



NORWEGIAN
PROPERTY

3rd quarter 2017

Oslo, 20 October 2017



Agenda

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

Q3 in short:

- Revenues NOK 197,7 million
- Earnings per share (EPS), NOK 1.12
- Dividend of NOK 0.08 per share for Q3
- Improving rental markets
- Extending debt duration - bond issues at favorable terms
- Bent Oustad appointed as new CEO

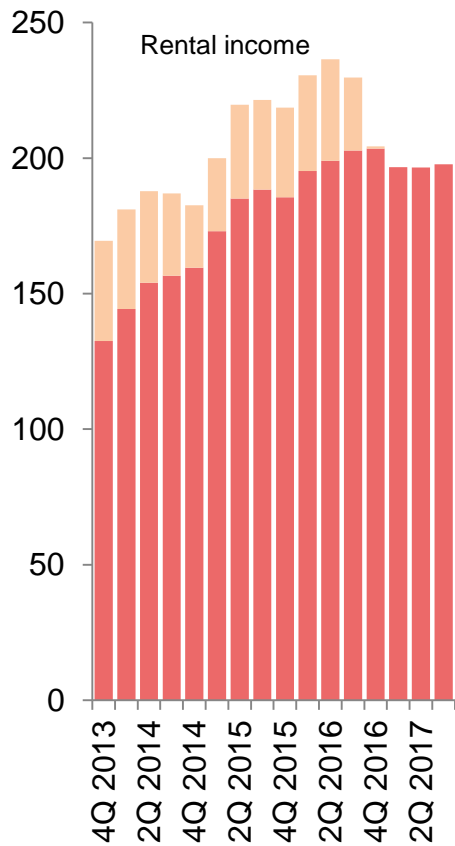




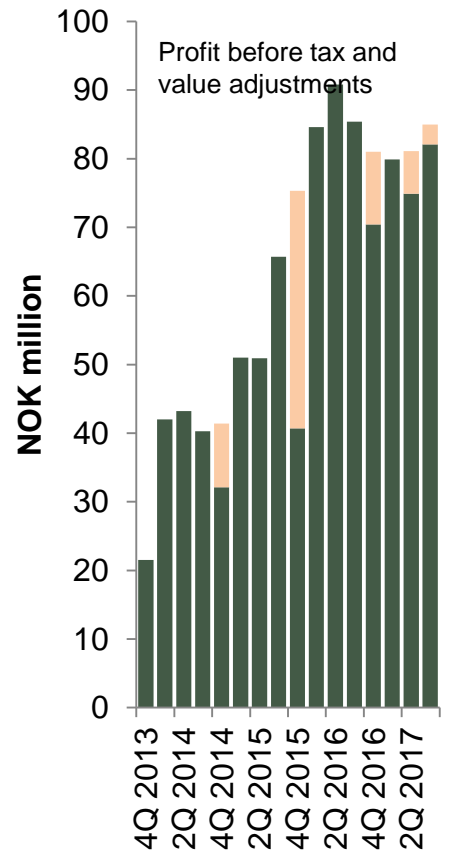
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- **Financial update**
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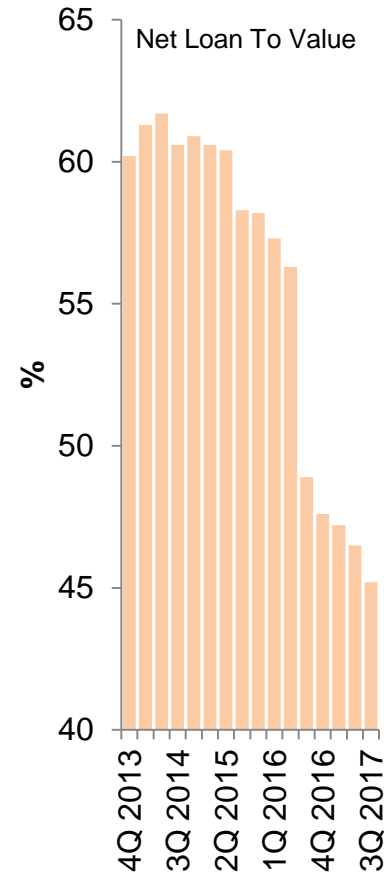
Financial highlights



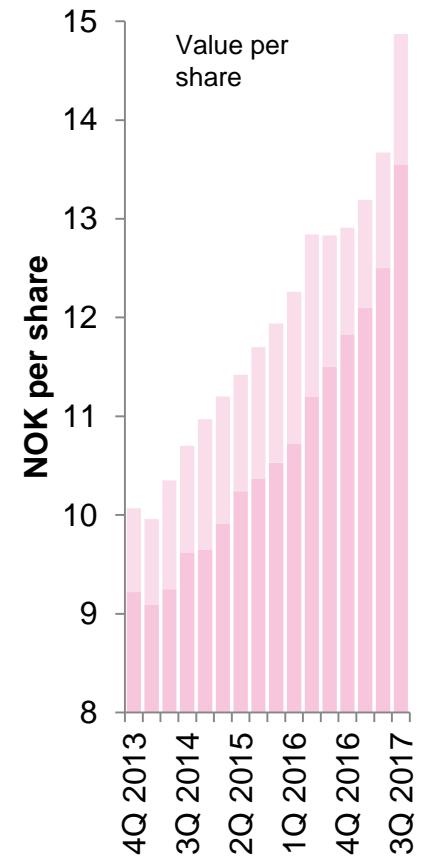
■ Sold assets *)
■ Quarterly rental income



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



■ Net LTV



■ EPRA NAV
■ Net asset value (NAV)

Income statement – Q3 2017

NOK million	Q3 2017	Q3 2016
Revenue ¹	197.7	229.7
Property-related operational expenses ²	(16.2)	(15.0)
Other property-related expenses	(15.3)	(13.9)
Administrative expenses	(11.5)	(14.9)
Operating profit before value adjustments	154.7	185.9
Change in market value of investment property	326.4	78.3
Operating profit	481.1	264.2
Realised financial items ³	(72.6)	(100.5)
Change in market value of financial derivative instruments	9.1	97.0
Net financial items	(63.5)	(3.5)
Profit before income tax	417.6	260.7
Income tax (not payable) ⁴	198.6	(65.0)
Profit for the period	616.2	195.7
Earnings per share (NOK)	1.12	0.36
Profit before income tax and value adjustments	82.1	85.4

