



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 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: 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, 24.05.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Kostnader			
General and administrative expenses	5,6,14,19	10 234 000	17 394 000
Sum kostnader		10 234 000	17 394 000
Driftsresultat		-10 234 000	-17 394 000
Finansinntekter og finanskostnader			
Financial income	16	48 312 000	874 000
Change in fair value shares		537 116 000	134 404 000
Sum finansinntekter		585 428 000	135 278 000
Financial costs	5	385 000	1 732 000
Sum finanskostnader		385 000	1 732 000
Netto finans		585 043 000	133 546 000
Ordinært resultat før skattekostnad		574 809 000	116 152 000
Income tax expense	8	817 000	1 107 000
Ordinært resultat etter skattekostnad		573 992 000	115 045 000
Årsresultat		573 992 000	115 045 000
Overføringer og disponeringer			
Share premium		-355 000 000	-141 245 000
Tilleggsutbytte		355 000 000	141 245 000
Fund for unrealised gains		537 116 000	-40 119 000
Retained earnings		36 876 000	155 164 000
Sum overføringer og disponeringer		573 992 000	115 045 000



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	8	11 509 000	12 326 000
Sum immaterielle eiendeler		11 509 000	12 326 000
Finansielle anleggsmidler			
Investering i datterselskap	2,11	2 238 426 000	1 791 237 000
Lån til foretak i samme konsern		128 111 000	34 758 000
Other long term receivables		52 000 000	0
Sum finansielle anleggsmidler		2 418 537 000	1 825 995 000
Sum anleggsmidler		2 430 046 000	1 838 321 000
Omløpsmidler			
Varer			
Fordringer			
Other receivables	12	16 442 000	90 000
Sum fordringer		16 442 000	90 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	12,17	47 723 000	10 141 000
Sum bankinnskudd, kontanter og lignende		47 723 000	10 141 000
Sum omløpsmidler		64 165 000	10 231 000
SUM EIENDELER		2 494 211 000	1 848 552 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Issued capital		49 493 000	40 373 000
Overkurs		1 344 538 000	1 298 258 000



Balanse

Beløp i: NOK	Note	2021	2020
Sum innskutt egenkapital	14	1 394 031 000	1 338 631 000
Opptjent egenkapital			
Fund for unrealised gains		697 412 000	160 296 000
Retained earnings		386 057 000	349 180 000
Sum opptjent egenkapital		1 083 469 000	509 476 000
Sum egenkapital		2 477 500 000	1 848 107 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Current interest-bearing loans and borrowings	11,13, 17	0	299 000
Leverandørgjeld	12	16 029 000	111 000
Other current liabilities	12	682 000	35 000
Sum kortsiktig gjeld		16 711 000	445 000
Sum gjeld		16 711 000	445 000
SUM EGENKAPITAL OG GJELD		2 494 211 000	1 848 552 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Gross rental income	4	190 001 000	198 302 000
Property operating expenses		-27 665 000	-29 464 000
Other income		5 829 000	3 380 000
Profit/(loss) sale of property		49 195 000	7 145 000
Adjustment to value of investment property	10	453 689 000	107 519 000
Sum inntekter		671 049 000	286 882 000
Kostnader			
General and administrative expenses	5,6,14, 19	61 066 000	57 811 000
Sum kostnader		61 066 000	57 811 000
Driftsresultat		609 983 000	229 071 000
Finansinntekter og finanskostnader			
Share of net profit/(loss) from joint ventures and associates	16	64 208 000	9 775 000
Financial income	16	12 870 000	796 000
Sum finansinntekter		77 078 000	10 571 000
Financial costs	16	69 381 000	78 476 000
Sum finanskostnader		69 381 000	78 476 000
Netto finans		7 697 000	-67 905 000
Ordinært resultat før skattekostnad		617 680 000	161 166 000
Income tax expense	8	126 509 000	39 825 000
Ordinært resultat etter skattekostnad		491 171 000	121 341 000
Årsresultat		491 171 000	121 341 000
Net other comprehensive cost/income		0	-1 934 000
Sum resultatkomponenter for IFRS-foretak			-1 934 000
Totalresultat		491 171 000	119 407 000



Konsernets balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Investment property	3,4,10, 11	2 949 899 000	3 373 171 000
Sum varige driftsmidler		2 949 899 000	3 373 171 000
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	3,16	212 621 000	174 064 000
Other long term receivables		52 000 000	1 280 000
Sum finansielle anleggsmidler		264 621 000	175 344 000
Sum anleggsmidler		3 214 520 000	3 548 515 000
Omløpsmidler			
Varer			
Fordringer			
Accounts receivable	12	1 543 000	1 707 000
Other receivables	12	100 451 000	63 689 000
Sum fordringer		101 994 000	65 396 000
Investeringer			
Investment property held for sale	18	1 558 152 000	567 124 000
Other current financial assets	12	12 326 000	0
Sum investeringer		1 570 478 000	567 124 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	12,17	227 004 000	126 047 000
Sum bankinnskudd, kontanter og lignende		227 004 000	126 047 000
Sum omløpsmidler	9	1 899 476 000	758 567 000
SUM EIENDELER	20	5 113 996 000	4 307 082 000



Konsernets balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Issued capital		49 493 000	40 373 000
Overkurs		1 387 887 000	1 341 607 000
Sum innskutt egenkapital	14	1 437 380 000	1 381 980 000
Opptjent egenkapital			
Retained earnings		952 911 000	465 842 000
Sum opptjent egenkapital		952 911 000	465 842 000
Minoritetsinteresser	15	104 826 000	156 122 000
Sum egenkapital		2 495 117 000	2 003 944 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	8	214 927 000	90 286 000
Sum avsetninger for forpliktelser		214 927 000	90 286 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	11,13, 17	1 547 196 000	1 682 995 000
Other long term liabilities		0	200 000
Sum annen langsiktig gjeld		1 547 196 000	1 683 195 000
Sum langsiktig gjeld	14	1 762 123 000	1 773 481 000
Kortsiktig gjeld			
Current interest-bearing loans and borrowings	11,13, 17	742 236 000	482 965 000
Leverandørgjeld	12	51 114 000	14 034 000
Liabilities for current tax	8	2 133 000	2 369 000
Other current liabilities	12	61 274 000	30 290 000
Sum kortsiktig gjeld	14	856 757 000	529 658 000



Konsernets balanse

Beløp i: NOK	Note	2021	2020
Sum gjeld	9	2 618 880 000	2 303 139 000
SUM EGENKAPITAL OG GJELD	20	5 113 997 000	4 307 083 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 200455

Enheten

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

Regnskapsår

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Benyttet ved utarbeidelsen av årsregnskapet til konsernet: IFRS

Årsregnskapet fastsatt av kompetent organ

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

Revisjon

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

Grunnlag for avgivelse

År 2021: Årsregnskap er elektronisk innlevert.
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Brønnøysundregistrene, 03.05.2022

