



NORWEGIAN
PROPERTY

2nd quarter 2017

Oslo, 12 July 2017



Agenda

- **Highlights**
- Financial update
- Markets and operations
- Closing remarks
- Q&A session

Q2 in short:

- Revenues NOK 196.5 million
- Earnings per share (EPS), NOK 0.47
- Dividend of NOK 0.07 per share for Q2
- Improving rental markets
- Extending debt duration - bond issues at favorable terms
- Recruitment process new CEO ongoing



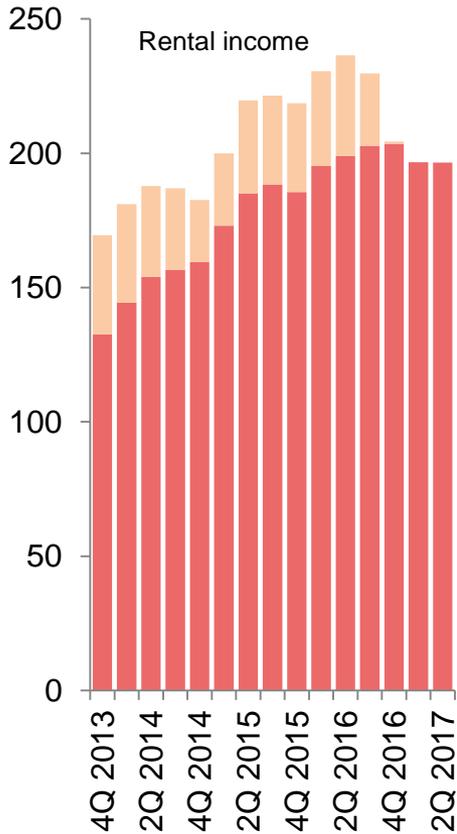


Agenda

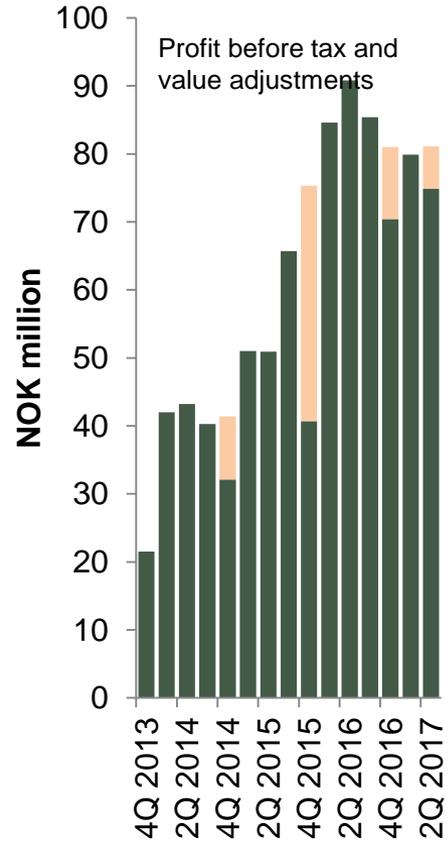
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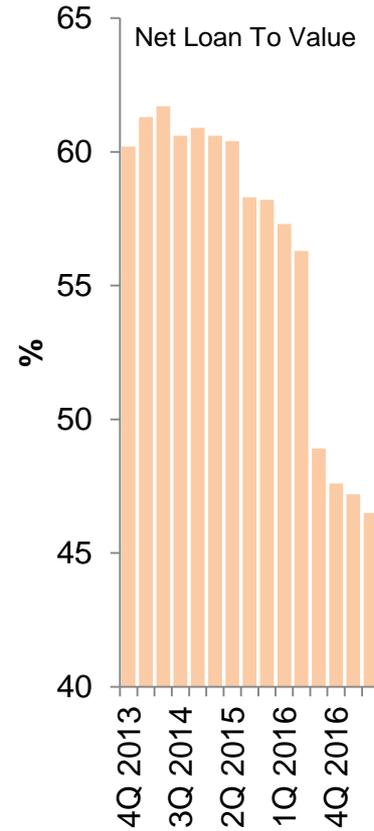
Financial highlights



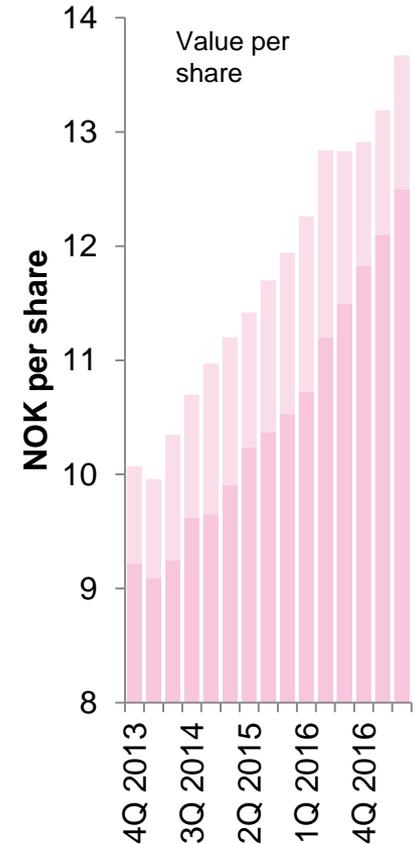
- Sold assets *)
- Quarterly rental income



- One-off
- Profit before tax and value adj.



- Net LTV incl. vendor financing



- EPRA NAV
- Net asset value (NAV)

*) Revenues related to sold properties; Skøyen-portfolio, Lysaker Torg 35, Maridalsveien 323, Strandvingen 10, Stortingsgata 6 and Finnstadveien 44



Income statement – Q2 2017

NOK million	Q2 2017	Q2 2016
Revenue ¹	196.5	236.4
Property-related operational expenses ²	(16.0)	(16.2)
Other property-related expenses	(14.5)	(13.9)
Administrative expenses ³	(16.5)	(11.7)
Operating profit before value adjustments	149.5	194.7
Change in market value of investment property	243.7	257.0
Operating profit	393.2	451.7
Realised financial items ⁴	(74.6)	(103.8)
Change in market value of financial derivative instruments	7.1	36.5
Net financial items	(67.5)	(67.3)
Profit before income tax	325.7	384.4
Income tax (not payable)	(67.2)	(95.6)
Profit for the period	258.5	288.8
Earnings per share (NOK)	0.47	0.53
Profit before income tax and value adjustments	74.9	90.8