¹ Adjusted for purchase and sale of properties, revenue is reduced with NOK 6.8 million from Q3 2016 to Q3 2017

² Property tax introduced in Oslo in 2017

³ Includes NOK 2.9 million in connection with early repayment of debt in Q3 2017

⁴ Q3 2017 included calculated tax effects from finalized development projects on Aker Brygge

Income statement – YTD 2017

NOK million	YTD 2017	YTD 2016
Revenue ¹	590.8	696.6
Property-related operational expenses ²	(49.0)	(43.6)
Other property-related expenses	(43.5)	(42.2)
Administrative expenses	(40.5)	(41.4)
Operating profit before value adjustments	457.9	569.4
Change in market value of investment property	766.7	444.3
Operating profit	1 224.6	1 013.7
Realised financial items ³	(221.0)	(308.6)
Change in market value of financial derivative instruments	26.9	94.5
Net financial items	(194.1)	(214.1)
Profit before income tax	1 030.5	799.6
Income tax (not payable) ⁴	56.2	(215.3)
Profit for the period	1 086.7	584.3
Earnings per share (NOK)	1.98	1.07
Profit before income tax and value adjustments	236.9	260.8

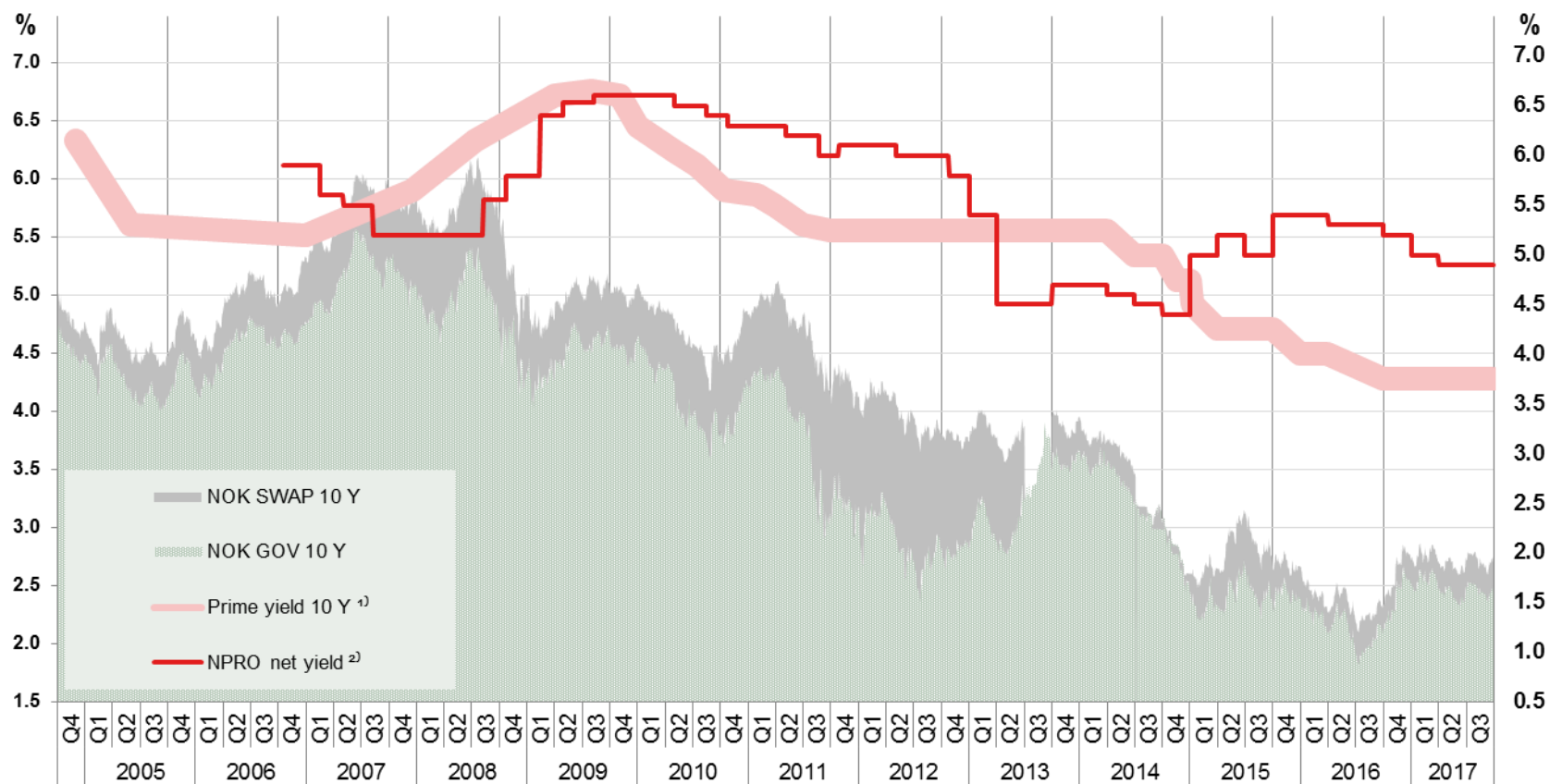
¹ Adjusted for purchase and sale of properties, revenue is reduced with NOK 12.1 million from YTD 2016 to YTD 2017

² Property tax introduced in Oslo in 2017

³ Includes NOK 4.9 million in connection with early repayment of debt in 2017

⁴ Q3 2017 included calculated tax effects from finalized development projects on Aker Brygge

