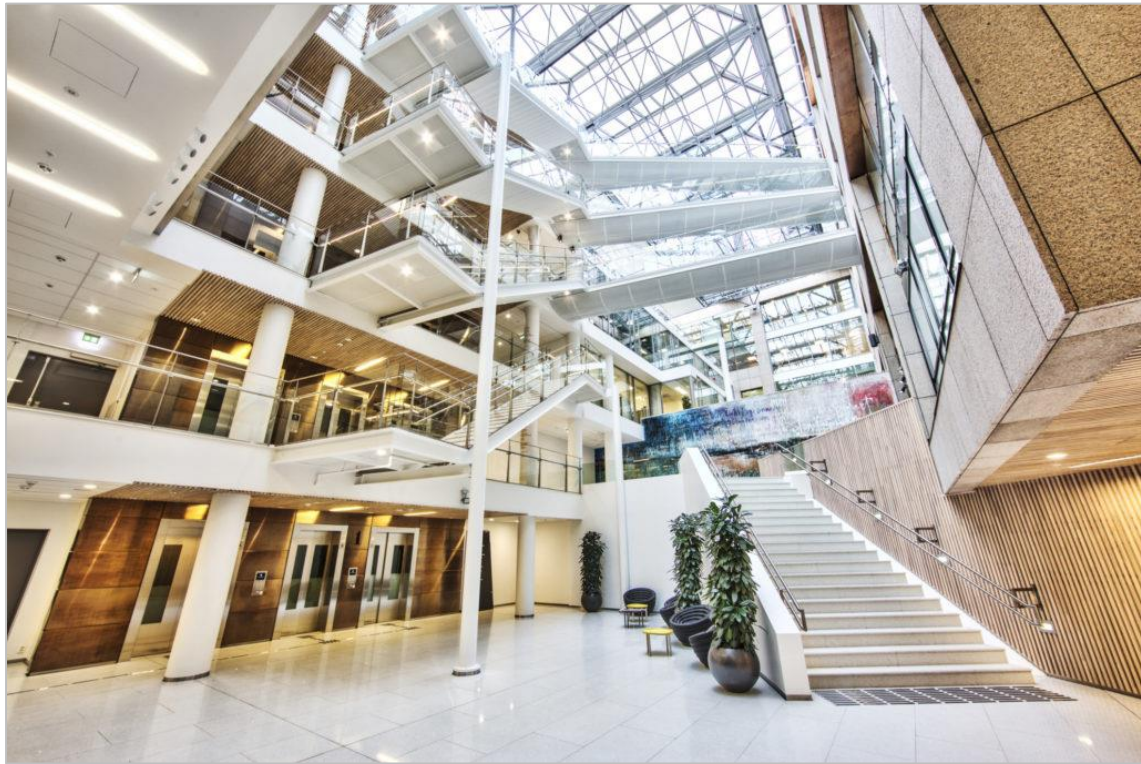


Interim report

Fourth quarter and full year 2021



Kaibygning 1 - Aker Brygge, Oslo

31/12/2021

Highlights of the fourth quarter of 2021

New leases and run rate

Total annual rental income (run rate) from the company's property portfolio has increased as a result of new and improved leases, and exceeded NOK 1 billion by the end of 2021 (NOK 1.039 billion).

New leases with a total annual rental income of NOK 21.1 million were signed or extended in the fourth quarter. Expired leases totalled NOK 5.6 million, resulting in net new leases for the quarter of NOK 15.5 million.

Net profit of NOK 736.5 million and EPS of NOK 1.14

The net profit for the fourth quarter was NOK 736.5 million. This resulted in fourth quarter earnings per share (EPS) of NOK 1.14. The book value of equity per share as at 31 December 2021 was NOK 19.95 and the EPRA NRV was NOK 25.17 per share.

Revenues

Following the acquisition of Snarøyveien 30 in December 2020, the overall rental income for the fourth quarter of 2021 showed significant growth compared with the same period last year. The rental income amounted to NOK 235.9 million for the fourth quarter, up from NOK 193.1 million in the corresponding period of 2020.

Change in the market value of investment properties and financial derivatives

The positive fair-value adjustment of investment property was NOK 762.2 million in the fourth quarter (3.1 per cent), related to yield and market rent changes as well as new and improved leases.

Long-term market interest rates increased during the fourth quarter. The fair-value adjustment for financial derivatives was positive by NOK 17 million.

Ownership in Nordr

Norwegian Property has a 42.4 per cent share in the residential development company Nordr. A total of 140 residential units were delivered in the fourth quarter. A total of 1,045 units are expected to be delivered over the next five quarters in both wholly and partly owned projects in Norway and Sweden. Norwegian Property's share of profit from Nordr in the fourth quarter was NOK 31.2 million.

Development project for Gjerdrums vei 1-5 in Nydalen

Through several acquisitions in recent years, Norwegian Property has gained control of a plot of land at Gjerdrums vei 1-5 in Nydalen. An architectural competition has been held for the development of the area, and Norwegian Property plans to build a new office building on the property. The process of a new zoning has been initiated.

Key figures

The table below presents the key financial figures¹ of the group.

Profit and loss		4Q-21	4Q-20	31.12.21	31.12.20
Revenues	NOK mill.	235.9	193.1	919.6	1,564.5
Operating profit before administrative expenses	NOK mill.	208.7	178.8	795.1	1,457.8
Operating profit before value adjustments	NOK mill.	218.4	177.7	810.8	610.3
Profit before income tax and value adjustments	NOK mill.	135.8	108.1	479.7	349.7
Profit before income tax	NOK mill.	915.0	1,921.2	1,994.9	2,075.6
Profit after income tax	NOK mill.	736.5	1,604.8	1,573.1	1,675.9
Balance sheet		4Q-21	4Q-20	31.12.21	31.12.20
Market value of property portfolio	NOK mill.	25,143.0	23,450.0	25,143.0	23,450.0
Total equity	NOK mill.	12,836.6	11,560.9	12,836.6	11,560.9
Interest-bearing debt	NOK mill.	12,004.8	12,097.1	12,004.8	12,097.1
Equity ratio	Per cent	47.9	45.5	47.9	45.5
Pre-tax return on equity	Per cent	30.0	19.8	16.4	3.5
Cash flow		4Q-21	4Q-20	31.12.21	31.12.20
Net cash flow from operating activities	NOK mill.	(98.9)	82.1	447.1	1,007.8
Cash and cash equivalents	NOK mill.	313.5	665.8	313.5	665.8
Key figures; per share		4Q-21	4Q-20	31.12.21	31.12.20
Number of shares outstanding, end of the period	Mill. shares	643.6	643.6	643.6	643.6
Average number of shares in the period	Mill. shares	643.6	619.9	643.6	535.5
Profit before income tax	NOK	1.42	3.10	3.10	3.88
Earnings per share (EPS)	NOK	1.14	2.59	2.44	3.13
Net cash flow from operating activities	NOK	(0.15)	0.13	0.69	1.88
Interest-bearing debt	NOK	18.65	18.80	18.65	18.80
NAV, book value	NOK	19.95	17.96	19.95	17.96
EPRA performance measures		4Q-21	4Q-20	31.12.21	31.12.20
EPRA Earnings					
EPRA earnings, per share	NOK	0.13	0.13	0.48	0.47
EPRA NAV metrics					
Net Reinstatement Value (NRV), per share	NOK	25.17	22.27	25.17	22.27
Net Tangible Assets (NTA), per share	NOK	24.84	21.97	24.84	21.97
Net Disposal Value (NDV), per share	NOK	21.87	19.37	21.87	19.37
EPRA net initial yield					
EPRA Net Initial Yield (NIY)	Per cent	3.89	3.84	3.89	3.84
EPRA "Topped-up" NIY	Per cent	3.95	3.90	3.95	3.90
EPRA vacancy rate					
EPRA vacancy rate	Per cent	5.30	7.06	5.30	7.06
EPRA cost ratio					
EPRA cost ratio, including direct vacancy cost	Per cent	20.64	14.50	20.13	21.66
EPRA cost ratio, excluding direct vacancy cost	Per cent	19.42	11.64	17.89	18.41

¹ Figures which do not derive directly from the financial statements are explained in the overview of definitions at the end of the report. When calculating the key figures per share, the figures related to profit and cash flow have been divided by the average number of shares for the period, and those related to the balance sheet by the number of shares at the end of the period. The number of shares excludes treasury shares.

