



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

| | |
|----------------------|--|
| Organisasjonsnummer: | 821 838 622 |
| Organisasjonsform: | Aksjeselskap |
| Foretaksnavn: | UNION REAL ESTATE FUND III HOLDING AS |
| Forretningsadresse: | v/Union Eiendoms kapital AS Bolette brygge 1 0252 OSLO |

Regnskapsår

| | |
|-------------------------|-------------------------|
| Årsregnskapets periode: | 01.01.2021 - 31.12.2021 |
|-------------------------|-------------------------|

Konsern

| | |
|---------------------------|-----|
| Morselskap i konsern: | Ja |
| Konsernregnskap lagt ved: | Nei |

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

| | |
|--|------------------|
| Bekreftet av representant for selskapet: | Torgeir Røstberg |
| Dato for fastsettelse av årsregnskapet: | 17.03.2022 |

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, 23.05.2023



Resultatregnskap

| Beløp i: NOK | Note | 2021 | 2020 |
|---|---------------|--------------------|--------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Net income/(loss) from subsidiaries at FVTPL | 2,3 | -534 000 | 0 |
| Net income/(loss) from joint ventures and associates at FVTPL | 2,3 | 70 447 000 | 799 000 |
| Sum inntekter | | 69 913 000 | 799 000 |
| Kostnader | | | |
| Other operating expenses | 5,6,10, 14 | 49 494 000 | 14 503 000 |
| Sum kostnader | | 49 494 000 | 14 503 000 |
| Driftsresultat | | 20 419 000 | -13 704 000 |
| Finansinntekter og finanskostnader | | | |
| Finance income | | 30 000 | 0 |
| Sum finansinntekter | | 30 000 | 0 |
| Finance costs | | 1 085 000 | 946 000 |
| Sum finanskostnader | | 1 085 000 | 946 000 |
| Netto finans | 7,10,1 1 | -1 055 000 | -946 000 |
| Ordinært resultat før skattekostnad | | 19 364 000 | -14 650 000 |
| Ordinært resultat etter skattekostnad | | 19 364 000 | -14 650 000 |
| Årsresultat | | 19 364 000 | -14 650 000 |
| Share of transactions cost from joint ventures | | | -1 641 000 |
| Net gain/(loss) on equity instruments designated at FVTOCI | 2,4 | 114 637 000 | 327 414 000 |
| Sum resultatkomponenter for IFRS-foretak | | 114 637 000 | 325 773 000 |
| Totalresultat | | 134 001 000 | 311 123 000 |
| Overføringer og disponeringer | | | |
| Share premium | | -366 297 000 | -16 299 000 |
| Other paid in capital | | | 6 000 |



Resultatregnskap

| Beløp i: NOK | Note | 2021 | 2020 |
|--|-------------|--------------------|--------------------|
| Retained earnings | | | 2 000 |
| Tilleggsutbytte | | 296 861 000 | 0 |
| Fund for unrealised gains | | 203 437 000 | 327 414 000 |
| Sum overføringer og disponeringer | | 134 001 000 | 311 123 000 |



Balanse

| Beløp i: NOK | Note | 2021 | 2020 |
|--|--------|----------------------|--------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Finansielle anleggsmidler | | | |
| Investering i datterselskap | 2,3 | 674 294 000 | 30 000 |
| Lån til foretak i samme konsern | 10 | 59 000 | 0 |
| Investeringer i tilknyttet selskap | 2,3,13 | 306 674 000 | 182 673 000 |
| Other non-current investments | 2,4 | 811 020 000 | 688 000 000 |
| Sum finansielle anleggsmidler | | 1 792 047 000 | 870 703 000 |
| Sum anleggsmidler | 9 | 1 792 047 000 | 870 703 000 |
| Omløpsmidler | | | |
| Varer | | | |
| Fordringer | | | |
| Other current receivables | | 0 | 760 000 |
| Sum fordringer | | 0 | 760 000 |
| Bankinnskudd, kontanter og lignende | | | |
| Cash and cash equivalents | | 17 174 000 | 11 237 000 |
| Sum bankinnskudd, kontanter og lignende | | 17 174 000 | 11 237 000 |
| Sum omløpsmidler | 9 | 17 174 000 | 11 997 000 |
| SUM EIENDELER | | 1 809 221 000 | 882 700 000 |
| BALANSE - EGENKAPITAL OG GJELD | | | |
| Egenkapital | | | |
| Innskutt egenkapital | | | |
| Issued capital | 5,12 | 25 687 000 | 2 875 000 |
| Overkurs | | 1 252 637 000 | 268 327 000 |
| Ikke registrert kapitalforhøyelse | | | 283 600 000 |