Yield spread



¹ Source: Akershus Eiendom

² NPRO net yield as summarised in slide; Portfolio valuation by area Q3-2017

Portfolio valuation by area Q3-2017

- **External valuation conducted by Cushman & Wakefield and Akershus Eiendom**
 - Positive fair value adjustment of NOK 326.4 million (2.2 per cent of portfolio value)
 - NOK 26.6 million: negative effect from properties with short term contracts or vacancies
 - NOK 353.0 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	128 521	6.1	10 484.4	81 578	413.4	3 217	3.6 (3.9 ⁶)	12.4	2.9
	Skøyen ²	41 606	1.4	927.1	22 283	97.9	2 353	9.7	0.0	0.0
	Nydalen	89 895	4.2	1 987.9	22 114	119.6	1 330	5.5	6.7	5.7
	Other	79 090	1.6	967.5	12 232	125.9	1 592	12.0	0.0	0.0
Total Oslo Portfolio		339 112	4.4	14 366.9	42 366	756.8	2 232	4.8	6.8	2.5
Stavanger		92 701	3.0	669.6	7 223	39.7	428	5.5	62.2 ⁵	59.2 ⁵
Total office portfolio ⁵		431 812	4.4	15 036.4	34 822	796.5	1 845	4.9	17.6 ⁵	13.6 ⁵

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

² Skøyen portfolio, Hovfaret 11 and Nedre Skøyenvei 24 and 26, 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 September 2017 in sqm

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

⁶ Net yield when including forward starting lease on Drammensveien 60

Financial position

Interest bearing debt and hedging		30.09.2017	30.06.2017	31.03.2017
Total interest bearing debt	NOK million	7 054.7	6 933.0	6 973.6
Property value	NOK million	15 036.4	14 643.9	14 340.7
Net Loan to value ¹	Per cent	45.2	46.5	47.2
Cash and cash equivalents	NOK million	259.2	117.0	210.5
Unused committed credit facilities	NOK million	900.0	900.0	900.0
Average remaining duration, hedging	Years	4.1	4.2	4.3
Average interest rate (including margin)	Per cent	3.76	3.80	3.90
Average margin	Per cent	1.54	1.57	1.61
Average remaining duration, borrowing	Years	2.8	2.6	2.1
Hedging ratio	Per cent	61.7	62.8	63.8

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

Financing

Financing as of 30 September 2017

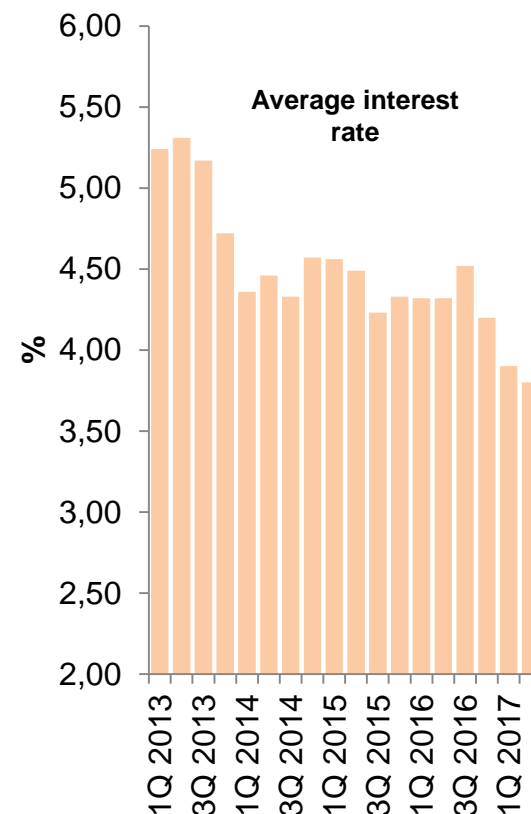
- Gross interest bearing debt NOK 7.07 bn
- Net Loan To Value (LTV) 45.2%
- Average interest cost 3.76%

Refinanced NPRO 02 and NPRO 03 with new secured bond issue, Sep 2017, 5 years

- Amount refinanced (NPRO02+03) NOK 0.455 bn
- New amount NOK 0.57 bn
- Fixed rate (incl margin 1.19%) 2.525%
- Bullet, possible future tap issues up to 0.8 bn

New secured bond issue, June/July 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	30.09.2017	30.09.2016
Investment properties	15 036.4	14 529.9
Property, plant and equipment	46.0	46.4
Receivables	97.7	109.4
Cash and cash equivalents	259.2	316.3
Equity	7 433.7	6 309.3
Deferred tax	416.1	474.7
Long term interest bearing debt	5 348.2	-
Short term interest bearing debt	1 706.5	7 414.2
Market value financial derivatives (net)	265.0	503.2
Net other debt	270.2	300.6
Equity ratio (%)	48.1	42.1
NAV per share, book value of equity (NOK)	13.55	11.50
EPRA NAV per share (NOK)	14.87	12.83
EPRA NNNAV per share (NOK)	13.96	12.22

Cash flow – Q3 2017

NOK million	Q3 2017	Q3 2016
Cash flow from operating activities	120.4	58.2
Cash received from sale of assets	-	2 513.3
Purchase of tangible assets	(61.1)	(254.7)
Cash flow from investment activities	(61.1)	2 258.6
Net change in interest bearing debt	121.3	(1 989.1)
Paid dividend	(38.4)	(27.4)
Net cash flow from financing activities	83.0	(2 016.5)
Net change in cash	142.3	300.3
Net cash at end of period	259.2	316.3

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Market trends



:: AKER BRYGGE, OSLO:
TERMINALBYGGET::

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
- Seasonally lower signed volumes in Q3
- Strong rents in CBD, inner city and Nydalen

Rental market Stavanger

- Rental markets – signs of recovery

Transaction market still strong

- Strong transaction markets, increasing volume of “open processes”
- Prime yield 3.75%
- Swap-rates stabilising
- Bond market very competitive, bank market remains selective and more expensive

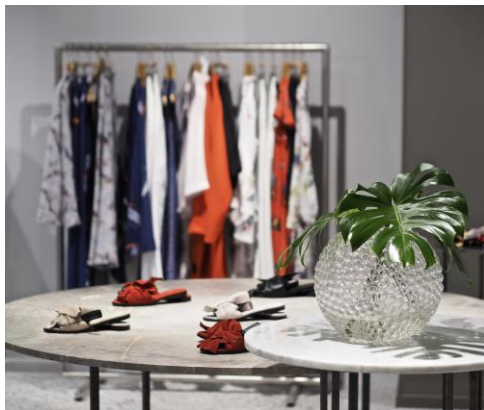
Rental and retail update – Q3-2017

Rental contracts in Q3-2017

- Entered new contracts with annual gross rent of NOK 4.0 million

Retail revenues Q1-Q3 - 2017

- Retailer's total revenue on Aker Brygge
- Q1-Q3 - 2016 NOK 1 178 mill.
- Q1-Q3 - 2017 NOK 1 299 mill.
- Growth y/y from 2016 + 10.7 %
- Growth full year 2016/2015 + 11.8 %

