

# Interim report

## First quarter 2019



Gjerdrums vei 8, Nydalen, Oslo

31.03.2019

NORWEGIAN PROPERTY ASA

## Important events in the first quarter of 2019

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### Life-for-like increase in rental income

Overall rental income came to NOK 191.6 million for the first quarter, representing a like-for-like increase of NOK 6.4 million from the same period of last year.

### Stable trend for profit before tax and fair-value adjustments

Profit before tax and fair-value adjustments came to NOK 85.2 million, compared with NOK 84.4 million for the first quarter of 2018.

### Positive change in market value of investment properties and financial derivatives

The valuation of the property portfolio resulted in an unrealised positive fair-value adjustment of NOK 124.7 million (NOK 11.1 million), related primarily to rising market rents in the areas where the group has the bulk of its property assets.

A reduction in the residual time to maturity for financial derivatives contributed to a positive fair-value adjustment of NOK 10.3 million (NOK 46.2 million) for these.

### Net profit of NOK 169.3 million and ordinary EPS of NOK 0.31

Pre-tax profit came to NOK 220.3 million (NOK 141.7 million). After an increase of NOK 51 million in the provision for deferred tax, net profit for the period

came to NOK 169.3 million. That yielded earnings per share (EPS) of NOK 0.31 for the first quarter. Net asset value per share came to NOK 14.83 at 31 March 2019, up from NOK 14.59 at 31 December 2018.

### Net LTV of 39.6 per cent

The net loan-to-value (LTV) ratio at 31 March was 39.6 per cent, down from 43.1 per cent at 31 December 2018 after redemption of debt.

### New leases

Leases with a total annual rental income of NOK 13.7 million were awarded or extended in the first quarter of 2019.

### Property transactions

The group conducted a number of transactions in the fourth quarter of 2018 related to both purchase and sale of property.

In the first quarter, the sale of properties at Skøyen in Oslo was completed. With a total asset value of NOK 878 million, these concerned the Nedre Skøyen vei 24-26 A-F and Hovfaret 11 properties. Their sale was agreed in 2015 and 2016, with delivery to the buyer following the expiry of the leases for the properties during the first quarter of 2019.

### Dividend

The board has resolved to pay a dividend of NOK 0.07 per share for the first quarter of 2019.

## Key figures

The table below presents key financial figures<sup>1</sup> for the group.

Profit and loss		1Q-19	1Q-18	31.12.18
Revenues	NOK mill.	191.6	197.1	798.9
Operating profit before admin expenses	NOK mill.	161.8	162.7	661.4
Operating profit before value adjustments	NOK mill.	149.1	149.2	604.6
Profit before income tax and value adjustments	NOK mill.	85.2	84.4	345.0
Profit before income tax	NOK mill.	220.3	141.7	577.4
Profit after income tax	NOK mill.	169.3	92.3	490.6
Balance sheet		1Q-19	1Q-18	31.12.18
Market value of property portfolio	NOK mill.	14 872.9	15 410.1	15 590.9
Total equity	NOK mill.	8 134.8	7 711.6	8 002.8
Interest-bearing debt	NOK mill.	7 029.5	6 950.1	7 833.4
Equity ratio	Per cent	49.7	49.1	46.9
Pre-tax return on equity	Per cent	10.9	7.4	7.4
Cash flow		1Q-19	1Q-18	31.12.18
Net cash flow from operating activities	NOK mill.	13.8	135.5	419.7
Cash and cash equivalents	NOK mill.	445.9	146.5	124.6
Key figures; per share		1Q-19	1Q-18	31.12.18
Number of shares issued, end of the period	Number	548 425 596	548 425 596	548 425 596
Average number of shares in the period	Number	548 425 596	548 425 596	548 425 596
Profit before income tax	NOK	0.40	0.26	1.05
Earnings per share (EPS)	NOK	0.31	0.17	0.89
Net cash flow from operating activities	NOK	0.03	0.25	0.77
Interest-bearing debt	NOK	12.82	12.67	14.28
NAV, book value	NOK	14.83	14.06	14.59
Deferred property tax	NOK	1.25	1.15	1.19
Fair value of fin. derivative instruments	NOK	0.21	0.26	0.22
NAV, adjusted	NOK	16.29	15.47	16.01
Fair value of deferred tax	NOK	(0.64)	(0.50)	(0.62)
Fair value of fin. derivative instruments	NOK	(0.24)	(0.30)	(0.26)
Fair value of debt	NOK	(0.00)	(0.02)	(0.00)
NNNAV	NOK	15.41	14.65	15.13

<sup>1</sup> Figures not derived directly from the accounts are explained in the list of definitions at the end of this report. When calculating key figures per share related to profit and cash flow, the numbers are divided by the average number of shares in the period, while key figures per share related to the balance sheet are divided by the number of shares at the end of the period.

<sup>2</sup> Market value in the balance sheet excluding value of joint ventures recognised in accordance with the equity method.

## Financial developments

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### Results

#### Operating revenue

Operating revenue for Norwegian Property totalled NOK 191.6 million in the first quarter. That compares with NOK 197.1 million for the same period of 2018 and represents a like-for-like increase of NOK 6.4 million for the first quarter.

#### Operating cost

Operations-related property costs totalled NOK 15.7 million (NOK 17.9 million).

Other property-related expenses came to NOK 14 million (NOK 16.4 million).

Owner administrative expenses were NOK 14.4 million (NOK 13.5 million) for the quarter.

#### Share of profit from joint venture

The group's share of net profit from the joint venture was NOK 1.6 million for the quarter, and relates to the Bادهusgata 33-39 property in central Stavanger.

#### Operating profit before fair-value adjustments

On the basis of the above, operating profit before fair-value adjustments amounted to NOK 149.1 million (NOK 149.2 million) for the quarter.

#### Fair-value adjustments for investment property

Valuation of the property portfolio yielded an unrealised fair-value increase of NOK 124.7 million (NOK 11.1 million) for the quarter. The total market value of the property portfolio carried in the balance sheet, excluding the joint venture, amounted to NOK 14 872.9 million at 31 March 2019.

#### Net financial items

Net realised financial expenses came to NOK 63.9 million (NOK 64.8 million) for the quarter.

A reduction in residual times to maturity for financial derivatives contributed to a positive fair-value adjustment of NOK 10.3 million (NOK 46.2 million) for these.

#### Profit for the period

Pre-tax profit was NOK 220.3 million (NOK 141.7 million) for the quarter. The increase in the provision for non-payable deferred tax expense for the quarter was NOK 51 million (NOK 49.4 million). Net profit was thereby NOK 169.3 million (NOK 92.3 million) for the quarter.