Balanse

| Beløp i: NOK | Note | 2021 | 2020 |
|--|-------------|----------------------|--------------------|
| Sum innskutt egenkapital | | 1 278 324 000 | 554 802 000 |
| Opptjent egenkapital | | | |
| Fund for unrealised gains | | 530 851 000 | 327 414 000 |
| Sum opptjent egenkapital | | 530 851 000 | 327 414 000 |
| Sum egenkapital | | 1 809 175 000 | 882 216 000 |
| Sum langsiktig gjeld | | 0 | 0 |
| Kortsiktig gjeld | | | |
| Accounts payable and other current liabilities | 10 | 46 000 | 485 000 |
| Sum kortsiktig gjeld | 9 | 46 000 | 485 000 |
| Sum gjeld | | 46 000 | 485 000 |
| SUM EGENKAPITAL OG GJELD | | 1 809 221 000 | 882 701 000 |



Skatteetaten

| | | |
|-------------------------------|------------------------------------|--|
| Vår dato 11.11.2020 | Din/Deres dato 23.10.2020 | Saksbehandler Lars Waaltorp |
| 800 80 000 Skatteetaten.no | Din/Deres referanse AR394694574 | Telefon 32212244 |
| Org.nr 974761076 | Vår referanse 2020/6019698 | Postadresse Postboks 9200 Grønland 0134 OSLO |

UNION REAL ESTATE FUND III HOLDING AS
c/o Union Gruppen AS
0252 OSLO

Att. Jannecke Vinjum

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for UNION Real Estate Fund III Holding AS, org.nr. 821 838 622

Vi viser til deres brev av 23. oktober 2020 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for UNION Real Estate Fund III Holding AS. Søknaden ble sendt til Skattedirektoratet. Skattedirektoratets myndighet til å treffe enkeltvedtak etter regnskapsloven § 3-4 tredje ledd ble delegert til skattekontoret med virkning fra 1. juni 2019.

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

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn

UNION Real Estate Fund III Holding AS er et eiendomsfond for investering i forretningseiendommer. Fondet vil være rettet mot både norske og internasjonale investorer. Arbeidsspråket i selskapet er engelsk, og regnskapet rapporteres etter IFRS.

Skattekontorets 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 mv., 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 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 skattekontorets 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 skattekontoret lagt særlig vekt på at selskapet har en begrenset eierkrets og at virksomheten er rettet mot internasjonale investorer/markeder. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp
seniorrådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



The board of directors' report 2021 for UNION Real Estate Fund III Holding AS

UNION Real Estate Fund III Holding AS

Operational review

UNION Real Estate Fund III Holding AS ("the Fund") was established in 2020 as an alternative investment fund to focus on the acquisition of commercial real estate properties primarily in Norway with the potential for value-add asset management through re-leasing, repositioning, refurbishment or expansion. The Fund will seek to continue the successful value-add investment strategy of UNION Eiendomskapital ("UNION") and is managed by UNION Eiendomskapital UREF AS. The Fund's investment strategy is to make investments in mid-sized, multi-tenant, commercial properties that are located primarily in the larger Norwegian cities and display value creation potential over an expected two to five year holding period.

UNION Real Estate Fund III Holding AS had as of December 2021 five investments consisting of residential units development, neighborhoods, student residential units and commercial properties in Norway and Sweden. 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 25,686,984 shares were issued in the Fund. The valuations of the properties as of December implied an increase in values of 32,6 % since acquisition.

UNION Real Estate Fund III Holding AS had an operating profit of MNOK 20.4 (loss in 2020: 13.7). Profit before tax was positive with MNOK 19.4 (negative in 2020: 14.6).

The Board of UNION Real Estate Fund III Holding AS proposes that the positive total comprehensive income for the year of MNOK 134.0 (profit in 2020: 311.1) is allocated as follows:

| | |
|--|------------------|
| • Transferred to fund for unrealized gains | NOK 203 436 000 |
| • Transferred from share premium reserve | NOK – 69 436 000 |
| • Net change in equity | NOK 134 001 000 |

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

As per 31.12.2021 the company had a bank balance of MNOK 17,2 (2020: 11.2).

The total capital pr. 31.12.2021 was MNOK 1,809.2. There are no long-term debt and short-term debt equals 0.003 %. The equity ratio for the Group was 99.99%.



Environment

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.

Financial risk

Market risk

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

The company is indirectly exposed to changes in interest rates through their investments. The company has no direct liabilities to credit institutions as of 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 things arise through daily operation of the properties and investments.