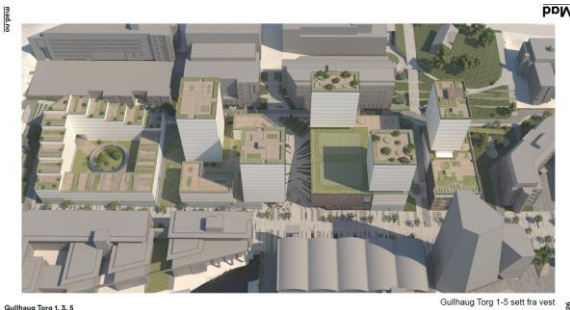


Development initiatives



Forusbeen 35, Stavanger

- Zoning process ongoing in partnership with Base Property; start up meeting with Stavanger's zoning authorities held
- Short term leases signed for minor space



Gullhaug Torg 3, Nydalen

- Zoning process ongoing in partnership with Avantor
- Initial meetings with Oslo's zoning authorities held



Badehusgaten, Stavanger

- Letting ratio in existing buildings approaching 70%
- Pre qualification process for new Stavanger court house ongoing

Snarøyveien 36, Fornebu



- Main target to maintain use as office
 - Increased activity, including current tenant subletting appr. 12 000 sqm
- Still exploring possible transformation to residential



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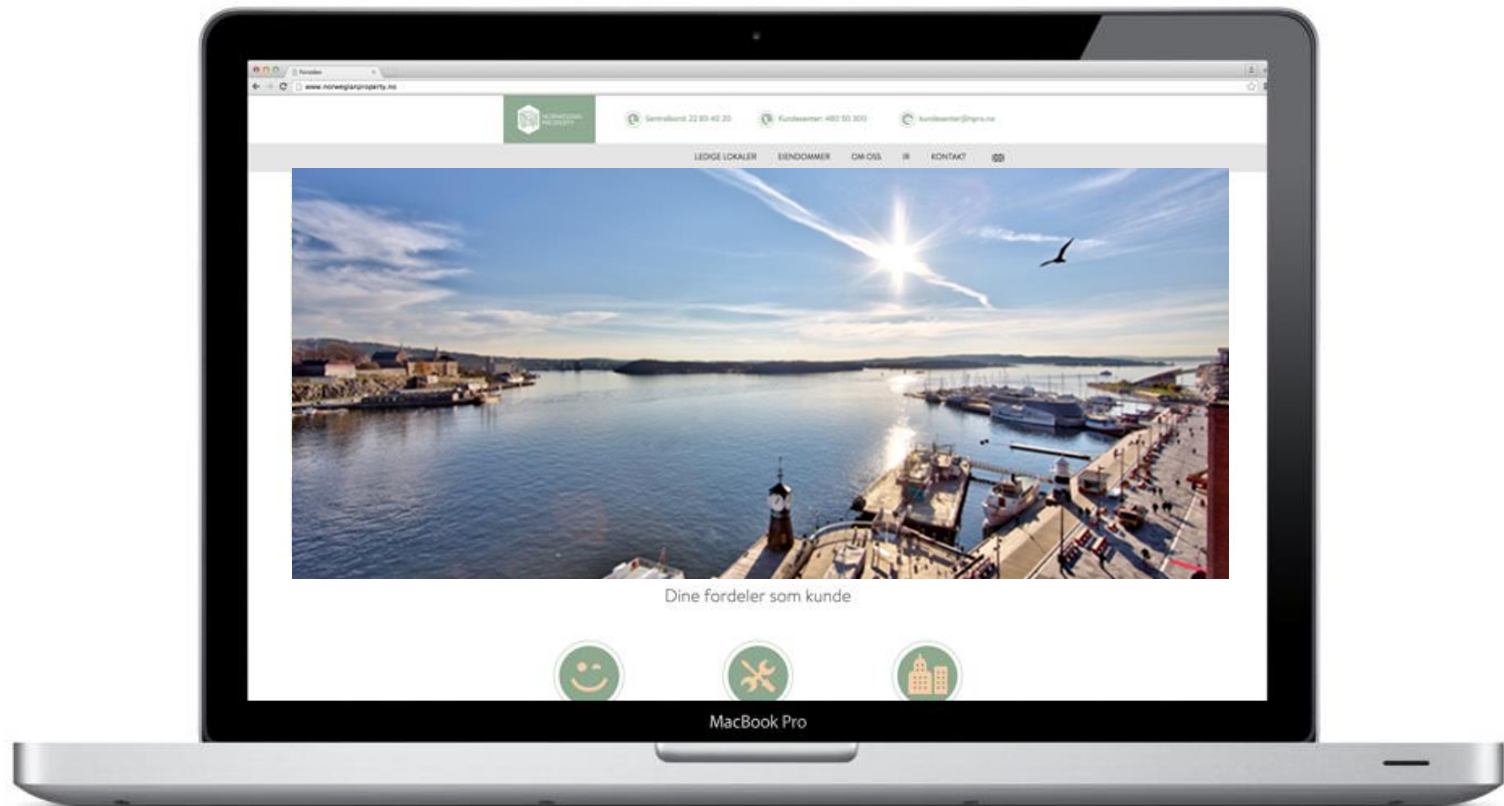
Summary

- 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 0.08 for Q3 – 2017
- Bent Oustad taking up the position as CEO as of 1 January 2018



