Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - 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:	01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Bjørn Henningsen
Dato for fastsettelse av årsregnskapet:	25.03.2021

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 04.05.2022

Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
General and administrative expenses	5,6,16, 19	17 394 000	22 622 000
Sum kostnader		**17 394 000**	**22 622 000**
Driftsresultat		**-17 394 000**	**-22 622 000**
Finansinntekter og finanskostnader			
Financial Income	16	874 000	1 043 000
Change in fair value shares		134 404 000	186 429 000
Sum finansinntekter		**135 278 000**	**187 472 000**
Financial costs	5	1 732 000	3 657 000
Sum finanskostnader		**1 732 000**	**3 657 000**
Netto finans		**133 546 000**	**183 815 000**
Ordinært resultat før skattekostnad		**116 152 000**	**161 193 000**
Income tax expense	8	1 107 000	-2 083 000
Ordinært resultat etter skattekostnad		**115 045 000**	**163 276 000**
Årsresultat		**115 045 000**	**163 276 000**
Overføringer og disponeringer			
Overføringer til (+)/ fra (-)overkurs		-141 245 000	-107 388 000
Overføring til fond for urealisert gevinst		-40 119 000	57 724 000
Ordinært utbytte		141 245 000	107 388 000
Overføringer til/fra annen egenkapital		155 165 000	105 552 000
Sum overføringer og disponeringer		**115 046 000**	**163 276 000**

Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	8	12 326 000	13 433 000
Sum immaterielle eiendeler		**12 326 000**	**13 433 000**
Finansielle anleggsmidler			
Investering i datterselskap	2,11	1 791 237 000	1 730 631 000
Lån til foretak i samme konsern		34 758 000	24 563 000
Sum finansielle anleggsmidler		**1 825 995 000**	**1 755 194 000**
Sum anleggsmidler		**1 838 321 000**	**1 768 627 000**
Omløpsmidler			
Varer			
Fordringer			
Accounts Receivables	12		
Other Receivables	12	90 000	90 000
Sum fordringer		**90 000**	**90 000**
Bankinnskudd, kontanter og lignende			
Cash and equivalents	12,17	10 142 000	22 022 000
Sum bankinnskudd, kontanter og lignende		**10 142 000**	**22 022 000**
Sum omløpsmidler		**10 232 000**	**22 112 000**
SUM EIENDELER		**1 848 553 000**	**1 790 739 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Issued capital	14	40 373 000	38 129 000
Overkurs	14	1 298 258 000	1 340 747 000

Balanse

Beløp i: NOK	Note	2020	2019
Sum innskutt egenkapital		**1 338 631 000**	**1 378 876 000**
Opptjent egenkapital			
Fund for unrealised gains		160 296 000	200 416 000
Retained Earnings		349 181 000	194 015 000
Sum opptjent egenkapital		**509 477 000**	**394 431 000**
Sum egenkapital		**1 848 108 000**	**1 773 307 000**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Current interest-bearing loans and borrowings	11,13, 17	299 000	10 168 000
Leverandørgjeld	12	111 000	74 000
Other Current liabilities	12	35 000	7 190 000
Sum kortsiktig gjeld		**445 000**	**17 432 000**
Sum gjeld		**445 000**	**17 432 000**
SUM EGENKAPITAL OG GJELD		**1 848 553 000**	**1 790 739 000**

Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Rental Income	4	198 302 000	221 050 000
Other Income		3 380 000	1 562 000
Profit/loss sale of property		7 145 000	4 340 000
Adjustments to value of investment property	10	107 519 000	200 685 000
Sum inntekter		**316 346 000**	**427 637 000**
Kostnader			
Property operating expenses		29 464 000	34 688 000
General and administrative expenses	5,6,14, 19	57 811 000	63 381 000
Sum kostnader		**87 275 000**	**98 069 000**
Driftsresultat		**229 071 000**	**329 568 000**
Finansinntekter og finanskostnader			
Share of net profit/loss from joint ventures ans associates	16	9 775 000	24 536 000
Financial Income	16	796 000	5 385 000
Sum finansinntekter		**10 571 000**	**29 921 000**
Annen rentekostnad	5	78 477 000	80 301 000
Sum finanskostnader		**78 477 000**	**80 301 000**
Netto finans		**-67 906 000**	**-50 380 000**
Ordinært resultat før skattekostnad		**161 165 000**	**279 188 000**
Income tax expense	8	39 825 000	40 445 000
Ordinært resultat etter skattekostnad		**121 340 000**	**238 743 000**
Net other comprehensive cost/income		-1 934 000	-28 601 000
Årsresultat		**119 406 000**	**210 142 000**
Minoritetsinteresser		4 645 000	46 805 000
Årsresultat etter minoritetsinteresser		**114 761 000**	**163 337 000**

Konsernets balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Investment Property	3,4,10, 11	3 373 171 000	3 771 058 000
Sum varige driftsmidler		**3 373 171 000**	**3 771 058 000**
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	3,16	174 064 000	105 001 000
Other long term receivables		1 280 000	1 335 000
Sum finansielle anleggsmidler		**175 344 000**	**106 336 000**
Sum anleggsmidler		**3 548 515 000**	**3 877 394 000**
Omløpsmidler			
Varer			
Fordringer			
Accounts Receievables	12	1 707 000	2 507 000
Investments property held for sale	18	567 124 000	280 547 000
Other Receivables	12	63 689 000	63 385 000
Sum fordringer		**632 520 000**	**346 439 000**
Bankinnskudd, kontanter og lignende			
Cash and equivalents	12,17	126 047 000	163 314 000
Sum bankinnskudd, kontanter og lignende		**126 047 000**	**163 314 000**
Sum omløpsmidler		**758 567 000**	**509 753 000**
SUM EIENDELER		**4 307 082 000**	**4 387 147 000**