#### Balance sheet

The carrying amount of the group's total assets in the balance sheet was NOK 16 367.9 million (NOK 15 709.2 million), with investment property accounting for NOK 14 736.8 million (NOK 14 430.2 million), properties used by the owner for NOK 76.7 million (NOK 71.5 million) and investment property held for sale for NOK 59.4 million. Until its completion, the housing project at Hasle in Oslo is recognised as inventory with a carrying amount of NOK 882.7 million at 31 March.

The company held NOK 445.9 million (NOK 146.5 million) in cash and cash equivalents at 31 March.

Total interest-bearing liabilities in the balance sheet came to 7 029.5 million (NOK 6 950.1 million), with non-current interest-bearing liabilities totalling NOK 4 692.6 million (NOK 6 343.8 million) and current interest-bearing liabilities amounting to NOK 2 336.9 million (NOK 606.3 million). NOK 677.3 million in construction loans related to the housing project at Hasle are included in interest-bearing liabilities (NOK 187.2 million as non-current liabilities and NOK 490.1 million as current liabilities).

Financial derivatives accounted for a net liability item of NOK 146.1 million (NOK 184.8 million), where NOK 153.8 million (NOK 203 million) was classified as liabilities and NOK 7.7 million (NOK 18.2 million) as assets.

Equity at 31 March totalled NOK 8 134.8 million (NOK 7 711.6 million), representing an equity ratio of 49.7 per cent (49.1 per cent). Net asset value per share was NOK 14.83 (NOK 14.06). Outstanding shares at 31 March totalled 548 425 596 (548 425 596).

#### Cash flow

Net operational cash flow was positive at NOK 13.8 million (NOK 135.5 million) for the quarter. Cash flow comprised NOK 86.9 million from cash earnings, NOK 67.2 million from payment for increased inventory in the housing project at Hasle and a negative NOK 5.9 million from changes to other current items.

Net cash flow from investing activities was positive at NOK 1 152.4 million (negative at NOK 36.9 million) in the first quarter. Property sales at Skøyen in Oslo contributed NOK 823 million in liquid assets during the period. Settlement of seller credits and temporary financing of joint ventures related to the properties sold in Stavanger contributed NOK 354 million in the quarter. The cash effect of investing in investment property came to NOK 24.6 million (NOK 36.9 million) during the first quarter, and included the commercial part of the Hasle project, a small commercial unit at Aker Brygge in Oslo and adjustments for lessees associated with new and renegotiated leases and ongoing operational investment.

Net cash flow from financing activities was negative at NOK 844.9 million (NOK 41.2 million) in the first quarter. Interest-bearing debt declined by NOK 806.5 million in connection with the property sales at Skøyen and final settlement for the Stavanger properties sold in December 2018. Dividend payment came to NOK 38.4 million.

Cash and cash equivalents showed a net increase of NOK 321.4 million (NOK 57.3 million) for the quarter.

## Financing

### Key figures

The table below presents key figures related to interest-bearing debt and hedges at 31 March 2019.

Interest bearing debt and hedging		31.03.19	31.03.18	31.12.18
Interest-bearing debt				
ex. construction loan <sup>1</sup>	NOK mill.	6 352.2	6 950.1	7 201.9
Cash and cash equivalents	NOK mill.	445.9	146.5	124.6
Interest-bearing receivables	NOK mill.	10.2	-	354.0
Interest-hedging ratio	Per cent	62.9	64.5	60.3
Unutilised credit facilities	NOK mill.	800.0	900.0	650.0
Remaining time to maturity for interest hedge agreements	Years	3.9	3.8	4.2
Average interest rate	Per cent	3.85	3.58	3.62
Average interest margin	Per cent	1.40	1.38	1.38
Remaining time to maturity for interest-bearing debt	Years	2.4	3.2	2.3
Market value of property portfolio	NOK mill.	14 872.9	15 410.1	15 590.9
Gross debt to asset ratio (gross LTV)	Per cent	42.7	45.1	46.2
Net debt to asset ratio (net LTV) <sup>2</sup>	Per cent	39.6	44.1	43.1

<sup>1</sup> Excluding NOK 677.3 million (31. December 2018: NOK 631.5 million) in construction loans for the housing project at Hasle in Oslo.

<sup>2</sup> Interest-bearing debt excluding construction loans for the housing project at Hasle less cash and interest-bearing receivables in relation to the market value of the investment property portfolio. The housing project is accounted for as inventory.

**Interest-bearing liabilities**

Interest-bearing liabilities totalled NOK 7 029.5 million (NOK 6 950.1 million) at 31 March, including construction loans of NOK 677.3 million for the Hasle housing project (the total construction loan facility is NOK 1 125 million). In addition, the company had undrawn credit facilities of NOK 800 million (NOK 650 million).

Current debt at 31 March related almost entirely to facilities falling due in the fourth quarter of 2019, which will be refinanced during the year, as well as the share of the construction loan relating to homes which will be sold in 2019.

**Interest hedges**

The table below presents the maturity structure for interest-rate hedges on the group's interest-bearing debt at 31 March 2019.

Maturity profile of interest hedges	Amount (NOK mill.)	Interest <sup>1</sup> (per cent)	Share of total liabilities (per cent)
< 1 year	2 448	1.3	39
1 > 2 year	1 150	4.0	18
2 > 3 year	300	2.2	5
3 > 4 year	650	3.4	10
4 > 5 year	600	2.1	9
> 5 year	1 200	2.3	19
<b>Total</b>	<b>6 348</b>	<b>2.3</b>	<b>100</b>

<sup>1</sup> Average basic interest for amount due.

## Market and operations

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### Commercial property market

Office vacancy in Oslo is estimated to be 5.2 per cent, its lowest level since 2008. It is somewhat lower in both the city centre and the Nydalen district. Vacancy is expected to decline over the next few years as a result of decisions already taken to convert space to other applications (primarily residential and hotel), limited newbuild activity and continued growth in employment. Activity in the letting market is good. Rents are rising in a number of areas. Declining vacancy is expected to be positive for rent developments in the time to come.

The level of activity in the transaction market has been high for several years, with many property transactions in various segments at good yield levels. Long-term market interest rates rose slightly in 2019. Further increases in these rates are expected to have a negative effect on investor willingness to accept exposure to investment property. However, many buyer groups are active and hunting for good objects.

