



NORWEGIAN
PROPERTY

3rd quarter 2018

Oslo, 25 October 2018



Agenda

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

Q3 in short:

- **Revenues NOK 202 million**
- **Earnings per share (EPS) NOK 0.23**
- **Dividend of NOK 0.07 per share for Q3**
- **Acquisition**
 - Units acquired from Telenor Pensjonskasse Eiendom taken over in Q3 2018
- **Refurbishment**
 - Delivered Drammensveien 60 to our new tenants
 - Delivered premises to UNICEF in Nydalen



Foto: André Kjensli

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Rental update

Rental contracts in Q3-2018

- Entered new contracts with annual gross rent of NOK 20.5 mill
- Broadnet 8 200 sqm, 5.5 years, starts medio 2019 single largest contract
- Signed several contracts at Business Village at Aker Brygge

Pipeline

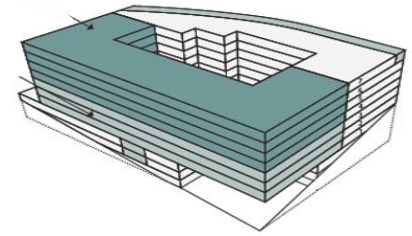
- Good pipeline regarding areas at Aker Brygge and Nydalen
- Contract with FP Eiendom AS regarding approx. 4 700 sqm. at Aker Brygge ends in Q4 2018



:: FONDBYGGET. AKER BRYGGE. OSLO:



Gullhaugveien 9 - 13



As-is



:: GULLHAUGVEIEN 9-13. NYDALEN. OSLO:

- Lease contract with Telia ends in December 2020, yearly run rate approx MNOK 35
- Contemplating newbuild and refurbishment of existing building
- In dialog with Agency for planning and building services (PBE) regarding increased utilization

In the future?



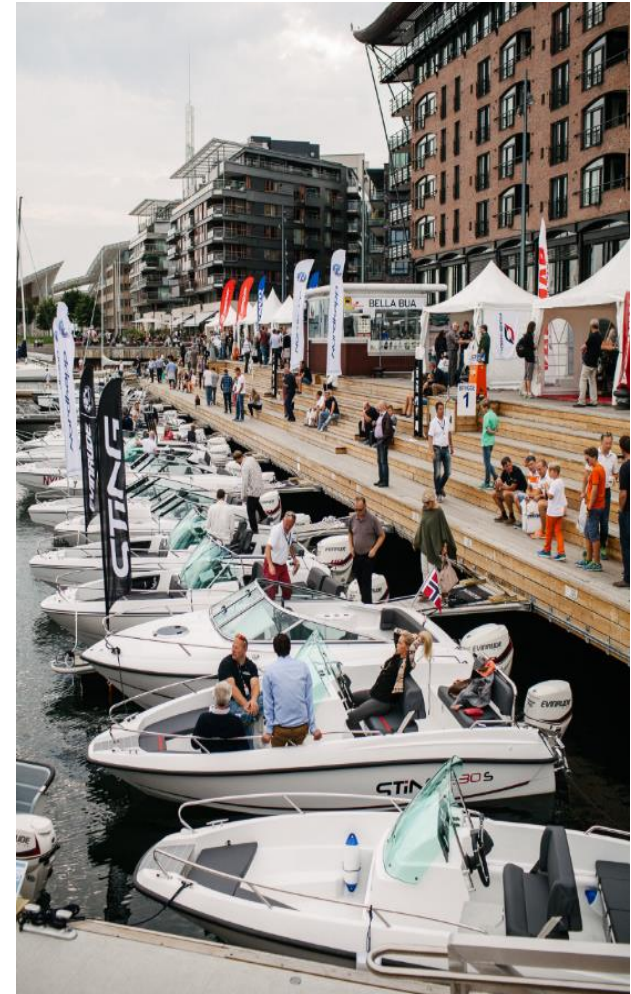
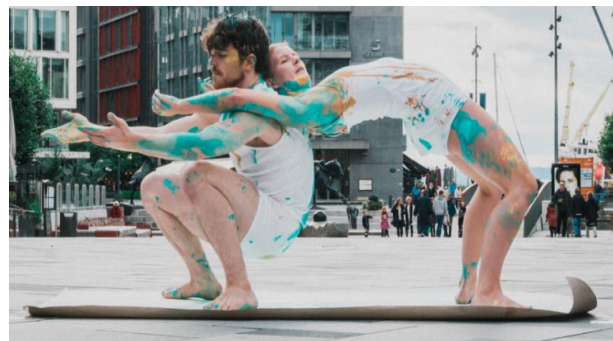
Retail update

Turnover

- | | |
|-------------------------|-----------------|
| - Q3 2018 | NOK 482 mill. |
| - YTD Q3 2018 | NOK 1 410 mill. |
| - Growth YTD '18 vs '17 | + 8.4 % |
| - Growth Q3 18 vs Q3 17 | + 3.7 % |

Several retail focused activities;

- Outdoor cinema at Tingvalla Utstikkeren (marina)
- Exhibition in the marina: "Båter i sjøen"
- Design flea market
- Backyard Thursday (after work)
- "KunstKræsj Pop-Up" incl. concerts and exhibitions



Environmental update

Environmental

- Seabin installed in the marina early spring
- Pilot project with a positive environmental outcome
 - Collected above 1 tonn of waste YTD
 - Cleaner ocean for boat owners and other visitors at Aker Brygge
 - Supporting further growth for our Sup board-center



Market trends



:: AKER BRYGGE. OSLO:

Rental market Oslo

- Limited new office supply in 2019 and 2020
- Strong rental market in CBD and Nydalen

Rental market Stavanger

- Increased interest from oil related companies
- Increased M&A activity
- Good pipeline for premises in city centre