¹ Adjusted for purchase and sale of properties, revenue is reduced with NOK 4.7 million from Q2 2016 to Q2 2017

² Property tax introduced in Oslo in 2017

³ Including NOK 4.2 million for CEO severance payment

⁴ Including NOK 2.0 million expensed establishment fees related to refinanced debt



Income statement – YTD 2017

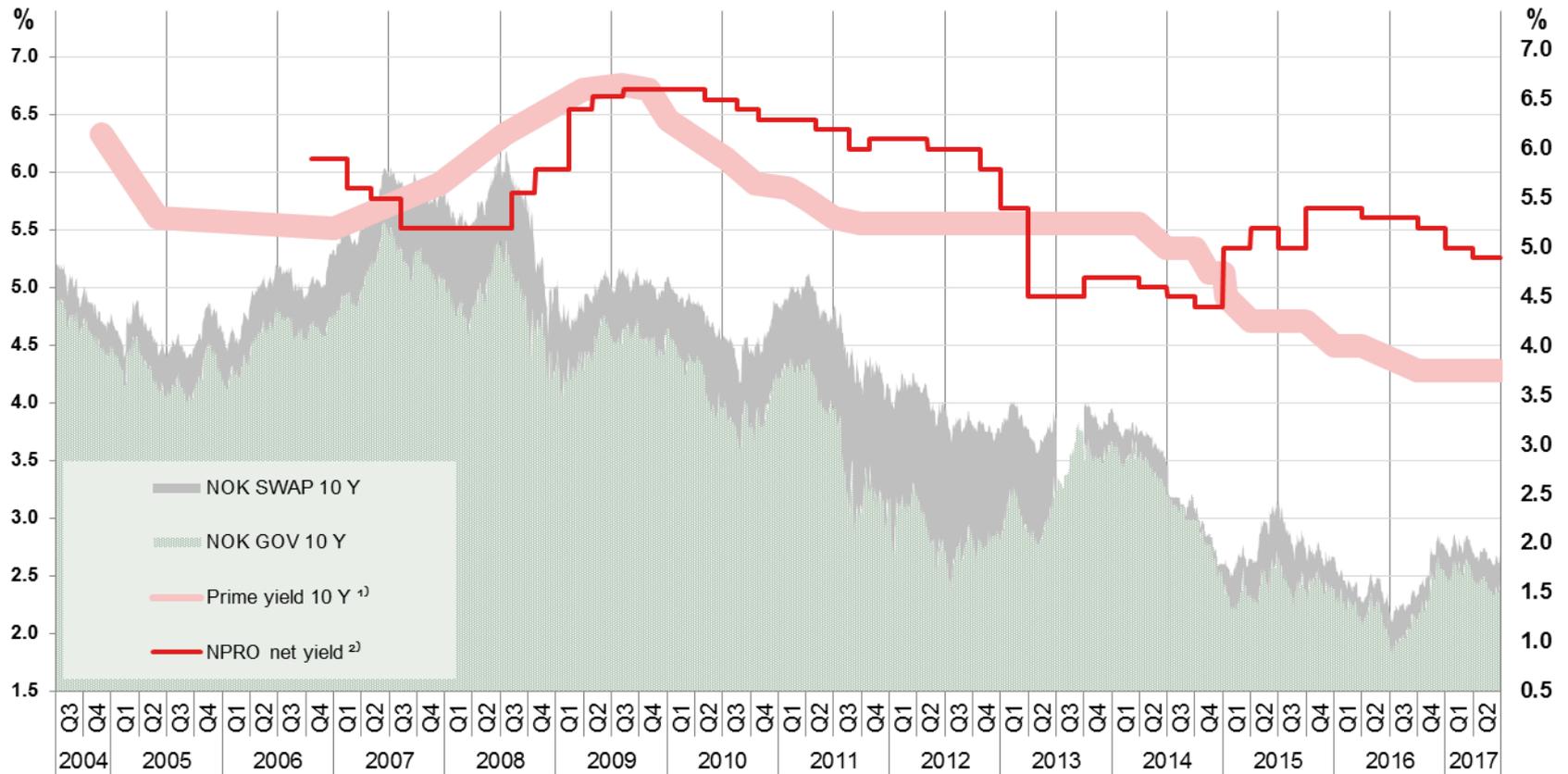
NOK million	H1 2017	H1 2016
Revenue ¹	393.1	466.9
Property-related operational expenses ²	(32.8)	(28.6)
Other property-related expenses	(28.2)	(28.3)
Administrative expenses	(29.0)	(26.5)
Operating profit before value adjustments	303.2	383.5
Change in market value of investment property	440.4	366.0
Operating profit	743.6	749.5
Realised financial items	(148.4)	(208.1)
Change in market value of financial derivative instruments	17.7	(2.5)
Net financial items	(130.7)	(210.6)
Profit before income tax	612.9	538.9
Income tax (not payable)	(142.3)	(150.3)
Profit for the period	470.6	388.6
Earnings per share (NOK)	0.86	0.71
Profit before income tax and value adjustments	154.8	175.4

¹ Adjusted for purchase and sale of properties, revenue is reduced with NOK 5.3 million from H1 2016 to H1 2017

² Property tax introduced in Oslo in 2017



Yield spread



¹ Source: Akershus Eiendom

² NPRO net yield as summarised in slide; Portfolio valuation by area Q2-2017



Portfolio valuation by area Q1-2017

- **External valuation conducted by Cushman & Wakefield and Akershus Eiendom**
 - Positive fair value adjustment of NOK 243.7 million (1.7 per cent of portfolio value)
 - NOK 25.9 million: negative effect from properties with short term contracts or vacancies
 - NOK 269.6 million: positive effect on other properties, primarily from reduced discount factors and increased rent assumptions

Area	Total space (m ²)	Duration (years)	Valuation		Gross rent per year		Net yield ¹ (%)	Space not generating revenue (%) ³	Adjusted vacancy ⁴	
			NOK mill.	NOK/m ²	NOK mill.	NOK/m ²				
Oslo	CBD	128 547	6.4	10 179.4	79 188	407.9	3 173	3.7	13.3	2.4
	Skøyen ²	41 606	1.7	943.2	22 670	97.9	2 353	9.5	0.0	0.0
	Nydalen	89 904	4.0	1 877.6	20 884	113.6	1 263	5.6	11.7	6.1
	Other	79 090	2.0	970.6	12 272	125.9	1 592	11.9	0.0	0.0
Total Oslo Portfolio		339 147	4.6	13 970.8	41 194	745.3	2 197	4.9	8.3	2.3
Stavanger		92 756	2.6	673.1	7 257	36.7	396	5.0	64.0 ⁵	57.3 ⁵
Total office portfolio ⁵		431 902	4.6	14 643.9	33 906	782.0	1 811	4.9	19.2⁵	13.1⁵