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



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

RESULTATREGNSKAP

Beløp i: NOK	Note	2021	2020
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Income tax expense	8	817 000	1 107 000
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Årsresultat		573 992 000	115 045 000
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Share premium		-355 000 000	-141 245 000
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Organisasjonsnr: 915 956 211
UNION REAL ESTATE FUND II HOLDING
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BALANSE

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Retained earnings		386 057 000	349 180 000
Sum opptjent egenkapital		1 083 469 000	509 476 000



Sum egenkapital		2 477 500 000	1 848 107 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Current interest-bearing loans and borrowings	11,13,17	0	299 000
Leverandørgjeld	12	16 029 000	111 000
Other current liabilities	12	682 000	35 000
Sum kortsiktig gjeld		16 711 000	445 000
Sum gjeld		16 711 000	445 000
SUM EGENKAPITAL OG GJELD		2 494 211 000	1 848 552 000



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

KONSERNRESULTATREGNSKAP

<u>Beløp i: NOK</u>	<u>Note</u>	<u>2021</u>	<u>2020</u>
RESULTATREGNSKAP			
Inntekter			
Gross rental income	4	190 001 000	198 302 000
Property operating expenses		-27 665 000	-29 464 000
Other income		5 829 000	3 380 000
Profit/(loss) sale of property		49 195 000	7 145 000
Adjustment to value of investment property	10	453 689 000	107 519 000
Sum inntekter		671 049 000	286 882 000
Kostnader			
General and administrative expenses	5,6,14,19	61 066 000	57 811 000
Sum kostnader		61 066 000	57 811 000
Driftsresultat		609 983 000	229 071 000
Finansinntekter og finanskostnader			
Share of net profit/(loss) from joint ventures and associates	16	64 208 000	9 775 000
Financial income	16	12 870 000	796 000
Sum finansinntekter		77 078 000	10 571 000
Financial costs	16	69 381 000	78 476 000
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Årsresultat		491 171 000	121 341 000
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Sum resultatkomponenter for IFRS-foretak			-1 934 000
Totalresultat		491 171 000	119 407 000



Issued capital		49 493 000	40 373 000
Overkurs		1 387 887 000	1 341 607 000
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Gjeld			
Langsiktig gjeld			
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Annen langsiktig gjeld			
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Sum kortsiktig gjeld	14	856 757 000	529 658 000
Sum gjeld	9	2 618 880 000	2 303 139 000
SUM EGENKAPITAL OG GJELD	20	5 113 997 000	4 307 083 000



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

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
5

Antall årsverk i regnskapsåret
0.00

Sum Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - felles kontrollert virksomhet Årets Fjorårets

Pantstillelse Beløp

Beholdning av egne aksjer Antall Pålydende Andel av aksjek.



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

NOTEOPPLYSNINGER - KONSERN - alle poster oppgitt i hele tall

Note
5

Antall årsverk i regnskapsåret
1.00

<u>Sum</u>	<u>Beløp</u>
<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler Immaterielle eiend.</u>

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Pantstillelse</u>	<u>Beløp</u>
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<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
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UNION Real Estate Fund II Holding AS

Annual accounts

2021

Auditor's report

Directors' report

Statement of comprehensive income

Statement of financial position at 31 December

Statement of changes in equity

Statement of cash flows

Notes



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

UNION Real Estate Fund II Holding AS

Operational review

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

UNION Real Estate Fund II Holding AS had as of December 2021 six investments consisting of 23 office and retail properties in Norway. 8 properties were sold during 2021. The investment operations through 2021 were based on the Funds investment strategy outlined above in accordance with the investment committee and the Board of Director.

Going concern

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

Comments related to the financial statements

As of 31.12.2021 49 492 964 shares were issued in the Fund.

The portfolio as of 31.12.2021 had a rental occupancy of approx. 94% and the average duration of the lease contracts were 4.8 years.

UNION Real Estate Fund II Holding AS had an operating loss of MNOK 10.2 (loss in 2020: 17.4). The Group had an operating profit of MNOK 610.0 (2020: 229.1). Profit before tax was positive with MNOK 574.8 (profit in 2020: 116.2) for the parent company and positive with MNOK 617.7 for the Group (2020: 161.2). The Group net profit for the year was MNOK 491.2 (2020: 121.3).

The Board of UNION Real Estate Fund II Holding AS proposes that the positive total comprehensive income for the year of the parent company of MNOK 574.0 (profit in 2020: 115.0) is allocated as follows:

• Transferred to fund for unrealized gains	NOK 537 116 000
• Transferred to retained earnings	NOK 36 877 000
• Net change in equity	NOK 574 000 000

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 47.7 (2020: 10.1) and for the Group MNOK 227.0 (2020: 126.0).

The total capital pr. 31.12.2021 was MNOK 5 114.0 for the Group. Long-term debt equals 34.5% and short-term debt equals 16.8%. The equity ratio for the Group was 48.8%.

Environment and equality

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

Financial risk

Market risk

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

The Group is exposed to changes in interest rates. Total liabilities to credit institutions in the Group are per 31.12.2021 MNOK 2 289. Of the total debt to credit institutions, 24.2% were hedged per 31.12.2021. Average interest rate on the hedged part of the portfolio is 1.28 %. The rest of the portfolio has a floating interest rate. In addition to the hedged interest rate and the floating interest rate (3 month NIBOR) the margin is applied. The Group complies with all covenants per 31.12.2021.

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

Research and development

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

Other matters

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



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 II Holding AS

Statement of comprehensive income

Parent company		All amounts in NOK 1 000	Note	Consolidated group	
2021	2020			2021	2020
-	-	Gross rental income	4	190 001	198 302
-	-	Property operating expenses		(27 665)	(29 464)
-	-	Net rental and related income	10	162 336	168 839
-	-	Other income		5 829	3 380
-	-	Profit/(loss) sale of property		49 195	7 145
-	-	Adjustment to value of investment property	10	453 689	107 519
(10 234)	(17 394)	General and administrative expenses	5 6 14 19	(61 066)	(57 811)
(10 234)	(17 394)	Operating profit		609 982	229 072
48 312	874	Financial income	16	12 870	796
537 116	134 404	Change in fair value shares		-	-
(385)	(1 732)	Financial costs	5	(69 381)	(78 476)
-	-	Share of net profit/(loss) from joint ventures and associates	16	64 208	9 775
585 043	133 546	Net financial items	7 13	7 698	(67 906)
574 809	116 153	Profit before tax	12	617 680	161 166
(817)	(1 107)	Income tax expense	8	(126 509)	(39 825)
573 992	115 045	Profit for the year		491 171	121 341
		Other comprehensive income			
-	-	Net other comprehensive cost / income		-	(1 934)
-	-	Tax related to other comprehensive income	8	-	-
573 992	115 045	Total comprehensive income for the year		491 171	119 407
		Profit for the year attributable to:			
		Equity holders of the parent company		487 069	116 695
		Non-controlling interests		4 102	4 646
				491 171	121 341
		Total comprehensive income attributable to:			
		Equity holders of the parent company		487 069	114 761
		Non-controlling interests		4 102	4 646
				491 171	119 407