Transaction market

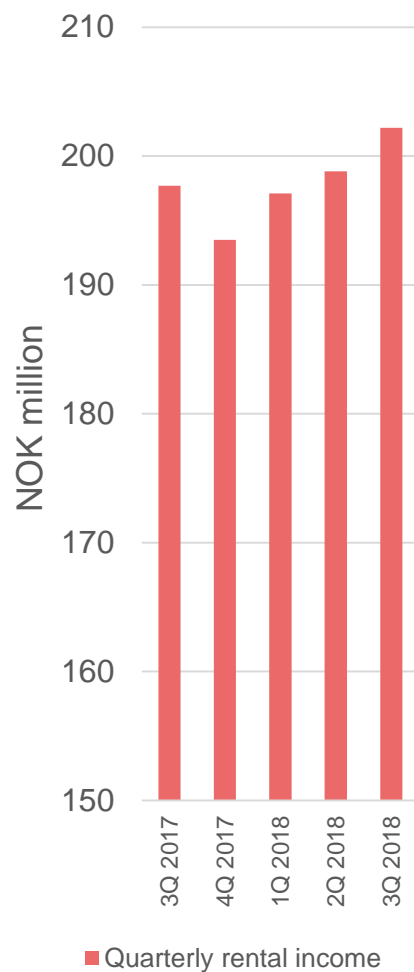
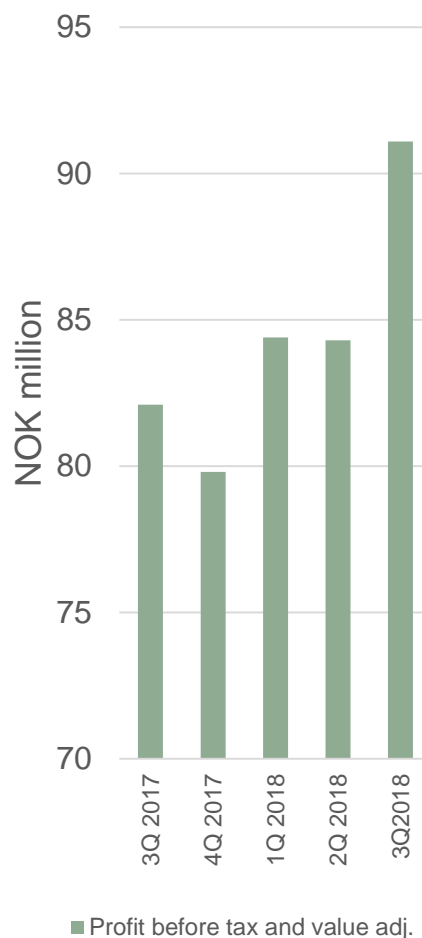
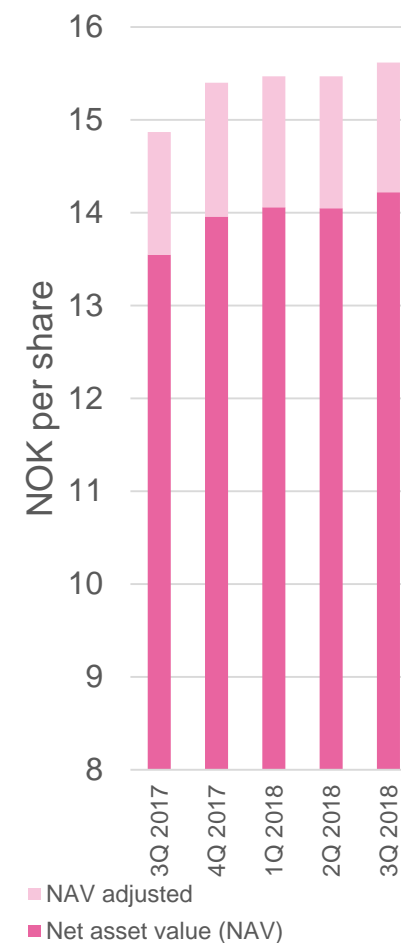
- Prime yield asset for sale 3.75%
- Strong transaction market in all segments
- Well functioning debt markets
- Increased swap-rates



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Financial highlights

RENTAL INCOME

PROFIT BEFORE TAX AND VALUE ADJ.

VALUE PER SHARE


Income statement – Q3 and YTD 2018

NOK million	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	Year 2017
Revenue	202.2	197.7	598.0	590.8	784.3
Property-related operational expenses ¹	(18.4)	(16.2)	(55.0)	(49.0)	(66.0)
Other property-related expenses ²	(15.3)	(15.3)	(48.7)	(43.5)	(58.0)
Administrative expenses	(11.7)	(11.5)	(38.1)	(40.5)	(53.7)
Operating profit before value adjustments	156.7	154.7	456.2	457.9	606.6
Change in market value of investment property	66.7	326.4	48.0	766.7	1 046.7
Operating profit	223.4	481.1	504.2	1 224.6	1 653.3
Realised financial items	(65.6)	(72.6)	(196.4)	(221.0)	(289.9)
Change in market value of financial derivative instruments	37.6	9.1	86.2	26.9	43.6
Net financial items	(28.0)	(63.5)	(110.2)	(194.1)	(246.3)
Profit before income tax	195.4	417.6	394.0	1 030.5	1 407.0
Income tax (not payable)	(68.0)	198.6	(141.7)	56.2	(58.3)
Profit for the period	127.4	616.2	252.3	1 086.7	1 348.7
Earnings per share (NOK)	0.23	1.12	0.46	1.98	2.46
Profit before income tax and value adjustments	91.1	82.1	259.8	236.9	316.8

¹ Property-related operational expenses for 2018 are affected by an increase in the property tax rate in Oslo from two to three per mile.

² Other property-related expenses for 2018 include increased costs for vacant space in Snarøyveien 36.

Portfolio valuation by area Q3-2018

- External valuation conducted by Cushman & Wakefield and Akershus Eiendom
- Value of investment properties in the balance sheet increased by NOK 136.3 million

Area		Total space (m ²)	WAULT (years)	Valuation		Gross rent per year		Net yield ¹	Vacancy based on market rent ²
				NOK mill.	NOK/m ²	NOK mill.	NOK/m ²	(%)	(%)
Oslo	CBD	129 911	5.1	11 137.7	85 860	432.6	3 330	3.5 (3.8) ³	2.4
	Nydalen	89 547	3.8	2 093.3	23 377	128.7	1 437	5.7	4.6
	Other	79 080	1.6	871.2	11 017	96.7	1 223	10.2	3.2
Total Oslo Portfolio		298 538	4.4	14 097.4	120 253	658.0	2 204	4.3	3.2
Stavanger ⁴		92 771	2.8	588.0	6 338	32.6	351	5.1	43.6
Total office portfolio excl Skøyen⁵		391 309	4.3	14 685.3	126 591	690.7	1 765	4.3	11.9
Skøyen ⁵		41 606	0.4	885.5	21 283	99.1	2 382	10.3	0.0
Total office portfolio incl Skøyen⁵		432 915	3.8	15 570.9	147 874	789.8	1 824	4.7	10.7

¹ For illustration; based on rents as of 30 September 2018 and estimated long term property expenses of 8 per cent

² Vacancy calculated as market rent in vacant space, using market rent estimated by Cushman & Wakefield

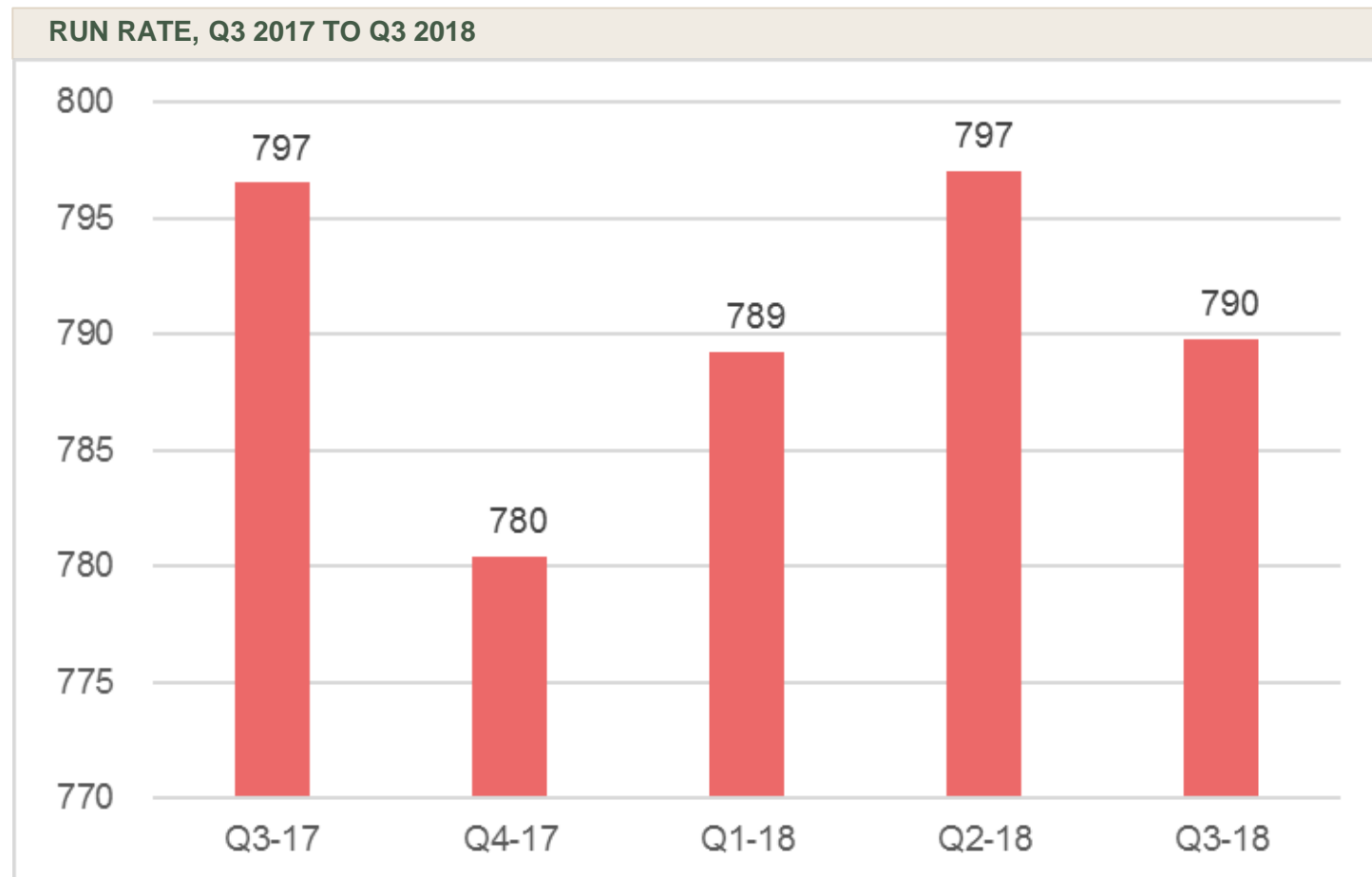
³ Net yield when including forward starting lease on Drammensveien 60