Prime yield for Oslo is estimated to be about 3.75 per cent, with downward pressure on yields for secondary properties.

### The property portfolio

Norwegian Property owned a total of 30 office and commercial properties at 31 March. These are located in central areas of the Oslo region. The group's properties primarily comprise offices with associated warehousing and parking, and retail and restaurant space.

Two independent valuers have valued all the properties in the group's portfolio, based on the same methods and principles applied in previous periods. The accounting valuation at 31 March 2019 is based on an average of the two valuations.

At 31 March, the group's portfolio of investment properties, excluding the joint venture, was valued at NOK 14 872.9 million (NOK 15 410.1 million). Investment properties held for sale and properties used by the owner were carried separately on the balance sheet at NOK 59.4 million and NOK 76.7 million respectively, and recognised at fair value. Investment properties held for sale relate to premises at Gardermoen, which are covered by agreements to sell by the end of 2019. Fair-value adjustments recognised

in profit and loss for the investment properties in the first quarter were positive at NOK 124.7 million.

Total ongoing annual rental income (run rate) from the portfolio was NOK 672.5 million at 31 March, down by NOK 96.7 million from 1 January. That related primarily to the sale of properties at Skøyen.

Overall financial vacancy in the property portfolio totalled 5.2 per cent. This vacancy related to a great extent to Snarøyveien 36 at Fornebu in Bærum local authority.

The weighted average remaining duration of the leases is 4.4 years.

The average rent adjustment factor for the consumer price index is 99.8 per cent for the total portfolio.

### Shareholder information

The company had 1 486 registered shareholders at 31 March, up by seven from 31 December.

Non-Norwegian shareholders held 67.6 per cent of the share capital at 31 March, a slight decrease from 31 December.

The number of shares traded during the first quarter averaged 305 135 per day. For 2018 as a whole, the daily average was 175 071 shares. Corresponding daily turnover was 227 590 shares in 2017 and 338 534 in 2016.

The company's share capital totalled NOK 274 223 416 at 31 March, divided between 548 446 832 shares with a par value of NOK 0.50 per share.

Norwegian Property ASA held 21 236 shares in the company as treasury shares at 31 March.

The largest shareholders registered with the Norwegian Central Securities Depository (VPS) at 31 March 2019 are presented below.

Shareholder	Type of acc.	Coun-try	Number of shares	Share
GEVERAN TRADING CO				
LTD	ORD	CYP	330 047 372	60.18
FOLKETRYGDFONDET	ORD	NOR	73 751 642	13.45
NIAM V PROSJEKT AS	ORD	NOR	67 437 425	12.30
THE BANK OF NEW YORK				
MELLON SA/NV	NOM	NLD	23 131 995	4.22
DANSKE BANK AS	NOM	USA	4 326 842	0.79
ODIN EIENDOM	ORD	NOR	2 429 595	0.44
DNB MARKETS				
AKSJEHANDEL/-ANALYSE	NOM	USA	2 131 057	0.39
SALT VALUE AS	ORD	NOR	2 017 969	0.37
NIKI AS	NOM	GBR	2 000 000	0.36
KAS BANK N.V.	ORD	NOR	1 591 737	0.29
M2 ASSET MANAGEMENT				
AB	ORD	NOR	1 560 871	0.28
NORSK HEDGE-FOND AS	NOM	LUX	1 516 360	0.28
EIKA NORGE	ORD	NOR	1 364 325	0.25
MORGAN STANLEY				
INVESTMENT FUNDS	NOM	FIN	1 297 608	0.24
ESPEDAL & CO AS	NOM	NLD	1 264 767	0.23
MORGAN STANLEY & CO.				
INT. PLC.	ORD	NOR	1 139 556	0.21
SANDEN AS	ORD	NOR	1 000 000	0.18
BANAN II AS	ORD	NOR	1 000 000	0.18
JAG HOLDING AS	NOM	USA	1 000 000	0.18
FORTE TRØNDER	ORD	GBR	1 000 000	0.18
ANDRE			27 437 711	5.00
Total number of shares			548 446 832	100.00

## Outlook

Norwegian Property delivers good and stable results from its operations. The company is experiencing good demand for space with rising market rents, and vacancy is low. Modern offices located close to public transport hubs are attractive and achieve good rents. The office market in central areas of Oslo is strong, and is expected to continue making progress with low vacancy and good rents.

The value of the property portfolio has developed positively over a number of years. The company's financial position is sound, with a high equity ratio and low loan-to-value ratio.

Norwegian Property has concentrated its business by selling properties outside the core areas while strengthening the portfolio in these core areas. A number of new commercial units have been acquired at Aker Brygge, and an investment has been made in a very interesting project at Hasle where the group has the opportunity to exploit its expertise from Aker Brygge in a comparable property combining residential units, commercial premises and retail. The group is working actively on further expansion of the portfolio, and several interesting long-term development opportunities in the existing property portfolio are also being pursued.

Although the Norwegian economy is strong, some uncertainty prevails over a tightening of the housing market and a high level of household debt. Long-term interest rates are at a historically low level, but have risen somewhat over the past year. Generally speaking, that could lead to increased financing costs and yield levels. On the other hand, the transaction market is active, with a high level of demand from both Norwegian and foreign investors. Yield compression has flattened out somewhat, but development opportunities in the portfolio and a strong letting market are expected to help compensate for this.

Norwegian Property is well positioned, with properties in attractive areas, a solid tenant base, a number of interesting development opportunities and a sound financial position.

The company's goal is to pay 30-50 per cent of ordinary profit after tax payable but before fair-value adjustments to shareholders in the form of dividend. Before the dividend is set, an assessment is made of the group's financial position and prospects, including a possible increase in capital requirements for investment in properties and changes to the revenue base as a result of property sales.