UNION Real Estate Fund II 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	2 949 899	3 373 171
2 238 426	1 791 237	Investments in subsidiaries	2 11	-	-
-	-	Investments in associated companies and joint ventures	3 16	212 621	174 064
128 111	34 758	Loans to group companies		-	-
52 000	-	Other long term receivables		52 000	1 280
11 509	12 326	Deferred tax assets	8	-	-
2 430 045	1 838 321	Total non-current assets		3 214 521	3 548 515
Current assets					
-	-	Investment property held for sale	18	1 558 152	567 124
-	-	Accounts receivable	12	1 543	1 707
16 442	90	Other receivables	12	100 451	63 689
-	-	Other current financial assets	12	12 326	-
47 723	10 141	Cash and cash equivalents	12 17	227 004	126 047
64 165	10 231	Total current assets	9	1 899 477	758 567
2 494 210	1 848 553	TOTAL ASSETS	20	5 113 998	4 307 082
EQUITY AND LIABILITIES					
Equity					
Paid in capital					
49 493	40 373	Issued capital		49 493	40 373
1 344 538	1 298 258	Share premium		1 387 887	1 341 607
1 394 031	1 338 631	Total paid in capital	14	1 437 380	1 381 980
Accumulated profits					
697 412	160 296	Fund for unrealised gains		-	-
386 057	349 180	Retained earnings		952 911	465 842
1 083 469	509 477	Total accumulated profits		952 911	465 842
Non-controlling interests					
Total equity					
2 477 499	1 848 108	Total equity		2 495 118	2 003 944
Non-current liabilities					
-	-	Interest-bearing loans and borrowings	11 13 17	1 547 196	1 682 995
-	-	Deferred tax liabilities	8	214 927	90 286
-	-	Other long term liabilities		-	200
-	-	Total non-current liabilities	14	1 762 123	1 773 481
Current liabilities					
-	299	Current interest-bearing loans and borrowings	11 13 17	742 236	482 965
16 029	111	Accounts payable	12	51 114	14 034
-	-	Liabilities for current tax	8	2 133	2 369
682	35	Other current liabilities	12	61 274	30 290
16 711	445	Total current liabilities	14	856 757	529 657
16 711	445	Total liabilities	9	2 618 880	2 303 138
2 494 210	1 848 553	TOTAL EQUITY AND LIABILITIES	20	5 113 998	4 307 082

The Board of UNION Real Estate Fund II Holding AS
Oslo, 17 March 2022

Lars Even Moe
Board member

Bjørn Henningsen
Chair

Øystein A. Landvik
Board member



UNION Real Estate Fund II Holding AS

Statement of changes in equity

All amounts in NOK 1 000

Consolidated group	Note	Attributable to parent company equity holders				Total equity
		Share capital	Share premium	Retained earnings	Non-controlling interests	
Equity as at 31.12.2019		38 129	1 384 096	351 082	285 965	2 059 271
Share issues		2 244	98 756	-	-	101 000
Dividends distributed		-	(141 245)	-	(134 489)	(275 734)
Total comprehensive income		-	-	114 761	4 646	119 407
Equity as at 31.12.2020		40 373	1 341 607	465 842	156 122	2 003 944
Share issues		9 120	401 280	-	-	410 400
Dividends distributed		-	(355 000)	-	(55 397)	(410 398)
Total comprehensive income		-	-	487 069	4 102	491 171
Equity as at 31.12.2021		49 493	1 387 887	952 911	104 826	2 495 118

Parent company	Share capital	Share premium	Fund for unrealised gains	Retained earnings	Total equity
Equity as at 31.12 2019	38 129	1 340 747	200 416	194 016	1 773 307
Share issues	2 244	98 756	-	-	101 000
Dividends distributed	-	(141 245)	-	-	(141 245)
Total comprehensive income	-	-	(40 119)	155 165	115 045
Equity as at 31.12 2020	40 373	1 298 258	160 296	349 180	1 848 108
Share issues	9 120	401 280	-	-	410 400
Dividends distributed	-	(355 000)	-	-	(355 000)
Total comprehensive income	-	-	537 116	36 877	573 992
Equity as at 31.12 2021	49 493	1 344 538	697 412	386 057	2 477 499



UNION Real Estate Fund II Holding AS

Statement of cash flows

Parent company		All amounts in NOK 1 000	Note	Consolidated group	
2021	2020			2021	2020
Cash flow from operating activities					
574 809	116 153	Profit before tax for the year from total operations		617 680	161 166
(537 116)	(134 404)	Change in value shares		(64 208)	(9 775)
(44 581)	-	(Profit) / loss sale of shares		-	-
-	-	Change in value swaps		(12 326)	-
-	-	Adjustment to value of investment property		(453 689)	(107 519)
-	-	(Profit) / loss sale of property		(49 195)	(7 145)
-	-	(Increase)/decrease in accounts receivable		164	800
(16 352)	-	(Increase)/decrease in other receivables		(35 681)	(1 781)
15 918	37	Increase/(decrease) in accounts payable		37 080	5 771
647	(7 155)	Increase/(decrease) in other current liabilities		30 984	(17 769)
-	-	Income taxes paid		(2 105)	(5 980)
(6 674)	(25 370)	Net cash flow from operating activities		68 704	17 768
Cash flows from investing activities					
-	-	Purchase of investment property		(1 938 682)	(59 612)
-	-	Sale of properties		1 821 809	284 127
400 605	-	Sale of subsidiaries		-	-
-	-	Purchase of associates		-	(82 000)
92 303	174 524	Repayment of investments / distributions		25 651	21 000
(410 400)	(18 725)	Capital contribution to subsidiaries		-	-
(93 352)	(92 196)	(Increase)/decrease in intercompany loan		-	-
(10 845)	63 603	Net cash flow used in investing activities		(91 222)	163 515
Cash flows from financing activities					
410 400	101 000	Proceeds from issue of share capital		410 400	101 000
(355 000)	(141 245)	Dividend		(410 398)	(275 734)
-	82 000	Proceeds from borrowings		1 270 627	864 425
(299)	(91 869)	Repayment of borrowings		(1 147 154)	(908 241)
55 101	(50 114)	Net cash flow from financing activities		123 476	(218 550)
37 582	(11 882)	Net increase/(decrease) in cash and cash equivalents		100 957	(37 267)
10 141	22 022	Cash and cash equivalents at beginning of period		126 047	163 314
47 723	10 141	Cash and cash equivalents at end of period		227 004	126 047



UNION Real Estate Fund II Holding AS

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1 Summary of significant accounting policies

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

The combined consolidated financial statements of the consolidated group and parent company of UNION Real Estate Fund II Holding AS for the fiscal year 2021 were approved in the board meeting at 17 March 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 II Holding AS is managed by UNION Eiendomskapital UREF AS (the Manager).