*Aker Brygge
October 2017*

Q & A

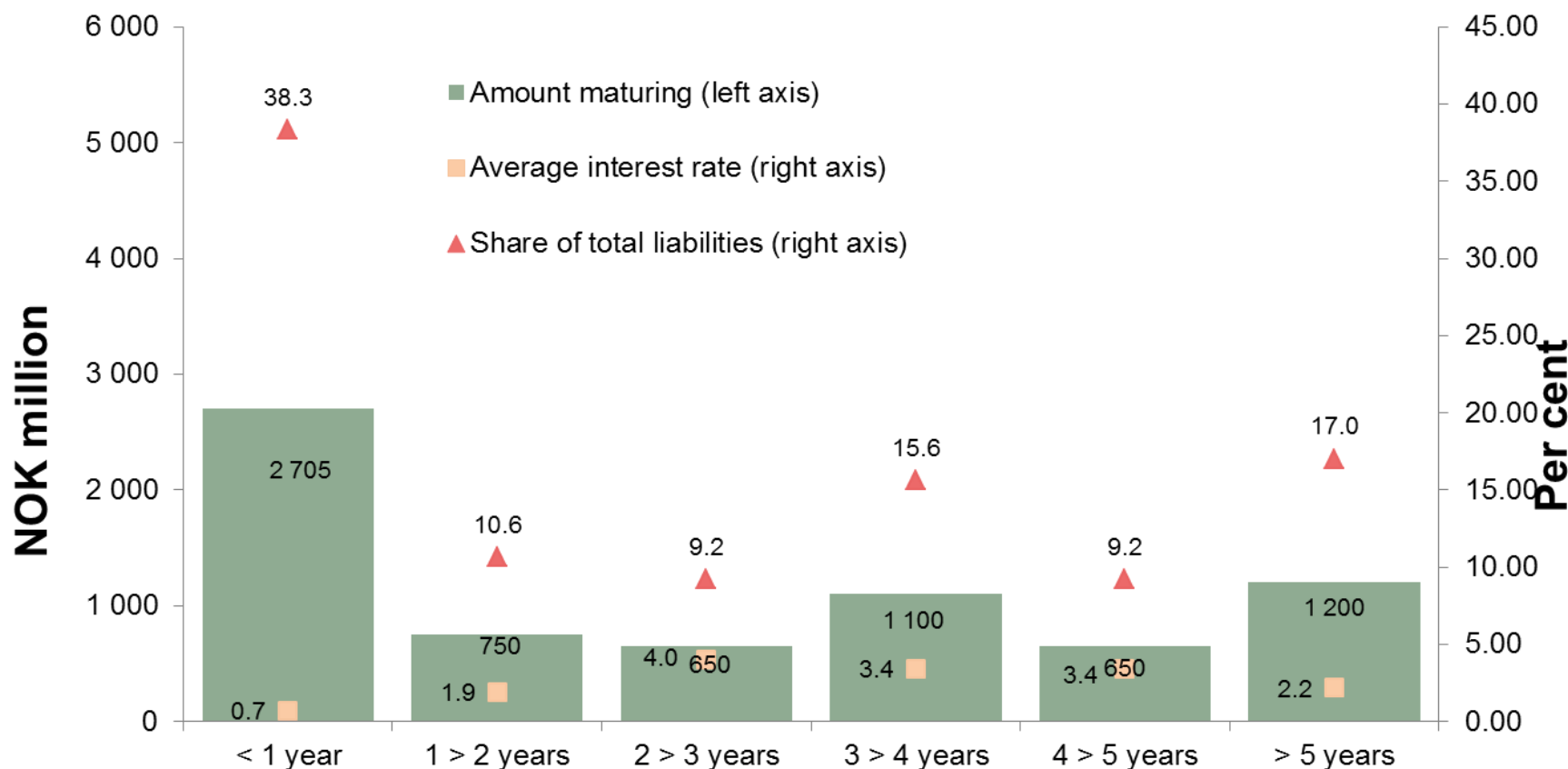




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Maturity profile interest hedges Q3-2017



Overview and key figures



Key figures as of 30 September 2017

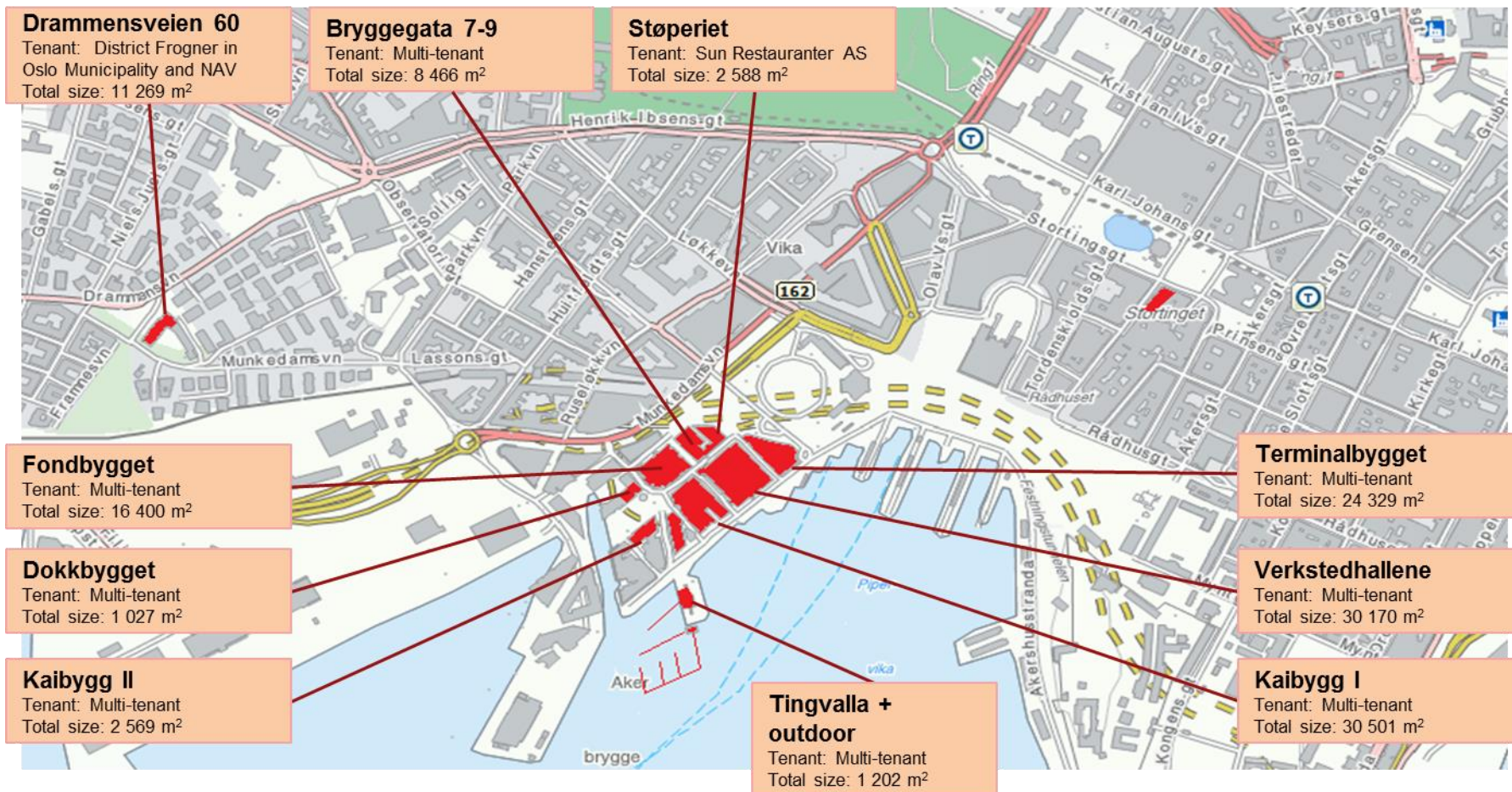
Properties	no	32
Portfolio size (ex. new space in redev. Projects)	m ²	431 812
Average size per property	m ²	13 494
Gross rent per year (run rate)	NOK mill.	797
Operational expenses per year ¹	NOK mill.	64
Net rent per year (run rate)	NOK mill.	733
Average gross rent per m ² per year	NOK	1 845
Gross market value	NOK mill.	15 036
Average value per property	NOK mill.	470
Average value per m ²	NOK	34 822
Gross yield, actual	%	5.3
Net yield, actual	%	4.9
Duration	Years	4.4
CPI adjustment per 1 Jan 2016	%	99.8
Vacancy ²	%	17.6