## Interim accounts

### Consolidated condensed income statement and statement of comprehensive income

Amounts in NOK million	Note	1Q-19	1Q-18	31.12.18
Revenue		191.6	197.1	798.9
Property-related operational expenses		(15.7)	(17.9)	(71.7)
Other property-related expenses		(14.0)	(16.4)	(65.8)
Total property-related expenses		(29.7)	(34.4)	(137.5)
Administrative expenses		(14.4)	(13.5)	(57.1)
Total operating expenses		(44.1)	(47.9)	(194.6)
Share of profit in joint ventures	6	1.6	-	0.3
Operating profit before fair-value adjustments		149.1	149.2	604.6
Change in market value of investment property	4	124.7	11.1	161.1
Operating profit		273.8	160.2	765.7
Financial income	10	1.5	0.5	3.6
Financial cost	10	(65.4)	(65.3)	(263.2)
Realised net financial items		(63.9)	(64.8)	(259.6)
Change in market value of financial derivative instruments	7, 10	10.3	46.2	71.3
Net financial items		(53.6)	(18.6)	(188.3)
Profit before income tax		220.3	141.7	577.4
Income tax	11	(51.0)	(49.4)	(86.8)
Profit for the period		169.3	92.3	490.6
Profit attributable to non-controlling interests		-	-	-
Profit attributable to shareholders of the parent company		169.3	92.3	490.6
Amounts in NOK million	Note	1Q-19	1Q-18	31.12.18
Value adjustment of owner-occupied property	4	0.3	1.5	4.8
Total other comprehensive income		0.3	1.5	4.8
Other compreh. income which may subseq. be reclass. to profit or loss, net of tax		-	-	-
Total comprehensive income		169.6	93.8	495.4
Total comprehensive income attributable to shareholders of the parent company		169.6	93.8	495.4
Total comprehensive income attributable to non-controlling interests		-	-	-

## Consolidated condensed balance sheet

Amounts in NOK million	Note	31.03.19	31.03.18	31.12.18
Financial derivative instruments	7	7.5	17.1	8.1
Investment property	4	14 736.8	14 430.2	14 573.7
Owner-occupied property	4	76.7	71.5	75.6
Other fixed assets		43.1	41.2	39.2
Investment in joint ventures	6	31.7	-	30.1
Receivables	6	10.2	-	10.0
<b>Total non-current assets</b>		<b>14 906.0</b>	<b>14 560.1</b>	<b>14 736.7</b>
Financial derivative instruments	7	0.1	1.0	0.2
Receivables	6, 9	73.8	93.1	445.7
Property related inventory	5	882.7	-	815.5
Cash and cash equivalents	9	445.9	146.5	124.6
Investment property held for sale	4	59.4	908.4	941.6
<b>Total current assets</b>		<b>1 461.9</b>	<b>1 149.1</b>	<b>2 327.7</b>
<b>Total assets</b>		<b>16 367.9</b>	<b>15 709.2</b>	<b>17 064.3</b>
Share capital		274.2	274.2	274.2
Share premium		2 295.2	2 295.2	2 295.2
Other paid in equity		7 557.3	7 557.3	7 557.3
Retained earnings		(1 991.9)	(2 415.1)	(2 123.9)
<b>Total equity</b>		<b>8 134.8</b>	<b>7 711.6</b>	<b>8 002.8</b>
Deferred tax	11	667.0	581.3	615.9
Financial derivative instruments	7	153.0	203.0	163.2
Interest bearing liabilities	9	4 692.6	6 343.8	4 679.6
Other liabilities		6.2	2.4	2.3
<b>Total non-current liabilities</b>		<b>5 518.7</b>	<b>7 130.5</b>	<b>5 461.0</b>
Financial derivative instruments	7	0.8	-	1.6
Interest bearing liabilities	9	2 336.9	606.3	3 153.8
Other liabilities		376.6	260.9	445.2
<b>Total current liabilities</b>		<b>2 714.3</b>	<b>867.1</b>	<b>3 600.6</b>
<b>Total liabilities</b>		<b>8 233.1</b>	<b>7 997.6</b>	<b>9 061.5</b>
<b>Total equity and liabilities</b>		<b>16 367.9</b>	<b>15 709.2</b>	<b>17 064.3</b>

## Consolidated condensed statement of changes in equity

Amounts in NOK million		Share capital	Share premium	Other paid in equity	Retained earnings	Total equity
Total equity	31.12.17	274.2	2 295.2	7 557.3	(2 471.9)	7 654.8
Total comprehensive income		-	-	-	93.8	93.8
Employee share-option scheme		-	-	-	1.4	1.4
Paid dividend		-	-	-	(38.4)	(38.4)
Total equity	31.03.18	274.2	2 295.2	7 557.3	(2 415.1)	7 711.6
Total comprehensive income		-	-	-	401.7	401.7
Employee share-option scheme		-	-	-	4.8	4.8
Paid dividend		-	-	-	(115.2)	(115.2)
Total equity	31.12.18	274.2	2 295.2	7 557.3	(2 123.9)	8 002.8
Total comprehensive income		-	-	-	169.6	169.6
Employee share-option scheme		-	-	-	0.8	0.8
Paid dividend		-	-	-	(38.4)	(38.4)
Total equity	31.03.19	274.2	2 295.2	7 557.3	(1 991.9)	8 134.8

## Consolidated condensed statement of cash flow

Amounts in NOK million	Note	1Q-19	1Q-18	31.12.18
Profit before income tax		220.3	141.7	577.4
Depreciation of tangible assets		1.7	1.4	10.1
Fair value adjustment of investment property	3	(124.7)	(11.1)	(161.1)
Fair value adjustment of financial derivative instruments	4	(10.3)	(46.1)	(74.5)
Change in property related inventory	5	(67.2)	-	-
Change in short-term items		(5.9)	49.6	67.7
Net cash flow from operating activities		13.8	135.5	419.7
Received in connection with sale of investment property		823.0	-	110.6
Payments for purchase of investment property and other fixed assets		(24.6)	(36.9)	(582.2)
Other investment activities		354.0	-	-
Net cash flow from investing activities		1 152.4	(36.9)	(471.6)
Net change in interest-bearing debt	6	(806.5)	(2.8)	240.8
Paid dividend		(38.4)	(38.4)	(153.6)
Net cash flow from financial activities		(844.9)	(41.2)	87.3
Net change in cash and cash equivalents		321.4	57.3	35.4
Cash and cash equivalents at the beginning of the period		124.6	89.2	89.2
Cash and cash equivalents at the end of the period		445.9	146.5	124.6

## Notes to the condensed financial statements

### NOTE 1: General information

The Norwegian Property ASA real estate group primarily owns commercial and residential properties in the Oslo region. The holding company, Norwegian Property ASA, is a public limited company with its headquarters at Støperigata 2, Oslo (Norway). The company's shares are listed on the Oslo Stock Exchange under the ticker NPRO.

The interim report of Norwegian Property ASA was approved at a board meeting on 2 May 2019. The report has not been audited.

In accordance with the requirements of the section 3, sub-section 3 of the Norwegian Accounting Act, Norwegian Property presents annual statements on corporate governance and social responsibility. The latest disclosures are contained in the annual report for 2018.

