 459
Book value pledged assets				
Investment property held for sale	-	-	577 622	316 741
Fair value of investment property (land, building and fixtures)	-	-	-	656 397

It has been issued mortgages on the investment properties, as collateral for floating interest bank loans. At 31 December 2021 the loans are recognised at TNOK 275.

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.

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12 Related parties - continues

Transactions with the manager (UNION Eiendomskapital UREF AS)

	Parent company		Consolidated group	
Amount of transactions	**2021**	**2020**	**2021**	**2020**
Management fee	1 130	1 308	5 785	7 232
Rental fee	-	-	2 164	594
Performance fee	30 873	(6 545)	30 873	(6 545)
Other fees and expenses	-	-	622	456

	Parent company		Consolidated group	
Outstanding balances	**2021**	**2020**	**2021**	**2020**
Accounts receivable	-	-	-	-
Other receivables	-	-	-	-
Accounts payable	-	-	-	-
Other current liabilities	(62 433)	(88 338)	(62 433)	(88 338)
Balance at 31 December	**(62 433)**	**(88 338)**	**(62 433)**	**(88 338)**

Transactions with subsidiaries

	Parent company		Consolidated group	
Amount of transactions	**2021**	**2020**	**2021**	**2020**
Interest received	347	975	-	-
Interest paid	(73)	(284)	-	-
Dividends received	58 970	43 628	-	-

	Parent company		Consolidated group	
Outstanding balances	**2021**	**2020**	**2021**	**2020**
Loans to goup companies	-	35 922	-	-
Accounts receivable	-	-	-	-
Other receivables	-	679	-	-
Accounts payable	-	-	-	-
Other current liabilities	(3 953)	(29 497)	-	-
Balance at 31 December	**(3 953)**	**7 103**	-	-

Transactions with joint ventures

	Parent company		Consolidated group	
Amount of transactions	**2021**	**2020**	**2021**	**2020**
Dividends received	500	-	500	-

	Parent company		Consolidated group	
Outstanding balances	**2021**	**2020**	**2021**	**2020**
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.

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13 Information on financial risks - continues

Maturity plan - Parent company	2022	2023	2024	2025	2025 and later
Interest-bearing loans and borrowings	-	-	-	-	-
Other non-current financial liabilities	-	-	-	-	-
Other long term liabilities	-	-	-	-	-

Maturity plan - Consolidated group	2022	2023	2024	2025	2025 and later
Interest-bearing loans and borrowings	275 000	-	-	-	-
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 2021 the group have accounts receivable of TNOK 23. The group have made provision for bad debts on overdue receivables not covered by the rental guarantees.

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

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

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

At 31 December 2021, the Group had no pay-fixed interest-rate swaps in place.

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

	Parent company 2021	Parent company 2020	Consolidated group 2021	Consolidated group 2020
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	-	-	-	-

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

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14 Share capital, shareholder information and dividend

(Number of shares are in whole numbers)

14.1 Share capital	2021	2020
Ordinary shares, nominal amount NOK 0,1	308 904 290	308 904 290
B-shares, nominal amount NOK 0,1	1 000	1 000
Total number of shares	**308 905 290**	**308 905 290**

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 Eiendom 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 %
Stormbull 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 Investering 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 %**

Reconciliation of total number of shares in issue:

	Ordinary shares	B-shares	Total
As at December 31 2020	308 904 290	1 000	308 905 290
Split 1/10	-	-	-
Issued as of 31 December 2021 - fully paid in	**308 904 290**	**1 000**	**308 905 290**
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**

14.3 Dividends

	2021		2020	
Cash dividends approved and paid	**NOK pr share**	**Total**	**NOK pr share**	**Total**
Ordinary shares				
Total dividends approved and paid	0,60	185 343	0,19	58 491
B-shares				
Total dividends approved and paid	-	-	-	-
Total		185 343		58 491

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.

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14 Share capital, shareholder information and dividend continues

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.

	2021	2020
Borrowings	431 155	750 075
Less cash and cash equivalents	(11 495)	(13 343)
Net debt	419 660	736 732
Total equity	203 449	335 908
Total capital resources	623 109	1 072 640
Gearing ratio	67,3 %	68,7 %

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

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 it's property as a collateral.

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

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.