1.1 Basis for preparation of the annual accounts

The UNION Real Estate Fund II Holding AS' annual accounts, consisting of the annual accounts of the parent company and the Group's consolidated financial statements, have been prepared in accordance with International Financial Reporting Standards (IFRS) which have been adopted by the EU and are mandatory for financial years beginning on or after 1 January 2021, and Norwegian disclosure requirements listed in the Norwegian Accounting Act as of December 31 2021.

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

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

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

1.2 Functional currency and presentation currency

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

1.3 Consolidation principles

(a) Subsidiaries

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

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

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



UNION Real Estate Fund II Holding AS

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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.

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

(b) Associates and joint ventures

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

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

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

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

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

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



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

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

(c) Other investments

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

(d) Inter-company transactions and balances

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

(e) Non-controlling interests

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

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

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

1.4.1 Estimates and assumptions

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

1.4.2 Judgements

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

- Investment property valuation (further information in notes 3, 9, 10 and 13)
- Fair value of investments in subsidiaries (notes 2, 3 and 9)
- Investments in joint ventures and associates at equity value (notes 3, 9 and 16)
- Financial liabilities including interest rate derivatives (notes 3, 9 and 13)



UNION Real Estate Fund II Holding AS

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1.5 Revenue recognition

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

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

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

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

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

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

1.6 Segments

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

1.7 Borrowing costs related to construction and rehabilitation

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

1.8 Income tax

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

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

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

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

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

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



UNION Real Estate Fund II Holding AS

Notes 2021

1.9 Leases

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

Identifying a lease

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

Separating components in the lease contract

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

Recognition of leases and income

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

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

Operating leases

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

1.10 Investment property

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

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

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

1.11 Non - current assets held for sale and discontinued operations

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

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



UNION Real Estate Fund II Holding AS

Notes 2021

1.12 Financial assets and financial liabilities

Recognition and measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



UNION Real Estate Fund II Holding AS

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

The Group's management have designated all investments in subsidiaries and joint ventures in the separate financial statements for the parent company as Financial instruments at fair value through profit or loss, because this designation results in more relevant information as the Group manages these investments, evaluate its performance and makes purchase and sale decisions based on their fair value, in accordance with a documented risk management and investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel. See notes 2, 3 and 9 for "investments in subsidiaries" and notes 9 and 16 for "joint arrangements".

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

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

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

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

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

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

(b) Other financial liabilities

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

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

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

Derecognition of financial assets and liabilities

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

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



UNION Real Estate Fund II Holding AS

Notes 2021

Offsetting of financial assets and liabilities

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

Impairment of financial assets

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

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

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

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

Derivative financial instruments

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

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

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

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

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

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

1.13 Cash and cash equivalents

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



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1.14 Equity

Equity and liabilities

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

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

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

1.15 Provisions

A provision is recognised when the Group has an obligation (legal or self-imposed) because a result of a previous event, it is probable (more likely than not) that a financial settlement will take place because a result of this obligation and the size of the amount can be measured reliably. If the effect is considerable, the provision is calculated by discounting estimated future cash flows using a discount rate before tax that reflects the market 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 II 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 II Holding AS is registered as a Alternative Investment Fund at the The Financial Supervisory Authority of Norway (*Finanstilsynet*), and must consequently meet certain disclosure requirements in the Act on Alternative Investment Fund Managers (AIF-Act) (*Lov om forvaltning av alternative investeringsfond (AIF-loven)*).

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

See note 19 for more information in this context.



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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
Anders Wigens vei 2 AS *	Oslo	100,00 %	01.02.2017	100,00 %	Indirectly
Ankerbygget AS *	Oslo	100,00 %	30.09.2017	100,00 %	Indirectly
Ankerkvartalet Holding AS *	Oslo	100,00 %	30.09.2017	100,00 %	Directly
Bekkefaret Bolig Holding AS	Oslo	100,00 %	15.08.2017	100,00 %	Directly
Frost Retail Development AS	Oslo	70,00 %	01.02.2017	70,00 %	Indirectly
Frost Retail Holding AS	Oslo	53,40 %	01.02.2017	53,40 %	Directly
Frost Retail Invest AS	Oslo	53,40 %	01.02.2017	53,40 %	Indirectly
Frost Retail Invest II AS	Oslo	53,40 %	01.02.2017	53,40 %	Indirectly
Frost Retail Properties AS	Oslo	53,40 %	01.02.2017	53,40 %	Indirectly
Gjerdeveien 49 Eiendom AS	Oslo	53,40 %	01.02.2017	53,40 %	Indirectly
Holmenkollveien 43 Eiendom AS	Oslo	53,40 %	01.02.2017	53,40 %	Indirectly
Hvam Eiendom Invest AS	Oslo	100,00 %	15.03.2018	100,00 %	Directly
Haakon VII's gate 9 AS *	Oslo	100,00 %	30.09.2017	100,00 %	Indirectly
Haakon VII's gate 9 Utleie AS *	Oslo	100,00 %	30.09.2017	100,00 %	Indirectly
Kjellerholen 7 AS	Oslo	100,00 %	19.02.2019	100,00 %	Indirectly
Kjellerholen 9 AS	Oslo	100,00 %	19.02.2019	100,00 %	Indirectly
Multianlegg 3 AS	Oslo	100,00 %	31.01.2019	100,00 %	Indirectly
Romsøegården Eiendom AS *	Oslo	100,00 %	30.09.2017	100,00 %	Directly
TA Invest AS	Oslo	100,00 %	15.03.2018	100,00 %	Directly
Trondheimsveien 85 Eiendom AS	Oslo	53,40 %	01.02.2017	53,40 %	Indirectly
Valle E Holding AS	Oslo	100,00 %	10.09.2021	100,00 %	Directly
Valle Eiendom Holding AS	Oslo	100,00 %	10.09.2019	100,00 %	Indirectly
Valle Eiendom II Holding AS	Oslo	100,00 %	01.02.2021	100,00 %	Indirectly
Valle Value AS	Oslo	100,00 %	12.12.2020	100,00 %	Indirectly
Valle View AS	Oslo	100,00 %	01.02.2021	100,00 %	Indirectly
Valle Vision AS	Oslo	100,00 %	02.12.2019	100,00 %	Indirectly
Valle Volume AS	Oslo	100,00 %	01.02.2021	100,00 %	Indirectly
Valle Wood AS	Oslo	100,00 %	02.12.2019	100,00 %	Indirectly