### NOTE 2: Accounting policies

The financial statements include Norwegian Property ASA and subsidiaries. Sold properties are included in the accounts until the completion of the transactions. Acquired properties are included in the financial statements from the date of acquisition.

Management makes estimates and assumptions concerning the future. The accounting estimates will by definition seldom be fully in accordance with the final outcome. Estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate primarily to the valuation of investment property.

This interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are prepared in accordance with applicable IFRS standards and interpretations. The accounting policies used in preparing the interim report accord with the principles applied in preparing the annual accounts for 2018. The interim report presents condensed financial statements, and does not contain

all the information required for full annual financial statements. The report should therefore be read in conjunction with the financial statements for 2018.

No significant changes have been made to accounting policies compared with the principles used in the preparation of the financial statements for 2018, but the group has implemented the following new standards and changes of standards in the 2019 interim financial statement:

- IFRS 16 Leases were issued in January 2016 and come into effect from the financial year 2019. As a result, almost all leases will be capitalised, since the distinction between financial and operational leases is removed. According to the new standard, both an asset (the right to use the leased object) and a financial liability (the value of future lease payments) will be capitalised. The only exceptions are short-term or low-value leases. For the landlord, there is no significant changes in the accounting. The group has some minor lease agreements that has been affected by the new standard. The changes at the beginning of 2019 are specified in note 4.

There are no material new standards and interpretations not yet implemented.

### NOTE 3: Segment information

Norwegian Property's primary business is the ownership and management of commercial properties in Norway (the Oslo and Stavanger regions). The group also has a portfolio of residential units under construction in Oslo. This housing business was acquired at the end of the fourth quarter of 2018. For earlier periods, the group was assumed to operate in a single segment only and one geographical market, and no further segment information was therefore prepared.

The segmentation of operating profit, excluding administrative owner costs, reflects the division into commercial property and residential property segments from the fourth quarter of 2018. A similar division has also been made for all balance sheet items apart from those related to group functions, financing of the group and tax positions.

Segment information relating to income statement items in the first quarter of 2019 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Revenue	191.6	-	-	191.6
Total property-related expenses	(29.5)	(0.2)	-	(29.7)
Administrative expenses	-	-	(14.4)	(14.4)
Share of profit in joint ventures	1.6	-	-	1.6
Change in market value of investment property	124.7	-	-	124.7
Operating profit	288.4	(0.2)	(14.4)	273.8
Net financial items			(53.6)	(53.6)
Profit before income tax			(67.9)	220.3
Income tax			(51.0)	(51.0)
Profit for the period			(118.9)	169.3

Segment information relating to income statement items for the full year 2018 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Revenue	798.9	-	-	798.9
Total property-related expenses	(137.5)	-	-	(137.5)
Administrative expenses	-	-	(57.1)	(57.1)
Share of profit in joint ventures	0.3	-	-	0.3
Change in market value of investment property	161.1	-	-	161.1
Operating profit	822.8	-	(57.1)	765.7
Net financial items			(188.3)	(188.3)
Profit before income tax			(245.4)	577.4
Income tax			(86.8)	(86.8)
Profit for the period			(332.2)	490.6

Segment information related to balance sheet items as of 31 March 2019 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Investment property	14 872.9	-	-	14 872.9
Other fixed assets	41.1	-	2.0	43.1
Investment in joint ventures	31.7	-	-	31.7
Receivables	84.0	-	-	84.0
Property related inventory	-	882.7	-	882.7
Cash and cash equivalents	-	-	445.9	445.9
Deferred tax	-	-	(667.0)	(667.0)
Financial derivative instruments	-	-	(146.1)	(146.1)
Interest bearing liabilities	-	-	(7 029.5)	(7 029.5)
Other liabilities	(130.9)	(168.9)	(83.0)	(382.8)
Total equity			(8 134.8)	(8 134.8)

Segment information related to balance sheet items as of 31 December 2018 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Investment property	15 590.9	-	-	15 590.9
Other fixed assets	36.7	-	2.5	39.2
Investment in joint ventures	30.1	-	-	30.1
Receivables	455.7	-	-	455.7
Property related inventory	-	815.5	-	815.5
Cash and cash equivalents	-	-	124.6	124.6
Deferred tax	-	-	(615.9)	(615.9)
Financial derivative instruments	-	-	(156.5)	(156.5)
Interest bearing liabilities	-	-	(7 833.4)	(7 833.4)
Other liabilities	(191.5)	(170.9)	(85.0)	(447.4)
Total equity			(8 002.8)	(8 002.8)

**NOTE 4: Investment property and other fixed assets****Investment property**

Changes in the carrying amount of investment property are specified in the table below.

Amounts in NOK million	Note	1Q-19	1Q-18	31.12.18
Total value of investment property, opening balance		15 590.9	15 360.5	15 360.5
Sale of investment property at book value	1	(878.0)	-	(237.0)
Transfer to joint venture at book value	2	-	-	(280.0)
Investment in properties		28.2	36.9	577.7
Fair value adjustments of investment property		124.7	11.1	161.1
Fair value adjustments related to sold investment property		6.9	-	3.7
Recognised in other comprehensive income for the period		0.1	1.6	4.8
Total value of investment property, closing balance		14 872.9	15 410.1	15 590.9
Of which investment property held for sale	3	(59.4)	(908.4)	(941.6)
Investment property, not held for sale		14 813.5	14 501.7	14 649.3
Of which owner-occupied property	4	(76.7)	(71.5)	(75.6)
Book value of investment property		14 736.8	14 430.2	14 573.7

<sup>1</sup> Applies to the sale of properties at Skøyen in Oslo in 2019, and properties in Stavanger in 2018.

<sup>2</sup> Related to the sale of a 50 per cent share in the property Badehusgata 33-39 in Stavanger in the fourth quarter of 2018. At year-end 2018, the property was recognized as a joint venture. See note 6.

<sup>3</sup> Norwegian Property has entered into an agreement for the sale of properties at Oslo Airport Gardermoen with takeover on expiry of leases at year-end 2019. The properties are classified as investment property held for sale in the balance sheet, valued at the present value of the contractual cash flows

<sup>4</sup> Owner-occupied property is accounted for at fair value and revaluation is included in other comprehensive income.

Investment property at fair value through profit or loss is specified in the following table broken down by valuation method.