		2021	2020
The Company's ownership			
	Handelseiendommer Norge AS	N/A	90,1 %
	Tønsberg Helsehus AS	N/A	75,0 %
Summarised income statement			
Revenue			
	Handelseiendommer Norge AS	-	-
	Tønsberg Helsehus AS	716	10 145
Profit/(Loss) for the year			
	Handelseiendommer Norge AS	(544)	4 160
	Tønsberg Helsehus AS	(123)	(29 520)
Summarised balance sheet			
Total assets			
	Handelseiendommer Norge AS	-	911
	Tønsberg Helsehus AS	-	58 169
Total liabilities			
	Handelseiendommer Norge AS	-	16
	Tønsberg Helsehus AS	-	37 230
Net assets			
	Handelseiendommer Norge AS	-	895
	Tønsberg Helsehus AS	-	20 939
Non-controlling interests			
	Handelseiendommer Norge AS	-	133
	Tønsberg Helsehus AS	-	5 235
Equity attributable to shareholders of the Company			
	Handelseiendommer Norge AS	-	762
	Tønsberg Helsehus AS	-	15 704

There has been paid a total dividend of TNOK 1 445 to non-controlling interests in 2020.
There has been paid a total dividend of TNOK 3 639 to non-controlling interests in 2021.

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16 Joint ventures

The only joint venture was 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. The 50% share were sold on 1 December 2021.

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	**2021**	**2020**
Revenues	24 211	22 788
Adjustment to value of investment property	(8 676)	(7 618)
Operating costs	(13 420)	(5 042)
Net interest	(6 675)	(5 761)
Income tax expense	438	(746)
Profit for the period	**(4 122)**	**3 621**
Other comprehensive income	1 187	-
Total comprehensive income	**(2 934)**	**3 621**

Assets and liabilities		
Investment properties	-	326 086
Cash and cash equivalents	-	1 285
Other current assets	-	2 563
Current liabilities	-	(500)
Non current liabilities	-	(199 211)
Net assets	-	**130 223**
Dividends received from the joint venture	-	-

Reconciliation to carrying amounts	**2021**	**2020**
Opening net assets 1 January	130 223	126 602
Divestment	(127 289)	-
Profit/(loss) for the period	(4 122)	3 621
Other comprehensive income	1 187	-
Closing net assets	-	**130 223**
Group's share in %	50 %	50 %
Group's share of total comprehensive income in Morenen Handelspark AS	(1 467)	1 811
Carrying amount	-	65 112

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.

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17 Reconciliation of liabilities arising from financing activities

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

Net debt	2021	2020
Cash and cash equivalents	11 495	13 343
Borrowings - repayable within one year (including overdraft)	(275 000)	(206 459)
Borrowings - repayable after one year	-	(447 600)
Net debt at 31.12	**(263 505)**	**(640 716)**
Cash and liquid investments	11 495	13 343
Gross debt - fixed interest rates	-	(30 000)
Gross debt - variable interest rates	(275 000)	(624 059)
Net debt at 31.12	**(263 505)**	**(640 716)**

	Other assets	Liabilities from financing activities		
	Cash/cash equivalents	**Borrowings due within 1 year**	**Borrowings due after 1 year**	**Net debt**
Net debt as at 01.01.2020	20 132	(7 288)	(778 715)	(765 871)
Cash flows	(6 789)	6 838	125 887	125 937
Other non-cash movements				
Amortised loan fees		-	228	228
Fair value change swap		(1 008)	-	(1 008)
Reclassification to short term debt		(205 000)	205 000	-
Net debt as at 31.12.2020	13 343	(206 458)	(447 600)	(640 715)
Cash flows	(1 848)	204 731	172 600	375 482
Other non-cash movements				
Fair value change swap		1 728	-	1 728
Reclassification to short term debt		(275 000)	275 000	-
Net debt as at 31.12.2021	11 495	(275 000)	-	(263 505)

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 2021 the employees in the management company received a total of TNOK 86,571 as compensation (including fixed and variable compensation). The leading management of the management company received a total of TNOK 5,982 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 2021-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	
	2021	**2020**	**2021**	**2020**
Auditor's fee	282	419	233	353
Management fee	1 130	1 308	4 655	5 924
Provision for performance fee to manager	30 873	-6 545	-	-
Other fees	770	1 138	2 728	2 625
Other general and administrative expenses	82	207	703	1 323
Total general and administrative expenses	**33 136**	**-3 474**	**8 318**	**10 224**

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To the General Meeting of UNION Real Estate Fund Holding AS

Independent Auditor's Report

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 showing a profit of NOK 86 169 000, which comprise the balance sheet as at 31 December 2021, 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 showing a profit of NOK 56 523 000, which comprise the balance sheet as at 31 December 2021, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

Other Information

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

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

RSM

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Oslo, 17 March 2022
RSM Norge AS

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

Per-Henning Schulz Lie
Partner
På vegne av: RSM Norge AS
Serienummer: 9578-5997-4-211409
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2022-03-18 09:36:27 UTC

bank ID

Skattedirektoratet

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

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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
Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Geir Johannessen
Geir Johannessen