BALANSE - EGENKAPITAL OG GJELD

Konsernets balanse

Beløp i: NOK	Note	2020	2019
Egenkapital			
Innskutt egenkapital			
Issued Capital	14	40 373 000	38 129 000
Beholdning av egne aksjer		1 341 607 000	1 384 096 000
Sum innskutt egenkapital		**1 381 980 000**	**1 422 225 000**
Opptjent egenkapital			
Retained Earnings		465 842 000	351 082 000
Minoritetsinteresser	16	156 122 000	285 964 000
Sum opptjent egenkapital		**621 964 000**	**637 046 000**
Sum egenkapital		**2 003 944 000**	**2 059 271 000**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	8	90 286 000	56 926 000
Sum avsetninger for forpliktelser		**90 286 000**	**56 926 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	11,13, 17	1 682 995 000	2 199 608 000
Other long term liabilities		200 000	
Sum annen langsiktig gjeld		**1 683 195 000**	**2 199 608 000**
Sum langsiktig gjeld		**1 773 481 000**	**2 256 534 000**
Kortsiktig gjeld			
Leverandørgjeld	12	14 034 000	8 263 000
Liabilities for current tax	8	2 369 000	4 852 000
Other Current liabilities	12	30 290 000	48 059 000
Current interest-bearing loans and borrowings	11,13, 17	482 965 000	10 168 000
Sum kortsiktig gjeld		**529 658 000**	**71 342 000**
Sum gjeld		**2 303 139 000**	**2 327 876 000**
SUM EGENKAPITAL OG GJELD		**4 307 083 000**	**4 387 147 000**

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

Independent Auditor's Report

Report on the Audit of the Financial Statements

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 (the Company) showing a profit of NOK 115 045 000, which comprise the balance sheet as at 31 December 2020, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of UNION Real Estate Fund II Holding AS and its subsidiaries (the Group) showing a profit of NOK 121 341 000, which comprise the balance sheet as at 31 December 2020, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

Other information

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

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

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

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

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

Responsibilities of the Board of Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

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

Oslo, 25 March 2021
RSM Norge AS

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

PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

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

Per-Henning Schulz Lie
Partner
På vegne av: RSM Norge AS
Serienummer: 9578-5997-4-211409
IP: 88.89.xxx.xxx
2021-03-25 15:07:51Z

bank ID

Penneo Dokumentnøkkel: XT740-M2VZL-3S5E1-EV6Q2-3ED4C-IETMU

UNION Real Estate Fund II Holding AS

Annual accounts

2020

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 2020 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 2020 had nine investments consisting of 38 office and retail properties in Norway. Further 9 properties were sold during 2020. The investment operations through 2020 were based on the Funds investment strategy outlined above in accordance with the investment committee and the Board of 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 31.12.2020 40 372 964 shares were issued in the Fund. The valuations of the properties as of December implied an increase in values of 9,9 % since acquisition.

The portfolio as of 31.12.20120 had a rental occupancy of approx. 94% and the average duration of the lease contracts were 5.1 years.

UNION Real Estate Fund II Holding AS had an operating loss of MNOK 17.4 (loss in 2019: 22.6). The Group had an operating profit of MNOK 229.1 (2019: 329.6) Profit before tax was positive with MNOK 116.2 (profit in 2019: 161.2) for the parent company and positive with MNOK 161.2 for the Group (2019: 279.2). The Group net profit for the year was MNOK 121.3 (2019: 238.8).

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 115 (profit in 2019: 163.3) is allocated as follows:

- Transferred from fund for unrealized gains NOK -40 119 000
- Transferred to retained earnings NOK 155 165 000
- Net change in equity NOK 115 045 000

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

As per 31.12.2020 the parent company had a bank balance of MNOK 10.1 (2019: 22.0) and for the Group MNOK 126.0 (2019: 163.3).

The total capital pr. 31.12.2020 was MNOK 4.307.0 for the Group. Long-term debt equals 41.2% and short-term debt equals12.3 %. The equity ratio for the Group was 46.5%.

Coronavirus disease (COVID-19) ("Coronavirus")

Through 2020 it was possible to see the impact of the Coronavirus outbreak. When the first lock down was resolved in medio March 2020 it was likely that the outbreak would impact on the valuation of underlying assets held by the Company. However, at the end of 2020 it was a fact that the stock markets had risen after the dramatic fall, and that the valuation of the underlying assets of the company were not impacted much by the Coronavirus. Specific sectors were thus highly impacted such as the travel and hospitality sectors which the company is less exposed to.

In terms of real estate assets, it is still the assessment the the Coronavirus is unlikely to have a direct material impact on valuations as at the statement of financial position date due to the longer-term nature of the asset class. However, should the situation worsen, including but not limited to tenant defaults, insolvent counterparties or supply issues the future valuation models will be updated on a case-by-case basis. The Directors are still monitoring the situation and will consult with the company's managers to ensure that any impacts are reflected appropriately.

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 31.12.20120 MNOK 2 166. Of the total debt to credit institutions, 11% where hedged per 31.12.2020. Average interest rate on the hedged part of the portfolio is 2.43 %. 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 31.12.2020.

Credit risk

The Fund has risks associated with its tenants on the properties. The tenants economy and financial strength, and thus their ability to serve the rent, has great significance for the risk associated with the loss of rent/income. The risk of vacancy depends to a large extent on the economic conditions. Vacancy in a property will lead to loss of rental income and cause the fund to cover the missing common costs. The fund strives to achieve a bank guarantee or rent deposit upon signing or renegotiating lease contracts.

Risk of liquidity

The Board assesses the 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.