⁴ Vacancy is calculated excluding Forusbeen 35 where a zoning process for conversion is initiated and Grenseveien 21 awaiting intermunicipal sector plan for Forus

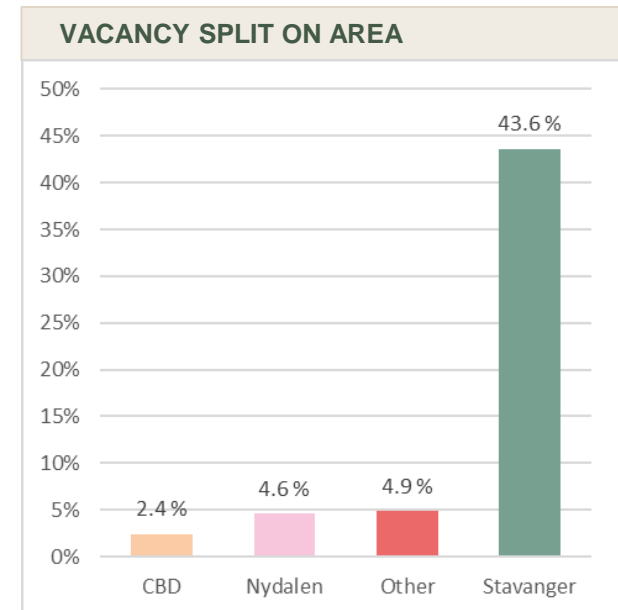
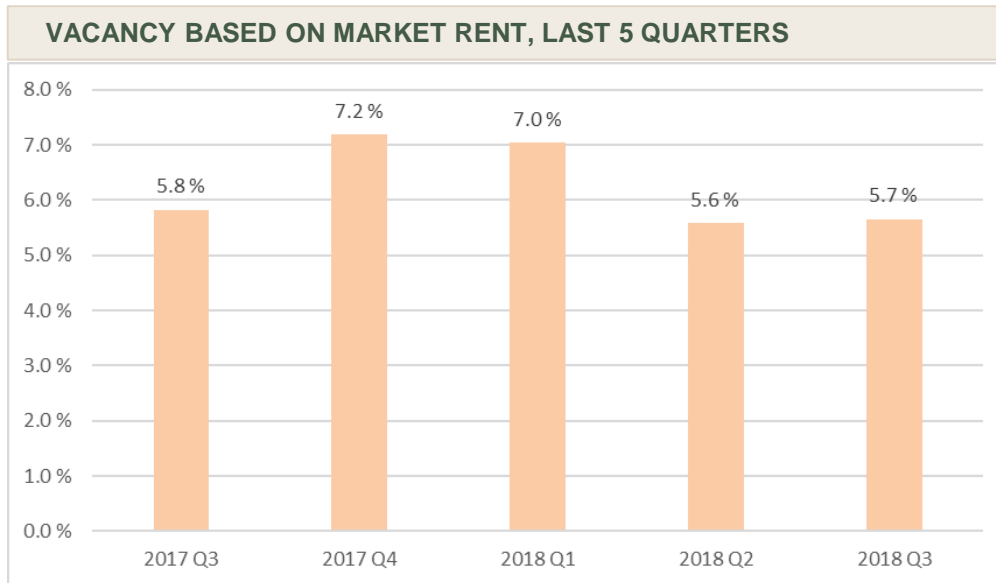
⁵ Skøyen portfolio: Hovfaret 11 and Nedre Skøyenvei 24 and 26, agreed sold with take over in March 2019



Run rate last 5 quarters

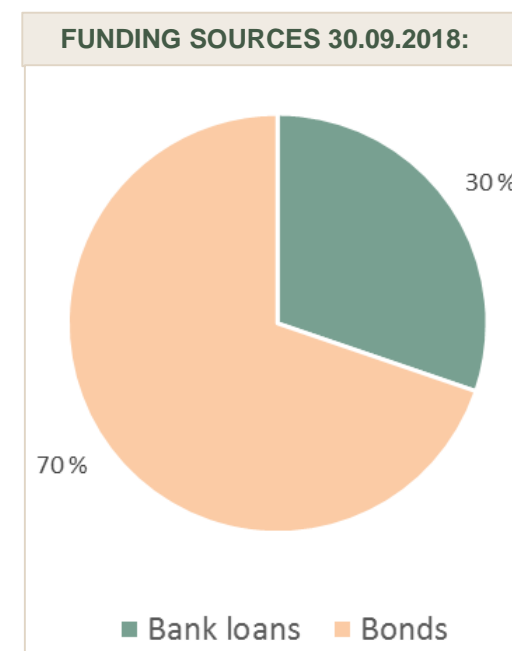


Vacancy based on market rent



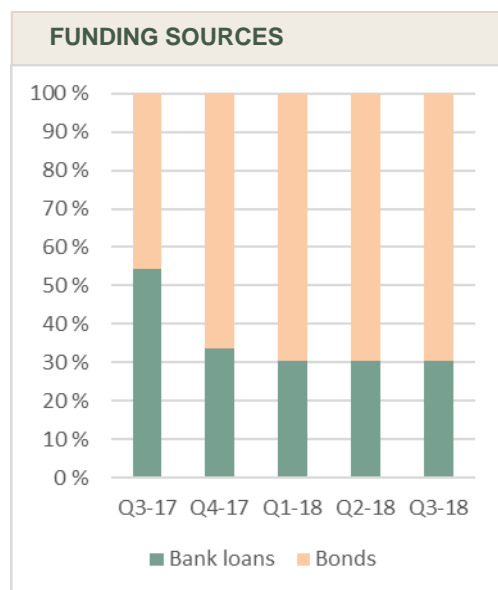
Financial position

Interest bearing debt and hedging		30.09.2018
Total interest bearing debt	NOK million	6 951.9
Property value	NOK million	15 570.9
Net Loan to value ¹	Per cent	43.7
Cash and cash equivalents	NOK million	154.7
Unused committed credit facilities	NOK million	900.0
Average remaining duration. Hedging	Years	4.0
Average interest rate (including margin)	Per cent	3.61
Average margin	Per cent	1.38
Average remaining duration. Borrowing	Years	2.7
Hedging ratio	Per cent	62.6
WAULT	Years	3.8