¹ For illustration; based on rents as of 30 June 2017 and estimated property expenses of 8 per cent

² Skøyen include Hovfaret 11 and Nedre Skøyenvei 24 and 26, properties agreed sold with take over in March 2019

³ Space not generating revenue comprise light areas (office, retail etc)

⁴ Including rental contracts signed, but not started as of 30 June 2017

⁵ Vacancy is calculated excluding Forusbeen 35 where a zoning process for conversion is initiated



Financial position

Interest bearing debt and hedging		30.06.2017	31.03.2017	31.12.2016
Total interest bearing debt	NOK million	6 933.0	6 973.6	6 767.2
Property value	NOK million	14 643.9	14 340.7	14 112.1
Net Loan to value ¹	Per cent	46.5	47.2	47.6
Cash and cash equivalents	NOK million	117.0	210.5	46.2
Unused committed credit facilities	NOK million	900.0	900.0	1 058.0
Average remaining duration, hedging	Years	4.2	4.3	4.1
Average interest rate (including margin)	Per cent	3.80	3.90	4.20
Average margin	Per cent	1.57	1.61	1.64
Average remaining duration, borrowing	Years	2.6	2.1	2.3
Hedging ratio	Per cent	62.8	63.8	63.3

¹ Net loan to value = net interest bearing debt divided by gross property value

Financing

Financing as of 30 June 2017

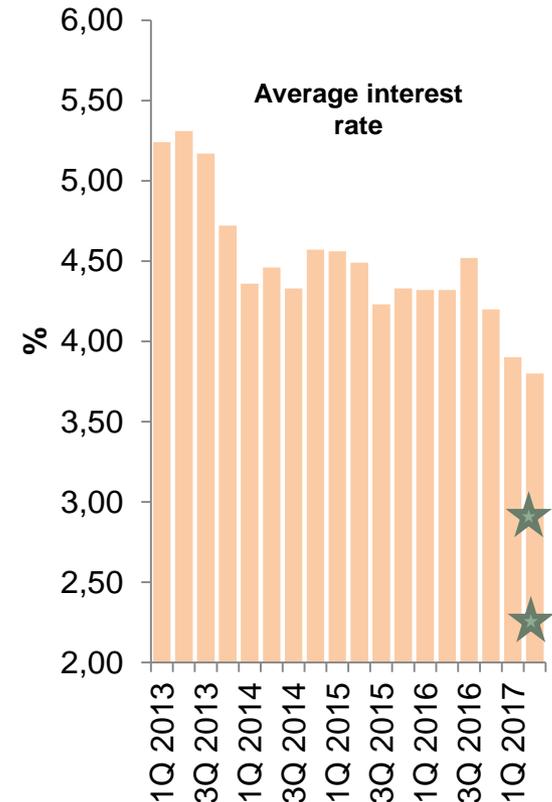
- Gross interest bearing debt NOK 6.93 bn
- Net Loan To Value (LTV) 46.5%
- Average interest cost 3.80%

New secured bond issue, May 2017, 7 years

- Amount NOK 0.67 bn
- Fixed rate (NOK 0.45 bn) 2.95%
- Floating rate (NOK 0.22 bn) ~ 2.28%
 - 3m NIBOR + 1.44%
- Bullet, possible future tap issues up to 0.95 bn

New secured bond issue, June 2017, 7 years

- Amount NOK 0.30 bn
- Fixed rate (NOK 0.30 bn) 2.93%
 - Swapped to 3m NIBOR + 1.41% = ~ 2.25%
- Bullet, possible future tap issues up to 0.4 bn





Balance sheet

NOK million	30.06.2017	30.06.2016
Investment properties	14 643.9	16 680.2
Property, plant and equipment	47.3	46.3
Receivables	97.2	146.7
Cash and cash equivalents	117.0	16.0
Equity	6 854.0	6 140.6
Deferred tax	614.0	409.7
Long term interest bearing debt	4 473.2	4 521.9
Short term interest bearing debt	2 459.8	4 883.7
Market value financial derivatives (net)	275.1	667.7
Net other debt	229.3	265.6
Equity ratio (%)	46.0	36.3
NAV per share, book value of equity (NOK)	12.50	11.20
EPRA NAV per share (NOK)	13.67	12.84
EPRA NNAV per share (NOK)	13.33	12.01



Cash flow – Q2 2017

NOK million	Q2 2017	Q2 2016
Cash flow from operating activities	47.3	59.2
Cash received from sale of assets	-	(0.2)
Purchase of tangible assets	(59.7)	(50.5)
Cash flow from investment activities	(59.7)	(50.7)
Net change in interest bearing debt	(42.8)	10.1
Paid dividend	(38.4)	(27.4)
Net cash flow from financing activities	(81.1)	(17.3)
Net change in cash	(93.5)	(8.8)
Net cash at end of period	117.0	16.0



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Market trends



:: AKER BRYGGE, OSLO:
BRYGGETORGET::

Rental market Oslo

- Limited new office space supply near term
- Higher level of lease expiries in 2017-2019
- Space vacancy 7 per cent, reduced vacancy – positive rental outlook
- High activity in rental market; 192' sqm signed in Q2 *
- Strong rents in CBD, inner city, Skøyen and Nydalen *

Rental market Stavanger

- Rental markets continue to be challenging, but initial phase of recovery

Transaction market still strong

- Strong transaction markets, total volume in H1-17 estimated to NOK 40 bn
- Prime yield 3.75%
- Swap-rates stabilising
- Still tight bank market; but bond market very competitive

Rental and retail update – Q2-2017



Rental contracts in Q2-2017

- Entered a total of 13 new contracts with annual gross rent of NOK 9.7 million

Retail revenues H1-2017

- Retailer's total revenue on Aker Brygge

- H1 - 2016	NOK 735 mill.
- H1 - 2017	NOK 831 mill.
- Growth y/y from 2016	+ 13.2 %
- Growth full year 2016/2015	+ 11.8 %



Forusbeen 35, Stavanger



- Zoning process initiated in partnership with Base Property
- Targeting appr. 39 000 sqm, mix of residential, long stay rental apartments, retirement homes and commercial areas