Future developmenta

The year 2020 has been very special due to the Coronavirus. The Norwegian government has resolved very good economic support to the most affected sectors. It is however too early to say what the situation will be like at the end of the global pandemic. The macroeconomic indicators are more uncertain, the interest is rising, numbers of unemployed are higher than we have seen the last years, but there are also many positive factors with good conditions for other sectors. The Board still believe investments in real estate in Norway are attractive long-term investment opportunities due to factors such as strong public finances and a favorable demographic development.

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

Oslo, 25 March 2021

bankID SIGNERT 25.03.2021
Henningsen, Bjørn

Bjørn Henningsen
Chairman

bankID SIGNERT 25.03.2021
Moe, Lars Even

Lars Even Moe
Board member

bankID SIGNERT 25.03.2021
Landvik, Øystein A.

Øystein A. Landvik
Board member

UNION Real Estate Fund II Holding AS

Statement of comprehensive income

Parent company				Consolidated group	
2020	**2019**	All amounts in NOK 1 000	**Note**	**2020**	**2019**
-	-	Gross rental income	4	198 302	221 050
-	-	Property operating expenses		(29 464)	(34 688)
-	-	**Net rental and related income**	10	**168 839**	**186 362**
-	-	Other income		3 380	1 562
-	-	Profit/(loss) sale of property		7 145	4 340
-	-	Adjustment to value of investment property	10	107 519	200 685
(17 394)	(22 623)	General and administrative expenses	5 6 14 19	(57 811)	(63 381)
(17 394)	**(22 623)**	**Operating profit**		**229 072**	**329 568**
874	1 044	Financial income	16	796	5 385
134 404	186 429	Change in fair value shares		-	-
(1 732)	(3 657)	Financial costs	5	(78 476)	(80 301)
-	-	Share of net profit/(loss) from joint ventures and associates	16	9 775	24 536
133 546	**183 817**	**Net financial items**	7 13	**(67 906)**	**(50 380)**
116 153	**161 193**	**Profit before tax**	12	**161 166**	**279 189**
(1 107)	2 083	Income tax expense	8	(39 825)	(40 445)
115 045	**163 276**	**Profit for the year**		**121 341**	**238 744**
		Other comprehensive income			
-	-	Net other comprehensive cost / income		(1 934)	(28 601)
-	-	Tax related to other comprehensive income	8	-	-
115 045	**163 276**	**Total comprehensive income for the year**		**119 407**	**210 142**
		Profit for the year attributable to:			
		Equity holders of the parent company		116 695	191 939
		Non-controlling interests		4 646	46 805
				121 341	**238 744**
		Total comprehensive income attributable to:			
		Equity holders of the parent company		114 761	163 337
		Non-controlling interests		4 646	46 805
				119 407	**210 142**

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UNION Real Estate Fund II Holding AS

Statement of financial position at 31 December

Parent company				Consolidated group	
2020	**2019**	All amounts in NOK 1 000	**Note**	**2020**	**2019**
		ASSETS			
		Non-current assets			
-	-	Investment property	3 4 10 11	3 373 171	3 771 058
1 791 237	1 730 631	Investments in subsidiaries	2 11	-	-
-	-	Investments in associated companies and joint ventures	3 16	174 064	105 001
34 758	24 563	Loans to group companies		-	-
-	-	Other long term receivables		1 280	1 334
12 326	13 433	Deferred tax assets	8	-	-
1 838 321	**1 768 627**	**Total non-current assets**		**3 548 515**	**3 877 394**
		Current assets			
-	-	Investment property held for sale	18	567 124	280 547
-	-	Accounts receivable	12	1 707	2 507
90	90	Other receivables	12	63 689	63 385
10 141	22 022	Cash and cash equivalents	12 17	126 047	163 314
10 231	**22 112**	**Total current assets**	9	**758 567**	**509 753**
1 848 553	**1 790 739**	**TOTAL ASSETS**	20	**4 307 082**	**4 387 147**
		EQUITY AND LIABILITIES			
		Equity			
		Paid in capital			
40 373	38 129	Issued capital		40 373	38 129
1 298 258	1 340 747	Share premium		1 341 607	1 384 096
1 338 631	**1 378 876**	**Total paid in capital**	14	**1 381 980**	**1 422 225**
		Accumulated profits			
160 296	200 416	Fund for unrealised gains		-	-
349 180	194 016	Retained earnings		465 842	351 082
509 477	**394 431**	**Total accumulated profits**		**465 842**	**351 082**
		Non-controlling interests	15	156 122	285 965
1 848 108	**1 773 307**	**Total equity**		**2 003 944**	**2 059 271**
		Non-current liabilities			
-	-	Interest-bearing loans and borrowings	11 13 17	1 682 995	2 199 607
-	-	Deferred tax liabilities	8	90 286	56 926
-	-	Other long term liabilities		200	-
-	-	**Total non-current liabilities**	14	**1 773 481**	**2 256 534**
		Current liabilities			
299	10 168	Current interest-bearing loans and borrowings	11 13 17	482 965	10 168
111	74	Accounts payable	12	14 034	8 263
-	-	Liabilities for current tax	8	2 369	4 852
35	7 190	Other current liabilities	12	30 290	48 059
445	**17 432**	**Total current liabilities**	14	**529 657**	**71 342**
445	**17 432**	**Total liabilities**	9	**2 303 138**	**2 327 875**
1 848 553	**1 790 739**	**TOTAL EQUITY AND LIABILITIES**	20	**4 307 082**	**4 387 147**

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

Lars Even Moe	Bjørn Henningsen	Øystein A. Landvik
Board member	Chair	Board member

UNION Real Estate Fund II Holding AS

Statement of changes in equity

All amounts in NOK 1 000	Note	Attributable to parent company equity holders				
Consolidated group		**Share capital**	**Share premium**	**Retained earnings**	**Non-controlling interests**	**Total equity**
Equity as at 31.12.2018		**26 475**	**978 722**	**187 745**	**330 267**	**1 523 208**
Share issues		11 654	512 762	-	17 589	542 005
Dividends distributed		-	(107 388)	-	(108 697)	(216 084)
Total comprehensive income		-	-	163 337	46 805	210 142
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**