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

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

Company	Business Office	Sold date	Shareholding / voting rights	Acquisition date	Ownership interest	Ownership
Bekkestua Handelshus AS	Oslo	01.11.2021	53,40 %	01.02.2017	53,40 %	Indirectly
Gauselbakken 8 Eiendom AS	Oslo	30.04.2021	53,40 %	01.02.2017	53,40 %	Indirectly
Hovtun Dagligvare AS	Oslo	25.08.2021	90,00 %	01.02.2017	90,00 %	Indirectly
Håkonsgaten 36 Eiendom AS	Oslo	30.04.2021	53,40 %	01.02.2017	53,40 %	Indirectly
Lensmannslia Eiendom AS	Oslo	16.08.2021	53,40 %	01.02.2017	53,40 %	Indirectly
Nedre Prinsdalsvei 70-72 Eiendom AS	Oslo	09.07.2021	53,40 %	01.02.2017	53,40 %	Indirectly
Philip Pedersensvei 1 AS	Oslo	20.01.2021	100,00 %	18.08.2017	100,00 %	Directly
Sandviksveien 94 Eiendom AS	Oslo	30.04.2021	53,40 %	01.02.2017	53,40 %	Indirectly
SOV Eiendomsinvest 2 AS	Oslo	30.09.2021	100,00 %	19.01.2018	100,00 %	Directly
SOV Energi AS	Oslo	30.09.2021	100,00 %	19.01.2018	100,00 %	Indirectly

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

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



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3 Critical accounting estimates and subjective judgements

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

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

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

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

There were no transfers between levels in the period.

Fair value of investment properties

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

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

Semiannually all the properties are valued by independent, external valuer. The valuations at 31 December 2021 were obtained from Akersthus Eiendom AS (www.akershusieiendom.no). The valuations are mainly based on the discounted cash flow method, which involves discounting future cash flow over a specified period using an estimated discount rate and then adding a residual value at the end of the period. Future cash flows are calculated on the basis of cash flows from signed leases, as well as future cash flows based on an expected market rent at the end of the lease terms. The fair value of investment properties is therefore mainly affected by expected market rents, discount rates and inflation. The market rent for each property takes into account the property's situation, standard and leases signed for comparable properties in the area. For the duration of existing lease terms, the discount rate is mainly based on an assessment of the individual tenant's financial solidity and classification. After the end of the lease term, cash flows are discounted using a discount rate that takes into account the risk relating to letting and location. Inflation is estimated using the consensus of a selection of banks and official statistics.

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

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

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

Change variable (The Group)	Change in % (minus)	Value change	Change in % (plus)	Value change
Market rent	-5,0 %	(126 000)	5,0 %	127 000
Discount rates	-0,25 %	258 000	0,25 %	(228 000)

Fair value of investments in subsidiaries and joint ventures

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

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

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

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



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3 Critical accounting estimates and subjective judgements - continues

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

	Parent	Joint	Group	Investment
	Subsidiaries	ventures & associates	Investment property	property held for sale
Balance as of 1 January 2021	1 791 237	174 064	3 373 171	567 124
Additions	410 400	-	1 938 681	-
Disposals	(408 023)	-	(1 257 490)	(567 124)
Dividends	(92 303)	(25 651)	-	-
Transfer between categories	-	-	(1 558 152)	1 558 152
Change in fair value	537 116	64 208	453 689	-
Balance as of 31 December 2021	2 238 426	212 622	2 949 899	1 558 152
Balance as of 1 January 2020	1 730 631	105 001	3 771 058	280 547
Additions	100 725	82 114	59 612	-
Disposals	-	-	(83 752)	(193 229)
Dividends	(174 524)	(22 350)	-	-
Transfer between categories	-	-	(486 317)	486 317
First day profits (other comprehensive income)	-	(475)	(1 459)	-
Change in fair value	134 404	9 775	114 029	(6 510)
Balance as of 31 December 2020	1 791 237	174 064	3 373 171	567 124

Fair value of derivatives

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

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

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

4 Operating leases

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

Operating leases

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

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

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

Lease income from operating leases	Consolidated group	
	2021	2020
Lease income from investment properties	190 001	198 302
Total	190 001	198 302
The Group's future accumulated rent from non-terminable operational lease contracts at 31.12.	2021	2020
Within 1 year	178 483	175 326
Between 1 and 5 years	585 396	510 752
Later than 5 years	550 315	282 271
Total	1 314 194	968 349



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5 Wages and remuneration

Number of employees

The parent company have no employees.

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

	Parent company		Consolidated group	
	2021	2020	2021	2020
Wage costs				
Salary	-	-	805	787
Payroll tax	-	-	133	125
Pension costs	-	-	57	41
Other benefits	-	-	79	84
Total wage costs	-	-	1 075	1 037

Remuneration to members of the Board

The Board has not received any remuneration for their work.

	Parent company ¹		Consolidated group	
	2021	2020	2021	2020
Expensed audit fee (excl. VAT)				
Statutory audit	273	279	1 187	1 275
Other assurance services	61	15	182	84
Other non-assurance services	109	83	226	145
Tax consultant services	57	38	63	42
Total expensed audit fee	499	416	1 658	1 546
Non-expensed other non-assurance services	-	-	-	-
Total audit fee	499	416	1 658	1 546

¹ Fees to RSM Norge AS and affiliated companies.

Shares held by Board members²

	Position	2021
Bjørn Henningsen	Chair	0,24 %
Lars Even Moe	Board member	0,24 %
Øystein A. Landvik	Board member	0,24 %
Total		0,71 %

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

6 General and administrative expenses

	Parent company		Consolidated group	
	2021	2020	2021	2020
General and administrative expenses				
Auditor's fee	499	416	1 658	1 546
Wage costs	-	-	1 075	1 037
Management fee	8 089	15 318	24 653	37 298
Other fees	1 095	1 373	19 979	12 203
Other general and administrative expenses	551	287	13 702	5 727
Total general and administrative expenses	10 234	17 394	61 066	57 811

7 Financial income and costs

	Parent company		Consolidated group	
	2021	2020	2021	2020
Financial income				
Change fair value shares	537 116	134 404	-	-
Interest income on cash and cash equivalents	8	3	544	795
Interest income on group receivables	1 207	871	-	-
Dividends and other contributions	2 516	-	-	-
Profit sale of shares	44 581	-	-	-
Change fair value swaps	-	-	12 326	-
Share of net profit from joint ventures	-	-	64 208	9 775
Other financial income	-	-	-	1
Total financial income	585 427	135 279	77 078	10 571
Financial costs				
Interest expense on financial liabilities	165	930	62 928	71 303
Interest expense on group liabilities	-	28	-	-
Change fair value swaps	-	-	-	3 744
Other financial costs	220	774	6 453	3 429
Total financial costs	385	1 732	69 381	78 476
Net financial items	585 043	133 546	7 698	(67 906)



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8 Income tax

Income tax expense	Parent company		Consolidated group	
	2021	2020	2021	2020
<i>Current tax:</i>				
Tax payable	-	-	1 051	3 497
<i>Deferred tax:</i>				
Changes in deferred tax	817	1 107	(11 476)	(9 414)
Changes in deferred tax on value of investment property	-	-	138 433	37 877
Correction of previous years deferred tax	-	-	(1 500)	7 865
Total income tax expense	817	1 107	126 509	39 825