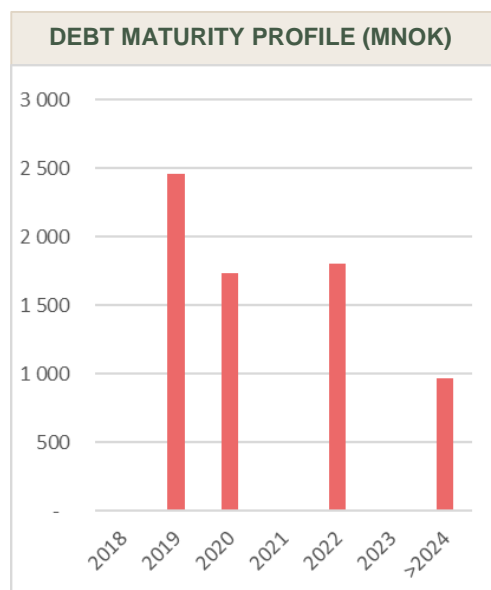
¹ Net loan to value = net interest bearing debt divided by gross property value

Financing



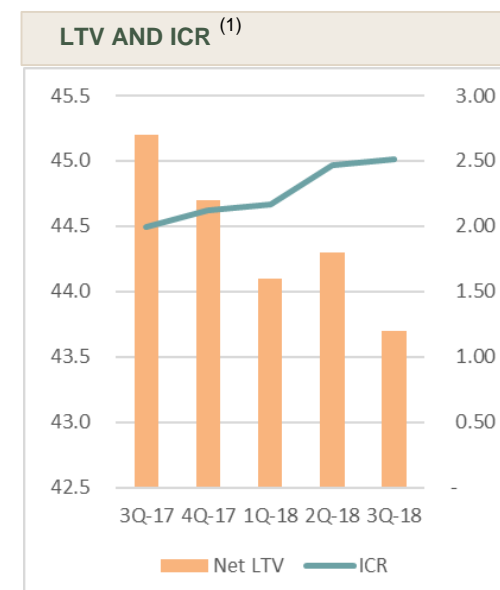
● Diversified sources of funding

- 4.9 bn in bonds Q3 2018
- Issued NOK 2.2 bn last 12 months



● Diversified maturity profile

- Average remaining time to maturity Q3 2018 is 2.7 years



● LTV 45-55%

- Net LTV 43.7% at Q3 2018
- Approx 40.5% after sale of Skøyen and Gardermoen assets

(1) ICR = EBITDA / Net interest cost, rolling 4 quarters



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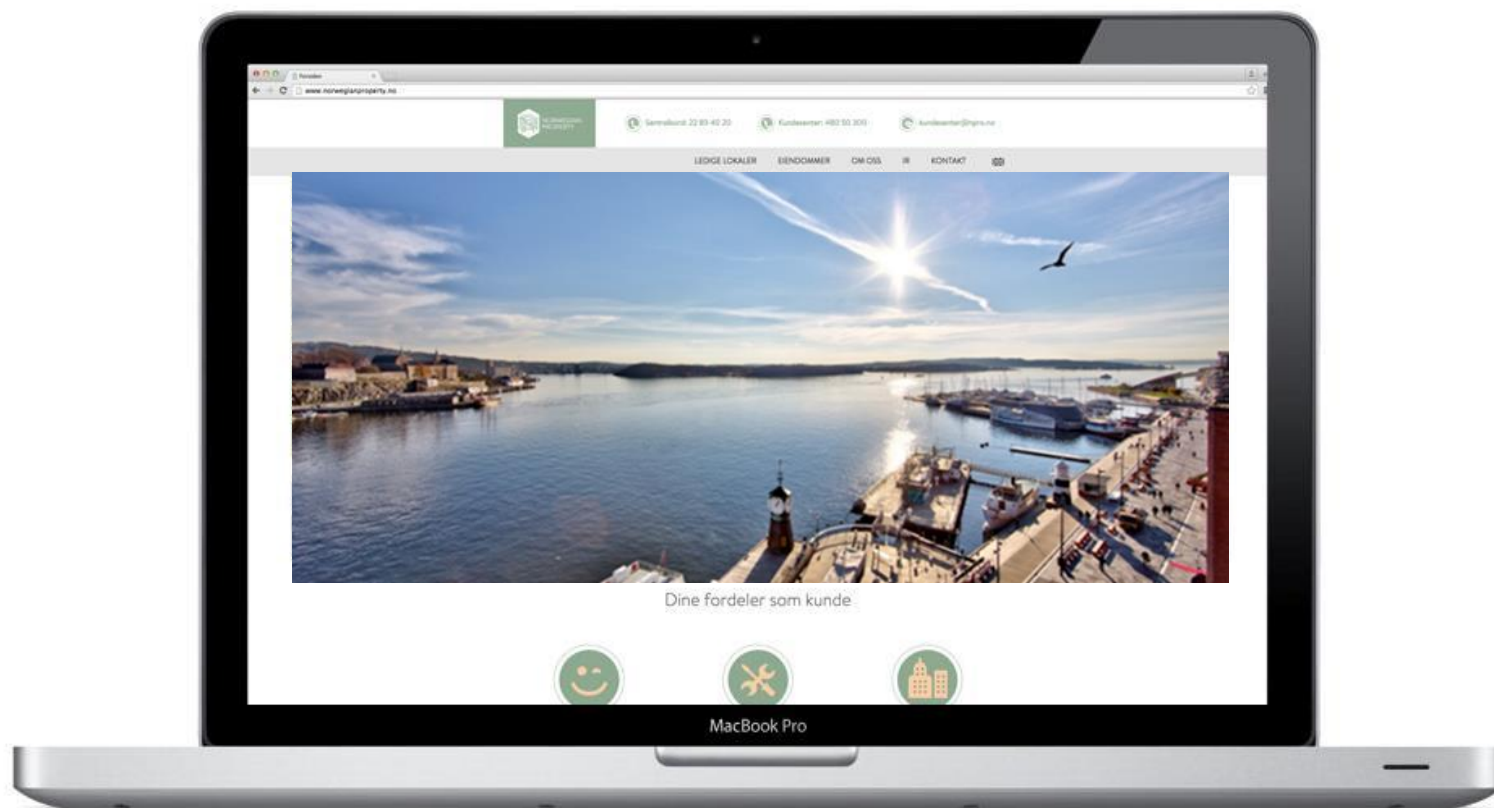
Summary

- Dividend of NOK 0.07 for Q3–2018
 - Ex date: October 29
 - Payment date: November 7
- Refurbishment of Drammensveien 60 completed and delivered to tenants
- Continued focus on execution