Research and development

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

Other matters

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

Future development

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



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

Oslo, 17 March 2022

Bjørn Henningsen
Chairman

Lars Even Moe
Board member

Øystein A. Landvik
Board member



UNION Real Estate Fund III Holding AS

Statement of comprehensive income

1 January - 31 December 2021 (1 January 2020 - 31 December 2020)

(NOK 1000)

| | Note | 2021 | 2020 |
|--|-----------|----------------|-----------------|
| Net income/(loss) from subsidiaries at FVTPL | 2,3 | (534) | - |
| Net income/(loss) from joint ventures and associates at FVTPL | 2,3 | 70 447 | 799 |
| Total revenue | | 69 913 | 799 |
| Other operating expenses | 5,6,10,14 | (49 494) | (14 503) |
| Operating profit | | 20 419 | (13 704) |
| Finance income | | 30 | 0 |
| Finance costs | | (1 085) | (946) |
| Net financial items | 7,10,11 | (1 055) | (946) |
| Profit before tax | | 19 364 | (14 650) |
| Income tax expense | 8 | - | - |
| Profit for the year | | 19 364 | (14 650) |
| Other comprehensive income | | | |
| <i>Items which will not be reclassified to profit and loss</i> | | | |
| Share of transactions costs from joint ventures | | - | (1 641) |
| Net gain/(loss) on equity instruments designated at FVTOCI | 2,4 | 114 637 | 327 414 |
| Total comprehensive income for the year | | 134 001 | 311 124 |

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

(NOK 1000)

| | Note | 2021 | 2020 |
|--|----------|------------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Investments in subsidiaries | 2,3 | 674 294 | 30 |
| Loans to subsidiaries | 10 | 59 | - |
| Investments in associated companies and joint ventures | 2,3,13 | 306 674 | 182 673 |
| Other non-current investments | 2,4 | 811 020 | 688 000 |
| Total non-current assets | 9 | 1 792 047 | 870 703 |
| Current assets | | | |
| Other current receivables | | - | 760 |
| Cash and cash equivalents | | 17 174 | 11 237 |
| Total current assets | 9 | 17 174 | 11 998 |
| TOTAL ASSETS | | 1 809 221 | 882 701 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Paid in capital | | | |
| Issued capital | 5,12 | 25 687 | 2 875 |
| Share premium | | 1 252 637 | 268 327 |
| Other paid in capital | | - | 283 600 |
| Total paid in capital | | 1 278 324 | 554 802 |
| Other equity | | | |
| Fund for unrealised gains | | 530 851 | 327 414 |
| Other equity | | - | - |
| Total other equity | | 530 851 | 327 414 |
| Total equity | | 1 809 175 | 882 216 |
| Current liabilities | | | |
| Accounts payable and other current liabilities | 10 | 46 | 485 |
| Total current liabilities | 9 | 46 | 485 |
| Total liabilities | | 46 | 485 |
| TOTAL EQUITY AND LIABILITIES | | 1 809 221 | 882 701 |

The Board of UNION Real Estate Fund III Holding AS

Oslo, 17.03.2022



Lars Even Moe
Board member

Bjørn Henningsen
Chair

Øystein A. Landvik
Board member

**UNION Real Estate Fund III Holding AS****Statement of cash flows***(NOK 1000)*

| | Note | 2021 | 2020 |
|---|------|------------------|------------------|
| Cash flow from operating activities | | | |
| Profit before tax and interest for the year | | 20 353 | (14 063) |
| Change in value shares | | (69 913) | (799) |
| (Profit)/loss on sale of investments | | 10 | - |
| Increase/(decrease) in accounts payable | | (381) | 427 |
| Change in other accruals | | 703 | (741) |
| Interest paid | | (1 018) | (587) |
| Interest received | | 30 | 0 |
| Net cash flow from operating activities | | (50 218) | (15 762) |
| Cash flows from investing activities | | | |
| Purchase of equity instruments | | (736 756) | (544 101) |
| Sale of equity instruments | | 11 | - |
| Net change in loans to subsidiaries | | (59) | - |
| Net cash flow used in investing activities | | (736 804) | (544 101) |
| Cash flows from financing activities | | | |
| Proceeds from issue of share capital | | 1 089 819 | 571 100 |
| Repayment of equity | | (296 861) | (30) |
| Proceeds from borrowings | | 153 544 | 72 500 |
| Repayment of borrowings | | (153 544) | (72 500) |
| Net cash flow from financing activities | | 792 958 | 571 070 |
| Net increase/(decrease) in cash and cash equivalents | | 5 936 | 11 207 |
| Cash and cash equivalents at beginning of period | | 11 237 | 30 |
| Cash and cash equivalents at end of period | | 17 174 | 11 237 |