Amounts in NOK million	Level 1 <sup>1</sup>	Level 2 <sup>1</sup>	Level 3 <sup>1</sup>	Total
	31.03.19			
Investment property	-	-	14 736.8	14 736.8
Owner-occupied property	-	-	76.7	76.7
Investment property held for sale	-	-	59.4	59.4
Total	-	-	14 872.9	14 872.9
	31.03.18			
Investment property	-	-	14 430.2	14 430.2
Owner-occupied property	-	-	71.5	71.5
Investment property held for sale	-	-	908.4	908.4
Total	-	-	15 410.1	15 410.1
	31.12.18			
Investment property	-	-	14 573.7	14 573.7
Owner-occupied property	-	-	75.6	75.6
Investment property held for sale	-	-	941.6	941.6
Total	-	-	15 590.9	15 590.9

<sup>1</sup> Level 1: Observable market value for similar assets or liabilities, Level 2: Significant other observable inputs for similar assets, Level 3: Significant other unobservable inputs

The company's policy is to make transfers between levels at the time of the incident or circumstance which caused the transfer. No movements between levels have occurred in 2018 and 2019.

**Other fixed assets and leases**

Other tangible fixed assets in the balance sheet are specified in the table below.

Amounts in NOK million	31.03.19	31.03.18	31.12.18
Energy distribution system (Aker Brygge)	30.8	32.8	31.3
Other assets	12.3	8.4	7.9
Other fixed assets	43.1	41.2	39.2

IFRS 16 Lease accounting came into effect from the 2019 accounting year. This standard means that significant leases will be capitalised after the distinction between financial and operational leases is eliminated. IFRS 16 envisages that both an asset (the right to use the leased object) and a financial liability (the value of future rent payments) are capitalised.

The group's leases affected by the new standard, and changes at 1 January 2019, are specified below.

Amounts in NOK million	Leases for com- pany cars	Leases for office space	Total
Present value of the lease obligation 31.12.2018	0.4	5.1	5.5
- Short-term leases	-	-	-
- Leases with low rent	-	-	-
Carrying amount of lease obligation 01.01.2019	0.4	5.1	5.5

The year's change in the balance sheet item inventories is in its entirety related to the project at Hasle, as specified in the table below.

Amounts in NOK million	31.03.19	31.03.18	31.12.18
Book value, opening balance	815.5	-	-
Purchase of company	-	-	815.5
Accrued cost during the period	67.2	-	-
Book value, closing balance	882.7	-	815.5

At the end of the year, the entire inventory is related to a project under construction/development, as specified in the table below.

Amounts in NOK million	31.03.19	31.03.18	31.12.18
Land for development	-	-	-
Project under construction/development	882.7	-	815.5
Completed units	-	-	-
Total carrying amount of property related inventory	882.7	-	815.5

#### NOTE 6: Joint ventures

In December 2018 Norwegian Property sold a 50 per cent interest in the Badehusgata 33-39 property in Stavanger. This property was originally acquired in

Capitalised leases include a lease for an office space of about 500 sq.m. In addition, the company leases some cars used in connection with operation of the group's properties.

The beneficial right is recognised in 2019 as an asset under other tangible fixed assets, with the lease obligation recognised as a liability under other liabilities in the balance sheet. Comparable figures for 2018 is not prepared.

#### NOTE 5: Inventory

The group's business includes a property-related inventory intended for future sale. This inventory comprises residential units under construction

At the end of December 2018, Norwegian Property acquired a company which has 223 residential units/flats under construction at Hasle in Oslo. These units were under construction at 31 March 2019, with completion and onward sale in 2019 and 2020. Virtually all the units have been sold on to end users.

2006. The group's only investment in joint ventures relates to this property.

The change in the carrying amount of investments in joint ventures are specified in the table below for the period.

Amounts in NOK million	31.03.19	31.03.18	31.12.18
Book value, opening balance	30.1	-	-
New joint ventures	-	-	29.8
Share of profit for the period	1.6	-	0.3
Book value, closing balance	31.7	-	30.1

The joint venture had no off-balance-sheet contractual liabilities at the end of the period.

The group's share of profit in joint ventures is specified in the table below.

Amounts in NOK million	1Q-19	1Q-18	31.12.18
Revenue	5.1	-	0.9
Total property-related expenses	(1.6)	-	(0.6)
Change in market value of investment property	3.5	-	0.8
Operating profit	7.0	-	1.1
Net financial items	(2.6)	-	(0.6)
Profit before income tax	4.4	-	0.5
Income tax	(1.2)	-	-
Profit for the period	3.2	-	0.5
The groups share of profit for the period	1.6	-	0.3

The group's share of equity in joint ventures is specified in the table below.

Amounts in NOK million	31.03.19	31.03.18	31.12.18
Investment property	284.4	-	280.8
Receivables	1.4	-	0.9
Cash and cash equivalents	4.9	-	0.9
Deferred tax	(1.2)	-	-
Interest bearing liabilities	(200.0)	-	(200.0)
Shareholder loans	(20.4)	-	(20.0)
Other liabilities	(5.7)	-	(2.5)
Total equity	(63.4)	-	(60.1)
The groups share of total equity	(31.7)	-	(30.1)

## NOTE 7: Financial derivatives

Change in net derivatives in the balance sheet (mainly interest-rate derivatives) is specified in the table below<sup>1</sup>.

Amounts in NOK million	1Q-19	1Q-18	31.12.18
Net book value of derivatives, opening balance	(156.5)	(230.9)	(230.9)
Buyout of derivatives	-	(0.1)	3.1
Fair value adjustments of derivatives	10.3	46.2	71.3
Net book value of derivatives, closing balance	(146.1)	(184.8)	(156.5)
Of which classified as non-current assets	7.5	17.1	8.1
Of which classified as current assets	0.1	1.0	0.2
Of which classified as non-current liabilities	(153.0)	(203.0)	(163.2)
Of which classified as current liabilities	(0.8)	-	(1.6)

<sup>1</sup> All group interest-rate derivatives are cash flow hedges, and the group does not use hedge accounting for these derivatives.



**NOTE 8: Financial instruments**

Book value and fair value of financial instruments are specified in the table below.