Reconciliation of the effective rate of tax	Parent company		Consolidated group	
	2021	2020	2021	2020
Income taxes calculated at 22% of profit before tax	126 458	25 554	135 890	35 457
IFRS tax adjustments	2 881	4 842	-	-
Tax related to change in value of shares	(118 165)	(29 569)	(10 823)	(2 151)
Tax effect on non deductible expenses	5	280	5	280
Non-taxable income	(10 361)	-	-	-
Tax effect on non-recognised tax asset / acquired tax assets	-	-	1 437	6 239
Total income tax expense	817	1 107	126 509	39 825

Deferred tax and deferred tax assets:	Parent company		Consolidated group	
	2021	2020	2021	2020
<i>Deferred tax assets</i>				
Tax losses carried forward	52 313	56 026	229 045	180 639
Other deferred tax assets	-	-	(3 050)	13 678
Deferred tax assets - gross	52 313	56 026	225 995	194 317
<i>Deferred tax liabilities</i>				
Investment property	-	-	1 199 022	569 780
Profit and loss accounts	-	-	6 781	8 462
Other deferred tax liabilities	-	-	2 983	31 329
Deferred tax liabilities - gross	-	-	1 208 787	609 571
Net deferred tax asset/(liabilities)	52 313	56 026	(982 792)	(415 254)
Net recognised deferred tax asset/(liabilities)	52 313	56 026	(976 940)	(410 393)
Book value at 31.12 (22 %)	11 509	12 326	(214 927)	(90 286)

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	Parent company		Consolidated group	
	2021	2020	2021	2020
<i>Financial assets designated as FVTPL</i>				
Investments in subsidiaries	2 238 426	1 791 237	-	-
Investments in joint ventures	-	-	212 621	174 064
<i>Financial assets at amortised cost</i>				
Loans to group companies	128 111	34 758	-	-
Other long term receivables	52 000	-	52 000	1 280
Total non current financial assets	2 418 537	1 825 995	264 621	175 345
Financial assets - current				
<i>Financial assets at FVTPL</i>				
Interest rate swap	-	-	12 326	-
<i>Investments in debt instrument measured at amortised cost</i>				
Accounts receivables	-	-	1 543	1 707
Other receivables	16 442	90	100 451	63 689
<i>Cash and cash equivalents</i>	47 723	10 141	227 004	126 047
Total current financial assets	64 165	10 231	341 325	191 443
Financial liabilities - non current				
<i>Financial liabilities held at amortised cost</i>				
Secured bank debt	-	-	1 547 196	1 682 995
Other non current liabilities	-	-	-	200
Total non current liabilities	-	-	1 547 196	1 683 194



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9 Carrying amounts and fair value of financial instruments continues

Financial liabilities - current

<i>Financial liabilities at FVTPL</i>				
Interest rate swap	-	-	-	1 127
<i>Financial liabilities at amortised cost</i>				
Secured bank debt	-	299	742 236	482 965
Accounts payables	16 029	111	51 114	14 034
Current tax liability	-	-	2 133	2 369
Accrued expenses / other current liabilities	682	35	61 274	29 164
Total current liabilities	16 711	445	856 757	529 657

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.

10 Investment property

Investment property	Consolidated group	
	2021	2020
Opening balance as at 1 January	3 940 295	4 051 605
Additions from acquisitions	1 067 959	-
Enhancement expenditure capitalised	870 722	59 612
Disposed entities	(1 824 614)	(276 981)
First-day-profit	-	(1 459)
Net gain/loss on changes in fair value	453 689	107 519
Balance at 31 December	4 508 051	3 940 295

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

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

	2021	2020
Yields (%)	4,00 %	4,70 %
Inflation rate (%)	5,07 %	0,70 %
Long term vacancy rate (%)	4,00 %	6,00 %
Long term growth rate in real rental terms (%)	2,00 %	2,00 %

The Fund's portfolio was as of 31 December 2021 valued at an average net yield of 4.0 %. The corresponding gross yield was 4.8 % and average owner's costs were 6.2 %. We believe the current valuation is reflective of the underlying values of the properties in the Fund, taking into consideration property specific value drivers such as Weighted Average Lease Term (WALT), locations, rent levels, counterparties, vacancy rates, etc.

The inflation rate of 5.07 % in 2021 was above expectations and above the Norwegian Central Bank's inflation rate target. The underlying property values in the Fund has as a result increased correspondingly. Long term vacancy rate is set to the portfolio's current vacancy rate of 4.0 %. The long term growth rate in real rental terms is set according to the Norwegian Central Bank's inflation target as of 31 December 2021, of 2.0 %.

Changes in fair value is recognised in the period to which the profit/loss relates. The latest independent valuation was carried out on 31 December 2021. Investment properties are not depreciated.

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

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

Income and expenditure relating to investment properties	Parent company		Consolidated group	
	2021	2020	2021	2020
Rental income	-	-	190 001	198 302
Direct operating expenses of properties that generated income	-	-	(27 665)	(29 464)
Balance at 31 December	-	-	162 336	168 839



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11 Pledged assets

	Parent company		Consolidated group	
	2021	2020	2021	2020
<i>Carrying amount secured debt</i>				
Secured long-term debt	-	-	1 547 196	1 682 995
Secured short-term debt	-	299	742 236	482 965
<i>Book value of pledged assets</i>				
Investment property held for sale	-	-	1 558 152	567 124
Fair value of investment property (land, building and fixtures)	-	-	2 949 899	3 373 171

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 2 289 432.

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

12 Related parties

12.1 Identification of related parties

Amongst the identified related parties there have been transactions with the Group's subsidiaries, the Group's management, UREF II Sponsor AS and UNION Real Estate Fund II AS (owns ca. 60% of UREF II 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 loans are calculated on the basis of Nibor 3 month plus a margin of 2,00%-2,25%. Transactions with group companies have been eliminated in the Consolidated Group.