Parent company	**Share capital**	**Share premium**	**Fund for unrealised gains**	**Retained earnings**	**Total equity**
Equity as at 31.12 2018	**26 475**	**935 372**	**142 691**	**88 464**	**1 193 002**
Share issues	11 654	512 762	-	-	524 416
Dividends distributed	-	(107 388)	-	-	(107 388)
Total comprehensive income	-	-	57 724	105 552	163 276
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**

UNION Real Estate Fund II Holding AS

Statement of cash flows

Parent company				Consolidated group	
2020	**2019**	All amounts in NOK 1 000	**Note**	**2020**	**2019**
		Cash flow from operating activities			
116 153	161 193	Profit before tax for the year from total operations		161 166	279 189
(134 404)	(186 429)	Change in value shares		(9 775)	(24 536)
-	(58)	(Profit) / loss sale of shares		-	317
-	-	Adjustment to value of investment property		(107 519)	(200 685)
-	-	(Profit) / loss sale of property		(7 145)	(4 340)
-	336	(Increase)/decrease in accounts receivable		800	647
-	8 250	(Increase)/decrease in other receivables		(1 781)	(54 512)
37	(18)	Increase/(decrease) in accounts payable		5 771	(1 885)
(7 155)	6 381	Increase/(decrease) in other current liabilities		(17 769)	31 453
-	-	Income taxes paid		(5 980)	(4 817)
(25 370)	**(10 345)**	**Net cash flow from operating activities**		**17 768**	**20 829**
		Cash flows from investing activities			
-	-	Purchase of investment property		(59 612)	(1 111 705)
-	-	Sale of properties		284 127	458 459
-	118	Sale of subsidiaries		-	-
		Purchase of associates		(82 000)	-
-	-	Sale of joint ventures		-	325
174 524	128 705	Repayment of investments / distributions		21 000	-
-	(525 718)	Acquisition of subsidiaries		-	-
(18 725)	-	Capital contribution to subsidiaries		-	-
(92 196)	(858)	(Increase)/decrease in intercompany loan		-	-
63 603	(397 752)	**Net cash flow used in investing activities**		**163 515**	**(652 920)**
		Cash flows from financing activities			
101 000	524 416	Proceeds from issue of share capital		101 000	542 005
(141 245)	(107 388)	Dividend		(275 734)	(216 084)
82 000	160 000	Proceeds from borrowings		864 425	805 159
(91 869)	(159 067)	Repayment of borrowings		(908 241)	(422 470)
(50 114)	417 962	**Net cash flow from financing activities**		**(218 550)**	**708 610**
(11 881)	**9 863**	**Net increase/(decrease) in cash and cash equvivalents**		**(37 267)**	**76 519**
22 022	12 159	Cash and cash equivalents at beginning of period		163 314	86 794
10 141	**22 022**	**Cash and cash equivalents at end of period**		**126 047**	**163 314**

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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 2020 were approved in the board meeting at 25 March 2021.

The Group is engaged in the development, letting, management, operation, purchase and sale of office and retail properties in Norway. UNION Real Estate Fund 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 2020, and Norwegian disclose requirements listed in the Norwegian Accounting Act as of December 31 2020.

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.

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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)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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1.12 Financial assets and financial liabilities

Recognition and measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Other financial liabilities

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

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

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

Derecognition of financial assets and liabilities

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

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

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Offsetting of financial assets and liabilities

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

Impairment of financial assets

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

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

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

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

Derivative financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

1.17 Application of new and amended standards
No significant changes have been made to accounting principles compared with the principles used in the preparation of the financial statements for 2019. UNION Real Estate Fund II Holding AS has not implemented any new standards in the financial statement for 2020. There are no material new standards and interpretations not yet implemented.

1.18 Alternative Investment Funds
UNION Real Estate Fund 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.

UNION Real Estate Fund II Holding AS

Notes 2020

All amounts in NOK 1 000 unless otherwise stated

2 List of subsidiaries

The following subsidiaries are included in the consolidated financial statements:

Company	Business Office	Shareholding / voting rights	Acquisition date	Ownership interest	Ownership
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
Bekkestua Handelshus AS	Oslo	53,40 %	01.02.2017	53,40 %	Indirectly
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
Gauselbakken 8 Eiendom 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
Hovtun Dagligvare AS	Oslo	90,00 %	01.02.2017	90,00 %	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
Håkonsgaten 36 Eiendom AS	Oslo	53,40 %	01.02.2017	53,40 %	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
Lensmannslia Eiendom AS	Oslo	53,40 %	01.02.2017	53,40 %	Indirectly
Multianlegg 3 AS	Oslo	100,00 %	31.01.2019	100,00 %	Indirectly
Nedre Prinsdalsvei 70-72 Eiendom AS	Oslo	53,40 %	01.02.2017	53,40 %	Indirectly
Philip Pedersensvei 1 AS *	Oslo	100,00 %	18.08.2017	100,00 %	Directly
Romsøegården Eiendom AS	Oslo	100,00 %	30.09.2017	100,00 %	Indirectly
Sandviksveien 94 Eiendom AS	Oslo	53,40 %	01.02.2017	53,40 %	Indirectly
SOV Eiendomsinvest 2 AS	Oslo	100,00 %	19.01.2018	100,00 %	Directly
SOV Energi AS	Oslo	100,00 %	19.01.2018	100,00 %	Indirectly
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 Eiendom Holding AS	Oslo	100,00 %	10.09.2019	100,00 %	Directly
Valle Value AS	Oslo	100,00 %	12.12.2020	100,00 %	Indirectly
Valle Vision AS	Oslo	100,00 %	02.12.2019	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 2020 (consolidated in the ownership period):