Gullhaug Torg 3, Nydalen

Mad



mad.no

Gullhaug Torg 1, 3, 5

Gullhaug Torg 1-5 sett fra vest

- Zoning process initiated in co-operation with Avantor
- Targeting appr. 23 000 sqm BTA, mix of residential and commercial space

Snarøyveien 36, Fornebu



- Main target to maintain use as office
- Still exploring possible transformation to residential

Badehusgaten, Stavanger

Badehusgaten 37, Stavanger

- Stavanger Kommune (Helsehuset) entering 10-year lease for 1 093 sqm
- Occupancy in Badehusgaten increased to ~ 70 % including future starting rents
- Increased interest as vacancy is reduced



:: BADEHUSGATA 33-39:
LEASE CONTRACT ENTERED



Badehusgaten plot, Stavanger

- Badehusgaten entered as one of seven alternatives in prequalification process for new Stavanger courthouse
- ~ 9 000 sqm BTA



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Summary

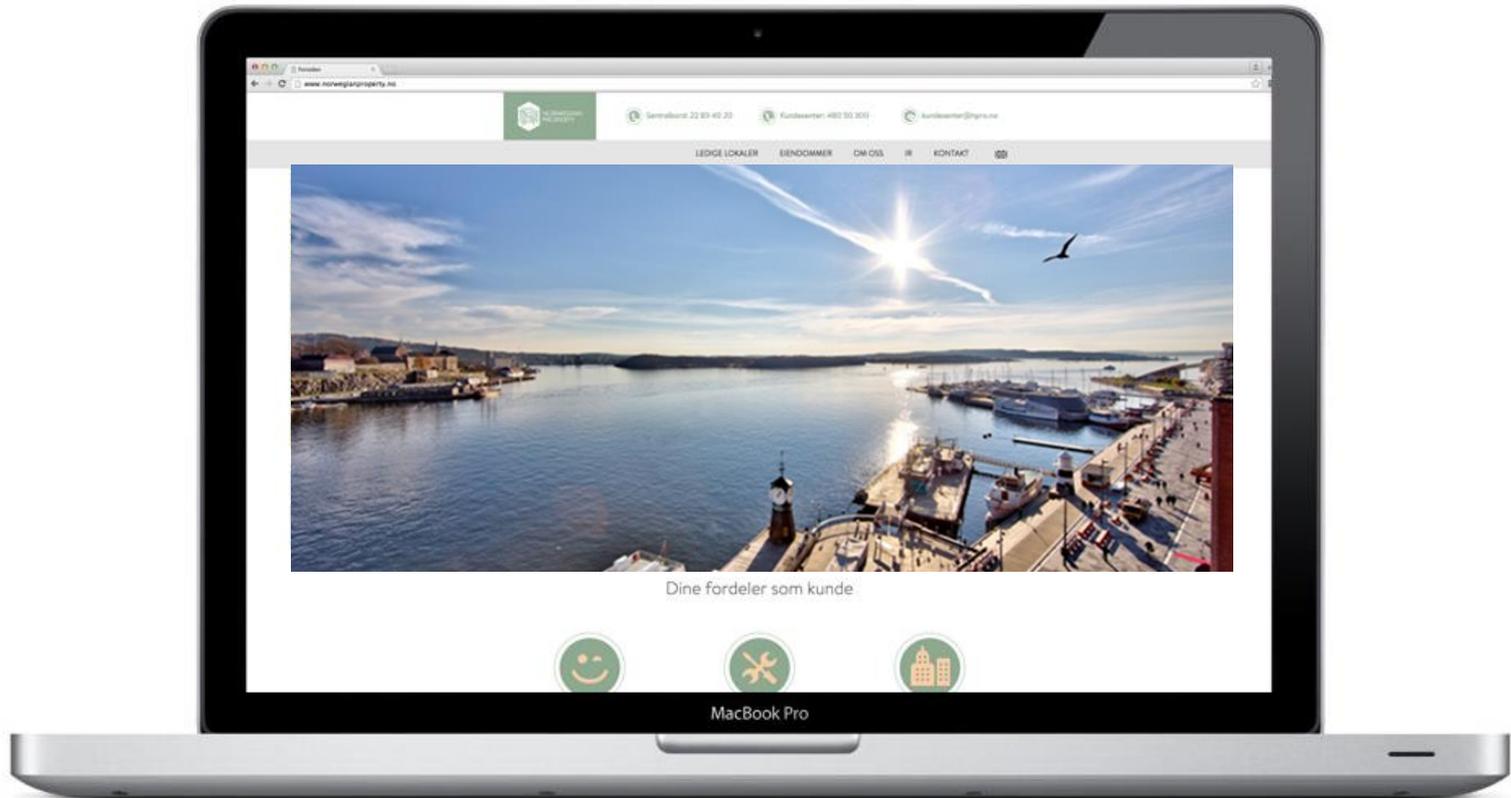
- Positive fundamentals in rental market
- Current and future vacancies are key priorities
- Focus on strengthening position in current key clusters and exploiting long term potential in properties
- Dividend of NOK 0.07 for Q2 - 2017