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

12.3 Board, management and owners

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

Rental fees:

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

Transactions with the manager (UNION Eiendomskapital UREF AS)

Amount of transactions	Parent company		Consolidated group	
	2021	2020	2021	2020
Management fee	8 089	15 318	24 653	37 298
Rental fee	-	-	1 325	2 902
Property management	-	-	-	1 635
Project fee	-	-	17 319	793
Other fees	-	-	4 363	6 301
Outstanding balances				
Accounts receivable	-	-	-	17
Balance at 31 December	-	-	-	17

Transactions with subsidiaries

Amount of transactions	Parent company		Consolidated group	
	2021	2020	2021	2020
Interest received / paid	-	849	-	-
Dividends received	92 303	174 524	-	-
Outstanding balances				
Other receivables	128 111	34 758	-	-
Balance at 31 December	128 111	34 758	-	-



UNION Real Estate Fund II Holding AS

Notes 2021

All amounts in NOK 1 000 unless otherwise stated

12 Related parties - continues

Transactions with joint ventures

Amount of transactions	Parent company		Consolidated group	
	2021	2020	2021	2020
Dividends received	-	-	25 651	22 350

13 Information on financial risks

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

13.1 Liquidity risk

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

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

Maturity plan - Parent company	2022	2023	2024	2025	2026 and later
Interest-bearing loans and borrowings	-	-	-	-	-

Maturity plan - Consolidated group	2022	2023	2024	2025	2026 and later
Interest-bearing loans and borrowings	742 236	226 105	10 406	245 606	1 065 079

13.2 Credit risk

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

At 31 December 2021 the group have accounts receivable of TNOK 1 543. 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 pay-fixed interest-rate swaps in place with a nominal value of TNOK 553 613, and its net debt was 24.2 % fixed.

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	-	-	4 163	156 000
More than one year but not more than two years	-	-	5 550	-
More than two years but not more than five years	-	-	543 900	-
More than five years	-	-	-	-

13.4. Foreign exchange risk

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



UNION Real Estate Fund II Holding AS

Notes 2021

All amounts in NOK 1 000 unless otherwise stated

14 Share capital, shareholder information and dividend

(Number of shares are in whole numbers)

14.1 Share capital	2021	2020
Ordinary shares, nominal amount NOK 1	49 007 739	39 977 151
Sponsorshares, nominal amount NOK 1	485 225	395 813
Total number of shares	49 492 964	40 372 964

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

Reconciliation of total number of shares in issue:

	Ordinary shares	Sponsor shares	Total
As at December 31 2020	39 977 151	395 813	40 372 964
Share redemption	-	-	-
Issued during the period	9 030 588	89 412	9 120 000
Issued as of 31 December 2021 - fully paid in	49 007 739	485 225	49 492 964
As at December 31 2019	37 754 711	373 809	38 128 520
Share redemption	-	-	-
Issued during the period	2 222 440	22 004	2 244 444
Issued as of 31 December 2020 - fully paid in	39 977 151	395 813	40 372 964

14.2 Shareholders

	Ordinary shares	Sponsor shares	Ownership interest	Voting interest
Sjømennenes Hus Eiendom AS	388 180	-	0,78 %	0,78 %
Aakvik Holding AS	388 180	-	0,78 %	0,78 %
AS Øylaks	388 180	-	0,78 %	0,78 %
Marienlyst Eiendom AS	388 180	-	0,78 %	0,78 %
EWS Stiftelsen	485 225	-	0,98 %	0,98 %
NGH Invest AS	485 225	-	0,98 %	0,98 %
Harbam AS	485 225	-	0,98 %	0,98 %
Paus & Paus Eiendom AS	485 225	-	0,98 %	0,98 %
Tomte Forvaltning AS	485 225	-	0,98 %	0,98 %
Swap Invest AS	582 270	-	1,18 %	1,18 %
Haslelund Holding AS	582 270	-	1,18 %	1,18 %
Skips AS Tudor	582 270	-	1,18 %	1,18 %
Bimo Kapital AS	970 450	-	1,96 %	1,96 %
Spleismark Næring AS	970 450	-	1,96 %	1,96 %
Pactum AS	1 164 540	-	2,35 %	2,35 %
Livelskapet Nordea Norge AS	1 843 856	-	3,73 %	3,73 %
Farvatn Capital AS	1 940 901	-	3,92 %	3,92 %
Joh Johansson Eiendom AS	4 852 252	-	9,80 %	9,80 %
Geveran Trading Co. Limited	7 763 602	-	15,69 %	15,69 %
UNION Real Estate Fund II Gp Co Ltd	19 772 129	-	39,95 %	39,95 %
Sum top 20 shareholders	45 003 835	-	90,93 %	90,93 %
Other shareholders	4 003 904	-	8,09 %	8,09 %
UREF II Sponsor AS	-	485 225	0,98 %	0,98 %
Total number of shares 31.12.2021	49 007 739	485 225	100,00 %	100,00 %

14.3 Dividends

Cash dividends approved and paid	2021		2020	
	NOK pr share	Total	NOK pr share	Total
Ordinary shares				
Total dividends approved and paid	7,17	351 520	3,50	139 860
Sponsor shares				
Total dividends approved and paid	7,17	3 480	3,50	1 385
Total		355 000		141 245

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

Since the year end, the Board of Directors have proposed a final dividend in respect of 2022 of total TNOK 894 833. The proposed dividend has been approved at an extraordinary general meeting and are not recorded as liability at 31 December 2021.



UNION Real Estate Fund II Holding AS

Notes 2021

All amounts in NOK 1 000 unless otherwise stated

14.4 Estimated allocation of equity

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

14.5 Capital Resources

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

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

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

	2021	2020
Borrowings	2 289 432	2 165 959
Less cash and cash equivalents	(227 004)	(126 047)
Net debt	2 062 428	2 039 913
Total equity	2 495 118	2 003 944
Total capital resources	4 557 546	4 043 857
Gearing ratio	45,3 %	50,4 %

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

14.6 Financial Covenants

Under the terms of the major borrowing facilities, the Group is required to comply with certain financial covenants. There are loan agreements with a total carrying amount of around NOK 2 200 million for which the banks have imposed requirements in the form of financial covenants.

The covenants under these facilities vary, but typically the Group must achieve a maximum Loan to Value (LTV) of between 70 and 75 per cent. No breaches of covenants arose in any form in 2021.

15 Subsidiaries with material non-controlling interests

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

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

	2021	2020
The Company's ownership		
Frost Retail Holding AS	53,4 %	53,4 %
Summarised income statement for Frost Retail Holding AS		
Revenue	27 097	40 162
Profit/(Loss) for the year	10 109	11 243
Summarised balance sheet for Frost Retail Holding AS		
Total assets	274 578	656 586
Total liabilities	(76 447)	(349 100)
Net assets	198 131	307 486
Non-controlling interests	104 826	156 122
Equity attributable to shareholders of UNION Real Estate Fund II Holding AS	93 305	151 364

There has been paid a total dividend of TNOK 55 397 to non-controlling interests in 2021 (2020: TNOK 134 489).



UNION Real Estate Fund II Holding AS

Notes 2021

All amounts in NOK 1 000 unless otherwise stated

16 Joint ventures and associated companies

The joint ventures is a 50% interest Bekkefare Bolig AS and a 50 % interest in Borgenveien 50 AS.
The associated company is a 25% interest in Trondheim Areal AS.