¹ For illustration; based on estimated long term property expenses of 8 per cent of gross rent

² Not including Forusbeen 35 as zoning process has started

CBD



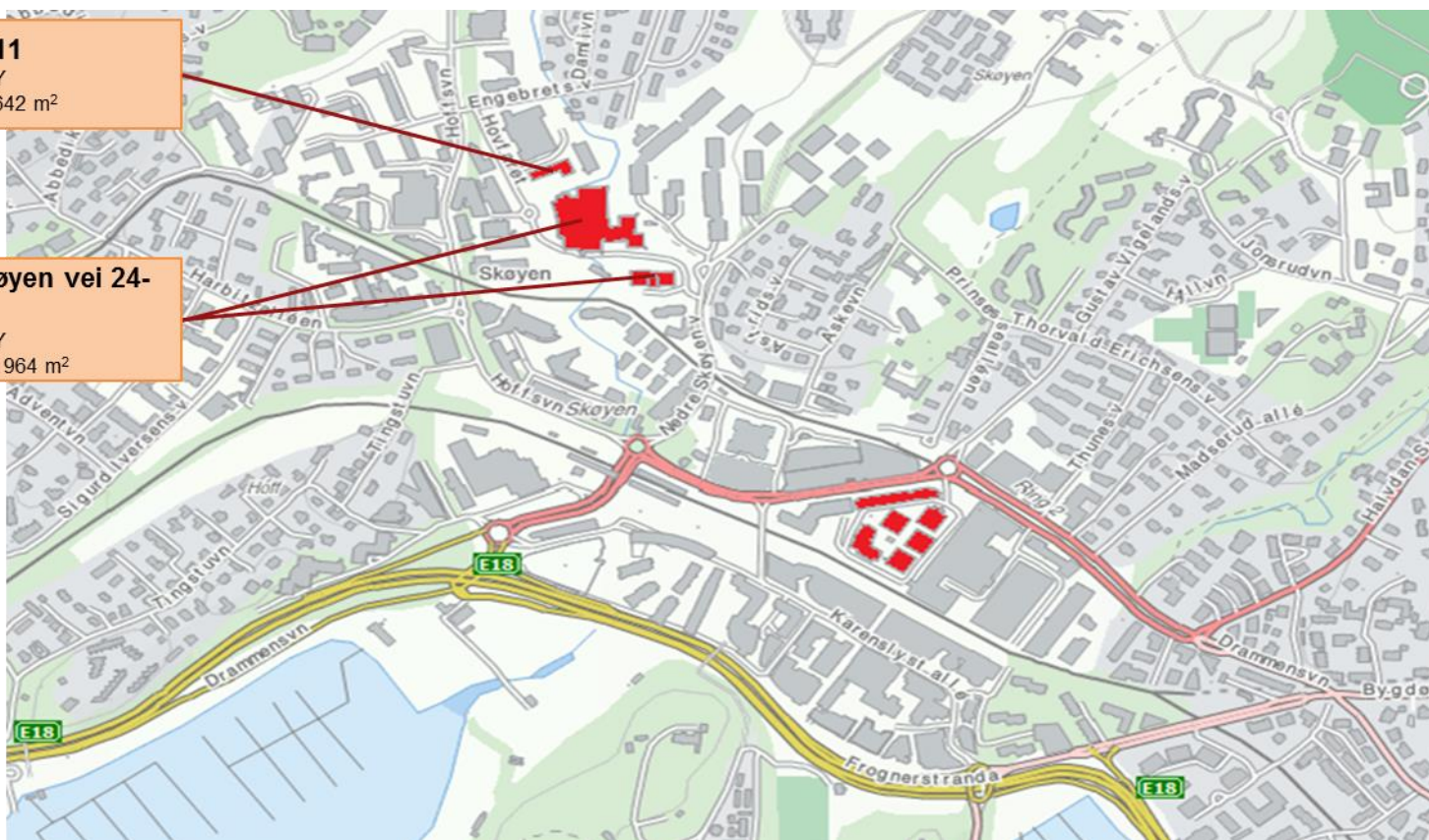
Skøyen

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: 8 378 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
Univtersitetssykehus HF
Total size: 8 126 m²