*Aker Brygge:
New retailers opening Q3-2017*



Q & A

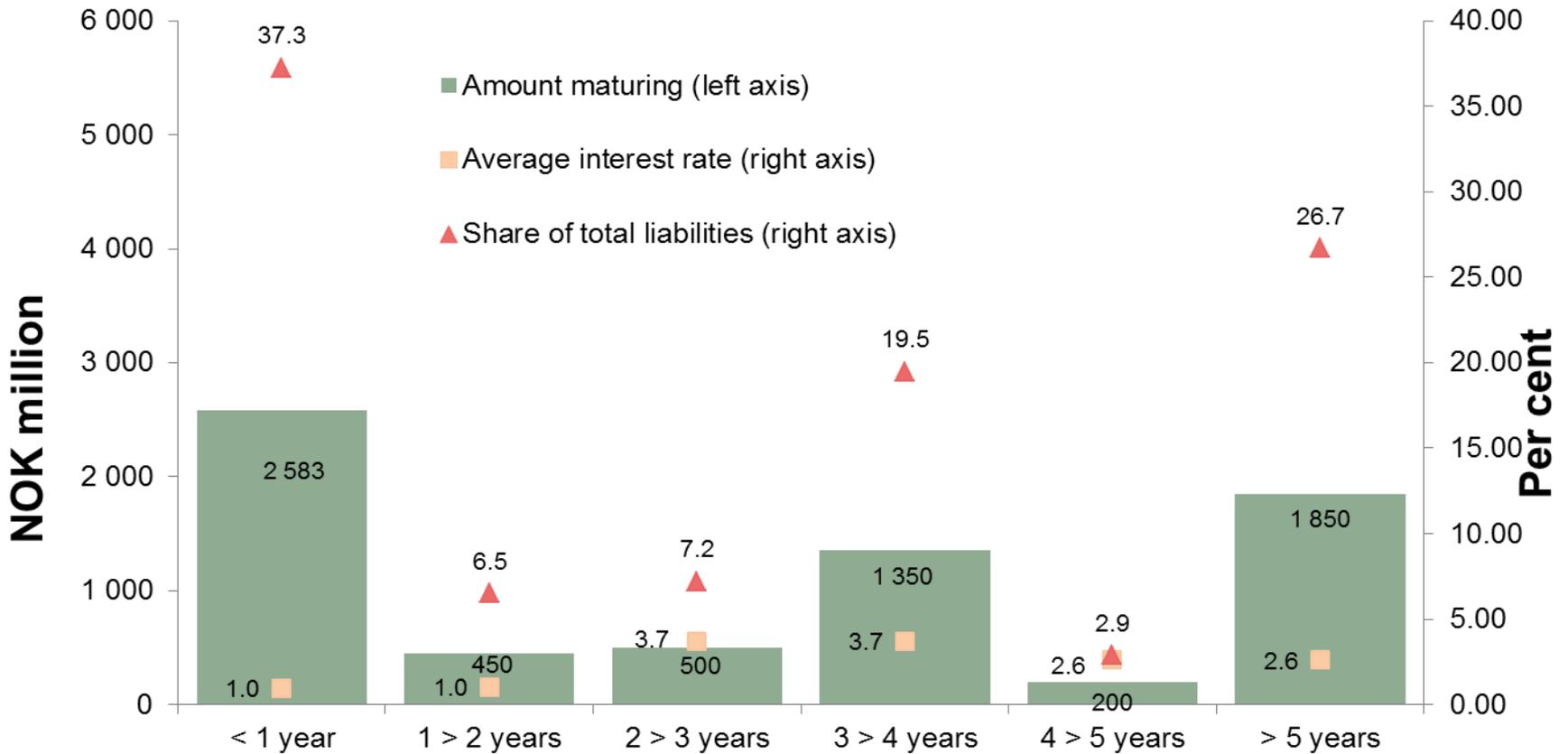




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Maturity profile interest hedges Q2-2017



Overview and key figures



Key figures as of 30 June 2017

Properties	no	32
Portfolio size (ex. new space in redev. Projects)	m ²	431 902
Average size per property	m ²	13 497
Gross rent per year (run rate)	NOK mill.	782
Operational expenses per year ¹	NOK mill.	63
Net rent per year (run rate)	NOK mill.	719
Average gross rent per m ² per year	NOK	1 811
Gross market value	NOK mill.	14 644
Average value per property	NOK mill.	458
Average value per m ²	NOK	33 906
Gross yield, actual	%	5.3
Net yield, actual	%	4.9
Duration	Years	4.6
CPI adjustment per 1 Jan 2016	%	99.8
Vacancy ²	%	19.2