Company	Business Office	Sold date	Shareholding / voting rights	Acquisition date	Ownership interest	Ownership
Auli Nærsenter Eiendom AS	Oslo	03.03.2020	53,40 %	01.02.2017	53,40 %	Indirectly
Hovtunsenteret AS	Oslo	16.12.2020	59,00 %	01.02.2017	59,00 %	Indirectly
Kvassnesvegen 42 Eiendom AS	Oslo	01.12.2020	53,40 %	01.02.2017	53,40 %	Indirectly
Leira 6 Eiendom AS	Oslo	03.03.2020	53,40 %	01.02.2017	53,40 %	Indirectly
Nyrudveien 4 Eiendom AS	Oslo	03.03.2020	53,40 %	01.02.2017	53,40 %	Indirectly
Samasenteret AS	Oslo	31.03.2020	67,00 %	01.02.2017	67,00 %	Indirectly
Stensviken 256 Eiendom AS	Oslo	03.03.2020	53,40 %	01.02.2017	53,40 %	Indirectly
Søbstadveien 12 Eiendom AS	Oslo	03.03.2020	53,40 %	01.02.2017	53,40 %	Indirectly
Tessemsvei 2 AS	Oslo	03.03.2020	53,40 %	01.02.2017	53,40 %	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 observable market data (i.e. unobservable inputs)

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

There were no transfers between levels in the period.

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

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

Semiannually all the properties are valued by independent, external valuer. The valuations at 31 December 2020 were obtained from Akershus Eiendom AS (www.akershuseiendom.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 the have received, and estimate future market rents, yields, inflation and other relevant parameters. Each individual property is assessed in terms of its market position, rental income (contractual rents versus market rents) and ownership cost, with estimates being made for anticipated vacancy levels and the need for alterations and upgrades. The remaining term of leases is also assessed for risk, along with any special clauses in the contracts. Each property is also compared with recently sold properties in the same segment (location, type of property, mix of tenants, etc.)

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 %	(147 000)	5,0 %	149 000
Discount rates	-0,25 %	154 000	0,25 %	(139 000)

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		Group	
	Subsidiaries	Joint ventures & associates	Investment property	Investment property held for sale
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/loss (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
Balance as of 1 January 2019	1 147 249	81 107	3 105 341	116 596
Additions	525 718	-	1 111 705	-
Disposals	-	(642)	(337 524)	(116 596)
Dividends	(128 765)	-	-	-
Transfer between categories	-	-	(219 199)	219 199
First day profits (other comprehensive income)	-	-	(28 601)	-
Change in fair value	186 429	24 536	139 337	61 348
Balance as of 31 December 2019	1 730 631	105 001	3 771 058	280 547

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:

	Consolidated group	
Lease income from operating leases	**2020**	**2019**
Lease income from investment properties	198 302	221 050
Total	**198 302**	**221 050**

The Group's future accumulated rent from non-terminable operational lease contracts at 31.12.	**2020**	**2019**
Within 1 year	175 326	177 684
Between 1 and 5 years	510 752	397 140
Later than 5 years	282 271	170 181
Total	**968 349**	**745 005**

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5 Wages and remuneration

Number of employees
The parent company have no employees.

The Group has in 2020 had 1 full-time employee.

Wage costs	Parent company 2020	Parent company 2019	Consolidated grou 2020	Consolidated grou 2019
Salary	-	-	787	745
Payroll tax	-	-	125	121
Pension costs	-	-	41	44
Other benefits	-	-	84	80
Total wage costs	-	-	**1 037**	**990**

Remuneration to members of the Board
The Board has not received any remuneration for their work.

Expensed audit fee (excl. VAT)	Parent company[1] 2020	Parent company[1] 2019	Consolidated grou 2020	Consolidated grou 2019
Statutory audit	279	254	1 275	955
Other assurance services	15	15	84	15
Other non-assurance services	83	177	145	206
Tax consultant services	38	-	42	-
Total expensed audit fee	**416**	**446**	**1 546**	**1 176**
Non-expensed other non-assurance services	-	-	-	279
Total audit fee	**416**	**446**	**1 546**	**1 456**

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

Shares held by Board members[2]	Position	2019
Bjørn Henningsen	Chair	0,24 %
Lars Even Moe	Board member	0,24 %
Øystein A. Landvik	Board member	0,24 %
Total		**0,71 %**

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

6 General and administrative expenses

General and administrative expenses	Parent company 2020	Parent company 2019	Consolidated grou 2020	Consolidated grou 2019
Auditor's fee	416	446	1 546	1 176
Wage costs	-	-	1 037	990
Management fee	15 318	20 493	37 298	37 882
Other fees	1 373	1 423	12 203	17 937
Other general and administrative expenses	287	262	5 727	5 395
Total general and administrative expenses	**17 394**	**22 623**	**57 811**	**63 381**

7 Financial income and costs

Financial income	Parent company 2020	Parent company 2019	Consolidated grou 2020	Consolidated grou 2019
Change fair value shares	134 404	186 429	-	-
Interest income on cash and cash equivalents	3	112	795	873
Interest income on group receivables	871	823	-	-
Other interest income	-	-	-	879
Dividends and other contributions	-	50	-	-
Profit sale of shares	-	58	-	-
Change fair value swaps	-	-	-	2 518
Share of net profit from joint ventures	-	-	9 775	24 536
Other financial income	-	-	1	1 115
Total financial income	**135 279**	**187 473**	**10 571**	**29 921**
Financial costs				
Interest expense on financial liabilities	930	688	71 303	80 301
Change fair value swaps	-	-	3 744	-
Other financial costs	774	2 969	3 429	-
Total financial costs	**1 732**	**3 657**	**78 476**	**80 301**
Net financial items	**133 546**	**183 817**	**(67 906)**	**(50 380)**