Amounts in NOK million	31.03.19		31.03.18		31.12.18	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Non-current derivatives	7.5	7.5	17.1	17.1	8.1	8.1
Non-current receivables	10.2	10.2	-	-	10.0	10.0
Current derivatives	0.1	0.1	1.0	1.0	0.2	0.2
Current receivables	73.8	73.8	93.1	93.1	445.7	445.7
Cash and cash equivalents	445.9	445.9	146.5	146.5	124.6	124.6
<b>Total financial assets</b>	<b>537.5</b>	<b>537.5</b>	<b>257.8</b>	<b>257.8</b>	<b>588.6</b>	<b>588.6</b>
Non-current derivatives	153.0	153.0	203.0	203.0	163.2	163.2
Non-current interest-bearing liabilities	4 692.6	4 689.5	6 343.8	6 357.7	4 679.6	4 676.5
Current derivatives	0.8	0.8	-	-	1.6	1.6
Current interest-bearing liabilities	2 336.9	2 340.9	606.3	606.3	3 153.8	3 159.9
Other current liabilities	377.0	377.0	257.4	257.4	441.5	441.5
<b>Total financial liabilities</b>	<b>7 560.2</b>	<b>7 561.1</b>	<b>7 410.4</b>	<b>7 424.3</b>	<b>8 439.6</b>	<b>8 442.6</b>

The estimated fair value of financial instruments is based on market prices and valuation methods. For cash and cash equivalents, fair value is assumed to be equal to the book value. Interest-bearing receivables and liabilities are measured at the present value of future cash flows. Account is taken of the estimated difference between the current margin and market conditions (market value higher than the book value of debt in the listing indicates a negative equity effect when the applicable borrowing margin is less favourable than current market conditions). The fair

value of financial derivatives (interest-rate and currency derivatives), is the estimated present value of future cash flows, calculated by using quoted swap curves and exchange rates at the balance sheet date. The technical calculations are performed by the banks. Other receivables and other current liabilities are carried principally at fair value and subsequently measured at amortised cost. However, discounting is not usually considered to have any significant effect on these types of assets and liabilities.

Financial instruments at fair value through profit or loss are specified in the table below, by valuation method.

Amounts in NOK million	Level 1 <sup>1</sup>	Level 2 <sup>1</sup>	Level 3 <sup>1</sup>	Total
	<b>31.03.19</b>			
Non-current derivatives (assets)	-	7.5	-	7.5
Current derivatives (assets)	-	0.1	-	0.1
Non-current derivatives (liabilities)	-	(153.0)	-	(153.0)
Current derivatives (liabilities)	-	(0.8)	-	(0.8)
<b>Total</b>	<b>-</b>	<b>(146.1)</b>	<b>-</b>	<b>(146.1)</b>
<b>31.03.18</b>				
Non-current derivatives (assets)	-	17.1	-	17.1
Current derivatives (assets)	-	1.0	-	1.0
Non-current derivatives (liabilities)	-	(203.0)	-	(203.0)
Current derivatives (liabilities)	-	-	-	-
<b>Total</b>	<b>-</b>	<b>(184.8)</b>	<b>-</b>	<b>(184.8)</b>
<b>31.12.18</b>				
Non-current derivatives (assets)	-	8.1	-	8.1
Current derivatives (assets)	-	0.2	-	0.2
Non-current derivatives (liabilities)	-	(163.2)	-	(163.2)
Current derivatives (liabilities)	-	(1.6)	-	(1.6)
<b>Total</b>	<b>-</b>	<b>(156.5)</b>	<b>-</b>	<b>(156.5)</b>

<sup>1</sup> Level 1: Observable market value for similar assets or liabilities, Level 2: Significant other observable inputs for similar assets, Level 3: Significant other unobservable inputs

The company's policy is to make transfers between levels at the time of the incident or circumstance, which caused the transfer. No movements between levels have occurred in 2018 and 2019.

#### NOTE 9: Net interest-bearing position

Change in the net interest-bearing position is specified in the table below.

Amounts in NOK million	Note	1Q-19	1Q-18	31.12.18
Loan facilities at par value, opening balance		7 847.0	6 974.7	6 974.7
Increase in loan facilities		45.8	230.0	873.7
Reduction in loan facilities		(852.2)	(232.9)	(1.3)
Loan facilities at par value, closing balance	1	7 040.6	6 971.8	7 847.0
Capitalised borrowing cost		(11.1)	(21.8)	(13.7)
Book value of interest-bearing debt		7 029.5	6 950.1	7 833.3
Of which classified as non-current liabilities		4 692.6	6 343.8	4 679.6
Of which classified as current liabilities		2 336.9	606.3	3 153.8
Interest-bearing debt		(7 029.5)	(6 950.1)	(7 833.3)
Interest-bearing receivable	2	10.2	-	354.0
Cash and cash equivalents		445.9	146.5	124.6
Net interest-bearing position		(6 573.4)	(6 803.5)	(7 354.8)

<sup>1</sup> *Unutilised credit facilities amounted to NOK 800 million at 31 March 2019, NOK 900 million at 31 March 2018 and NOK 650 million at 31 December 2018.*

<sup>2</sup> *Related to loans to joint ventures at 31 March 2019. At 31 December 2018 interest-bearing receivables are related to loans to joint ventures and deferred settlement in connection with the sale of properties in Stavanger.*

The group is exposed to interest rate risk on floating-rate borrowings. The general policy in accordance with the applicable loan agreements is that at least 60 per cent of the company's interest-bearing debt at any time will be hedged. At 31 March 2019, 62.9 per cent of such loans was secured (31 March 2018: 64.5 per cent). The total average interest margin on loans was

140 basis points (138 basis points). The loan portfolio has an average interest rate of 3.85 per cent (3.58 per cent), and remaining time to maturity for interest-bearing debt was 2.4 years (3.2 years). Remaining time to maturity for interest hedging agreements was 3.9 years (3.8 years).

#### NOTE 10: Net financial items

A breakdown of net financial items in the income statement is presented below.

Amounts in NOK million	1Q-19	1Q-18	31.12.18
Interest income on bank deposits and receivables	1.5	0.5	3.6
Total financial income	1.5	0.5	3.6
Interest expense on borrowings	(65.4)	(65.3)	(263.2)
Total financial cost	(65.4)	(65.3)	(263.2)
Realised net financial items	(63.9)	(64.8)	(259.6)
Change in market value of financial derivative instruments	10.3	46.2	71.3
Net financial items	(53.6)	(18.6)	(188.3)

**NOTE 11: Deferred tax and income tax**

The change in deferred tax and tax expense is presented in the table below.