The calculation of the EPRA performance measures is further specified on pages 21-23 of this report.

Financial developments

Results

Operating revenue

The rental income from commercial properties amounted to NOK 235.9 million in the fourth quarter (NOK 193.1 million²). Adjusted for new and divested properties (like-for-like revenue), this represented a reduction of NOK 2.1 million from the same period of 2020. Rental income totalled NOK 919.6 million for the full year of 2021 (NOK 708.6 million), representing a like-for-like reduction of NOK 21.6 million. The revenue reduction mainly related to the expiry of the Telia lease agreement at Sandakerveien 140.

Retail and restaurant turnover at Aker Brygge in Oslo was up by 27 per cent for the fourth quarter from the same period of 2020. The increase was mainly related to turnover from restaurants. The change compared with last year for Vinslottet at Hasle in Oslo in the fourth quarter shows an increase of 14 per cent, which was also mainly related to the turnover from restaurants.

Operating costs

Property-related operational expenses totalled NOK 15.2 million (NOK 8.9 million) for the fourth quarter and NOK 64.3 million for the year (NOK 51.6 million). Other property-related expenses came to NOK 12 million (NOK 5.4 million) for the quarter and NOK 60.1 million for the year (NOK 55.1 million). The administrative expenses were NOK 21.3 million (NOK 13.7 million) for the quarter and NOK 59.2 million for the year (NOK 46.8 million).

Share of profit and loss from joint ventures

The table below presents a summary of Norwegian Property's share of profit and loss from joint ventures.

Amounts in NOK million	4Q-21	4Q-20	31.12.21	31.12.20
Nordr	31.2	12.6	75.5	(4.9)
Forusbeen 35	(0.2)	-	(0.6)	-
Badehusgata 33-39	-	-	-	4.5
Total share of profit	31.0	12.6	74.9	(0.4)

² The figures in brackets refer to the corresponding period of the previous year.

Nordr

Norwegian Property's share of the net profit relating to Nordr was NOK 31.2 million for the fourth quarter and NOK 75.5 million for the full year. Norwegian Property's share of net assets in the balance sheet as at 31 December was NOK 1,084.8 million. In accordance with the IFRS, income recognition from the sale of residential units is based on the completed contract method.

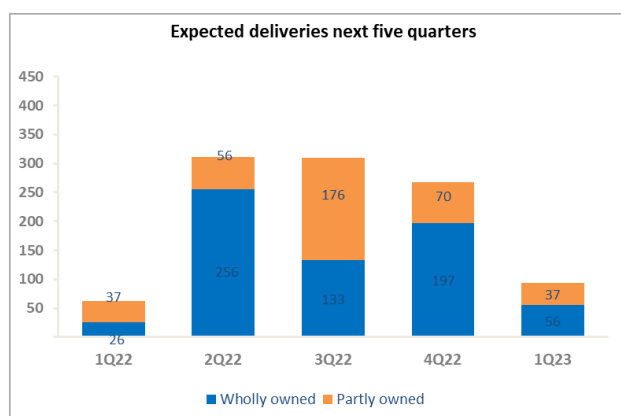
As at 31 December, Nordr had 1,927 flats under construction and a land bank of about 13,400 units in Norway and Sweden. The land bank is mainly located in the largest Norwegian and Swedish cities, with an emphasis on eastern Norway and the extended Stockholm capital region in Sweden.

During the fourth quarter, sales agreements were entered into regarding 229 residential units. The construction started on 340 units in the quarter. A total of 140 units were delivered, with 134 in Sweden and 6 in Norway.

The table below presents the quarterly development of the project portfolio for Nordr over the past five quarters.

Project portfolio Nordr	4Q-20	1Q-21	2Q-21	3Q-21	4Q-21
Units sold	452	330	198	228	229
Construction starts	520	206	196	173	340
Units completed	204	135	284	21	134
Units delivered ¹	212	143	249	40	140
Units under construction	1,586	1,657	1,570	1,722	1,927
Sales ratio, units under construction (per cent)	74	80	88	87	88
Completed unsold units	19	11	46	27	21
Sales value, units sold in the period	2,740	1,915	1,252	1,134	1,105
Sales value, units under constr. (NOK mill.)	10,866	10,176	9,263	9,992	11,566

The figure below shows the expected completions during the next five quarters based on the best estimate for the timing of the projects. A total of 1,045 residential units are expected to be completed during the next five quarters in both wholly and partly owned projects in Norway and Sweden.



Independent appraisers have valued all the plots in the company's portfolio, and there was a substantial increase in the values compared to the values at the time of the acquisition. The value uplift increased the NAV metrics for Norwegian Property but does not affect the book value of the investment.

Forusbeen 35

A joint venture for the property at Forusbeen 35 in Stavanger was established in cooperation with the local residential developer Base Bolig as at 31 December 2020. The property has been rezoned from a commercial building to a combined residential and commercial property. The residential units are expected to be put on sale in 2022.

Norwegian Property's share of the net profit/loss relating to Forusbeen 35 was negative at NOK 0.2 million for the fourth quarter and NOK 0.6 million for the full year.

Operating profit before fair-value adjustments

Operating profit before fair-value adjustments amounted to NOK 218.4 million (NOK 177.7 million) for the fourth quarter and NOK 810.8 million (NOK 610.3 million) for the full year.

Fair-value adjustments for investment property

The valuation of the property portfolio yielded a positive unrealised fair-value adjustment of NOK 762.2 million (NOK 1,722.5 million) in the fourth quarter, related to yield and market rent changes as well as new and improved leases. This represents a 3.1 per cent change from the value at 30 September and the cost of investments for the period. The total market value of the property portfolio as at 31 December 2021 amounted to NOK 25,143 million.

The positive fair-value adjustment for year was NOK 1,365 million (NOK 1,827.5 million). This represents a 5.7 per cent change.

Net financial items

Net realised financial expenses came to NOK 82.6 million (NOK 69.6 million) for the fourth quarter and NOK 331.1 million (NOK 260.6 million) for the full year.

Long-term market interest rates increased during the fourth quarter. The positive fair-value adjustment for financial derivatives was NOK 17 million (NOK 90.6 million). The positive fair-value adjustment for the year was NOK 150.2 million (negative change of NOK 101.6 million).

Profit for the period

Pre-tax profit was NOK 915 million (NOK 1,921.2 million) for the fourth quarter and NOK 1,994.9 million (NOK 2,075.6 million) for the full year. The income tax expense in the fourth quarter of NOK 178.5 million (NOK 316.4 million) relates to non-payable deferred taxes. The income tax expense was NOK 421.8 million (NOK 399.7 million) for the full year. Net profit in the fourth quarter was thereby NOK 736.5 million (NOK 1,604.8 million) and NOK 1,573.1 million (NOK 1,675.9 million) for the full year.

Balance sheet

Total assets in the balance sheet were NOK 26,780.7 million (NOK 25,388.6 million), with investment properties accounting for NOK 24,801.3 million (NOK 23,087.6 million) and properties used by the owner for NOK 106.7 million (NOK 97.6 million). Non-current receivables amounted to NOK 234.9 million, related to the rental guarantee provided by the seller of the property at Snarøyveien 30 (NOK 264.8 million).

Investment in joint ventures was NOK 1,084.8 million as at 31 December 2021.

Norwegian Property held NOK 313.5 million (NOK 665.8 million) in cash and cash equivalents as at 31 December.

Total interest-bearing liabilities in the balance sheet came to NOK 12,004.8 million (NOK 12,097.1 million), with non-current interest-bearing liabilities totalling NOK 9,583 million (NOK 10,700.6 million) and current interest-bearing liabilities amounting to NOK 2,421.7 million (NOK 1,396.4 million).

Financial derivatives accounted for a net liability item of NOK 26.9 million (NOK 177.1 million), with NOK 44.2 million (NOK 202.6 million) classified as liabilities and NOK 16.5 million (NOK 25.5 million) as assets.

Equity as at 31 December totalled NOK 12,836.6 million (NOK 11,560.9 million), representing an equity ratio of 47.9 per cent (45.5 per cent). The book value of equity per share was NOK 19.95 (NOK 17.96). Outstanding shares as at 31 December totalled 649,825,596 (597,353,453). Treasury shares totalled 6,250,000, and 643,575,596 shares were held by the external shareholder.