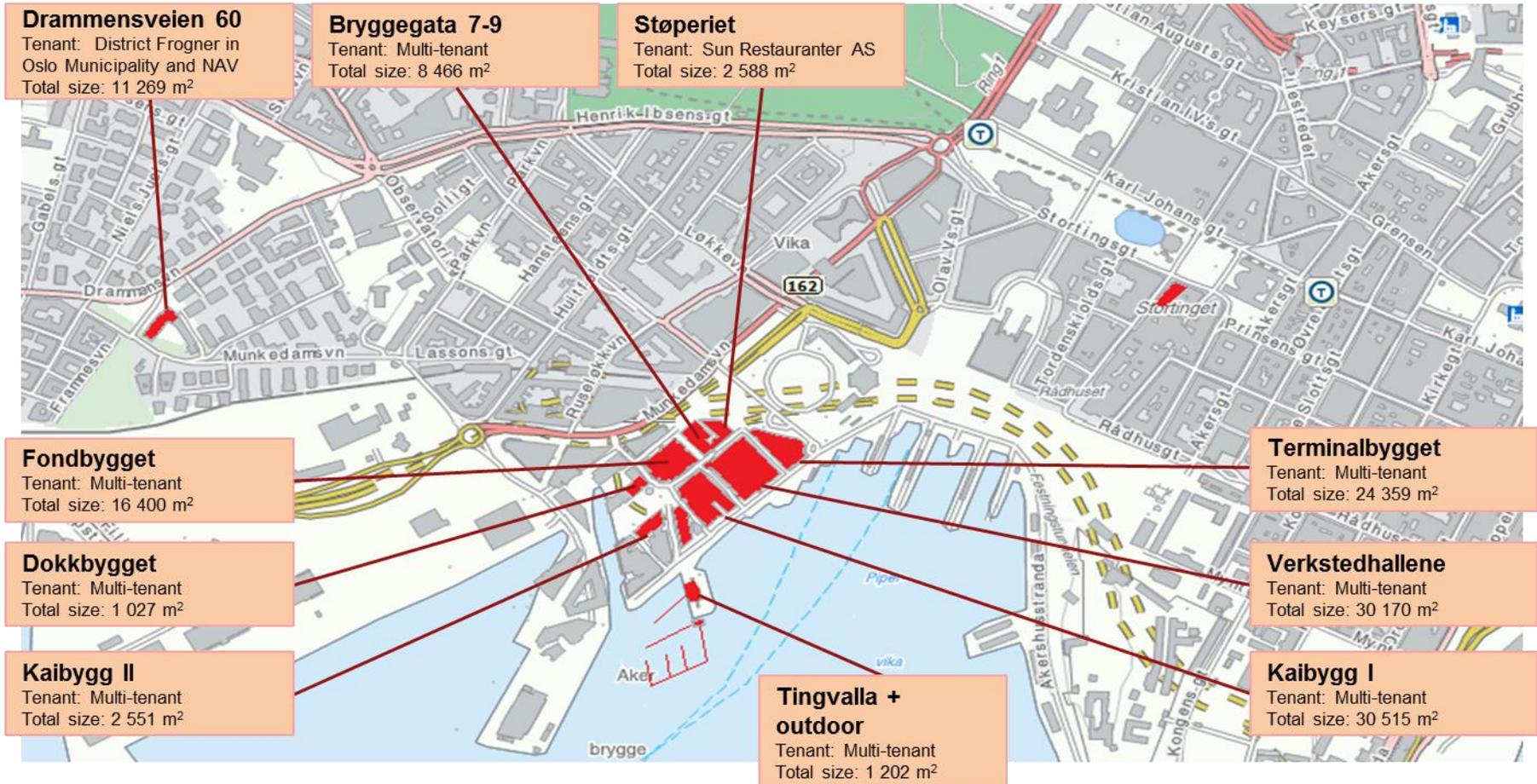


¹ For illustration; based on estimated 8 per cent of gross rent

² Not including Forusbein 35 as zoning process has started



CBD



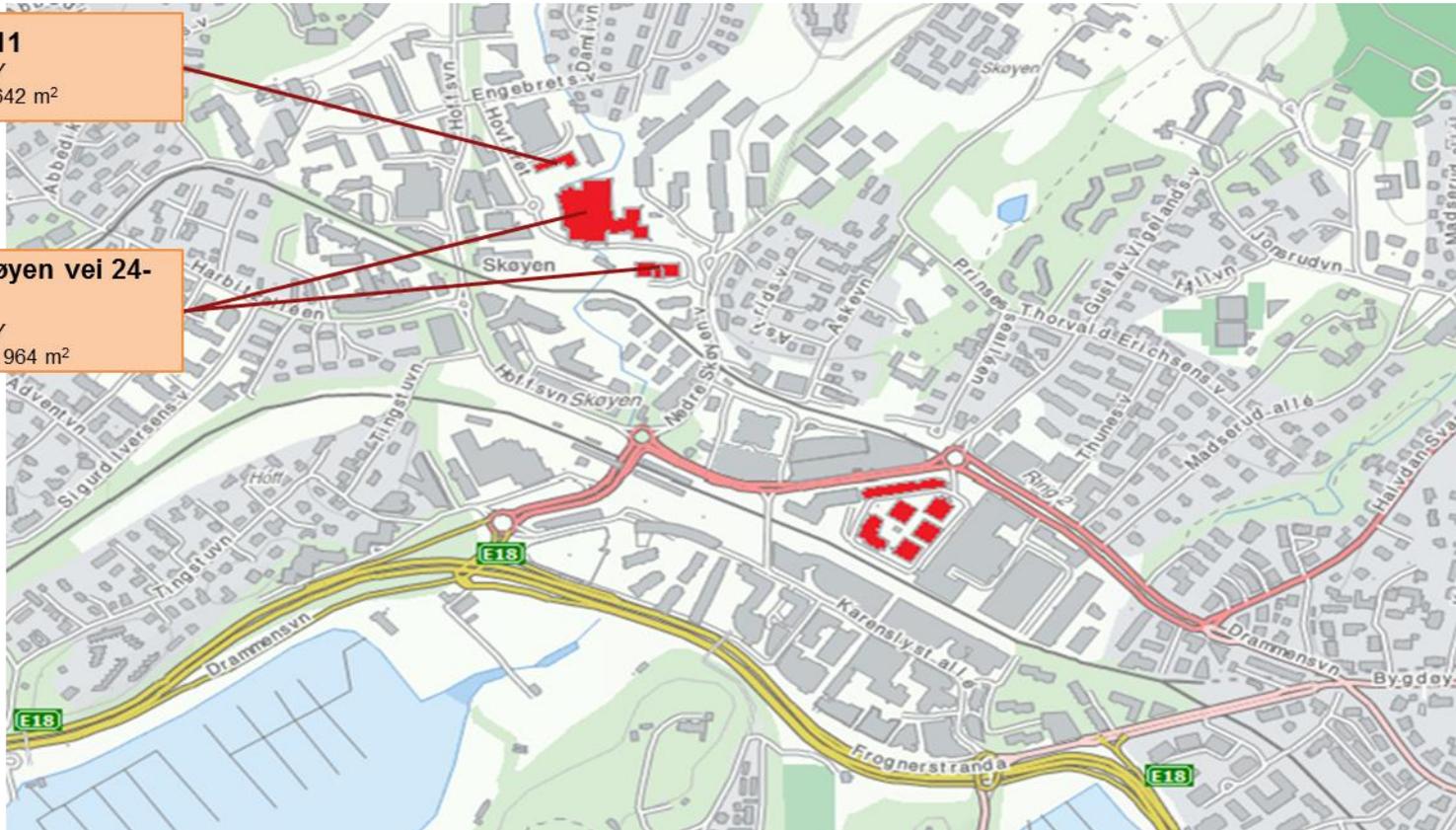
Skøyen

Hovfaret 11

Tenant: EVRY
Total size: 5 642 m²

Nedre Skøyen vei 24-26

Tenant: EVRY
Total size: 35 964 m²



Nydalen

Gjerdrums vei 14

+16 + P

Tenant: Multi-tenant
Total size: 8 393 m²

Gjerdrums vei 8

Tenant: Multi-tenant
Total size: 9 523 m²

Gjerdrums vei 10 D

Tenant: Multi-tenant
Total size: 2 318 m²

Gullhaug Torg 3

Tenant: TV2 AS, Oslo
Univitetssykehus HF
Total size: 8 126 m²

Nydalsveien 15-17

Tenant: Studentenes Hus AS,
Huset Høyer AS
Total size: 5 496 m²

Gjerdrums vei 17

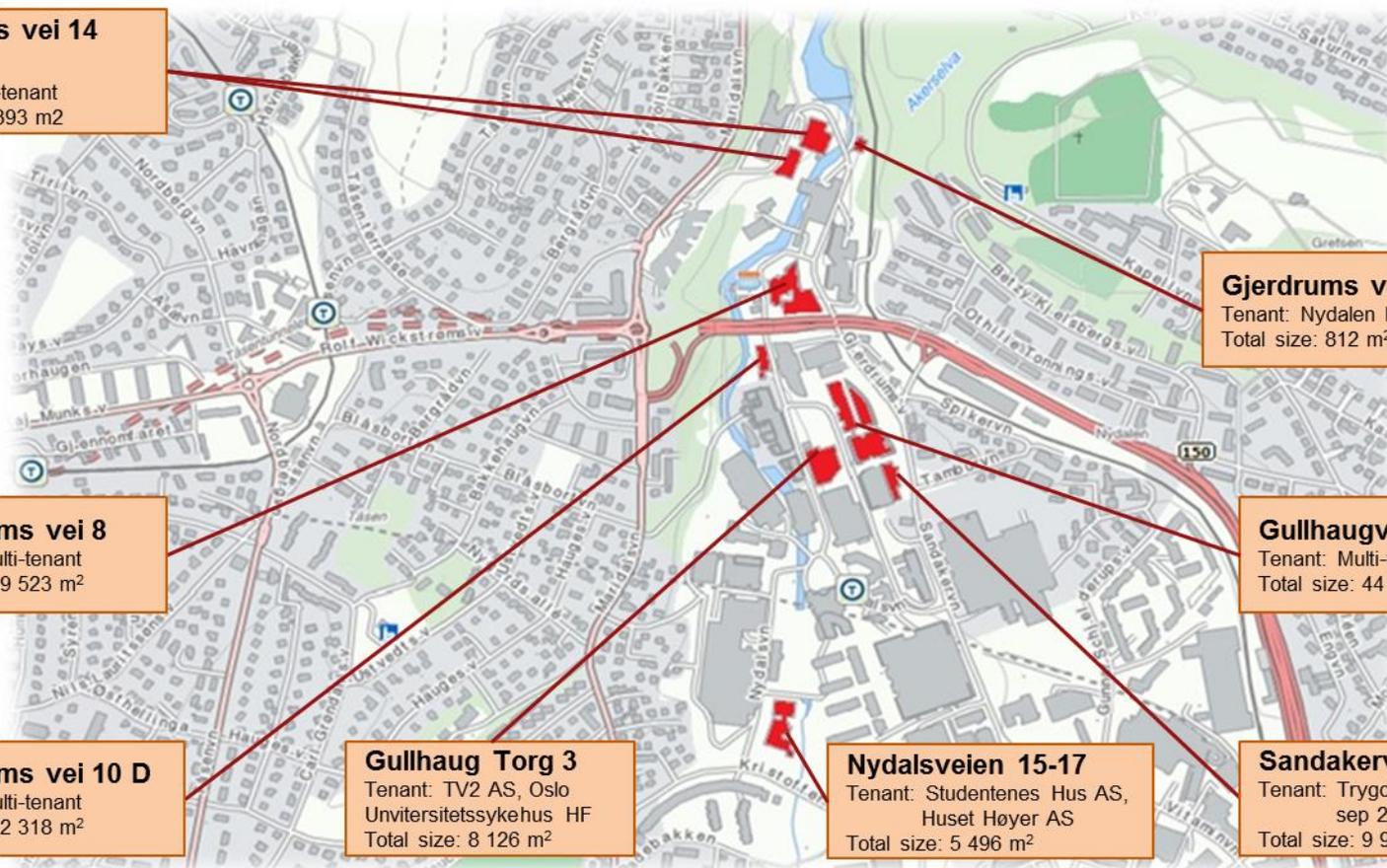
Tenant: Nydalen Kunstscole AS
Total size: 812 m²

Gullhaugveien 9-13

Tenant: Multi-tenant
Total size: 44 822 m²

Sandakerveien 130

Tenant: Trygderetten from
sep 2017
Total size: 9 951 m²



Stavanger

Maskinveien 32

- Office: 4 106 m²
- Total: 5 169 m²



Svanholmen 2

- Office: 2 843 m²
- Retail: 6 910 m²
- Total: 9 753 m²



Grenseveien 21

- Office: 27 966 m²
- Total: 27 966 m²



Badehusgaten 33-39

- Office: 18 899 m²