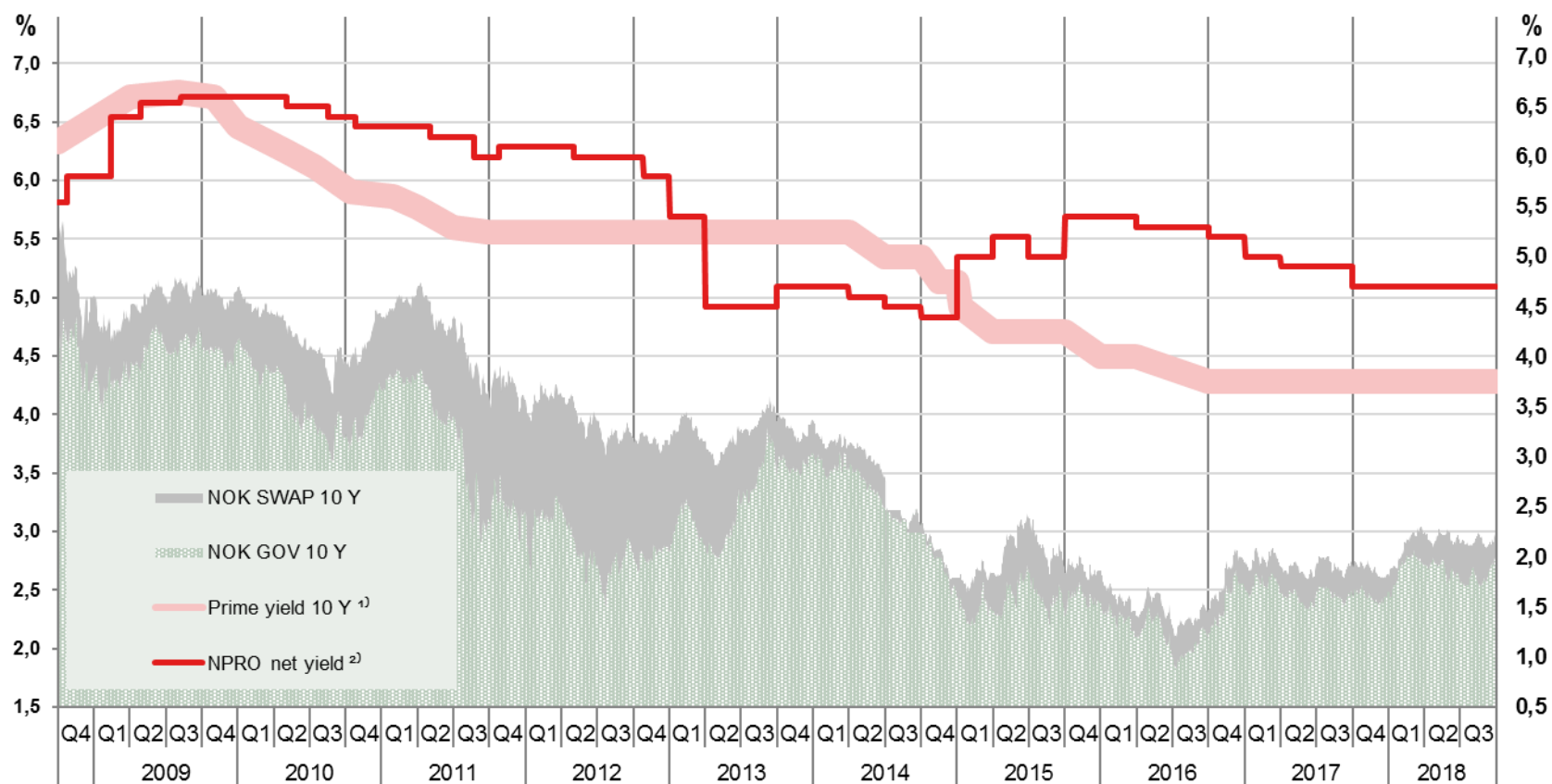
Q & A



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- **Appendix**

Yield spread



¹ Source: Akershus Eiendom

² NPRO net yield as summarised in slide; Portfolio valuation Q3-2018

Balance sheet

NOK million	30.09.2018	31.12.2017
Investment property	14 609.3	14 363.9
Owner-occupied property	76.2	70.9
Investment property held for sale ¹	885.5	925.9
Property, plant and equipment	44.0	42.3
Receivables	69.3	81.4
Cash and cash equivalents	154.7	89.2
Equity	7 801.1	7 654.8
Deferred tax	674.7	531.5
Long term interest bearing debt	6 344.4	6 940.5
Short term interest bearing debt	607.5	9.9
Market value financial derivatives (net)	141.5	230.9
Net other debt	269.8	205.9
Equity ratio (%)	49.2	49.1
NAV per share, book value of equity (NOK)	14.22	13.96
NAV, adjusted per share (NOK)	15.62	15.40
NNNAV per share (NOK)	14.93	14.48

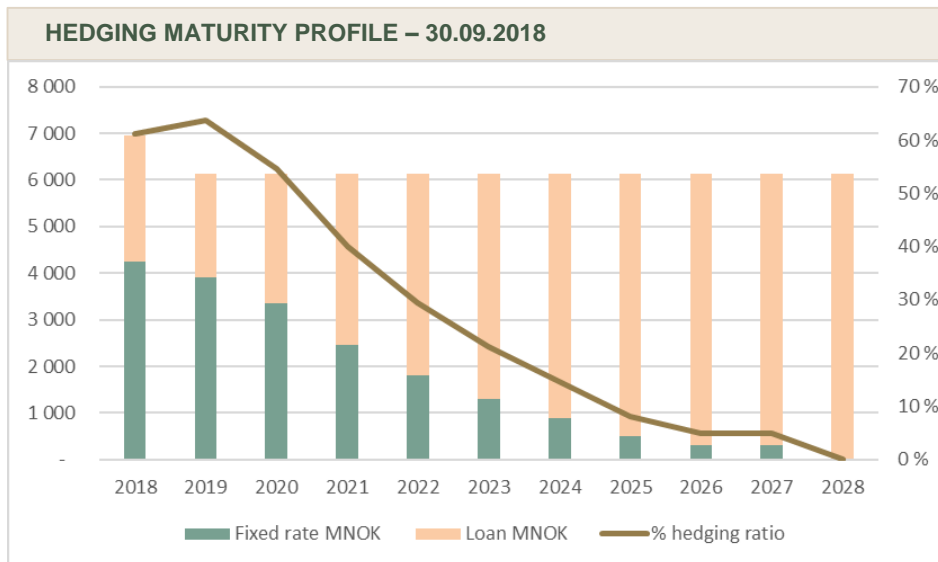
¹ Previously agreed to sell Nedre Skøyen vei 24-26 and Hovfaret 11. The takeover date is March 2019. Upon expiration of the lease contracts for the properties, Norwegian Property is entitled to rental income and has the operating responsibility for the properties until takeover.

Cash flow – Q3 2018

NOK million	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	Year 2017
Cash flow from profit and loss before fair-value adjustments ¹	92.4	82.7	260.8	197.3	262.4
Change in short-term items	49.8	37.7	76.2	27.0	(27.8)
Cash flow from operating activities	142.2	120.4	337.0	224.3	234.6
Purchase of tangible assets	(57.4)	(61.1)	(149.0)	(154.3)	(187.5)
Cash flow from investment activities	(57.4)	(61.1)	(149.0)	(154.3)	(187.5)
Net change in interest bearing debt	(2.2)	121.3	(7.3)	285.6	182.4
Paid dividend	(38.4)	(38.4)	(115.2)	(142.6)	(186.5)
Net cash flow from financing activities	(40.6)	83.0	(122.4)	143.0	(4.1)
Net change in cash	44.3	142.3	65.5	213.1	43.0
Net cash at end of period	154.7	259.3	154.7	259.3	89.2

¹ Includes NOK 62 million in payments on termination of interest-rate derivatives for the full year 2017 (NOK 3.2 million and NOK 44.6 million YTD 2018 and 2017 respectively) .