Dividend

The board has resolved to pay a dividend of NOK 0.425 per share for the fourth quarter of 2021.

Cash flow

Net operational cash flow was negative at NOK 98.9 million (NOK 82.1 million) for the quarter and NOK 447.1 million (NOK 1,007.8 million) for the full year. Cash earnings in the quarter amounted to NOK 99.8 million. The negative change in rental guarantee receivables and other short-term items amounted to NOK 11.7 million and NOK 187 million, respectively. The change related to other short-term items is related to prepaid rents and other accrual effects.

Investment in fixed assets came to NOK 83 million (NOK 5,005.3 million) for the quarter, related to the adjustments for lessees associated with new and renegotiated leases and ongoing operational investments. Property related investments totalled NOK 385.9 million (NOK 5,197.4 million) for the full year.

Net cash flow from financing activities was negative at NOK 280.8 million (NOK 5,303.3 million) for the quarter, following a reduction of NOK 200.4 million in interest-bearing debt and NOK 80.4 million in dividend. For the full year, net cash flow from financing activities was negative at NOK 389.7 million (positive at NOK 5,593.8 million).

Cash and cash equivalents showed a reduction of NOK 462.7 million (NOK 380.1 million) for the quarter and NOK 352.3 million (increase of NOK 384 million) for the full year.

Financing

Key figures

The table below presents the key figures related to interest-bearing debt and hedges as at 31 December 2021.

Interest bearing debt and hedging		31.12.21	31.12.20
Interest-bearing debt	NOK mill.	12,004.8	12,097.1
Cash and cash equivalents	NOK mill.	313.5	665.8
Interest-bearing receivables ¹	NOK mill.	96.6	99.9
Interest-hedging ratio	Per cent	71.2	75.5
Unutilised credit facilities	NOK mill.	1,800.0	910.0
Remaining time to maturity for interest hedge agreements	Years	6.3	6.7
Average interest rate	Per cent	2.81	2.94
Average interest margin	Per cent	1.33	1.39
Remaining time to maturity for interest-bearing debt	Years	4.4	4.7
Market value of the property portfolio	NOK mill.	25,143.0	23,450.0
Market value of investment in joint ventures ²	NOK mill.	2,342.8	1,942.0
Gross debt to asset ratio (gross LTV)	Per cent	43.7	47.6
Net debt to asset ratio (net LTV) ³	Per cent	42.2	44.6

¹ Interest-bearing receivables as at 31 December 2021 are related to a short-term seller credit and loans of NOK 96.6 million to the joint venture for Forusbeen 35.

² Applies to the book value of the investment in Nordr (joint venture), adjusted for the EPRA-revaluation of the investment.

³ Interest-bearing debt less the liquid assets and interest-bearing receivables in relation to the market value of the property portfolio.

Interest-bearing liabilities

Interest-bearing liabilities totalled NOK 12,004.8 million (NOK 12,097.1 million) as at 31 December. In addition, the company had undrawn credit and overdraft facilities of NOK 1,800 million (NOK 910 million).

Interest hedges

The table below presents the maturity structure of interest-rate hedges for the company's interest-bearing debt as at 31 December 2021.

Maturity profile of interest hedges	Amount (NOK mill.)	Interest ¹ (per cent)	Share of total liabilities (per cent)
< 1 year	3,458	3.7	29
1 > 2 year	500	2.2	4
2 > 3 year	1,105	1.6	9
3 > 4 year	400	2.5	3
4 > 5 year	1,200	1.5	10
> 5 year	5,342	1.3	44
Total	12,005	2.1	100

¹ Average base interest rate for the matured amount.

Market and operations

Commercial property market

Norwegian Property estimates the office vacancy in Oslo at 6.1 per cent overall and 4.2 per cent in the city centre. Moderate vacancy rates in the past few years have contributed to positive trends for rents. Office vacancy at Fornebu is 7.4 per cent. The level of activity in the transaction market has been high for several years, with many properties changing hands in various segments at strong yield levels. The prime yield for the Oslo CBD is estimated to be approx. 3.3 per cent.

Loan margins in the bond market are still at low levels, but they increased towards the end of the fourth quarter. Norwegian issuers in the property sector were not active in the quarter, but other IG industrials were in the market with considerable size.

The 10-year swap interest rate peaked at 1.99 per cent in October, and it was at its lowest level at 1.63 per cent in mid-December. Both at the beginning and the end of the quarter, however, the rate was at 1.89 per cent. Central banks have followed inflation closely, both in the US and Europe. The energy cost was very high in the quarter, and together with the shortage on goods and materials as a result of the COVID-19 pandemic, this led to increased inflation. Higher inflation has increased the probability of higher interest rates. The risk regarding the COVID-19 pandemic increased in Q4 with the introduction of the omicron variant.

The property portfolio

Key figures

Norwegian Property owned 29 investment properties as at 31 December 2021. These are primarily located in the central areas of the Oslo region. The company's properties mainly comprise office premises as well as retail and restaurant space along with the associated warehousing and parking for the office areas.

Total ongoing annual rental income (run rate) from the company's whole property portfolio was NOK 1.039 billion as at 1 January 2022. That represented an increase of NOK 43 million since 1 October 2021. NOK 83 million of the run rate is related to the rental guarantee provided by the seller of the property at Snarøyveien 30. The overall financial vacancy in the property portfolio totalled 5.3 per cent, which is primarily related to the properties Snarøyveien 36 and Sandakerveien 140. The weighted average remaining

duration of the leases was 5.1 years, and the average rent adjustment factor for the consumer price index was 99.9 per cent for the total portfolio.

The key figures above do not include space under construction as at 31 December. Ongoing projects at the end of the quarter are specified in the table below.

Area	Property	Tenant	Area (sqm)	Compl. date
Aker Brygge	Kaibygning 1	CMS Kluge Advokatfirma	682	Q1-22
Aker Brygge	Fondbygget	Shuffle Aker Brygge	819	Q1-22
CBD	Lille Grensen 7	Norway Designs	784	Q1-22
Fornebu	Snarøyveien 30	ABB	14,245	Q1-22
Nydalen	Gullhaugveien 9-13	Intunor	1,860	Q1-22
Nydalen	Gullhaugveien 9-13	NGI	6,475	Q1-22

New leases

New leases with a total annual rental income of NOK 8.2 million were awarded in the fourth quarter, while existing leases totalling NOK 12.9 million were extended. Expired leases totalled NOK 5.6 million. Therefore, the net increase in annual rents from leases during the quarter was NOK 15.5 million.

Development project in Nydalen

Through several acquisitions in recent years, Norwegian Property has gained control of a plot of land at Gjerdrums vei 1-5 in Nydalen. An architectural competition has been held for the development of the area, and Norwegian Property plans to build a new office building on the property. The project is still at an early stage, and the rental business in existing buildings will continue during the planning period.

Valuation of the property portfolio

Two independent appraisers have valued all the properties in the company's portfolio based on the same methods and principles applied in the previous periods. The accounting valuation as at 31 December 2021 is based on an average of the two valuations.

As at 31 December, the company's portfolio of investment properties was valued at NOK 25,143 million (NOK 23,450 million). The rent guarantee receivables and properties used by the owner were carried separately in the balance sheet at NOK 234.9 million and NOK 106.7 million respectively, and recognised at fair value. Fair-value adjustments recognised in the profit and loss for the investment properties were positive at NOK 762.2 million for the fourth quarter. This represents a 3.1 per cent change from the value as at 30 September 2021 and the cost of investments for the period.

Effects of the COVID-19 pandemic

Norwegian Property has continued to focus on the health and safety of employees, tenants, visitors and suppliers during the period of increased infection rates in the fourth quarter of 2021. The company has followed the governments recommendations to help prevent the spread of the virus. Norwegian Property has been fully operational, with office employees working from home when required. Operating personnel have handled the day-to-day operation of the properties as far as possible on the basis of ordinary routines. Norwegian Property has had no major ongoing projects adversely affected by the pandemic.

The COVID-19 pandemic has again particularly affected retailers, restaurants and service providers. Government compensation schemes secure the basis for continued operation at many companies. Similar to last year, Norwegian Property does not expect to receive any significant turnover based rent beyond the minimum rents from such tenants in 2021.

Environmental and corporate social responsibility (CSR)

Fondbygget and Kaibygge 1 in Aker Brygge both achieved the BREEAM in use certification Very Good.