**UNION Real Estate Fund III Holding AS****Statement of changes in equity***(NOK 1000)*

| | Share capital | Share premium reserve | Other paid-in capital | Fund for unrealised gains | Retained earnings | Total equity |
|------------------------------------|---------------|-----------------------|-----------------------|---------------------------|-------------------|------------------|
| Incorporation at 20.11.2018 | 30 | | (11) | - | - | 19 |
| Reversal of incorporation expenses | - | - | 5 | - | - | 5 |
| Profit for the period | - | - | - | - | (2) | (2) |
| Other comprehensive income | - | - | - | - | - | - |
| Equity as at 31.12 2019 | 30 | - | (6) | - | (2) | 22 |
| | | | | | | - |
| Profit for the period | - | (14 658) | 6 | - | 2 | (14 650) |
| Other comprehensive income | - | (1 641) | - | 327 414 | - | 325 774 |
| Reduction of share capital | (30) | - | - | - | - | (30) |
| Issue of share capital * | 2 875 | 284 625 | 283 600 | - | - | 571 100 |
| Equity as at 31.12 2020 | 2 875 | 268 327 | 283 600 | 327 414 | - | 882 216 |
| | | | | | | - |
| Profit for the period | - | (69 436) | - | 88 800 | - | 19 364 |
| Other comprehensive income | - | - | - | 114 637 | - | 114 637 |
| Issue of share capital * | 22 812 | 1 350 607 | (283 600) | - | - | 1 089 819 |
| Dividends | - | (296 861) | - | - | - | (296 861) |
| Equity as at 31.12 2021 | 25 687 | 1 252 637 | - | 530 851 | - | 1 809 175 |

* Issue of share capital in December 2020 were registered with the Register of Business Enterprises in January 2021 and have been classified as other paid-in capital



UNION Real Estate Fund III Holding AS

Notes 2021

1 Summary of significant accounting policies

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

The financial statements of UNION Real Estate Fund III Holding AS for the fiscal year 2021 were approved in the board meeting at 17.03.2022.

These separate financial statements of the Company are its only financial statements. As an investment company the Company is exempted from preparing consolidated financial statements.

The Company is engaged in development, letting, management, operation, purchase and sale of properties in Norway. UNION Real Estate Fund III 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 III Holding AS's 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 financial statements are based on historical cost, with the exception of the following:

- Financial instruments in subsidiaries, joint ventures and associates at fair value through profit or loss (FVPL)
- Other financial instruments at fair value through other comprehensive income (FVOCI)
- Loans, receivables, and other financial liabilities at amortised cost

1.2 Changes in accounting policies and disclosures

No changes in IFRS effective for the 2021 financial statements are relevant this financial year.

1.3 Functional currency and presentation currency

The functional currency and presentation currency for the Company is NOK. The financial statements are presented in NOK.

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 Judgments

The management has, when preparing the financial statements; made certain significant assessments based on critical judgment when it comes to application of the accounting principles. The following notes include the Company's assessments regarding:

- Subsidiaries, note 2 and 3
- Joint ventures, note 2, 3 and 13



UNION Real Estate Fund III Holding AS

Notes 2021

1.5 Current versus non-current classification

The Company presents assets and liabilities in the consolidated statement of financial position as either current or non-current.

The Company classifies an asset as current when it:

- Expects to realise the asset, or intends to sell or consume it, in its normal operating cycle
- Holds the asset primarily for the purpose of trading
- Expects to realise the asset within twelve months after the reporting period

All other assets are classified as non-current, including deferred tax assets.

The Company classifies a liability as current when it:

- It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current, including deferred tax liabilities.

1.6 Borrowing costs

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 production of a non-current asset. The interest costs accrued during the construction 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.

1.7 Income tax

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

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

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

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

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

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1.8.1 Financial assets

The Company's financial assets are: non-listed equity instruments, non-current receivables, current receivables and cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of receivables that do



UNION Real Estate Fund III Holding AS

Notes 2021

not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Company classified its financial assets in the following categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit and loss (FVTPL)

a) Financial assets at amortised cost

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 8 for "accounts receivables" and "other receivables".

b) Financial assets at fair value through OCI (FVTOCI)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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.

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.



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The Company's management have designated all investments in subsidiaries and joint ventures as Financial instruments at fair value through profit or loss, because this designation results in more relevant information as the Company manages these investments, evaluate its performance and makes purchase and sale decisions based on their fair value, in accordance with a documented risk management and investment strategy, and information about the Company is provided internally on that basis to the entity's key management personnel. See notes 2 and 3 for "investments in subsidiaries" and notes 2, 3 and 13 for "investments in joint ventures and associates".

1.8.2 Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Derivatives are recognised initially at fair value. Loans, borrowings and payables are recognised at fair value net of directly attributable transaction costs.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

Loans, borrowings and payables

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

1.9 Investments in subsidiaries

Subsidiaries are investees controlled by Company. The Company controls an investee if it is exposed to, or has rights to, variable returns from its involvement with investee and has the ability to affect those returns through its power over the investee.

The Company is an investment entity and measures investments in its subsidiaries at fair value through profit or loss. In determining whether the Company meets the definition of an investment entity, management considered the investment structure as a whole. The Company has more than one investment, it has more than one investor, it has investors that are not related parties of the entity and it has ownership interests in form of equity or similar interests.

Management concluded that the Company meet the definition of an investment entity. Consequently, management concluded that the Company should not consolidate the investments in subsidiaries.