Borgenveien 50 AS

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

Bekkefare Bolig AS

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

Trondheim Areal AS

Trondheim Areal AS is a company located in Trondheim which owns five properties in the Tunga area of Trondheim

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

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

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

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

Income statement	Trondheim Areal AS		Bekkefare Bolig AS		Borgenveien 50 AS	
	2021	2020	2021	2020	2021	2020
Revenues	61 850	48 043	80 716	-	7 462	7 199
Operating costs	(11 154)	(10 022)	(595)	(549)	(505)	(755)
Adjustment to value of investment property	88 805	4 904	(7 156)	9 275	26 885	8 309
Net interest	(2 707)	(33 328)	(2 779)	(926)	212	(1 767)
Income tax expense	(29 258)	(948)	(23 355)	(2 041)	(7 517)	(117)
Profit for the period	107 536	8 649	46 831	5 760	26 537	12 869
Other comprehensive income	2 879	-	-	-	(3 662)	(4 127)
Total comprehensive income	110 415	8 649	46 831	5 760	22 875	8 742

Assets and liabilities

Investment properties	1 013 521	921 762	482 877	472 830	154 878	137 033
Other non current assets	6 706	1 918	-	-	-	-
Cash and cash equivalents	36 661	25 616	11 268	5 107	5 284	4 932
Other current assets	15 367	5 258	-	74 345	34	35
Current liabilities	(5 483)	(8 109)	(26 058)	(13 573)	(4 752)	(7 353)
Non current liabilities	(629 709)	(609 796)	(334 067)	(411 522)	(85 766)	(82 031)
Net assets	437 064	336 649	134 020	127 188	69 678	52 616

Dividends received from the joint venture

-

Reconciliation to carrying amounts

Opening net assets 1 January	336 649	-	127 188	121 428	52 616	88 574
Acquisition	-	328 000	-	-	-	-
Profit/(loss) for the period	107 536	8 649	46 831	5 760	26 537	12 869
Other comprehensive income	2 879	-	-	-	(3 662)	(4 127)
Dividends paid	(10 000)	-	(40 000)	-	(2 800)	(44 700)
Closing net assets	437 064	336 649	134 019	127 188	72 691	52 616

Group's share in %

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

Carrying amount

109 266 84 162 67 010 60 714 36 345 44 287

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

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



UNION Real Estate Fund II Holding AS

Notes 2021

All amounts in NOK 1 000 unless otherwise stated

17 Reconciliation of liabilities arising from financing activities

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

	2021		2020	
Net debt				
Cash and cash equivalents		227 004		126 047
Borrowings - repayable within one year (including overdraft)		(742 236)		(482 965)
Borrowings - repayable after one year		(1 547 196)		(1 682 995)
Net debt at 31.12		(2 062 428)		(2 039 913)
Cash and liquid investments		227 004		126 047
Gross debt - fixed interest rates		(553 613)		(156 000)
Gross debt - variable interest rates		(1 735 820)		(2 009 959)
Net debt at 31.12		(2 062 428)		(2 039 913)

	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	163 314	(10 168)	(2 199 408)	(2 046 262)
Cash flows	(37 267)	11 073	30 510	4 317
Other non-cash movements				
Amortised loan fees	-	2 539	3 237	5 777
Fair value change swap	-	(3 744)	-	(3 744)
Reclassification to short term debt	-	(482 663)	482 665	-
Net debt as at 31.12.2020	126 047	(482 965)	(1 682 995)	(2 039 913)
Cash flows	100 957	470 086	(612 001)	(40 957)
Other non-cash movements				
Amortised loan fees	-	552	5 563	6 116
Fair value change swap	-	12 326	-	12 326
Reclassification to short term debt	-	(742 236)	742 236	-
Net debt as at 31.12.2021	227 004	(742 236)	(1 547 196)	(2 062 428)

18 Investment property held for sale

As of 31 December 2021, the Group had entered into contracts for the sale of the subsidiaries set out below. The risks and returns of ownership had not fully transferred to the buyer as of this date, and as a result the investment properties and the interest-bearing debt for these subsidiaries are classified as "Investment property held for sale" and "Current interest-bearing loans".

Anders Wigens vei 2 AS
 Ankerbygget AS
 Ankerkvaralet Holding AS
 Haakon VII's gate 9 AS
 Haakon VII's gate 9 Utleie AS
 Romsøgården Eiendom AS

The transaction is expected to close in the first quarter 2021, and it is currently estimated that the disposal group will realise its carrying amount (net of disposal costs).

Gross rental income from these investment properties was TNOK 55 233 in 2021.

The subsidiaries that have been sold in 2021 (see note 2) are not considered to represent a separate major line of business, and consequently the requirements for discontinued operations in IFRS 5 does not apply.



UNION Real Estate Fund II Holding AS

Notes 2021

All amounts in NOK 1 000 unless otherwise stated

19 Alternative Investment Fund disclosure

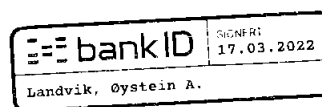
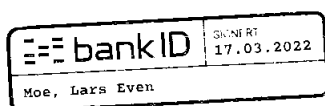
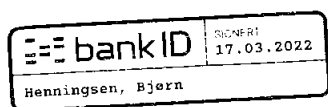
Compensation to the Manager

UNION Real Estate Fund II Holding AS is managed by UNION Eiendomskapital UREF AS. As UNION Eiendomskapital UREF AS also manages other funds, the managers' compensation also derives from the results from managing these funds. For 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 expended in UNION Real Estate Fund II Holding AS and the columns "indirect costs" illustrate UNION Real Estate Fund II Holding AS' share of the costs, according to ownership share, in the consolidated accounts (where UNION Real Estate Fund II Holding AS is the parent), adjusted for joint ventures.

	Direct costs		Indirect costs	
	2021	2020	2021	2020
Auditor's fee	499	416	1 159	1 130
Management fee	8 089	15 318	16 564	21 980
Other fees	1 095	1 373	18 884	10 830
Other general and administrative expenses	551	287	14 226	6 477
Total general and administrative expenses	10 234	17 394	50 833	40 417





Skattedirektoratet

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

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

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

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

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

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

Bakgrunn

Fra søknaden gjengis:

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

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

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

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

Skattedirektoratets vurdering

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

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

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



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

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

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

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

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jeanette Munkvold Skovholt

Kopi til:

UNION REAL ESTATE FUND II
HOLDING AS

v/UNION Eiendoms kapital AS Postboks 0121 OSLO
1715 vika

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



RSM Norge AS

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

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

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Independent Auditor's Report

www.rsmnorge.no

Opinion

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

- The financial statements of the parent company UNION Real Estate Fund II Holding AS showing a profit of NOK 573 992 000, 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 II Holding AS and its subsidiaries showing a profit of NOK 491 171 000, 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.

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.

Pennco Dokumentnøkkel: CEPLU-2KHZ7-TOKEW-LPNT4-7A7L3-JZ1N4



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



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)

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Per-Henning Schulz Lie

Partner

På vegne av: RSM Norge AS

Serienummer: 9578-5997-4-211409

IP: 188.95.xxx.xxx

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