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8 Income tax

Income tax expense	Parent company 2020	Parent company 2019	Consolidated grou 2020	Consolidated grou 2019
Current tax:				
Tax payable	-	-	3 497	3 303
Deferred tax:				
Changes in deferred tax	1 107	(2 083)	(9 414)	(18 849)
Changes in deferred tax on value of investment property	-	-	37 877	55 992
Correction of previous years deferred tax	-	-	7 865	-
Total income tax expense	**1 107**	**(2 083)**	**39 825**	**40 445**

Reconciliation of the effective rate of tax	Parent company 2020	Parent company 2019	Consolidated grou 2020	Consolidated grou 2019
Income taxes calculated at 22% (2018: 23%) of profit before tax	25 554	35 462	35 457	61 422
IFRS tax adjustments	4 842	-	-	-
Tax related to change in value of shares	(29 569)	(41 014)	(2 151)	(5 398)
Tax effect on non deductible expenses	280	3 480	280	3 243
Non-taxable income	-	(11)	-	-
Tax effect on non-recognised tax asset / aquired tax assets	-	-	6 239	(18 822)
Total income tax expense	**1 107**	**(2 083)**	**39 825**	**40 445**

Deferred tax and deferred tax assets:	Parent company 2020	Parent company 2019	Consolidated grou 2020	Consolidated grou 2019
Deferred tax assets				
Tax losses carried forward	56 026	61 059	180 639	171 656
Other deferred tax assets	-	-	13 678	9 010
Deferred tax assets - gross	56 026	61 059	194 317	180 666
Deferred tax liabilities				
Investment property	-	-	569 780	397 614
Profit and loss accounts	-	-	8 462	10 577
Other deferred tax liabilities	-	-	31 329	35 101
Deferred tax liabilities - gross	-	-	609 571	443 291
Net deferred tax asset/(liabilities)	**56 026**	**61 059**	**(415 254)**	**(262 626)**
Net recognised deferred tax asset/(liabilities)	**56 026**	**61 059**	**(410 393)**	**(258 755)**
Book value at 31.12 (22 / 23 %)	**12 326**	**13 433**	**(90 286)**	**(56 926)**

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 2020	Parent company 2019	Consolidated grou 2020	Consolidated grou 2019
Financial assets designated as FVTPL				
Investments in subsidiaries	1 791 237	1 730 631	-	-
Investments in joint ventures	-	-	174 064	105 001
Financial assets at amortised cost				
Loans to group companies	34 758	24 563	-	-
Total non current financial assets	**1 825 995**	**1 755 194**	**174 064**	**105 001**
Financial assets - current				
Financial assets at FVTPL				
Interest rate swap	-	-	-	2 617
Investments in debt instrument measured at amortised cost				
Accounts receivables	-	-	1 707	2 507
Other receivables	90	90	63 689	60 768
Cash and cash equivalents	10 141	22 022	126 047	163 314
Total current financial assets	**10 231**	**22 112**	**191 443**	**229 206**
Financial liabilities - non current				
Financial liabilities held at amortised cost				
Secured bank debt	-	-	1 682 995	2 199 607
Other non current liabilities	-	-	200	-
Total non current liabilities	**-**	**-**	**1 683 194**	**2 199 607**

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9 Carrying amounts and fair value of financial instruments continues

Financial liabilities - current				
Financial liabilities at FVTPL				
Interest rate swap	-	-	1 127	-
Financial liabilities at amortised cost				
Secured bank debt	299	10 168	482 965	10 168
Accounts payables	111	74	14 034	8 263
Debt to group companies	-	6 300	-	-
Current tax liability	-	-	2 369	4 852
Accrued expenses / other current liabilities	35	890	29 164	48 059
Total current liabilities	**445**	**17 432**	**529 657**	**71 342**

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

	Consolidated group	
Investment property	**2020**	**2019**
Opening balance as at 1 January	4 051 605	3 221 937
Additions from acquisitions	-	1 061 468
Enhancement expenditure capitalised	59 612	50 237
Disposed entities	(276 981)	(454 120)
First-day-profit	(1 459)	(28 601)
Net gain/loss on changes in fair value	107 519	200 685
Balance at 31 December	**3 940 295**	**4 051 605**

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:

	2020	**2019**
Yields (%)	4,70 %	5,10 %
Inflation rate (%)	0,70 %	1,40 %
Long term vacancy rate (%)	6,00 %	9,30 %
Long term growth rate in real rental terms (%)	2,00 %	2,00 %

The Fund's portfolio was as of 31 December 2020 valued at an average net yield of 4.7 %. The corresponding gross yield was 5.7 % and average owner's costs were 7.4 %. We believe the current valuation is reflective of the underlying values of the properties in the Fund, taking into consideration property specific value drivers such as Weighted Average Lease Term (WALT), locations, rent levels, counterparties, vacancy rates, etc.

The inflation rate of 0.7 % in 2020 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 6.0 %. In 2019 the Fund acquired properties with substantial vacant areas with an underlying business plan to refurbish and re-let these areas. The manager is currently underway in reducing the current vacancy rate according to business plan. The long term growth rate in real rental terms is set according to the Norwegian Central Bank's inflation target as of 31 December 2020, of 2.0 %.

Changes in fair value is recognised in the period to which the profit/loss relates. The latest independent valuation was carried out on 31 December 2020. Investment properties are not depreciated.