Interest rate hedging



Interest rate risk:

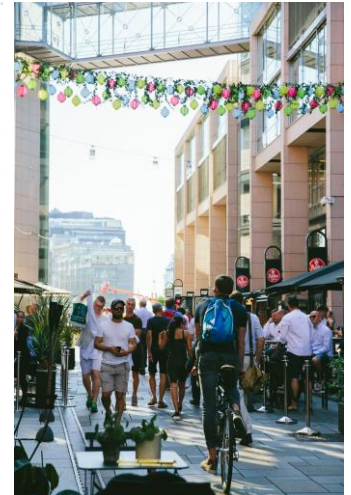
- 50-100% of the group's debt shall be hedged.
- Average remaining time to maturity shall be 3-6 years.
- Hedging ratio 30.09.2018 was 62.6 % and remaining average time to maturity was 4.0 years.
- Diversified maturity profile to avoid exposure to interest levels.

Overview and key figures



Key figures as of 30 Sep 2018

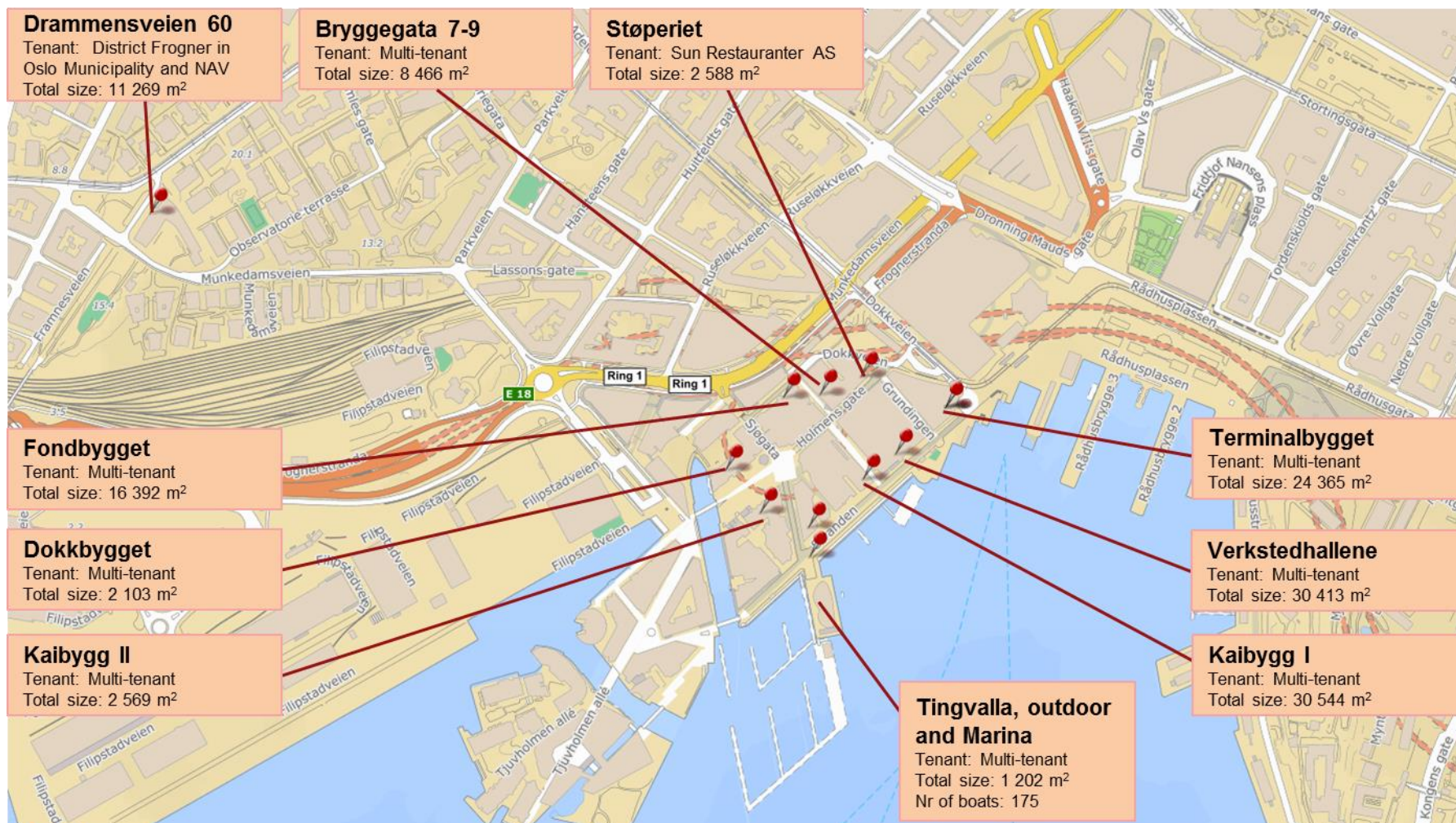
Properties	no	32
Portfolio size (ex. new space in redev. Projects)	m ²	432 915
Average size per property	m ²	13 529
Gross rent per year (run rate)	NOK mill.	790
Operational expenses per year ¹⁾	NOK mill.	63
Net rent per year (run rate)	NOK mill.	727
Average gross rent per m ² per year	NOK	1 824
Gross market value	NOK mill.	15 571
Average value per property	NOK mill.	487
Average value per m ²	NOK	35 968
Gross yield, actual	%	5,1
Net yield, actual	%	4,7
WAULT	Years	3,8
CPI adjustment	%	99,7
Vacancy, calculation based on market rate ²⁾	%	5,7



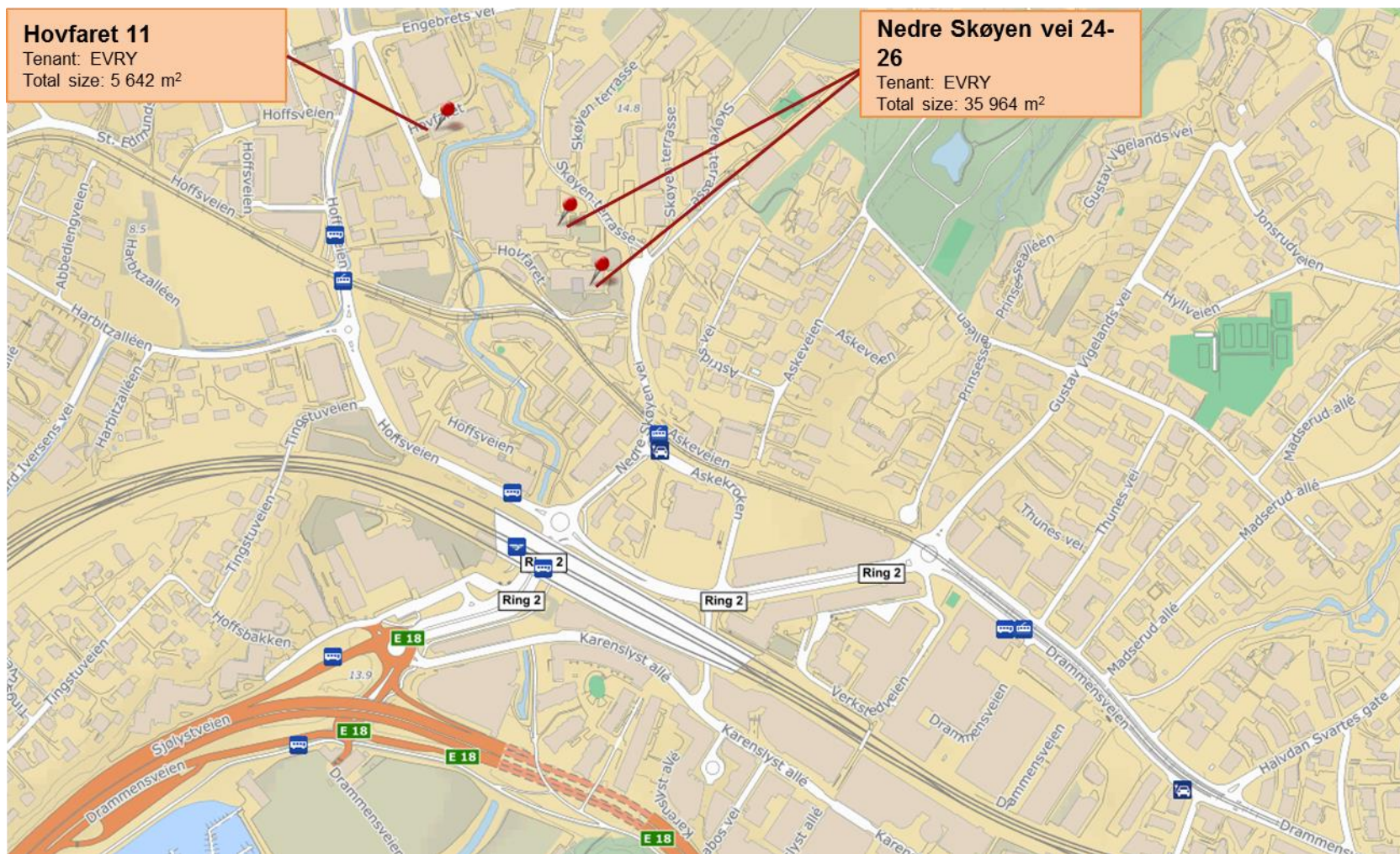
¹ For illustration; based on estimated long term property expenses of 8 per cent of gross rent