The property Snarøyveien 36, financed by a Green Bond issued in June 2021, has reduced its energy consumption by 13 per cent (689 MWh) from 2019 to 2021, after the installation of a heat pump in 2019.

Purchase of certificates of origin for the electricity consumption has reduced the property's market-based carbon emissions by 89 per cent in two years.

Shareholder information

As of 31 December 2021, the company has a share capital of NOK 324,912,798 divided into 649,825,596 shares, each with a par value of NOK 0.5. The company owns 6,250,000 treasury shares. Geveran Trading Co. Ltd. owns the remaining 643,575,596 shares in the company.

Outlook

Norwegian Property manages modern and flexible properties located in attractive clusters near public transport hubs. The company has delivered strong and stable results from its operations and from fair value changes for its properties over a long period.

The company has three clusters for commercial properties, Oslo CBD, Nydalen and Fornebu, in addition to the investment in the residential developer Nordr.

Norwegian Property has a strategy for growth in its core commercial property business as well as an ambition to consider opportunities in other property segments. Norwegian Property will continue its efforts to expand and develop its business through additional acquisitions and by pursuing several interesting long-term development opportunities in the existing property portfolio.

Interim accounts

Consolidated condensed income statement and statement of comprehensive income

Amounts in NOK million	Note	4Q-21	4Q-20	31.12.21	31.12.20
Rental income	3	235.9	193.1	919.6	708.6
Income from the sale of residential units	3	-	-	-	855.9
Revenues		235.9	193.1	919.6	1,564.5
Property-related operational expenses		(15.2)	(8.9)	(64.3)	(51.6)
Other property-related expenses		(12.0)	(5.4)	(60.1)	(55.1)
Total property-related expenses		(27.2)	(14.3)	(124.4)	(106.7)
Project cost from sale of residential units	5	-	0.0	-	(800.4)
Administrative expenses		(21.3)	(13.7)	(59.2)	(46.8)
Total operating expenses		(48.5)	(28.0)	(183.7)	(953.8)
Share of profit in joint ventures	6	31.0	12.6	74.9	(0.4)
Operating profit before fair-value adjustments		218.4	177.7	810.8	610.3
Change in market value of investment property and rental guarantee	4	762.2	1,722.5	1,365.0	1,827.5
Operating profit		980.7	1,900.2	2,175.8	2,437.8
Financial income	10	4.4	1.5	15.0	4.2
Financial cost	10	(87.1)	(71.1)	(346.0)	(264.8)
Realised net financial items		(82.6)	(69.6)	(331.1)	(260.6)
Change in market value of financial derivative instruments	7, 10	17.0	90.6	150.2	(101.6)
Net financial items		(65.6)	21.0	(180.9)	(362.2)
Profit before income tax		915.0	1,921.2	1,994.9	2,075.6
Income tax	11	(178.5)	(316.4)	(421.8)	(399.7)
Profit for the period		736.5	1,604.8	1,573.1	1,675.9
Profit attributable to non-controlling interests		-	-	-	-
Profit attributable to shareholders of the parent company		736.5	1,604.8	1,573.1	1,675.9

Amounts in NOK million	Note	4Q-21	4Q-20	31.12.21	31.12.20
Value adjustment of owner-occupied property, net of tax	4	2.9	4.4	8.1	7.8
Other comprehensive income that will not be reclassified to profit or loss, net of tax		2.9	4.4	8.1	7.8
Currency changes on translation of foreign joint venture operations	6	(7.6)	(15.8)	(28.1)	(1.6)
Other comprehensive income that subsequently may be reclassified to profit or loss, net of tax		(7.6)	(15.8)	(28.1)	(1.6)
Total comprehensive income		731.8	1,593.4	1,553.1	1,682.1
Total comprehensive income attributable to shareholders of the parent company		731.8	1,593.4	1,553.1	1,682.1
Total comprehensive income attributable to non-controlling interests		-	-	-	-

Consolidated condensed balance sheet

Amounts in NOK million	Note	31.12.2021	31.12.2020
Financial derivative instruments	7	16.5	25.5
Investment property	4	24,801.3	23,087.6
Owner-occupied property	4	106.7	97.6
Other fixed assets	4	35.4	37.8
Investment in joint ventures	6	1,084.8	1,013.6
Rental guarantee receivables	4	234.9	264.8
Total non-current assets		26,279.6	24,527.0
Financial derivative instruments	7	0.8	-
Receivables	9	186.7	195.8
Cash and cash equivalents	9	313.5	665.8
Total current assets		501.1	861.7
Total assets		26,780.7	25,388.6
Share capital		321.8	321.8
Share premium		3,279.9	3,280.6
Other paid in equity		7,563.2	7,562.5
Retained earnings		1,671.7	395.9
Total equity		12,836.6	11,560.9
Deferred tax	11	1,685.8	1,268.0
Financial derivative instruments	7	36.2	199.8
Interest bearing liabilities	9	9,583.0	10,700.6
Other liabilities		2.7	4.4
Total non-current liabilities		11,307.8	12,172.8
Financial derivative instruments	7	7.9	2.8
Interest bearing liabilities	9	2,421.7	1,396.4
Other liabilities		206.6	255.7
Total current liabilities		2,636.2	1,654.9
Total liabilities		13,944.1	13,827.8
Total equity and liabilities		26,780.7	25,388.6

Consolidated condensed statement of changes in equity

Amounts in NOK million		Share capital	Treasury shares ¹	Share premium	Other paid in equity	Retained earnings	Total equity
Total equity	31.12.19	249.9	(3.1)	1,678.1	7,560.7	(1,251.6)	8,233.9
Total comprehensive income		-	-	-	-	1,682.1	1,682.1
Employee share-option scheme costs		-	-	-	1.8	-	1.8
Share issue ²		75.0	-	1,602.6	-	-	1,677.6
Paid dividend		-	-	-	-	(34.6)	(34.6)
Total equity	31.12.20	324.9	(3.1)	3,280.6	7,562.5	395.9	11,560.9
Total comprehensive income		-	-	-	-	1,553.1	1,553.1
Employee share-option scheme costs		-	-	-	0.7	-	0.7
Settlement of share-option schemes		-	-	-	-	(3.8)	(3.8)
Share issue ²		-	-	(0.7)	-	-	(0.7)
Paid dividend		-	-	-	-	(273.5)	(273.5)
Total equity	31.12.21	324.9	(3.1)	3,279.9	7,563.2	1,671.7	12,836.6

¹ The company owns 6,250,000 treasury shares.

² Issues of new equity in 2020 added a total net proceeds of NOK 1,677.7 million related to 149,950,000 new shares, each with a nominal value of NOK 0.50. Following the equity issues in 2020, the company has a share capital of NOK 324,912,798 divided into 649,825,596 shares, each with a par value of NOK 0.5. In 2021, the NOK 0.7 million change is related to accrued costs.

Consolidated condensed statement of cash flow

Amounts in NOK million	Note	4Q-21	4Q-20	31.12.21	31.12.20
Profit before income tax		915.0	1,921.2	1,994.9	2,075.6
Paid taxes		(6.3)	-	(6.3)	-
Depreciation of tangible assets		1.4	1.5	5.4	5.6
Fair value adj. of investment property and rental guarantee	3	(762.2)	(1,722.5)	(1,365.0)	(1,827.5)
Fair value adjustment of financial derivative instruments	4	(17.0)	(90.6)	(150.2)	101.6
Profit for joint venture	6	(31.0)	(11.3)	(74.9)	1.6
Change in property related inventory/net working capital	5	-	(0.4)	-	600.0
Change in rental guarantee receivables	4	(11.7)	-	85.9	-
Change in short-term items		(187.0)	(15.8)	(42.7)	50.9
Net cash flow from operating activities		(98.9)	82.1	447.1	1,007.8
Payments for purchase of inv. property and other fixed assets		(83.0)	(5,005.3)	(385.9)	(5,197.4)
Other investment activities		-	-	(23.8)	(1,020.1)
Net cash flow from investing activities		(83.0)	(5,005.3)	(409.7)	(6,217.5)
Net change in interest-bearing debt	6	(200.4)	4,720.6	(115.5)	3,950.6
Capital increase		-	582.7	(0.7)	1,677.7
Paid dividend		(80.4)	-	(273.5)	(34.6)
Net cash flow from financial activities		(280.8)	5,303.3	(389.7)	5,593.7
Net change in cash and cash equivalents		(462.7)	380.1	(352.3)	384.0
Cash and cash equivalents at the beginning of the period		776.2	285.7	665.8	281.8
Cash and cash equivalents at the end of the period		313.5	665.8	313.5	665.8

Notes to the condensed financial statements

NOTE 1: General information

The Norwegian Property ASA real estate group primarily owns commercial properties in the Oslo region. Norwegian Property also owns a share (joint venture) in the residential development company Nordr. Nordr has residential units under construction and a land bank in the largest Norwegian and Swedish cities. In Stavanger, Norwegian Property has a joint venture for the development of a property with a combined residential and commercial purpose.