Amounts in NOK million	Note	1Q-19	1Q-18	31.12.18
Profit before income tax		220.3	141.7	577.4
Income tax calculated at 22 per cent (23 per cent for 2018)		48.5	32.6	132.8
Changed tax rate on the closing balance	1	-	-	(28.0)
Temporary differences		2.5	16.8	(18.0)
Income tax		51.0	49.4	86.8
Deferred tax, opening balance		615.9	531.5	531.5
Recognised through profit and loss		51.0	49.4	86.8
Addition by purchase of company		-	-	(3.7)
Recognised through comprehensive income		0.1	0.4	1.3
Deferred tax, closing balance		667.0	581.3	615.9

<sup>1</sup> The corporate tax rate in Norway is reduced from 23 per cent to 22 per cent at the beginning of 2019. Deferred tax at year-end 2018 is therefore calculated on the basis of a tax rate of 22 per cent.

With effect from 2019, amendments have been made to the rules on limiting interest deductions under Norwegian tax legislation. The limitation has been extended to include external interest payments for taxpayers in a group. The change affects Norwegian

Property, which has a foreign controlling shareholder. Norwegian Property has large losses to carry forward, and these can be used to control the effect on tax payable from a reduction in interest payments recognised as tax deductible.

**NOTE 12: Related-party disclosures**

No agreements or significant transactions with related parties have been carried out in 2019.

Intercompany balances and transactions with subsidiaries (which are related parties of Norwegian Property ASA) are eliminated in the consolidated financial statements and are not covered by the information given in this note. Financial matters related to directors and senior management are described in the annual financial statements of the group (see note 21 and 22 to the financial statements for 2018).

**NOTE 13: Events after the balance sheet date**

In accordance with the mandate from the annual general meeting in 2019 the board decided on 2 May 2019 that a dividend of NOK 0.07 per share will be paid after the presentation of the accounts at the end of the first quarter of 2019.

No other significant events have occurred after the balance sheet date at 31 March 2019.

## Definitions

Below is an explanation of figures and notions mentioned in the interim report, which are not derived directly from the accounts.

Run rate for annual rent	Contracted annualised rental income for the property portfolio at the balance sheet date.
Weighted remaining duration of leases	Remaining contractual rent of current leases at the balance sheet date divided by the total contractual rent for the entire lease term.
Space vacancy	Space which does not generate rent at the balance sheet date divided by total space.
Financial vacancy rate	Annualised market rent for space that, at the balance sheet date, do not generate rental income divided by total annualised rent for total space (contract rent for leased space and market rent for vacant space).
Gross yield	Gross yield on the balance sheet date for a property or portfolio of properties is calculated as contractual annualised rental income divided by market value.
Net yield	When calculating net yield, maintenance and property-related costs are deducted from contractual annualised rental income, which is then divided by the market value.
Prime yield	Yield for a fully leased property of best structural quality, with tenants in the best category and in the best location.
Property-related operational expenses	Property-related expenses include administrative costs related to the management of the properties as well as operating and maintenance costs.
Other property-related expenses	Other property-related expenses include income-related costs related to leasing, marketing and so forth, the owner's share of service charges, project-related property costs and depreciation related to the properties.
Administrative expenses	Administrative expenses relate to costs which are not directly related to the operation and leasing of properties, and include costs related to the overall ownership and corporate functions.
Operating profit before administrative expenses	Revenues net of property expenses.
Profit before income tax and value adjustments	Profit before tax, adjusted for fair value adjustments of investment properties and financial derivatives.
Like for like	Change in rental income from one period to another based on the same income generating property portfolio, with rental income adjusted for purchases and sales of properties.
Independent valuers	Akershus Eiendom and Cushman & Wakefield.
Market value of property portfolio	The market value of all the group's properties regardless of accounting classification.
Interest-bearing debt	Book value totals for long-term and short-term interest-bearing debt, less holdings of own bonds.
Net interest-bearing debt	Interest-bearing debt, less holdings of bonds as well as cash and cash equivalents.
Equity ratio	Total equity divided by total equity and liabilities.
Pre-tax return on equity	Annualised pre-tax profit in the period divided by average total equity for the period in the balance sheet.

Unutilised credit facilities	The difference between total available credit facilities, based on the current loan agreements, and amounts at the balance sheet date which are deducted and accounted for as interest-bearing debt in the balance sheet.
Interest hedging ratio	The share of interest-bearing liabilities hedged at the balance sheet date.
Base interest rate	A weighted average of the fixed and floating average interest-rates at the balance sheet date. The fixed average interest rate is calculated as the weighted average of the fixed interest rate paid by the company in relation to outstanding interest-rate contracts and loans. The floating average interest-rate is calculated as the weighted average of the Nibor rate paid on interest-bearing debt. The interest-rate base does not include accrued finance charges or margin.
Average interest rate	Weighted average interest rate on interest-bearing debt and fixed-rate interest agreements at the balance sheet date.
Average interest margin	The weighted average of the interest margin on the outstanding interest-bearing debt at the balance sheet date.
Remaining time to maturity for interest-bearing debt	Weighted remaining period until maturity for interest-bearing debt at the balance sheet date.
Remaining time to maturity for interest hedge agreements	The weighted remaining period until maturity for interest hedge agreements at the balance sheet date.
LTV	Debt to asset ratio (loan to value).
Gross debt to asset ratio (gross LTV)	Interest-bearing debt divided by the fair market value of the property portfolio at the balance sheet date.
Net debt to asset ratio (net LTV)	Net interest-bearing debt divided by the fair market value of the property portfolio at the balance sheet date.
Earnings per share (EPS)	Net earnings for the period divided by the average number of shares during the period. Diluted earnings per share are identical to basic earnings per share, unless otherwise specified.
NAV, book value	Net asset value, the book value of total equity in the balance sheet.
NAV, adjusted	NAV from an ordinary long-term operational perspective of the business. Based on total equity in the balance sheet, adjustments are made for the carrying amount of deferred tax related to fair value adjustments of investment properties and for fair value of financial instruments after tax in the balance sheet.
NNNAV	In relation to the Adjusted NAV, NNNAV (triple net asset value) includes estimated realisable fair values at the balance sheet date for deferred taxes, financial instruments and liabilities.
Related party	A related party has significant influence on the group's strategy or operational choices. The ability to influence another party is normally achieved through ownership, through participation in group decision-making bodies and management, or through agreements.
Events after the balance sheet date	Significant events after the balance sheet date which provide information on conditions which existed at the balance sheet date, resulting in adjustments to the financial statements, or events after the balance sheet date which do not require such adjustments.
Oslo CBD	Oslo Central Business District is considered the most attractive area for office space in Oslo. The area is usually limited to the districts of Aker Brygge, Tjuvholmen and Vika.

## Other information

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### Further information

For further information on Norwegian Property, including presentation material relating to this interim report and financial information, please visit [www.npro.no](http://www.npro.no).

### Disclaimer

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