Nydalsveien 15-17

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

Gjerdrums vei 17

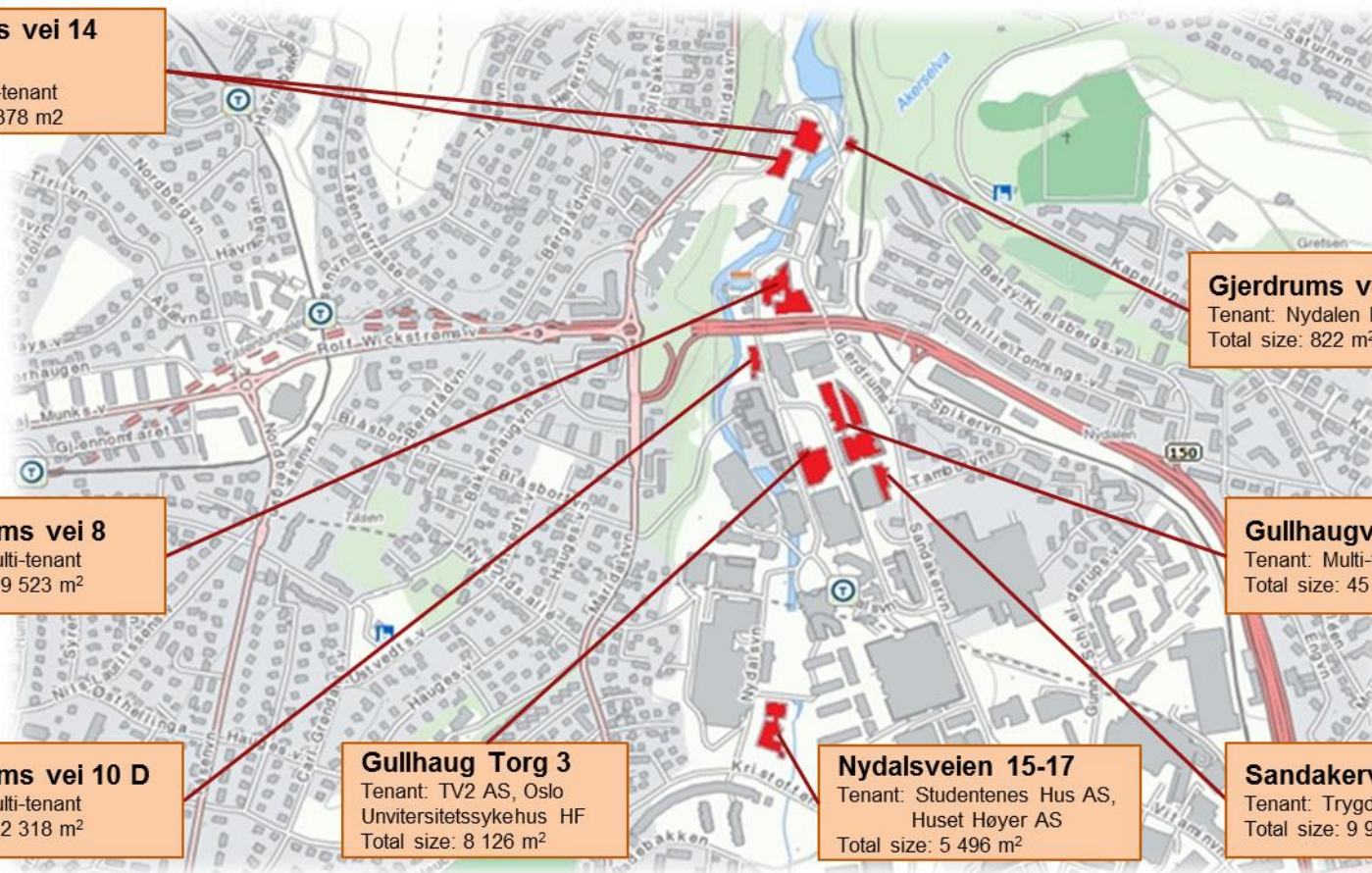
Tenant: Nydalen Kunstscole AS
Total size: 822 m²

Gullhaugveien 9-13

Tenant: Multi-tenant
Total size: 45 275 m²

Sandakerveien 130

Tenant: Trygderetten
Total size: 9 957 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: 18 792 m²
- Total: 21 063 m²



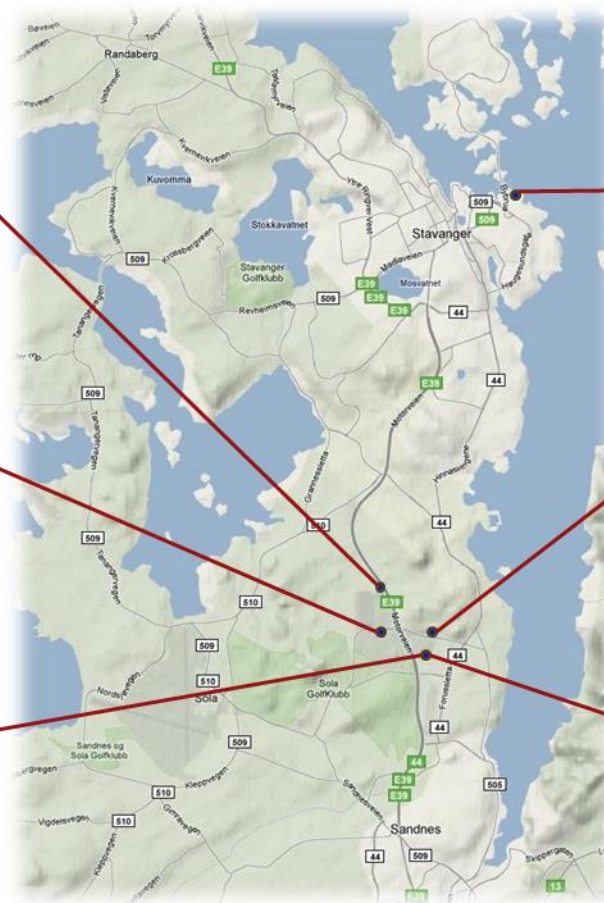
Forusbeen 35

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



Grenseveien 19

- Office: 5 451 m²
- Total: 5 451 m²



Property details Q3-2017

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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 Sep 2017	Run rate per Sep 2017
OSLO/AKERSHUS	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
CBD										
Bryggegate 7-9	6 378	2 088	0	0	0	8 466	0.0	97.0	5.4	29.4
Dokkbygningen	612	389	26	0	0	1 027	0.0	100.0	8.9	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	4.8	47.9
Kaibygning I (Stranden 5)	20 960	6 483	2 318	0	740	30 501	1.0	100.0	6.7	112.9
Kaibygning II	0	1 725	844	0	0	2 569	0.0	100.0	7.2	11.3
Støperiet	0	2 032	0	0	556	2 588	0.0	100.0	1.8	4.8
Terminalbygget (Stranden 1)	17 779	3 194	1 680	1 372	304	24 329	0.0	100.0	6.9	93.1
Tingvallautstikkeren, uteareal og marina ¹	0	1 202	0	0	0	1 202	0.0	98.0	3.4	19.0
Verkstedhallene (Stranden 3)	19 226	7 794	2 303	0	847	30 170	10.4	100.0	5.9	92.9
Total CBD	86 047	28 106	9 988	1 835	2 545	128 521	12.4	99.7	6.1	413.4

¹ Adjusted for normal seasonal short term contracts



Property details Q3-2017

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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 Sep 2017	Run rate per Sep 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	0.0	100.0	2.3	3.7
Gjerdrums vei 14, 16 and 16 P-house	5 344	0	980	2 054	0	8 378	1.4	98.0	3.4	9.8
Gjerdrums vei 17	806	0	16	0	0	822	0.0	100.0	5.5	1.1
Gjerdrums vei 8	7 726	0	633	1 164	0	9 523	4.5	100.0	3.8	15.4
Gullhaug Torg 3	7 698	0	428	0	0	8 126	0.0	100.0	3.5	15.7
Gullhaugveien 9 - 13	24 882	0	7 518	12 875	0	45 275	1.2	100.0	3.2	55.4
Nydalsveien 15	3 403	311	63	0	28	3 805	0.0	100.0	7.8	7.7
Nydalsveien 17	0	1 691	0	0	0	1 691	0.0	100.0	7.0	4.7
Sandakerveien 130	5 317	0	1 279	3 361	0	9 957	60.7	100.0	11.0	6.1
Total Nydalen	57 254	2 002	11 157	19 454	28	89 895	6.7	99.8	4.2	119.6

Property details Q3-2017

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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 Sep 2017	Run rate per Sep 2017
OSLO/AKERSHUS	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
Skøyen										
Hovfaret 11	4 377	0	569	0	696	5 642	0.0	100.0	1.4	13.6
Nedre Skøyen vei 24	3 630	0	1 215	0	0	4 845	0.0	100.0	1.4	14.7
Nedre Skøyen vei 26	20 211	0	696	4 631	5 581	31 119	0.0	100.0	1.4	69.5
Total Skøyen	28 218	0	2 480	4 631	6 277	41 606	0.0	100.0	1.4	97.9
Other										
Oslo Airport Gardermoen	0	0	0	0	20 976	20 976	0.0	100.0	2.2	29.5
Snarøyveien 36 (prev. Aker Hus) ²	40 786	0	0	17 328	0	58 114	0.0	100.0	1.5	96.4
Total Other	40 786	0	0	17 328	20 976	79 090	0.0	100.0	1.6	125.9
TOTAL OSLO / AKERSHUS	212 305	30 108	23 625	43 248	29 826	339 112	6.8	99.8	4.4	756.8

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



Property details Q3-2017

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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 Sep 2017	Run rate per Sep 2017
STAVANGER	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
CBD										
Badehusgata 33-39	18 792	0	308	1 963	0	21 063	37.5	100.0	4.7	17.8
Forus/Airport										
Forusbeen 35 ³	19 075	0	0	4 224	0	23 299	95.0	100.0	3.2	1.4
Grenseveien 19	5 451	0	0	0	0	5 451	100.0	NA	0.0	0.0
Grenseveien 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	0.9	8.8
Svanholmen 2	2 843	6 910	0	0	0	9 753	6.5	100.0	1.8	11.7
TOTAL STAVANGER	78 233	6 910	713	6 845	-	92 701	62.2	99.8	3.0	39.7
GROSS TOTAL	290 538	37 018	24 338	50 092	29 826	431 812	17.6	99.8	4.4	796.5

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 Sep 2017

#	Name	Share (%)	Number of shares	Account type	Nationality
1	GEVERAN TRADING CO L	58.0	317 969 937		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	State Street Bank an A/C WEST NON-TREATY	0.7	4 015 027	NOM	USA
6	CEK HOLDING AS	0.6	3 255 807		NOR
7	State Street Bank an S/A SSB CLIENT OMNI	0.4	2 220 811	NOM	USA
8	State Street Bank an A/C CLIENT OMNIBUS F	0.3	1 817 958	NOM	USA
9	NIKI AS	0.3	1 750 000		NOR
10	BNP Paribas Securiti S/A TR PROPERTY INVE	0.3	1 641 484	NOM	GBR
11	J.P. Morgan Bank Lux JPML SA RE CLT ASSET	0.3	1 608 501	NOM	LUX
12	SALT VALUE AS	0.3	1 580 929		NOR
13	MATHIAS HOLDING AS PER MATHIAS AARSKOG	0.3	1 400 000		NOR
14	KAS Bank N.V. S/A CLIENT ACC TREAT	0.3	1 359 000	NOM	NLD
15	Espedal & Co AS	0.2	1 264 767		NOR
16	Skandinaviska Enskil SEB AB. UCITS V - Fi	0.2	1 225 331	NOM	FIN
17	DnB NOR MARKETS. AKS DNB Bank ASA	0.2	1 218 743		NOR
18	Skandinaviska Enskil a/c SEB AIF - Finnis	0.2	1 050 000	NOM	SWE
19	SANDEN A/S	0.2	1 000 000		NOR
20	ECKHOFF HOLDING AS	0.2	1 000 000		NOR
	Total 20 largest shareholders	93.1	510 497 603		10/20 NOR

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