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

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

	Parent company		**Consolidated group**	
Income and expenditure relating to investment properties	**2020**	**2019**	**2020**	**2019**
Rental income	-	-	198 302	221 050
Direct operating expenses of properties that generated income	-	-	(29 464)	(34 688)
Balance at 31 December	-	-	**168 839**	**186 362**

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11 Pledged assets

	Parent company		Consolidated group	
	2020	2019	2020	2019
Carrying amount secured debt				
Secured long-term debt	-	-	1 682 995	2 199 607
Secured short-term debt	299	10 168	482 965	10 168
Book value of pledged assets				
Investment property held for sale	-	-	567 124	280 547
Fair value of investment property (land, building and fixtures)	-	-	3 373 171	3 771 058

It has been issued mortgages on the investment properties, as collateral for floating interest bank loans. At 31 December 2020 the loans are recognised at TNOK 2 165 959.

The pledge under the facilities vary, but typically the lender has a first priority pledge over the property, a first prioity 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)

	Parent company		Consolidated group	
Amount of transactions	**2020**	**2019**	**2020**	**2019**
Management fee	15 318	20 493	37 298	37 882
Rental fee	-	-	2 902	1 901
Property management	-	-	1 635	-
Project fee	-	-	793	1 813
Other fees	-	-	6 301	9 901

	Parent company		Consolidated group	
Outstanding balances	**2020**	**2019**	**2020**	**2019**
Accounts receivable	-	-	17	390
Accounts payable	-	-	-	-
Balance at 31 December	-	-	**17**	**390**

Transactions with subsidiaries

	Parent company		Consolidated group	
Amount of transactions	**2020**	**2019**	**2020**	**2019**
Interest received / paid	849	823	-	-
Dividends received	174 524	128 705	-	-

	Parent company		Consolidated group	
Outstanding balances	**2020**	**2019**	**2020**	**2019**
Other receivables	34 758	24 653	-	-
Other current liabilities	-	(6 300)	-	-
Balance at 31 December	**34 758**	**18 353**	-	-

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12 Related parties

Transactions with joint ventures

	Parent company		Consolidated group	
Amount of transactions	**2020**	**2019**	**2020**	**2019**
Dividends received	-	-	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	**2021**	**2022**	**2023**	**2024**	**2024 and later**
Interest-bearing loans and borrowings	299	-	-	-	-

Maturity plan - Consolidated group	**2021**	**2022**	**2023**	**2024**	**2024 and later**
Interest-bearing loans and borrowings	482 965	967 931	489 264	225 800	-

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

At 31 December 2020 the group have accounts receivable of TNOK 1 707. 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 2020, the Group had pay-fixed interest-rate swaps in place with a nominal value of TNOK 156 , and its net debt was 7.2 % fixed. The Groups swaps were realized in the first quarter of 2021.

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

	Parent company 2020	**Parent company 2019**	**Consolidated group 2020**	**Consolidated group 2019**
One year or less, or on demand	-	-	156 000	150 000
More than one year but not more than two years	-	-	-	306 000
More than two years but not more than five years	-	-	-	-
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 2020

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	2020	2019
Ordinary shares, nominal amount NOK 1	39 977 151	37 754 711
Sponsorshares, nominal amount NOK 1	395 813	373 809
Total number of shares	**40 372 964**	**38 128 520**

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 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**
As at December 31 2018	26 215 269	259 557	26 474 826
Share redemption	-	-	-
Issued during the period	11 539 442	114 252	11 653 694
Issued as of 31 December 2019 - fully paid in	**37 754 711**	**373 809**	**38 128 520**

14.2 Shareholders

	Ordinary shares	Sponsor shares	Ownership interest	Voting interest
Eltek Holding AS	791 627	-	1,96 %	1,96 %
Ews Stiftelsen	395 813	-	0,98 %	0,98 %
Farvatn Capital AS	1 583 253	-	3,92 %	3,92 %
Geveran Trading Co. Limited	6 333 014	-	15,69 %	15,69 %
Harbam AS	395 813	-	0,98 %	0,98 %
Haslelund Holding AS	474 976	-	1,18 %	1,18 %
Joh Johannson Eiendom AS	3 958 134	-	9,80 %	9,80 %
Livsforsikringsselskapet Nordea Liv Norge AS	1 504 091	-	3,73 %	3,73 %
Marienlyst Eiendom AS	316 651	-	0,78 %	0,78 %
Ngh Invest AS	395 813	-	0,98 %	0,98 %
Pactum AS	949 952	-	2,35 %	2,35 %
Paus & Paus Eiendom AS	395 813	-	0,98 %	0,98 %
Sjømennenes Hus Eiendom AS	316 651	-	0,78 %	0,78 %
Skips As Tudor	474 976	-	1,18 %	1,18 %
Spleismark Næring AS	791 627	-	1,96 %	1,96 %
Swap Invest AS	474 976	-	1,18 %	1,18 %
Tomte Forvaltning AS	395 813	-	0,98 %	0,98 %
Union Real Estate II LP	16 128 746	-	39,95 %	39,95 %
Øylaks AS	316 651	-	0,78 %	0,78 %
Aakvik Holding AS	316 651	-	0,78 %	0,78 %
Sum top 20 shareholders	**36 711 041**	-	**90,93 %**	**90,93 %**
Other shareholders	3 266 110		8,09 %	8,09 %
UREF II Sponsor AS	-	395 813	0,98 %	0,98 %
Total number of shares 31.12.2020	**39 977 151**	**395 813**	**100,00 %**	**100,00 %**

14.3 Dividends

	2020		2019	
Cash dividends approved and paid	**NOK pr share**	**Total**	**NOK pr share**	**Total**
Ordinary shares				
Total dividends approved and paid	3,50	139 860	2,82	106 335
Sponsor shares				
Total dividends approved and paid	3,50	1 385	2,82	1 053
Total		**141 245**		**107 388**

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 2021 of total TNOK 181 114.
The proposed dividend has been approved at an extraordinary general meeting and are not recorded as liability at 31 December 2020.