The holding company, Norwegian Property ASA, is a public limited company with its headquarters located at Støperigata 2, Oslo (Norway). As of 31 December 2021, Geveran Trading Co. Ltd. owns all the shares in Norwegian Property ASA.

The interim report of Norwegian Property ASA was approved at a board meeting on 3 February 2022. The report has not been audited.

In accordance with the requirements of 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 2020.

The Annual General Meeting in 2022, which approves the Annual Report for 2021, will be held on 22 April 2022.

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 primarily relate 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 the applicable IFRS standards and interpretations. The accounting policies used in preparing the interim report are in accordance with the principles applied in preparing the annual accounts for 2020. 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 2020.

No significant changes have been made to accounting policies compared with the principles used in the preparation of the financial statements for 2020. Norwegian Property has not implemented any new standards or changes of standards in the 2021 interim financial statement. There are no material new standards and interpretations not yet implemented.

NOTE 3: Segment information

Commercial properties

Norwegian Property's primary business is the ownership and management of commercial properties in the Oslo region.

Residential properties

From 2018, the company had a portfolio of residential units under construction at Hasle in Oslo. The project was completed in 2020. In the third quarter of 2020 the company made an investment in the residential development company Nordr. In Stavanger, Norwegian Property has a joint venture for the development of a property with a combined residential and commercial purpose (Forusbeen 35).

Financial segment information

The segmentation of operating profit, excluding the administrative owner costs, reflects the division into commercial property and residential property segments. 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.

The segment information relating to income statement items in the fourth quarter of 2021 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Revenue	235.9	-	-	235.9
Total property-related expenses	(27.2)	-	-	(27.2)
Administrative expenses	-	-	(21.3)	(21.3)
Share of profit in joint ventures	(0.1)	31.2	-	31.0
Change in market value of investment property	762.2	-	-	762.2
Operating profit	970.8	31.2	(21.3)	980.7
Net financial items			(65.6)	(65.6)
Profit before income tax			(86.9)	915.0
Income tax			(178.5)	(178.5)
Profit for the period			(265.4)	736.5

The segment information relating to income statement items in the fourth quarter of 2020 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Revenue	193.1	-	-	193.1
Project cost from the sale of residential units	-	0.0	-	0.0
Total property-related expenses	(14.3)	-	-	(14.3)
Administrative expenses	-	-	(13.7)	(13.7)
Share of profit in joint ventures	4.5	8.1	-	12.6
Change in market value of investment property	1,722.5	-	-	1,722.5
Operating profit	1,905.8	8.1	(13.7)	1,900.2
Net financial items			21.0	21.0
Profit before income tax			7.3	1,921.2
Income tax			(316.4)	(316.4)
Profit for the period			(309.1)	1,604.8

The segment information relating to income statement items for the full year of 2021 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Revenue	919.6	-	-	919.6
Total property-related expenses	(124.4)	-	-	(124.4)
Administrative expenses	-	-	(59.2)	(59.2)
Share of profit in joint ventures	(0.4)	75.3	-	74.9
Change in market value of investment property	1,365.0	-	-	1,365.0
Operating profit	2,159.7	75.3	(59.2)	2,175.8
Net financial items			(180.9)	(180.9)
Profit before income tax			(240.1)	1,994.9
Income tax			(421.8)	(421.8)
Profit for the period			(661.9)	1,573.1

The segment information relating to income statement items for the full year 2020 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Revenue	708.6	855.9	-	1,564.5
Project cost from the sale of residential units	-	(800.4)	-	(800.4)
Total property-related expenses	(107.2)	0.5	-	(106.7)
Administrative expenses	-	-	(46.8)	(46.8)
Share of profit in joint ventures	4.5	(4.9)	-	(0.4)
Change in market value of investment property	1,827.5	-	-	1,827.5
Operating profit	2,433.4	51.2	(46.8)	2,437.8
Net financial items			(362.2)	(362.2)
Profit before income tax			(409.0)	2,075.6
Income tax			(399.7)	(399.7)
Profit for the period			(808.7)	1,675.9

The segment information related to balance sheet items as at 31 December 2021 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Investment property	24,908.0	-	-	24,908.0
Other fixed assets	32.6	-	2.8	35.4
Investment in joint ventures	-	1,084.8	-	1,084.8
Receivables	421.7	-	-	421.7
Cash and cash equivalents	-	-	313.5	313.5
Deferred tax	-	-	(1,685.8)	(1,685.8)
Financial derivative instruments	-	-	(26.9)	(26.9)
Interest bearing liabilities	-	-	(12,004.8)	(12,004.8)
Other liabilities	(110.9)	-	(98.4)	(209.3)
Total equity			(12,836.6)	(12,836.6)

The segment information related to balance sheet items as at 31 December 2020 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Investment property	23,185.2	-	-	23,185.2
Other fixed assets	35.8	-	2.0	37.8
Investment in joint ventures	0.0	1,013.6	-	1,013.6
Receivables	458.8	-	1.9	460.6
Cash and cash equivalents	-	-	665.8	665.8
Deferred tax	-	-	(1,268.0)	(1,268.0)
Financial derivative instruments	-	-	(177.0)	(177.0)
Interest bearing liabilities	-	-	(12,097.1)	(12,097.1)
Other liabilities	(169.6)	(1.0)	(89.5)	(260.1)
Total equity			(11,560.9)	(11,560.9)

NOTE 4: Investment property, rental guarantees and other fixed assets**Investment property and rental guarantees**

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

Amounts in NOK million	Note	4Q-21	4Q-20	31.12.21	31.12.20
Total value of investment property and rental guarantees, opening balance		24,260.1	16,786.5	23,450.0	16,558.3
Fair value adjustments of investment property		749.9	1,722.5	1,316.4	1,827.6
Fair value adjustments of rental guarantees	1	12.4	(0.0)	48.6	-
Total fair value adjustments of investment property and rental guarantees		762.2	1,722.5	1,365.0	1,827.6
Fair value adjustments of owner-occupied investment property, recognised in other comprehensive income	4	3.4	5.3	9.1	8.7
Interest income on rental guarantee receivables	1	1.8	0.7	7.9	0.7
Investment in properties	2	110.5	5,021.8	397.3	5,141.6
Payments related to the rental guarantee	1	5.4	-	(85.9)	-
Payments related to sold properties		(0.5)	-	(0.5)	-
Sale/transfer of investment property at book value	3	-	(86.9)	-	(86.9)
Total value of investment property and rental guarantees, closing balance		25,143.0	23,450.0	25,143.0	23,450.0
Of which is book value of investment property		24,801.3	23,087.6	24,801.3	23,087.6
Of which is book value of owner-occupied inv. property	4	106.7	97.6	106.7	97.6
Of which is book value of rental guarantee receivables	1	234.9	264.8	234.9	264.8

¹ An estimated value related to the rental guarantee provided by the seller of the property at Snarøyveien 30 is presented as a receivable in the balance sheet. The seller guarantees an agreed level for the rent and common costs of vacant premises from the takeover in 2020 until mid-2027.

² Includes the large purchase of the property at Snarøyveien 30 in 2020. The acquisition is for accounting purposes not treated as a business combination, but rather as an ordinary purchase of an investment property.

³ Applies to the sale of Forusbeen 35 at year-end 2020 to a joint venture where Norwegian Property owns 50 per cent.

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

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

Amounts in NOK million	Level 1 ¹	Level 2 ¹	Level 3 ¹	Total
	31.12.21			
Investment property	-	-	24,801.3	24,801.3
Owner-occupied property	-	-	106.7	106.7
Rental guarantee receivables	-	-	234.9	234.9
Total	-	-	25,143.0	25,143.0
	31.12.20			
Investment property	-	-	23,087.6	23,087.6
Owner-occupied property	-	-	97.6	97.6
Rental guarantee receivables	-	-	264.8	264.8
Total	-	-	23,450.0	23,450.0

¹ 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 the levels have occurred in 2020 and 2021.

Other fixed assets

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

Amounts in NOK million	31.12.21	31.12.20
Energy production and distribution system at Aker Brygge in Oslo	29.3	30.7
Other assets	6.1	7.1
Other fixed assets	35.4	37.8

NOTE 5: Inventory

The change in the balance sheet item for inventories is in its entirety related to a project which was previously under development at Hasle, as specified in the table below. All the units were sold and delivered to the end users in 2019 and 2020.

Amounts in NOK million	31.12.21	31.12.20
Book value, opening balance	-	708.5
Accrued cost during the period	-	91.8
Cost from the sale of residential units	-	(800.4)
Book value, closing balance	-	-

NOTE 6: Joint ventures**Nordr**

In 2020, Norwegian Property acquired Nordr together with Fredensborg and Union Real Estate Fund III. While Norwegian Property and Fredensborg are equal partners with a share of 42.5 per cent of preference shares each Union own 15 per cent. Norwegian Property owns 42.4 per cent of all shares in the company. Nordr has flats under construction and a substantial land bank in Norway and Sweden. The land bank is largely located in the largest Norwegian and Swedish cities, with an emphasis on eastern Norway and the extended Stockholm capital region in Sweden.

Forusbeen 35

In 2020 the property at Forusbeen 35 in Stavanger underwent a re-regulation from a commercial building to a property with a combined residential and commercial purpose. Norwegian Property sold a 50 per cent share in the project to Base Bolig, and thus owns the project as a joint venture from the end of 2020.

Other joint ventures

In 2019, Norwegian Property owned a 50 per cent stake in the property at Badehusgata 33-39 in Stavanger. In December 2019, the ownership interest in the property was sold. The final settlement of the transaction was made in 2020.

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

Amounts in NOK million	Nodr	Forusbeen 35	Total 31.12.21	Total 31.12.20
Book value, opening balance	1,013.6	-	1,013.6	-
Share of profit for the period	75.5	(0.6)	74.9	(4.9)
Currency changes ¹	(28.1)	-	(28.1)	(1.5)
Acquisition of joint ventures	23.8	-	23.8	1,020.1
Reduction in receivables	-	0.6	0.6	-
Book value, closing balance	1,084.8	-	1,084.8	1,013.6

¹ The currency risk associated with the Nordr business in Sweden is not hedged.

Norwegian Property's share of profit in joint ventures for the fourth quarter is specified in the table below.

Amounts in NOK million	Nordr	Forusbeen 35	Total 4Q-21 ¹	Total 4Q-20 ²
Revenue	1,284.8	(0.1)	1,284.8	1,424.1
Project cost from the sale of residential units	(1,310.2)	-	(1,310.2)	(1,295.6)
Other operating expenses	(47.6)	(0.4)	(48.0)	(198.5)
Share of profit in joint ventures	91.1	-	91.1	109.8
Operating profit	18.1	(0.4)	17.7	39.8
Net financial items	36.1	-	36.1	(21.2)
Profit before income tax	54.2	(0.4)	53.8	18.7
Income tax	35.0	0.1	35.1	(3.8)
Profit for the period	89.2	(0.3)	88.9	14.8
Share of profit for the period	31.2	(0.2)	31.0	8.1
Share of gain from disposal for the period	-	-	-	4.5
The groups total share of profit for the period	31.2	(0.2)	31.0	12.6

¹ The groups share of profit for 2021 is related to Nordr and Forusbeen 35.

² The groups share of profit for 2020 is related to Nordr.

Norwegian Property's share of profit in joint ventures for the full year is specified in the table below.

Amounts in NOK million	Nordr	Forusbeen 35	Total 31.12.21 ¹	Total 31.12.20 ²
Revenue	3,514.5	1.8	3,516.3	1,483.5
Project cost from the sale of residential units	(3,126.3)	-	(3,126.3)	(1,351.5)
Other operating expenses	(355.2)	(3.3)	(358.5)	(233.0)
Share of profit in joint ventures	183.0	-	183.0	116.0
Operating profit	216.1	(1.5)	214.6	15.1
Net financial items	(11.5)	-	(11.5)	(35.3)
Profit before income tax	204.5	(1.5)	203.0	(20.2)
Income tax	(14.7)	0.3	(14.4)	4.5
Profit for the period	189.8	(1.2)	188.6	(15.7)
Share of profit for the period	75.5	(0.6)	74.9	(4.9)
Share of gain from disposal for the period	-	-	-	4.5
The groups total share of profit for the period	75.5	(0.6)	74.9	(0.4)

¹ The groups share of profit for 2021 is related to Nordr and Forusbeen 35.

² The groups share of profit before gain from disposal for 2020 is related to Nordr, and the groups share of gain from disposal is related to Bادهusgata 33-39.

Norwegian Property's share of equity in joint ventures is specified in the table below.

Amounts in NOK million	Nordr	Forusbeen 35	Total 31.12.21	Total 31.12.20
Investment property	-	17.3	17.3	21.7
Other fixed assets	31.2	-	31.2	87.2
Investment in joint ventures	1,373.6	-	1,373.6	1,189.5
Property related inventory	8,690.8	92.0	8,782.8	7,139.1
Receivables	935.3	0.9	936.1	1,372.5
Cash and cash equivalents	1,005.9	0.2	1,006.1	951.6
Deferred tax	(396.7)	0.3	(396.4)	(97.6)
Interest bearing liabilities	(6,340.7)	-	(6,340.7)	(5,769.8)
Shareholder debt ¹	-	(108.4)	(108.4)	(86.9)
Other liabilities	(2,752.8)	(3.5)	(2,756.3)	(2,405.1)
Total equity	2,546.6	1.1	(2,545.4)	(2,402.2)
The groups share of total equity ²	(1,084.8)	-	(1,084.8)	(1,013.6)

¹ Upon establishing the joint venture for the Forusbeen 35 property in cooperation with Base Bolig, Norwegian Property has granted a short-term interest-bearing seller credit to the joint venture corresponding to the agreed property value of NOK 86.9 million. Other debt to shareholders amounts to NOK 21.5 million.

² The NOK 0.6 million share of negative equity for Forusbeen 35 is accounted for as a reduction of receivables.

NOTE 7: Financial derivatives

Change in net derivatives in the balance sheet (interest-rate derivatives) is specified in the table below¹.

Amounts in NOK million	4Q-21	4Q-20	31.12.21	31.12.20
Net book value of derivatives, opening balance	(43.9)	(267.7)	(177.1)	(75.5)
Fair value adjustments of derivatives	17.0	90.6	150.2	(101.6)
Net book value of derivatives, closing balance	(26.9)	(177.1)	(26.9)	(177.1)
Of which classified as non-current assets	16.5	25.5	16.5	25.5
Of which classified as current assets	0.8	-	0.8	-
Of which classified as non-current liabilities	(36.2)	(199.8)	(36.2)	(199.8)
Of which classified as current liabilities	(7.9)	(2.8)	(7.9)	(2.8)

¹ All interest-rate derivatives are cash flow hedges, and Norwegian Property does not use hedge accounting for these derivatives.

NOTE 8: Financial instruments

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

Amounts in NOK million	31.12.2021		31.12.2020	
	Book value	Fair value	Book value	Fair value
Non-current derivatives	16.5	16.5	25.5	25.5
Non-current receivables	234.9	234.9	264.8	264.8
Current derivatives	0.8	0.8	-	-
Current receivables	107.0	107.0	116.3	116.3
Cash and cash equivalents	313.5	313.5	665.8	665.8
Total financial assets	672.8	672.8	1,072.5	1,072.5
Non-current derivatives	36.2	36.2	199.8	199.8
Non-current interest-bearing liabilities	9,583.0	9,602.5	10,700.6	10,729.8
Other non-current liabilities	2.0	2.0	2.1	2.1
Current derivatives	7.9	7.9	2.8	2.8
Current interest-bearing liabilities	2,421.7	2,430.0	1,396.4	1,395.8
Other current liabilities	167.5	167.5	214.4	214.4
Total financial liabilities	12,218.5	12,246.3	12,516.1	12,544.7

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 which is calculated by using quoted swap curves and exchange rates as 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 the valuation method.

Amounts in NOK million	Level 1 ¹	Level 2 ¹	Level 3 ¹	Total
31.12.21				
Non-current derivatives (assets)	-	16.5	234.9	251.4
Current derivatives (assets)	-	0.8	-	0.8
Non-current derivatives (liabilities)	-	(36.2)	-	(36.2)
Current derivatives (liabilities)	-	(7.9)	-	(7.9)
Total	-	(26.9)	234.9	208.1
31.12.20				
Non-current derivatives (assets)	-	25.5	264.8	290.3
Non-current derivatives (liabilities)	-	(199.8)	-	(199.8)
Current derivatives (liabilities)	-	(2.8)	-	(2.8)
Total	-	(177.0)	264.8	87.8

¹ 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 the levels have occurred in 2020 and 2021.

NOTE 9: Net interest-bearing position

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

Amounts in NOK million	Note	4Q-21	4Q-20	31.12.21	31.12.20
Loan facilities at par value, opening balance		11,770.0	7,398.0	12,118.7	8,168.1
Net change of loan facilities		233.2	4,720.7	(115.5)	3,950.7
Loan facilities at par value, closing balance	1	12,003.2	12,118.7	12,003.2	12,118.7
Accrued financial items		1.6	(21.6)	1.6	(21.6)
Book value of interest-bearing debt		12,004.8	12,097.1	12,004.8	12,097.1
Of which classified as non-current liabilities		9,583.0	10,700.6	9,583.0	10,700.6
Of which classified as current liabilities		2,421.7	1,396.4	2,421.7	1,396.4
Interest-bearing debt		(12,004.8)	(12,097.1)	(12,004.8)	(12,097.1)
Interest-bearing receivable	2	96.6	99.9	96.6	99.9
Cash and cash equivalents		313.5	665.8	313.5	665.8
Net interest-bearing position		(11,594.7)	(11,331.3)	(11,594.7)	(11,331.3)

¹ Unutilised credit facilities was NOK 1,800 million as at 31 December 2021 and NOK 910 million as at 31 December 2020.

² Interest-bearing receivables are related to short-term seller credit and loans to the joint venture for Forusbeen 35 of NOK 96.6 million and a seller credit related to the sale of Bادهusgata 33-39 of NOK 13 million.

Norwegian Property 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. As at 31 December 2021, 71.2 per cent of such loans was secured (31 December 2020: 75.5 per cent). The remaining time to maturity for interest hedging agreements was 6.3 years (6.7 years).

The total average interest margin on loans was 133 basis points (139 basis points). The loan portfolio has an average interest rate of 2.81 per cent (2.94 per cent), and the remaining time to maturity for interest-bearing debt was 4.4 years (4.7 years).

NOTE 10: Net financial items

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

Amounts in NOK million	4Q-21	4Q-20	31.12.21	31.12.20
Interest income on bank deposits and receivables	2.7	0.8	7.1	3.5
Other financial income	1.7	0.7	7.9	0.7
Total financial income	4.4	1.5	15.0	4.2
Interest expense on borrowings	(87.1)	(71.1)	(346.0)	(264.8)
Total financial cost	(87.1)	(71.1)	(346.0)	(264.8)
Realised net financial items	(82.6)	(69.6)	(331.1)	(260.6)
Change in the market value of financial derivative instruments	17.0	90.6	150.2	(101.6)
Net financial items	(65.6)	21.0	(180.9)	(362.2)

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	4Q-21	4Q-20	31.12.21	31.12.20
Profit before income tax	915.0	1,921.2	1,994.9	2,075.6
Income tax calculated at 22 per cent	201.3	422.7	438.9	456.6
Differences between financial accounts and tax accounts	(22.8)	(106.3)	(17.1)	(56.9)
Income tax	178.5	316.4	421.8	399.7
Deferred tax, opening balance	1,506.5	950.3	1,268.0	866.1
Recognised through profit and loss	178.5	316.4	421.8	399.7
Payable tax through profit and loss	-	-	(6.3)	-
Recognised through comprehensive income	0.8	1.3	2.3	2.2
Deferred tax, closing balance	1,685.8	1,268.0	1,685.8	1,268.0

NOTE 12: Related-party disclosures

A management fee of NOK 2.4 million has been expensed in 2021 from a company related to the shareholder Geveran Trading Co. Ltd.

No other agreements or significant transactions with related parties have been carried out in 2021.

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 (see note 21 and 22 to the financial statements for 2020).

NOTE 13: Events after the balance sheet date

In accordance with the mandate from the annual general meeting in 2021 the board decided on 3 February 2022 that a dividend of NOK 0.425 per share will be paid for the fourth quarter of 2021.

No other significant events have occurred after the balance sheet date as at 31 December 2021.

EPRA Performance Measures

EPRA (European Public Real Estate Association) is an association for the publicly traded European real estate sector. EPRA was founded in 1999 as a not-for-profit association. It has more than 275 members, covering the whole spectrum of the listed real estate industry (companies, investors and their suppliers). EPRA's mission is to promote, develop and represent the European public real estate sector through the provision of better information to investors and stakeholders, active involvement in the public and political debate, promotion of best practices as well as the cohesion and strengthening of the industry. For further information, see www.epra.com.

EPRA has issued Best Practices Recommendations Guidelines on areas of reporting that are the most relevant to investors and where more consistent reporting across Europe would bring the greatest benefits in the overall transparency of the sector.

Norwegian Property report on the following EPRA Performance Measures.

EPRA Earnings

EPRA Earnings is a key measure of the underlying operating performance of the property portfolio and an indication of the extent to which current dividend payments are supported by earnings. EPRA Earnings is calculated based on the IFRS Earnings for the commercial property portfolio adjusted for changes in the market value of investment properties, changes in the market value of financial derivative instruments and the related tax effects.

EPRA earnings		4Q-21	31.12.21	4Q-20	31.12.20
IFRS earnings	NOK mill.	736.5	1,573.1	1,604.8	1,675.9
Adjustments to calculate EPRA Earnings:					
Change in market value of inv. property and rental guarantee	NOK mill.	(762.2)	(1,365.0)	(1,722.5)	(1,827.5)
Change in market value of financial derivative instruments	NOK mill.	(17.0)	(150.2)	(90.6)	101.6
Share of profit from JVs ¹	NOK mill.	(31.2)	(75.5)	(12.6)	0.4
Income tax	NOK mill.	155.3	326.7	302.0	298.9
EPRA earnings	NOK mill.	81.3	309.1	81.1	249.3
Average outstanding shares (million)	Mill. shares	643.6	643.6	619.9	535.5
EPRA Earnings per share	NOK	0.13	0.48	0.13	0.47

¹ Earnings from the Nordr joint venture (JV) are adjusted for as it is related to the development of residential properties for sale, and they are not relevant for the measurement of the performance of the commercial property portfolio.

EPRA NAV Metrics

The EPRA NAV set of metrics make adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.

EPRA Net Reinstatement Value (NRV)

The EPRA NRV metric assumes that entities never sell assets and it aims to represent the value required to rebuild the entity.

Investments in JVs are revalued based on an estimated fair value of such investments. The fair value on financial derivatives and deferred taxes on investment properties are excluded. Property transfer taxes do not normally apply to Norwegian transactions, and therefore such taxes are not included in the NRV calculation. The fair value of financial instruments, which are used for hedging purposes where the company has the intention of keeping the hedge position until the end of the contractual duration, is excluded. Under normal circumstances, the financial derivatives that companies use to provide an economic hedge are held until maturity and so any fair value movements will not crystallise.

EPRA Net Reinstatement Value (NRV)		4Q-21	4Q-20
IFRS equity	NOK mill.	12,836.6	11,560.9
Revaluation of investments made in JVs	NOK mill.	1,258.0	928.4
Net Asset Value (NAV) at fair value	NOK mill.	14,094.6	12,489.3
Deferred tax on properties and financial instruments	NOK mill.	2,077.4	1,668.9
Net fair value on financial derivatives	NOK mill.	26.9	177.1
Net Reinstatement Value (NRV)	NOK mill.	16,198.9	14,335.2
Outstanding shares at period end (million)	Mill. shares	643.6	643.6
NRV per share (NOK)	NOK	25.17	22.27

EPRA Net Tangible Assets (NTA)

The EPRA NTA metric assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

Investments in JVs are revalued based on an estimated fair value of such investments. Norwegian Property has adopted the second option in the EPRA BPR guidelines to adjust for deferred tax, estimating the real tax assets and liabilities based on how the company has previously carried out transactions and otherwise utilised existing tax positions. The fair value of financial instruments that are used for hedging purposes are excluded.

EPRA Net Tangible Assets (NTA)		4Q-21	4Q-20
IFRS equity	NOK mill.	12,836.6	11,560.9
Revaluation of investments made in JVs	NOK mill.	1,258.0	928.4
Net Asset Value (NAV) at fair value	NOK mill.	14,094.6	12,489.3
Reversal deferred tax liability as per balance sheet	NOK mill.	1,685.8	1,268.0
Adjustment for estimated fair value of deferred tax ²	NOK mill.	182.1	205.5
Net fair value on financial derivatives	NOK mill.	26.9	177.1
Net Tangible Assets (NTA)	NOK mill.	15,989.5	14,139.9
Outstanding shares at period end (million)	Mill. shares	643.6	643.6
NTA per share (NOK)	NOK	24.84	21.97

² Estimated fair value of deferred taxes where the estimated fair value of the tax asset related to carry-forward losses are greater than the estimated fair value of relevant tax liabilities. The calculations assume that carry-forward losses can be utilised over the next 5 years with a discount rate of 5 per cent. The real tax liability related to the gains/losses accounts is estimated on the basis of the annually depreciation rates in the Norwegian tax legislation and a discount rate of 5 per cent. The estimated fair value of the deferred tax liability related to the temporary differences of properties as at 31 December 2021 has been calculated to 3.6 per cent based on a discount rate of 5 per cent and the assumption that properties outside Aker Brygge are realised over the next 50 years period in transactions structured as sale of companies in which the tax discount is 5.7 per cent.

EPRA Net Disposal Value (NDV)

The EPRA NDV metric represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

Investments in JVs are revalued based on an estimated fair value of such investments. Financial liabilities are valued at the estimated fair value, net of deferred tax.

EPRA Net Disposal Value (NDV)		4Q-21	4Q-20
IFRS equity	NOK mill.	12,836.6	11,560.9
Revaluation of investments made in JVs	NOK mill.	1,258.0	928.4
Net Asset Value (NAV) at fair value	NOK mill.	14,094.6	12,489.3
Fair value adjustment of financial liabilities, net of tax ³	NOK mill.	(21.7)	(22.3)
Net Disposal Value (NDV)	NOK mill.	14,072.9	12,467.0
Outstanding shares at period end (million)	Mill. shares	643.6	643.6
NDV per share (NOK)	NOK	21.87	19.37

³ The fair value adjustment related to financial liabilities is related to the valuation as shown in note 8 to the interim financial statement, where the estimated difference between the current margins and the market conditions are taken into account as well as changes in the fair value of listed bonds. Tax is taken into account with 22 per cent.

EPRA Net Initial Yield

EPRA Net Initial Yield (NIY) and EPRA "Topped-up" NIY

The EPRA Net Initial Yield metrics presents annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property and increased with estimated purchasers' costs. The EPRA NIY is a comparable measure for portfolio valuations.

The EPRA "Topped-up" NIY metric incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods or other unexpired lease incentives such as discounted rent periods and step rents.

EPRA Net Initial Yield		4Q-21	4Q-20
Investment property, wholly owned	NOK mill.	25,143.0	23,450.0
Investment property, share of JVs	NOK mill.	8.7	10.9
Total property portfolio	NOK mill.	25,151.6	23,460.9
Less projects and land and developments ⁴	NOK mill.	(592.9)	-
Completed management portfolio	NOK mill.	24,558.7	23,460.9
Allowance for estimated purchasers' cost	NOK mill.	97.5	93.0
Gross up completed management portfolio valuation	NOK mill.	24,656.2	23,553.9
12 months rolling rent, including share of JVs	NOK mill.	1,040.5	983.7
Estimated ownership cost	NOK mill.	(81.5)	(79.5)
Annualised net rents	NOK mill.	959.0	904.2
Rent free periods or other lease incentives	NOK mill.	15.8	15.3
Topped up net annualised net rents	NOK mill.	974.7	919.5
EPRA NIY (net initial yield)	Per cent	3.89	3.84
EPRA "topped-up" NIY (net initial yield)	Per cent	3.95	3.90

⁴ Applies to the property Sandakerveien 140 (Gullhaugveien 9-13 building A-B).

EPRA Vacancy Rate

The EPRA Vacancy Rate is calculated based on the Estimated Market Rental Value (ERV) of vacant space divided by the ERV of the whole portfolio, and it is a per cent measure of investment property space that is vacant, based on ERV.

EPRA Vacancy Rate		4Q-21	4Q-20
Market rent vacant areas ⁵	NOK mill.	57.6	76.3
Total market rent ⁵	NOK mill.	1,087.0	1,080.6
EPRA vacancy rate	Per cent	5.30	7.06

⁵ Assumptions based on the external valuations for the periods.

EPRA Cost Ratio

The EPRA Cost Ratio is calculated based on the administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income. It is a key measure to enable the meaningful measurement of the changes in a company's operating costs.

EPRA Cost Ratios		4Q-21	31.12.21	4Q-20	31.12.20
Operating costs	NOK mill.	(48.5)	(183.7)	(28.0)	(153.5)
Share of joint venture expenses	NOK mill.	(0.2)	(1.7)	-	-
EPRA cost (including direct vacancy cost)	NOK mill.	(48.7)	(185.3)	(28.0)	(153.5)
Direct vacancy cost	NOK mill.	2.9	20.6	5.5	23.0
EPRA cost (excluding direct vacancy cost)	NOK mill.	(45.8)	(164.7)	(22.5)	(130.5)
Gross rental income less ground rent	NOK mill.	235.9	919.6	193.1	708.6
Share of joint ventures	NOK mill.	(0.0)	0.9	-	-
Total gross rental income less ground rent	NOK mill.	235.8	920.5	193.1	708.6
EPRA cost ratio (including direct vacancy cost)	Per cent	20.64	20.13	14.50	21.66
EPRA cost ratio (excluding direct vacancy cost)	Per cent	19.42	17.89	11.64	18.41

NNNAV Performance Measure

Norwegian Property has for previous periods reported on the following set of NAV metrics, updated with figures for the most recent period. These NAV figures will be replaced by the EPRA NAV Metrics in 2022.

NAV figures; per share		4Q-21	4Q-20
NAV, book value	NOK	19.95	17.96
Deferred property tax	NOK	2.29	1.86
Fair value of fin. derivative instruments	NOK	0.03	0.21
Revaluation of investments in joint ventures	NOK	1.95	1.44
NAV, adjusted	NOK	24.22	21.48
Fair value of deferred tax	NOK	(1.25)	(1.30)
Fair value of fin. derivative instruments	NOK	(0.04)	(0.25)
Fair value of debt	NOK	(0.04)	(0.04)
NNNAV	NOK	22.89	19.89

NAV (Net Asset Value) is the book value of total equity in the balance sheet.

Adjusted NAV is the 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 the fair value adjustments of investment properties and for the fair value of financial instruments after tax in the balance sheet.

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.

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-by-like basis	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 appraiser	Akershus Eiendom and Cushman & Wakefield.
Market value of property portfolio	The market value of all the company'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.
Joint venture (JV)	A joint venture (JV) is an economic activity regulated by an agreement between two or more participants so that they have joint control over the business. The company's share of the company's profit after tax is presented according to the equity method on a separate line in the company's profit and loss account, and the investment is recognised on a separate line under fixed assets in the balance sheet.
Related party	A related party has significant influence on the company's strategy or operational choices. The ability to influence another party is normally achieved through ownership, through participation in 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.

Disclaimer

The information included in this Report contains certain forward-looking statements that address activities, events or developments that Norwegian Property ASA ("the Company") expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to economic and market conditions in the geographic areas and markets in which Norwegian Property is or will be operating, counterparty risk, interest rates, access to financing, fluctuations in the currency exchange rates, and changes in governmental regulations. For a further description of other relevant risk factors we refer to Norwegian Property's Annual Report for 2020. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in the information given hereinabove about the current status of the Company or its business. Any reliance on the above-mentioned information is at the risk of the reader, and Norwegian Property disclaims any and all liability in this respect.