1.10 Investment in associates and joint ventures

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



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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 Company has joint control or significant influence over an entity are similar to those necessary to determine control over subsidiaries. For more detailed description of the Company's considerations regarding level of influence and joint control as well as classification of joint arrangement, see note 12.

Investments in associates and joint ventures have been designated as financial assets at fair value through profit or loss (FVTPL) upon initial recognition.

Upon loss of significant influence over the associate or joint control over the joint venture, the Company measures and recognises any retained investment at fair value through OCI (FVTOCI).

1.11 Cash and cash equivalents

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

1.12 Equity

1.12.1 Equity and liabilities

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

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

1.12.2 Costs of equity transactions

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

1.12.3 Fund for unrealized gains

The reserves contains the total net increase in the fair value of non-current assets that have been revalued at an amount which exceeds their cost.

1.13 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.

1.14 Amendments to standards and interpretations with a future effective date

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective are disclosed below. The Company's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

There are no IFRS or IFRIC interpretations that have not come into effect that are expected to significantly impact the Company's financial statements.



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1.15 Alternative Investment Funds

UNION Real Estate Fund III Holding AS is registered as an Alternative Investment Fund at 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 14 for more information in this context.



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2 Critical accounting estimates and judgements

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

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

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

There were no transfers between levels in the period.

Fair value of investments in subsidiaries, joint ventures and equity instruments

The sole purpose of the investments of the Company is to own investment properties. Fair value of investment properties are described below. Any other assets or liabilities that the investments 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, joint ventures and other investments, i.e. the investment properties, are classified as level 3 financial instruments, the subsidiaries, joint ventures and other investments are also classified as level 3 instruments.

The valuation technique for measuring the fair value of the investments 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 investments 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, joint ventures and associates will correspond with those for the investment properties.

Fair value of investment properties

Investment properties are measured at their fair value based on external, independent valuations. One valuation per property are obtained.

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.

Annually all the properties and projects are valued by independent, external valuer.

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

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

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



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All amounts in NOK 1 000 unless otherwise stated

2 Critical accounting estimates and judgements - continues

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

| | Subsidiaries | Joint ventures & associates | Other equity instruments | Total |
|---------------------------------------|----------------|-----------------------------|--------------------------|------------------|
| Balance as of 1 January 2021 | 30 | 182 673 | 688 000 | 870 703 |
| Additions | 674 819 | 53 553 | 8 383 | 736 756 |
| Disposals | (21) | - | - | (21) |
| Change in fair value | (534) | 70 447 | 114 637 | 184 550 |
| Balance as of 31 December 2021 | 674 294 | 306 674 | 811 020 | 1 791 988 |
| Balance as of 1 January 2020 | 30 | - | - | 30 |
| Additions | - | 183 515 | 360 586 | 544 101 |
| Change in fair value | - | (842) | 327 414 | 326 573 |
| Balance as of 31 December 2020 | 30 | 182 673 | 688 000 | 870 703 |

3 Investments in subsidiaries, joint ventures and associates

The Company have the following subsidiaries:

| Company | Business Office | Shareholding / voting rights | Ownership interest | Equity at 31.12.2021 (100%) | Profit/(loss) for 2021 (100%) | Type |
|----------------------------|-----------------|------------------------------|--------------------|-----------------------------|-------------------------------|-----------------|
| Core Nystiftet 7 AS | Oslo | 100,00 % | 100,00 % | 3 | (11) | Subsidiary |
| UREF II Nystiftet 12 AS | Oslo | 100,00 % | 100,00 % | 9 | (11) | Subsidiary |
| UREF II Nystiftet 13 AS | Oslo | 100,00 % | 100,00 % | 11 | (11) | Subsidiary |
| UREF II Nystiftet 14 AS | Oslo | 100,00 % | 100,00 % | 11 | (11) | Subsidiary |
| 360 Campus AS | Oslo | 70,00 % | 70,00 % | 184 843 | 1 146 | * Subsidiary |
| Realkapital NAF Eiendom AS | Oslo | 68,26 % | 68,26 % | 764 614 | (15 982) | * Subsidiary |
| K8 og K9 Holding AS | Oslo | 50,00 % | 50,00 % | 360 928 | (2 763) | * Joint venture |
| Tøllbugata 25 Holding AS | Oslo | 47,70 % | 47,70 % | 104 268 | (3 388) | * Associate |

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.

* = All the investments are in companies investing in investment properties

4 Other non-current investments

Other non-current investments is a 15% interest in Nordr Holding AS.

Nordr Holding AS

Nordr Holding AS is a company located in Oslo who develops residential units, neighborhoods and commercial properties in Norway and Sweden.

| | Nordr Holding AS | Total |
|---------------------------------------|------------------|----------------|
| Balance as of 1 January 2021 | 688 000 | 688 000 |
| Additions | 8 383 | 8 383 |
| Change in fair value | 114 637 | 114 637 |
| Balance as of 31 December 2021 | 811 020 | 811 020 |
| Balance as of 1 January 2020 | - | - |
| Additions | 360 586 | 360 586 |
| Change in fair value | 327 414 | 327 414 |
| Balance as of 31 December 2020 | 688 000 | 688 000 |



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5 Wages and remuneration

Number of employees

The Company have no employees.

Remuneration to members of the Board

The Board has not received any remuneration for their work.

| Expensed audit fee (incl. VAT) ¹ | 2021 | 2020 |
|--|-------------|-------------|
| Statutory audit | 127 | 25 |
| Other assurance services | 82 | 31 |
| Other non-assurance services | 74 | 140 |
| Tax consultant services | 24 | 3 |
| Total expensed audit fee | 306 | 199 |
| Non-expensed other non-assurance services | - | - |
| Total audit fee | 306 | 199 |

¹ Fees to RSM Norge AS and affiliated companies.

| Shares held by Board members² | Position | 2021 |
|---|-----------------|---------------|
| Bjørn Henningsen | Chair | 0,34 % |
| Lars Even Moe | Board member | 0,34 % |
| Oystein A. Landvik | Board member | 0,34 % |
| Total | | 1,01 % |

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

6 General and administrative expenses

| General and administrative expenses | 2021 | 2020 |
|--|---------------|---------------|
| Auditor's fee | 306 | 199 |
| Management fee | 47 674 | 6 732 |
| Other fees | 682 | 5 689 |
| Establishing Costs | 577 | 1 782 |
| Other general and administrative expenses | 256 | 100 |
| Total general and administrative expenses | 49 494 | 14 503 |

7 Financial income and costs

| Financial income | 2021 | 2020 |
|--|----------------|--------------|
| Interest income on cash and cash equivalents | 30 | 0 |
| Total financial income | 30 | 0 |
| Financial costs | | |
| Interest expense on financial liabilities | 1 018 | 587 |
| Loss sale of shares | 10 | - |
| Other financial costs | 56 | 359 |
| Total financial costs | 1 085 | 946 |
| Net financial items | (1 055) | (946) |



UNION Real Estate Fund III Holding AS

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8 Income tax

| Income tax expense | 2021 | 2020 |
|--|---------------|---------------|
| Current tax: | | |
| Tax payable | - | - |
| Deferred tax: | | |
| Changes in deferred tax | - | - |
| Total income tax expense | - | - |
| Reconciliation of the effective rate of tax | 2021 | 2020 |
| Income taxes calculated at 22% of profit before tax | 4 260 | (3 223) |
| Tax related to change in value of shares | (15 381) | (176) |
| Tax effect on non deductible share loss | 2 | - |
| Tax effect on non deductible expenses | 290 | 233 |
| Tax effect on non-recognised tax asset / acquired tax assets | 10 829 | 3 166 |
| Total income tax expense | - | - |
| Deferred tax and deferred tax assets: | 2021 | 2020 |
| Deferred tax assets | | |
| Tax losses carried forward | 63 618 | 14 399 |
| Deferred tax assets - gross | 63 618 | 14 399 |
| Net deferred tax asset/(liabilities) | 63 618 | 14 399 |
| Net recognised deferred tax asset/(liabilities) | - | - |
| Book value at 31.12 (22%) | - | - |

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:

| Financial assets - non current | 2021 | 2020 |
|--|------------------|----------------|
| <i>Financial assets designated as FVTPL</i> | | |
| Investments in subsidiaries | 674 294 | 30 |
| Investments in joint ventures | 306 674 | 182 673 |
| <i>Financial assets designated as FVTOCI</i> | | |
| Other non-current investments | 811 020 | 688 000 |
| <i>Financial assets at amortised cost</i> | | |
| Loans to group companies | 59 | - |
| Total non current financial assets | 1 792 047 | 870 703 |
| Financial assets - current | | |
| <i>Investments in debt instrument measured at amortised cost</i> | | |
| Other current receivables | - | 760 |
| Cash and cash equivalents | 17 174 | 11 237 |
| Total current financial assets | 17 174 | 11 998 |
| Financial liabilities - current | | |
| <i>Financial liabilities at amortised cost</i> | | |
| Accounts payables | 46 | 427 |
| Accrued expenses / other current liabilities | - | 58 |
| Total current liabilities | 46 | 485 |

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

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



UNION Real Estate Fund III Holding AS

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10 Related parties

10.1 Identification of related parties

Amongst the identified related parties there have been transactions with the Group's management and UREF III Sponsor AS.

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

10.2 Board, management and owners

UNION Eiendomskapital UREF AS have entered into a management agreement with UNION Real Estate Fund III 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.

Transactions with the manager (UNION Eiendomskapital UREF AS)

| Amount of transactions (excl. VAT) | 2021 | 2020 |
|------------------------------------|-------------|-------------|
| Management fee | 49 995 | 6 732 |
| Project fee | 165 | - |
| Outstanding balances | 2021 | 2020 |
| Accounts payable | 6 | - |
| Balance at 31 December | 6 | - |

Transactions with UREF III Sponsor AS

| Amount of transactions | 2021 | 2020 |
|-------------------------------|-------------|-------------|
| Recharge of costs | - | 1 782 |
| Outstanding balances | 2021 | 2020 |
| Accounts payable | - | - |
| Balance at 31 December | - | - |

Transactions with subsidiaries

| Amount of transactions | 2021 | 2020 |
|-------------------------------|-------------|-------------|
| Interest received | - | - |
| Outstanding balances | 2021 | 2020 |
| Non-current loans | 59 | - |
| Balance at 31 December | 59 | - |

Transactions with joint ventures and associates

There have been no transactions with joint ventures and associates in 2021 and 2020.

UNION Real Estate Fund III 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 III Holding AS. UNION Real Estate Fund III Holding AS has adopted a moderate risk profile, and this consideration is also governing the determination of the strategy for risk management in financial instruments.



UNION Real Estate Fund III Holding AS

Notes 2021

All amounts in NOK 1 000 unless otherwise stated

11 Information on financial risks

11.1. Interest rate risk

The Company had no interest bearing debts at 31 December 2021.

11.2. 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.

11.3. Market risk

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

11.4. Sensitivity

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

| Change variable | Change in % (minus) | Value change | | | Total |
|-----------------|---------------------|--------------|-----------------------------|--------------------------|-----------|
| | | Subsidiaries | Joint ventures & associates | Other equity instruments | |
| Market rent | -5,00 % | (91 542) | (37 065) | (88 845) | (217 452) |
| Discount rates | -0,25 % | (110 845) | (53 105) | (19 356) | (183 307) |

12 Share capital, shareholder information and dividend

(Number of shares are in whole numbers)

| 12.1 Share capital | 2021 | 2020 |
|---------------------------------------|-------------------|------------------|
| Ordinary shares, nominal amount NOK 1 | 25 339 863 | 2 710 558 |
| Sponsorshares, nominal amount NOK 1 | 347 121 | 164 442 |
| Total number of shares | 25 686 984 | 2 875 000 |

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

Reconciliation of total number of shares in issue:

| | Ordinary shares | Sponsor shares | Total |
|--|-------------------|----------------|-------------------|
| As at 31 December 2020 | 2 710 558 | 164 442 | 2 875 000 |
| Issued during the period | 22 629 305 | 182 679 | 22 811 984 |
| Issued as of 31 December 2021 - fully paid in | 25 339 863 | 347 121 | 25 686 984 |
| As at 31 December 2019 | 1 000 | - | 1 000 |
| Share redemption | (1 000) | - | (1 000) |
| Issued during the period | 2 710 558 | 164 442 | 2 875 000 |
| Issued as of 31 December 2020 - fully paid in | 2 710 558 | 164 442 | 2 875 000 |

12.2 Shareholders

| | Ordinary shares | Sponsor shares | Ownership interest | Voting interest |
|--|-------------------|----------------|--------------------|-----------------|
| UNION Real Estate Fund III SCSp | 6 178 761 | - | 24,05 % | 24,05 % |
| Geveran Trading Co. Limited | 5 785 358 | - | 22,52 % | 22,52 % |
| Joh Johannson Eiendom AS | 2 314 142 | - | 9,01 % | 9,01 % |
| Livselskapet Nordea Liv AS | 867 803 | - | 3,38 % | 3,38 % |
| V-Invest 2 AS | 809 950 | - | 3,15 % | 3,15 % |
| Garmar Holding AS | 809 949 | - | 3,15 % | 3,15 % |
| Pactum AS | 694 243 | - | 2,70 % | 2,70 % |
| Farvatn AS | 578 536 | - | 2,25 % | 2,25 % |
| Harbarn AS | 578 536 | - | 2,25 % | 2,25 % |
| Lærdal Finans AS | 578 536 | - | 2,25 % | 2,25 % |
| Spleismark Næring AS | 578 536 | - | 2,25 % | 2,25 % |
| Det Norske Eiendomscompagnie AS | 347 122 | - | 1,35 % | 1,35 % |
| Tomte Forvaltning AS | 347 122 | - | 1,35 % | 1,35 % |
| Artel AS | 289 268 | - | 1,13 % | 1,13 % |
| EWS Stifelsen | 289 268 | - | 1,13 % | 1,13 % |
| Haslelund Holding AS | 289 268 | - | 1,13 % | 1,13 % |
| Other shareholders below 1% | 4 003 465 | - | 15,59 % | 15,59 % |
| UREF III Sponsor AS | - | 347 121 | 1,35 % | 1,35 % |
| Total number of shares 31.12.2021 | 25 339 863 | 347 121 | 100 % | 100 % |