- Total: 21 118 m²



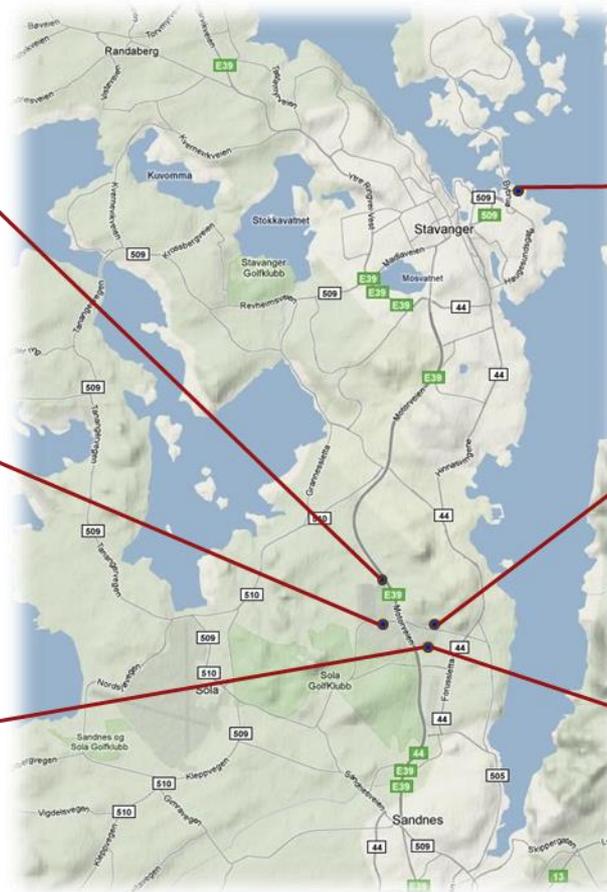
Forusbeien 35

- Office: 19 075 m²
- Total: 23 299 m²



Grenseveien 19

- Office: 5 451 m²
- Total: 5 451 m²





Property details Q2-2017

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	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m ²	Space vacancy	CPI	Duration per Jun 2017	Run rate per Jun 2017
OSLO/AKERSHUS	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
CBD										
Bryggegata 7-9	6 378	2 088	0	0	0	8 466	3.4	97.0	5.3	28.0
Dokkbygningen	612	389	26	0	0	1 027	0.0	100.0	9.2	2.2
Drammensveien 60	8 089	757	1 949	463	11	11 269	100.0	100.0	10.8	0.0
Fondbygget	13 003	2 442	868	0	87	16 400	15.8	100.0	5.3	44.8
Kaibygning I (Stranden 5)	20 959	6 483	2 320	0	753	30 515	1.0	100.0	7.0	114.5
Kaibygning II	0	1 724	827	0	0	2 551	0.0	100.0	7.7	11.0
Støperiet	0	2 032	0	0	556	2 588	0.0	100.0	2.1	4.8
Terminalbygget (Stranden 1)	17 779	3 209	1 680	1 387	304	24 359	2.2	100.0	7.2	91.9
Tingvallautstikkeren, uteareal og marina ¹	0	1 202	0	0	0	1 202	0.0	98.1	3.9	18.9
Verkstedhallene (Stranden 3)	19 226	7 794	2 303	0	847	30 170	11.5	100.0	6.1	91.8
Total CBD	86 046	28 120	9 973	1 850	2 558	128 547	13.3	99.7	6.4	407.9