² Market rate as estimated by Cushman & Wakefield

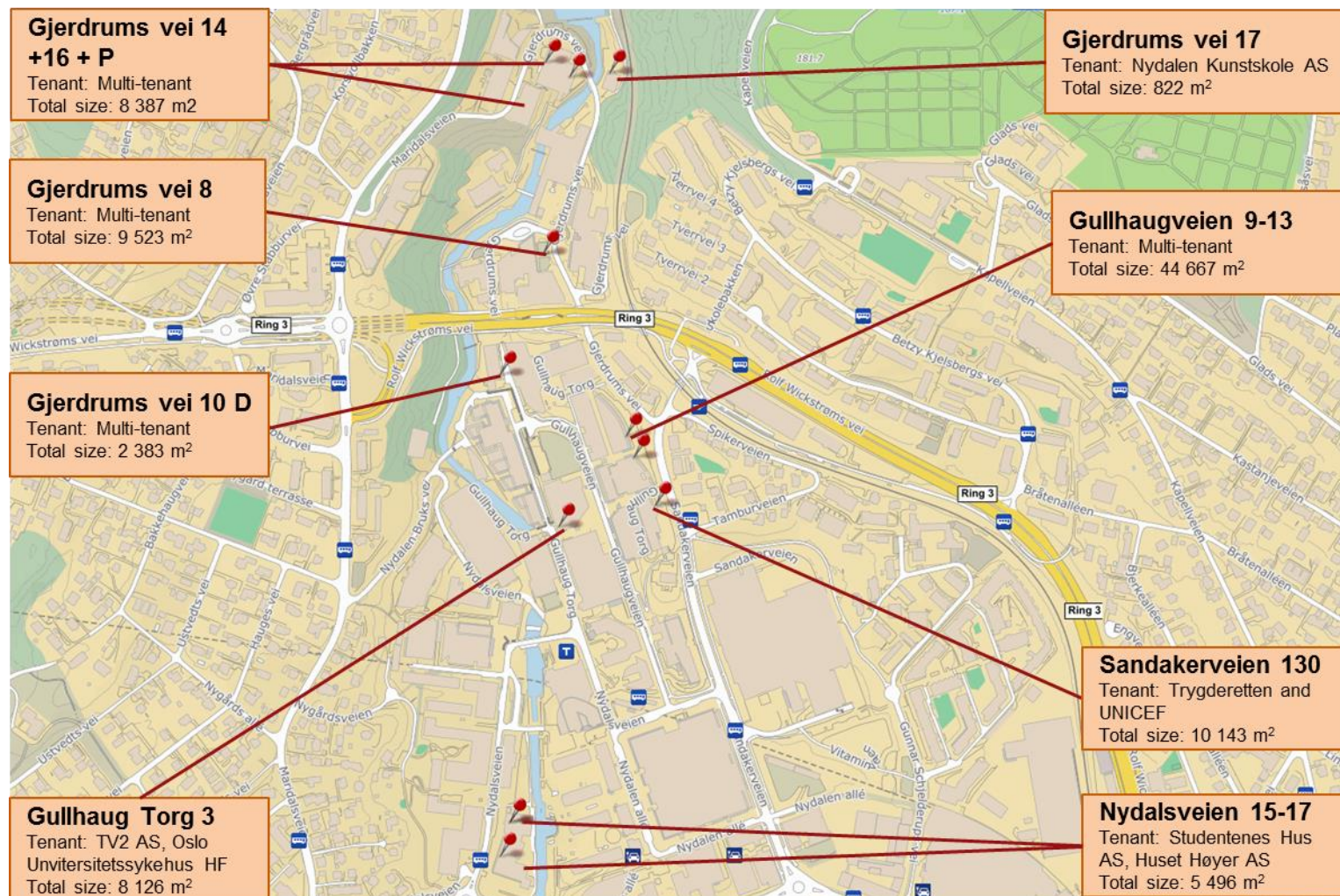
CBD



Skøyen



Nydalen



Stavanger

Maskinveien 32

- Office: 4 106 m²
- Total: 5 169 m²



Svanholmen 2

- Office: 2 840 m²
- Retail: 6 910 m²
- Total: 9 750 m²



Grenseveien 19

- Office: 5 451 m²
- Total: 5 451 m²



Badehusgaten 33-39

- Office: 18 588 m²
- Total: 21 137 m²



Projects:

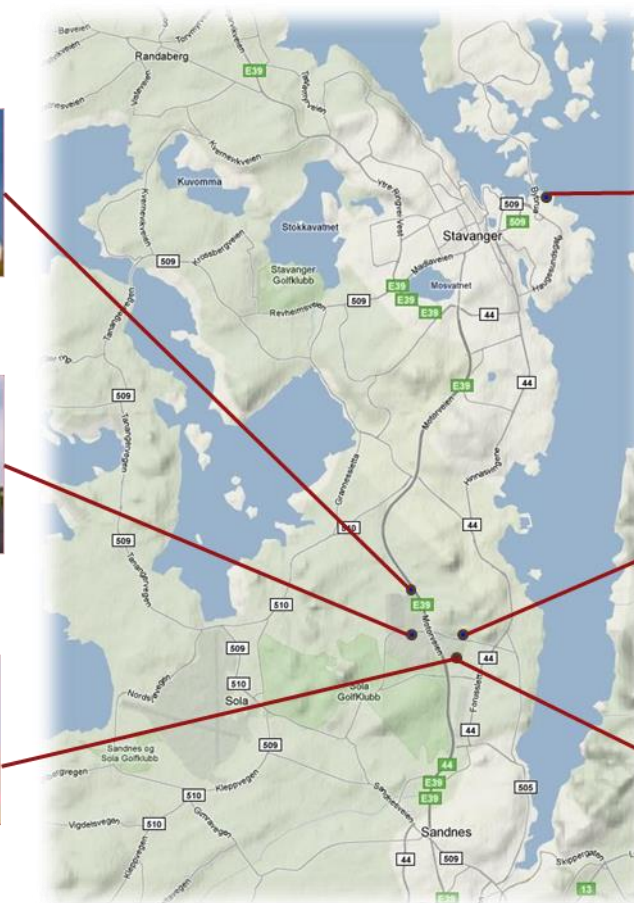
Forusbeen 35

- Approx. 40 000 sqm
- 20% office
- 80% residential



Grenseveien 21

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





Property details Q3-2018

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	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	WAULT per Sep 2018	Run rate per Sep 2018
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	0,7	98,0	4,7	27,8
Dokkbygningen	1 688	389	26	0	0	2 103	32,6	100,0	6,2	3,0
Drammensveien 60	8 881	0	1 890	498	0	11 269	0,0	100,0	10,8	0,0
Fondbygget	12 947	2 443	915	0	87	16 392	11,7	100,0	3,9	52,4
Kaibygning I (Stranden 5)	20 933	6 503	2 310	0	798	30 544	0,0	100,0	5,7	115,4
Kaibygning II	0	1 775	794	0	0	2 569	0,2	100,0	6,1	11,7
Støperiet	0	2 032	0	0	556	2 588	0,0	100,0	0,8	5,0
Terminalbygget (Stranden 1)	17 778	3 194	1 686	1 401	306	24 365	0,2	100,0	6,0	96,4
Tingvallautstikkeren, uteareal og marina ¹	0	1 202	0	0	0	1 202	0,0	96,0	3,3	19,8
Verkstedhallene (Stranden 3)	19 407	7 992	2 165	0	849	30 413	2,3	100,0	4,9	101,2
Total CBD	88 012	27 618	9 786	1 899	2 596	129 911	2,4	99,7	5,1	432,6

¹ Adjusted for normal seasonal short term contracts



Property details Q3-2018

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	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	WAULT per Sep 2018	Run rate per Sep 2018
OSLO/AKERSHUS	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
Nydalen										
Gjerdrums vei 10 D	2 205	0	178	0	0	2 383	0,0	100,0	5,9	3,8
Gjerdrums vei 14, 16 and 16 P-house	5 353	0	985	2 049	0	8 387	10,8	98,0	2,9	10,1
Gjerdrums vei 17	806	0	16	0	0	822	9,3	100,0	4,3	1,2
Gjerdrums vei 8	7 726	0	634	1 163	0	9 523	3,6	100,0	3,1	16,3
Gullhaug Torg 3	7 698	0	428	0	0	8 126	0,0	100,0	4,3	15,9
Gullhaugveien 9 - 13	24 882	0	7 609	12 176	0	44 667	2,7	100,0	2,5	58,6
Nydalsveien 15	3 427	311	67	0	0	3 805	1,3	100,0	6,9	8,0
Nydalsveien 17	0	1 691	0	0	0	1 691	0,0	100,0	6,1	4,7
Sandakerveien 130	5 514	0	1 072	3 557	0	10 143	18,4	100,0	8,5	10,2
Total Nydalen	57 611	2 002	10 989	18 945	0	89 547	4,6	99,8	3,8	128,7



Property details Q3-2018

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	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	WAULT per Sep 2018	Run rate per Sep 2018
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	0,4	13,8
Nedre Skøyen vei 24	3 630	0	1 215	0	0	4 845	0,0	100,0	0,4	14,9
Nedre Skøyen vei 26	20 211	0	696	4 631	5 581	31 119	0,0	100,0	0,4	70,4
Total Skøyen ¹	28 218	0	2 480	4 631	6 277	41 606	0,0	100,0	0,4	99,1

Other

Oslo Airport Gardermoen ²	0	0	0	0	20 976	20 976	0,0	100,0	1,2	29,8
Snarøyveien 36 (prev. Aker Hus)	40 799	0	0	17 305	0	58 104	6,9	100,0	1,8	66,9
Total Other	40 799	0	0	17 305	20 976	79 080	3,2	100,0	1,6	96,7
TOTAL OSLO - AKERSHUS	214 640	29 620	23 255	42 780	29 849	340 144	2,8	99,8	3,8	757,2

¹ Skøyen portfolio. Hovfaret 11 and Nedre Skøyenvei 24 and 26. agreed sold with take over in March 2019

² Oslo Airport Gardermoen agreed sold with take over in December 2019



Property details Q3-2018

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	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	WAULT per Sep 2018	Run rate per Sep 2018
STAVANGER	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
Badehusgata 33-39	18 588	260	354	1 935	0	21 137	34,2	100,0	2,8	19,2
Forusbeen 35 ¹	19 075	0	0	4 224	0	23 299	NA	100,0	0,8	1,5
Grenseveien 19	5 451	0	0	0	0	5 451	100,0	NA	3,6	0,0
Grenseveien 21 ¹	27 966	0	0	0	0	27 966	NA	NA	0,3	1,0
Maskinveien 32	4 106	0	405	658	0	5 169	98,1	100,0	5,4	0,1
Svanholmen 2	2 839	6 910	0	0	0	9 749	6,2	100,0	3,5	10,8
TOTAL STAVANGER	78 025	7 170	759	6 817	-	92 771	43,6	96,8	2,8	32,6
GROSS TOTAL	292 665	36 790	24 014	49 597	29 849	432 915	5,7	99,7	3,8	789,8

¹ Forusbeen 35 and Grenseveien 21 are not included in the calculation of vacancy as zoning process is ongoing for transformation to mixed use.

Largest shareholders as of 30 Sep 2018

#	Name	Share (%)	Number of shares	Account type	Nationality
1	GEVERAN TRADING CO L	59,33	325 410 616		CYP
2	FOLKETRYGDFONDET	13,45	73 751 642		NOR
3	NIAM V PROSJEKT AS c/o Langham Hall UK	12,30	67 437 425		NOR
4	The Bank of New York STICHTING DEPOSITARY	4,22	23 131 995	NOM	NLD
5	DANSKE BANK AS	0,78	4 261 628		DNK
6	State Street Bank an A/C WEST NON-TREATY	0,60	3 290 952	NOM	USA
7	NIKI AS	0,36	2 000 000		NOR
8	SALT VALUE AS	0,35	1 917 969		NOR
9	Goldman Sachs Intern SECURITY CLIENT SEGR	0,31	1 713 138	NOM	GBR
10	The Bank of New York C/O BNYMSANV RE BNYM	0,30	1 661 674	NOM	GBR
11	KAS Bank N.V. S/A CLIENT ACC TREAT	0,29	1 591 737	NOM	NLD
12	State Street Bank an A/C CLIENT OMNIBUS F	0,28	1 514 217	NOM	USA
13	MORGAN STANLEY INVES	0,27	1 455 509		LUX
14	MATHIAS HOLDING AS PER MATHIAS AARSKOG	0,26	1 400 000		NOR
15	EIKA NORGE	0,25	1 373 905		NOR
16	Skandinaviska Enskil SEB AB, UCITS V - Fi	0,25	1 370 112	NOM	FIN
17	Espedal & Co AS	0,23	1 264 767		NOR
18	JPMorgan Chase Bank, BTC A FUNDS MAX TAX	0,20	1 102 326	NOM	USA
19	Nordea Bank AB NORDEA BA. SWE. AB (0,18	1 000 000	NOM	SWE
20	BANAN II AS	0,18	1 000 000		NOR
Total 20 largest shareholders		94,39	517 649 612		8/20 NOR

Disclaimer

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