UNION Real Estate Fund III Holding AS

Notes 2021

All amounts in NOK 1 000 unless otherwise stated

12 Share capital, shareholder information and dividend - continues

12.3 Dividends

| Cash dividends approved and paid | 2021 | | 2020 | |
|-----------------------------------|--------------|----------------|--------------|-------|
| | NOK pr share | Total | NOK pr share | Total |
| Ordinary shares | | | | |
| Total dividends approved and paid | 11,37 | 288 151 | - | - |
| Sponsor shares | | | | |
| Total dividends approved and paid | 25,09 | 8 710 | - | - |
| Total | | 296 861 | | |

12.4 Estimated allocation of equity

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

12.5 Capital Resources

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

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

The Company has no borrowings at period end either in 2021 or 2020

13 Joint ventures and associates

The joint ventures is a 50% interest in K8 og K9 Holding AS. The associate is a 47,7% interest in Tollbugata 25 Holding AS.

K8 og K9 Holding AS

K8 og K9 Holding AS is a company located in Oslo which owns the buildings in Kongensgate 8 and Kirkegaten 9. K8 og K9 Holding AS is jointly controlled with other investors as a result of a contractual agreement involving sharing of control over the relevant activities of K8 og K9 Holding AS

Tollbugata 25 Holding AS

Tollbugata 25 Holding AS is a company located in Oslo, which owns a hotel property centrally located in Oslo. The company holds an 47,7% share, and have classified the investment as an associate

The joint ventures and investments in associates are accounted for using fair value through profit or loss.

The table below provides summarised financial information for investments. The information disclosed is based on consolidated financial statements in accordance with Norwegian GAAP. No IFRS adjustments have been made. The 2020 numbers for K8 og K9 Holding AS have not been consolidated.

| Income statement | Tollbugata 25 Holding AS | | K8 og K9 Holding AS | |
|--|--------------------------|----------|---------------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenues | 1 727 | - | 13 051 | - |
| Operating costs | 54 | - | (1 283) | (10) |
| Depreciation | (261) | - | (5 547) | - |
| Share of (loss)/profit from subsidiaries | - | - | - | - |
| Net interest | (2 295) | - | (734) | (2 124) |
| Income tax expense | 342 | - | (1 971) | - |
| Profit for the period | (433) | - | 3 517 | (2 134) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | (433) | - | 3 517 | (2 134) |



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All amounts in NOK 1 000 unless otherwise stated

13 Joint ventures and associates - continues

| Assets and liabilities | Tollbugata 25 Holding AS | | K8 og K9 Holding AS | |
|--|--------------------------|----------|---------------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Investment in subsidiaries / investment properties | 265 768 | - | 880 700 | 450 726 |
| Other non current assets | - | - | - | 216 |
| Cash and cash equivalents | 7 292 | - | 42 018 | 7 965 |
| Other current assets | 280 | - | 13 677 | 3 300 |
| Current liabilities | (1 088) | - | (16 284) | (6 388) |
| Non current liabilities | (169 197) | - | (567 773) | (92 128) |
| Net assets | 103 054 | - | 352 337 | 363 691 |

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.

14 Alternative Investment Fund disclosure

Compensation to the Manager

UNION Real Estate Fund III 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 MNOK 86,571 as wage compensation (including fixed and variable compensation). The leading management of the management company received a total of MNOK 5,982 as wage compensation (including fixed and variable compensation). Final variable compensation for leading employees will be decided by the board of directors after the annual accounts are approved. Total compensation is charged the 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 III Holding AS and the columns "indirect costs" illustrate UNION Real Estate Fund II Holding AS' share of the costs, according to ownership share adjusted for joint ventures.

| | Direct costs | | Indirect costs | |
|--|---------------|---------------|----------------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| Auditor's fee | 306 | 199 | - | - |
| Management fee | 47 674 | 6 732 | - | - |
| Other fees | 682 | 5 689 | - | - |
| Other general and administrative expenses | 833 | 1 883 | - | - |
| Total general and administrative expenses | 49 494 | 14 503 | - | - |



RSM Norge AS

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

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Independent Auditor's Report

Opinion

We have audited the financial statements of UNION Real Estate Fund III Holding AS showing a profit of NOK 19 364 000, 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, and
- 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 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 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.

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.

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

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

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

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Independent Auditor's Report 2021 for UNION Real Estate Fund III Holding AS



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 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 Company 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)

Penneo Dokumentnøkkel: ONOH2-12558-JWUD4-TLWWL-E6133-DSAEI



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Per-Henning Schulz Lie

Partner

På vegne av: RSM Norge AS

Serienummer: 9578-5997-4-211409

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