¹ Adjusted for normal seasonal short term contracts



Property details Q2-2017

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	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Space vacancy	CPI	Duration per Jun 2017	Run rate per Jun 2017
OSLO/AKERSHUS	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
Nydalen										
Gjerdrums vei 10 D	2 078	0	240	0	0	2 318	5.4	100.0	2.1	3.9
Gjerdrums vei 14, 16 and 16 P-house	5 344	0	995	2 054	0	8 393	12.8	98.0	4.0	9.0
Gjerdrums vei 17	806	0	16	0	0	822	0.0	100.0	5.7	1.1
Gjerdrums vei 8	7 726	0	633	1 164	0	9 523	4.5	100.0	4.2	15.4
Gullhaug Torg 3	7 698	0	428	0	0	8 126	0.0	100.0	3.8	15.7
Gullhaugveien 9 - 13	24 882	0	7 518	12 875	0	45 275	1.2	100.0	3.5	56.0
Nydalsveien 15	3 403	311	63	0	28	3 805	0.0	100.0	7.3	7.7
Nydalsveien 17	0	1 691	0	0	0	1 691	0.0	100.0	7.3	4.7
Sandakerveien 130	5 497	0	1 092	3 362	0	9 951	100.0	100.0	3.8	0.0
Total Nydalen	57 434	2 002	10 985	19 455	28	89 904	11.7	99.8	4.0	113.6



Property details Q2-2017

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Property	Property facts						Rent facts			
	Space split									
	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m ²	Space vacancy	CPI	Duration per Jun 2017	Run rate per Jun 2017
	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
OSLO/AKERSHUS										
Skøyen										
Hovfaret 11	4 377	0	569	0	696	5 642	0.0	100.0	1.7	13.6
Nedre Skøyen vei 24	3 630	0	1 215	0	0	4 845	0.0	100.0	1.7	14.7
Nedre Skøyen vei 26	20 211	0	696	4 631	5 581	31 119	0.0	100.0	1.7	69.5
Total Skøyen	28 218	0	2 480	4 631	6 277	41 606	0.0	100.0	1.7	97.9
Other										
Oslo Airport Gardermoen	0	0	0	0	20 976	20 976	0.0	100.0	2.5	29.5
Snarøyveien 36 (prev. Aker Hus) ²	40 786	0	0	17 328	0	58 114	0.0	100.0	1.8	96.4
Total Other	40 786	0	0	17 328	20 976	79 090	0.0	100.0	2.0	125.9
TOTAL OSLO / AKERSHUS	212 484	30 122	23 438	43 264	29 839	339 147	8.3	99.8	4.6	745.3

² Tenant has terminated 31.4% of run rate with effect from November 2017



Property details Q2-2017

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Property	Property facts						Rent facts			
	Space split									
	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Space vacancy	CPI	Duration per Jun 2017	Run rate per Jun 2017
	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
CBD										
Badehusgata 33-39	18 899	0	256	1 963	0	21 118	44.1	100.0	4.1	16.4
Forus/Airport										
Forusbeen 35 ³	19 075	0	0	4 224	0	23 299	NA	NA	0.0	0.0
Grønseveien 19	5 451	0	0	0	0	5 451	100.0	NA	0.0	0.0
Grønseveien 21	27 966	0	0	0	0	27 966	100.0	NA	0.0	0.0
Maskinveien 32	4 106	0	405	658	0	5 169	0.0	100.0	0.7	8.5
Svanholmen 2	2 843	6 910	0	0	0	9 753	6.5	100.0	2.0	11.7
TOTAL STAVANGER	78 340	6 910	661	6 845	-	92 756	64.0	99.7	2.6	36.7
GROSS TOTAL	290 824	37 032	24 099	50 108	29 839	431 902	19.2	99.8	4.6	782.0

³ Forusbeen 35 is not included in the calculation of vacancy as zoning process is ongoing for transformation to mixed use



Largest shareholders as of 30 Jun 2017

#	Name	Share (%)	Number of shares	Account type	Nationality
1	GEVERAN TRADING CO L	57.6	315 969 937		CYP
2	FOLKETRYGDFONDET	13.5	73 951 642		NOR
3	NIAM V PROSJEKT AS c/o Langham Hall UK	12.3	67 437 425		NOR
4	The Bank of New York STICHTING DEPOSITARY	4.3	23 730 241	NOM	NLD
5	CEK HOLDING AS	0.6	3 255 807		NOR
6	State Street Bank an A/C WEST NON-TREATY	0.6	3 198 135	NOM	USA
7	State Street Bank an A/C WEST TREATY ACCO	0.5	2 905 114	NOM	USA
8	State Street Bank an SSB, : ISHARES EUROPE	0.4	2 113 544	NOM	IRL
9	JPMorgan Chase Bank, A/C VANGUARD BBH LEN	0.4	1 921 295	NOM	USA
10	KLP AKSJENORGE INDEK	0.4	1 896 518		NOR
11	State Street Bank an A/C CLIENT OMNIBUS F	0.3	1 786 506	NOM	USA
12	BNP Paribas Securiti S/A TR PROPERTY INVE	0.3	1 641 484	NOM	GBR
13	J.P. Morgan Bank Lux JPML SA RE CLT ASSET	0.3	1 608 501	NOM	LUX
14	KAS Bank N.V. S/A CLIENT ACC TREAT	0.3	1 505 620	NOM	NLD
15	NIKI AS	0.3	1 500 000		NOR
16	MATHIAS HOLDING AS PER MATHIAS AARSKOG	0.3	1 400 000		NOR
17	State Street Bank an A/C CLIENT OMNIBUS D	0.2	1 281 008	NOM	USA
18	Skandinaviska Enskil SEB AB, UCITS V - FI	0.2	1 164 000	NOM	FIN
19	State Street Bank an SSBTC A/C UK LO. BR.	0.2	1 129 189	NOM	USA
20	VANGUARD GLBL REIT I BROWN BROTHERS HARRI	0.2	1 073 969		USA
	Total 20 largest shareholders	93.1	510 469 935		6/20 NOR



Disclaimer

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