UNION Real Estate Fund II Holding AS

Notes 2020

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 aclculated 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.

	2020	2019
Borrowings	2 165 959	2 209 775
Less cash and cash equivalents	(126 047)	(163 314)
Net debt	2 039 913	2 046 462
Total equity	2 003 944	2 059 271
Total capital resources	4 043 857	4 105 733
Gearing ratio	50,4 %	49,8 %

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

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 60 and 70 per cent as well as a maximum Interest Coverage Ratio (ICR) of 1,75x. No breaches of covenants arose in any form in 2020.

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.

	2020	2019
The Company's ownership		
Frost Retail Holding AS	53,4 %	53,4 %
Summarised income statement for Frost Retail Holding AS		
Revenue	40 162	68 749
Profit/(Loss) for the year	11 243	72 236
Summarised balance sheet for Frost Retail Holding AS		
Total assets	656 586	951 685
Total liabilities	(349 100)	(391 967)
Net assets	307 486	559 718
Non-controlling interests	156 122	285 965
Equity attributable to shareholders of UNION Real Estate Fund II Holding AS	151 364	273 753

There has been paid a total dividend of TNOK 134 489 to non-controlling interests in 2020 (2019: TNOK 108 697).

UNION Real Estate Fund II Holding AS

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All amounts in NOK 1 000 unless otherwise stated

16 Joint ventures and associated companies

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

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

Trondheim Areal AS
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.

	Trondheim Areal AS		Bekkefaret Bolig AS		Borgenveien 50 AS	
Income statement	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Revenues	48 043	-	-	-	7 199	7 106
Operating costs	(10 022)	-	(549)	(558)	(755)	(456)
Adjustment to value of investment property	4 904	-	9 275	45 155	8 309	10 796
Net interest	(33 328)	-	(926)	(1 664)	(1 767)	(1 285)
Income tax expense	(948)	-	(2 041)	(9 445)	(117)	(3 300)
Profit for the period	**8 649**	-	**5 760**	**33 488**	**12 869**	**12 861**
Other comprehensive income	-	-	-	**1 585**	**(4 127)**	**1 214**
Total comprehensive income	**8 649**	-	**5 760**	**35 073**	**8 742**	**14 075**
Assets and liabilities						
Investment properties	921 762	-	472 830	207 905	137 033	128 725
Other non current assets	1 918	-	-	-	-	-
Cash and cash equivalents	25 616	-	5 107	6 987	4 932	4 114
Other current assets	5 258	-	74 345	14 868	35	28
Current liabilities	(8 109)	-	(13 573)	(37 367)	(7 353)	(4 292)
Non current liabilities	(609 796)	-	(411 522)	(70 966)	(82 031)	(40 000)
Net assets	**336 649**	-	**127 188**	**121 428**	**52 616**	**88 574**
Dividends received from the joint venture						-
Reconciliation to carrying amounts						
Opening net assets 1 January	-	-	121 428	86 355	88 574	74 499
Acquisition	328 000	-	-	-	-	-
Profit/(loss) for the period	8 649	-	5 760	33 488	12 869	12 861
Other comprehensive income	-	-	-	1 585	(4 127)	1 214
Dividends paid	-	-	-	-	(44 700)	-
Closing net assets	**336 649**	-	**127 188**	**121 428**	**52 616**	**88 574**
Group's share in %	25 %		50 %	50 %	50 %	50,0 %
Carrying amount	84 162		63 594	60 714	26 308	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 2020

All amounts in NOK 1 000 unless otherwise stated

17 Reconciliation of liabilities arising from financing activities

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

Net debt	2020	2019
Cash and cash equivalents	126 047	163 314
Borrowings - repayable within one year (including overdraft)	(482 965)	(10 168)
Borrowings - repayable after one year	(1 682 995)	(2 199 408)
Net debt at 31.12	**(2 039 913)**	**(2 046 262)**
Cash and liquid investments	126 047	163 314
Gross debt - fixed interest rates	(156 000)	(150 000)
Gross debt - variable interest rates	(2 009 959)	(2 059 576)
Net debt at 31.12	**(2 039 913)**	**(2 046 262)**

	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 01.01.2019	86 794	(9 235)	(1 817 852)	(1 740 292)
Cash flows	76 519	(3 473)	(387 311)	(314 265)
Other non-cash movements				
Amortised loan fees	-	2 539	3 237	5 777
Fair value change swap	-	-	2 518	2 518
Reclassification to short term debt	-	-	-	-
Net debt as at 31.12.2019	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	-	(482 665)	482 665	-
Net debt as at 31.12.2020	126 047	(482 965)	(1 682 995)	(2 039 913)

18 Investment property held for sale

As of 31 December 2020, 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".

Philip Pedersensvei 1 AS
Trondheimsveien 85 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 36 600 in 2020.

The subsidiaries that have been sold in 2020 (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 2020

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 2020 the employees in the management company received a total of MNOK 46,628 as wage compensation (including fixed and variable compensation). The leading management of the management company received a total of MNOK 16,357 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 2020-accounts.

Annual report, disclosure to investors and reporting to competent authorities

The following table provides information about the direct and indirect costs, where the columns "direct costs" illustrate the costs expensed in UNION Real Estate Fund 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	
	2020	**2019**	**2020**	**2019**
Auditor's fee	416	446	1 130	730
Management fee	15 318	20 493	21 980	17 389
Other fees	1 373	1 423	10 830	16 514
Other general and administrative expenses	287	262	6 477	6 124
Total general and administrative expenses	**17 394**	**22 623**	**40 417**	**40 757**

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: skatteetaten.no/sendepost	22 17 08 60

"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 Eiendomskapital AS Postboks 1715 vika 0121 OSLO

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer