

Interim report

First quarter 2022



Lille Grensen 7, Oslo

31 MARCH 2022

Highlights

Highlights in the first quarter of 2022

- **Net profit** was NOK 636.2 million.
 - **Earnings per share (EPS)** was NOK 0.99.
 - **Book value of equity** per share was NOK 20.49.
 - **EPRA NRV** was NOK 25.76 per share.
- **The rental income** of NOK 242.5 million showed a growth of NOK 16.8 million (7.4 per cent) compared with last year.
 - **Annual rental income (run rate)** from the property portfolio has increased by NOK 8 million in the first quarter as a result of new and improved leases, and it was NOK 1,047 million at the end of the quarter.
 - **New leases** with a total annual rental income of NOK 49.6 million were signed or extended. Expired leases totalled NOK 5.2 million, resulting in net new leases of NOK 44.4 million.
- **Positive fair-value adjustments** for both investment property and financial derivatives.
 - **The fair-value adjustment of investment property** was positive at NOK 559.5 million (2.2 per cent), related to yield and market rent changes as well as new and improved leases.
 - **The fair-value adjustment for financial derivatives** was positive by NOK 123.1 million. Long-term market interest rates increased during the first quarter.
- **The joint venture residential company Nordr** has 1,738 residential units under construction.
 - A total of 217 residential units were delivered in the first quarter and a total of 1,080 units are expected to be delivered over the next five quarters.
 - The book value of the share in Nordr was NOK 1,076.8 million and the estimated fair value was NOK 2,330.9 million.
 - Norwegian Property's share of profit from Nordr in the first quarter was NOK 9.6 million.
- **Scope assigns first time issuer rating of NPRO: BBB-, stable**

Key financial figures and APMs

The financial information for Norwegian Property is prepared in accordance with IFRS. The company also reports on supplementary financial alternative performance measures (APMs). The table below shows a summary of the key IFRS figures from the group accounts as well as alternative performance measures (APMs).

Profit and loss		1Q-22	1Q-21	31.12.21
Revenues ¹	NOK mill.	242.5	225.7	919.6
Operating profit before administrative expenses ²	NOK mill.	209.3	194.4	795.1
Operating profit before value adjustments ¹	NOK mill.	204.2	190.5	810.8
Profit before income tax and value adjustments ²	NOK mill.	118.8	108.7	479.7
Change in fair value of investment property and rental guarantee ¹	NOK mill.	559.5	210.4	1,365.0
Profit before income tax ¹	NOK mill.	801.4	415.4	1,994.9
Profit after income tax ¹	NOK mill.	636.2	334.6	1,573.1
Balance sheet		1Q-22	1Q-21	31.12.21
Market value of property portfolio ²	NOK mill.	25,806.4	23,726.5	25,143.0
Market value of joint ventures ²	NOK mill.	2,330.9	1,945.1	2,342.8
Gross interest-bearing debt ²	NOK mill.	12,054.0	11,598.1	12,004.8
Net interest-bearing debt ²	NOK mill.	11,815.8	11,275.5	11,594.7
Net LTV ²	Per cent	42.0	43.9	0.5
Total equity ¹	NOK mill.	13,184.1	11,831.6	12,836.6
Equity ratio ²	Per cent	48.1	46.9	47.9
Pre-tax return on equity ²	Per cent	24.6	14.2	16.4
Cash flow		1Q-22	1Q-21	31.12.21
Net cash flow from operating activities ¹	NOK mill.	146.0	178.5	447.1
Cash and cash equivalents ¹	NOK mill.	141.6	222.7	313.5
Key figures; per share		1Q-22	1Q-21	31.12.21
Number of shares outstanding, end of the period	Mill. shares	643.6	643.6	643.6
Average number of shares in the period	Mill. shares	643.6	643.6	643.6
Profit before income tax ³	NOK	1.25	0.65	3.10
Earnings per share (EPS) ³	NOK	0.99	0.52	2.44
Net cash flow from operating activities ³	NOK	0.23	0.28	0.69
Interest-bearing debt ³	NOK	18.73	18.02	18.65
NAV, book value ³	NOK	20.49	18.38	19.95
EPRA performance measures		1Q-22	1Q-21	31.12.21
EPRA Earnings				
EPRA earnings, per share ⁴	NOK	0.13	0.12	0.48
EPRA NAV metrics				
Net Reinstatement Value (NRV), per share ⁴	NOK	25.76	22.65	25.17
Net Tangible Assets (NTA), per share ⁴	NOK	25.42	22.36	24.84
Net Disposal Value (NDV), per share ⁴	NOK	22.40	19.79	21.87
EPRA net initial yield				
EPRA Net Initial Yield (NIY) ⁴	Per cent	3.72	3.84	3.89
EPRA "Topped-up" NIY ⁴	Per cent	3.84	3.89	3.95
EPRA vacancy rate				
EPRA vacancy rate ⁴	Per cent	6.79	7.90	5.56
EPRA cost ratio				
EPRA cost ratio, including direct vacancy cost ⁴	Per cent	19.87	19.32	20.13
EPRA cost ratio, excluding direct vacancy cost ⁴	Per cent	17.86	16.77	17.89

¹ IFRS figures: The IFRS figures which appear in the group accounts.

² APMs: APMs which do not derive directly from the IFRS group accounts and explained in the overview of definitions at the end of this report.

³ IFRS figures and APMs per share: When calculating the APMs and IFRS measures per share, the figures related to the 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.

⁴ EPRA APMs: The calculation of the EPRA APMs is specified in the separate EPRA performance measures section of this report.

Financial developments

Results

Operating revenue

The rental income from commercial properties amounted to NOK 242.5 million in the first quarter (NOK 225.7 million¹). Adjusted for new and divested properties (like-for-like revenue), this represented an increase of NOK 16 million from the same period of 2021.

The COVID-19 restrictions in Norway were largely lifted from 12 February 2022. Retail and restaurant turnover at Aker Brygge in Oslo was up by 92 per cent for the first quarter from the same period of 2021, and it accounted for 90 per cent of the turnover for the pre-COVID-19 first quarter of 2019. Norwegian Property's turnover-based rent from retail and restaurants at Aker Brygge amounted to NOK 13 million in 2019 (pre-COVID-19). In 2020 and 2021, rents amounted to NOK 4 and 5 million, respectively. Although some turnover was lost at the beginning of 2022, a continued positive development may increase the income from these tenants for 2022 compared with the previous year.

The change compared with last year in retail and restaurant turnover for Vinslottet at Hasle shows a similar increase of 67 per cent. The retail and restaurant businesses at Hasle has been established during the pandemic, and Norwegian Property has so far not received any significant turnover-based rents.

Operating costs

Property-related operational expenses totalled NOK 16 million (NOK 16.3 million). Other property-related expenses came to NOK 17.2 million (NOK 15.1 million). The administrative expenses were NOK 14.3 million (NOK 12 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	1Q-22	1Q-21	31.12.21
Nordr	9.6	8.1	75.5
Forusbeen 35	(0.5)	-	(0.6)
Badehusgata 33-39	-	-	-
Total share of profit	9.1	8.1	74.9

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 9.6 million for the first quarter. Norwegian Property's share of net assets in the balance sheet as at 31 March was NOK 1,076.8 million. In accordance with the IFRS, income recognition from the sale of residential units is based on the completed contract method.

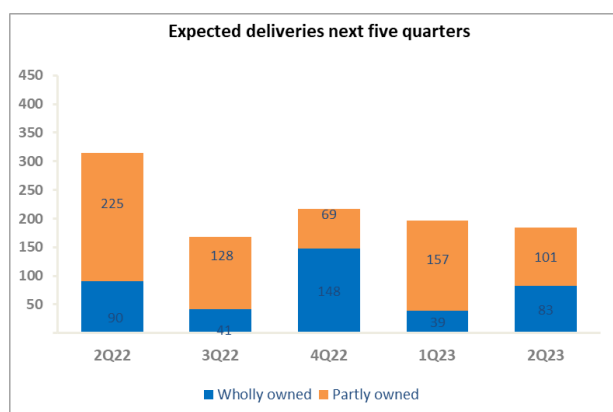
As at 31 March, Nordr had 1,738 flats under construction and a land bank of about 13,700 units in Norway and Sweden. The land bank is mainly located in the largest Norwegian and Swedish cities, with an emphasis on eastern Norway and the extended Stockholm capital region in Sweden.

During the first quarter, sales agreements were entered into regarding 237 residential units. The construction started on 27 units. A total of 217 units were delivered, with 180 in Sweden and 37 in Norway.

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

Project portfolio Nordr	1Q-21	2Q-21	3Q-21	4Q-21	1Q-22
Units sold	330	198	228	229	237
Construction starts	206	196	173	340	27
Units completed	135	284	21	134	215
Units delivered ¹	143	249	40	140	217
Units under construction	1,657	1,570	1,722	1,927	1,738
Units under construction incl. tenant owned units (hyresrätter)	2,230	2,143	2,295	2,660	2,471
Sales ratio, units under construction (per cent)	80	88	87	88	92
Completed unsold units	11	46	27	21	19
Sales value, units sold in the period	1,915	1,252	1,134	1,105	1,367
Sales value, units under constr. (NOK mill.)	10,176	9,263	9,992	11,566	10,538

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 1,080 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 has been established in cooperation with the local residential developer Base Bolig. The property has been rezoned from a commercial building to a combined residential and commercial property. Until the construction begins, the operation of the property will continue as a commercial property.

Norwegian Property's share of the net profit/loss relating to Forusbeen 35 was negative at NOK 0.5 million for the first quarter.

Operating profit before fair-value adjustments

Operating profit before fair-value adjustments amounted to NOK 204.2 million (NOK 190.5 million).

Fair-value adjustments for investment property

The valuation of the property portfolio yielded a positive unrealised fair-value adjustment of NOK 559.5 million (NOK 210.4 million) in the first quarter, related to yield and market rent changes as well as new and improved leases. This represents a 2.2 per cent change from the value as at 31 December and the cost of investments for the period. The total market value of the property portfolio as at 31 March 2022 amounted to NOK 25,806.4 million.

Net financial items

Net realised financial expenses came to NOK 85.4 million (NOK 81.8 million) for the first quarter.

Long-term market interest rates increased during the first quarter. The positive fair-value adjustment for financial derivatives was NOK 123.1 million (NOK 96.3 million).

Profit for the period

Pre-tax profit was NOK 801.4 million (NOK 415.4 million) for the first quarter. The income tax expense of NOK 165.2 million (NOK 80.8 million) relates to non-payable deferred taxes. Net profit in the first quarter was thereby NOK 636.2 million (NOK 334.6 million).

Balance sheet

Total assets in the balance sheet were NOK 27,403.6 million (NOK 25,213.8 million), with investment properties accounting for NOK 25,454.9 million (NOK 23,315 million) and properties used by the owner for NOK 109.4 million (NOK 105.3 million). Non-current receivables amounted to NOK 242.1 million, related to the rental guarantee provided by the seller of the property at Snarøyveien 30 (NOK 306.1 million).

Investment in joint ventures was NOK 1,076.8 million as at 31 March 2022.

Norwegian Property held NOK 141.6 million (NOK 222.7 million) in cash and cash equivalents as at 31 March.

Total interest-bearing liabilities in the balance sheet came to NOK 12,054 million (NOK 11,598.1 million), with non-current interest-bearing liabilities totalling NOK 9,581.5 million (NOK 10,701.3 million) and current interest-bearing liabilities amounting to NOK 2,472.5 million (NOK 896.8 million).

Financial derivatives accounted for a net asset of NOK 96.2 million (net liability of NOK 80.7 million), with NOK 25.4 million (NOK 102.9 million) classified as liabilities and NOK 121.6 million (NOK 22.2 million) as assets.

Equity as at 31 March totalled NOK 13,184.1 million (NOK 11,831.6 million), representing an equity ratio of 48.1 per cent (46.9 per cent). The book value of equity per share was NOK 20.49 (NOK 18.38). Outstanding shares as at 31 March 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 0.125 per share for the first quarter of 2022.

Cash flow

Net operational cash flow was NOK 146 million (NOK 178.5 million) for the first quarter. Cash earnings in the quarter amounted to NOK 109.2 million. The change in other short-term items amounted to NOK 36.8 million.

Investment in fixed assets came to NOK 94.1 million (NOK 56.2 million) for the quarter, related to the adjustments for lessees associated with new and renegotiated leases and ongoing operational investments.

Net cash flow from financing activities was negative at NOK 223.9 million (NOK 565.4 million) for the quarter, following an increase of NOK 49.6 million in interest-bearing debt and a dividend of NOK 273.5 million.

Cash and cash equivalents showed a reduction of NOK 171.9 million (NOK 443.2 million) for the quarter.

Financing

Key figures

The table below presents the key figures related to interest-bearing debt and hedges as at 31 March 2022.

Interest bearing debt and hedging		31.03.22	31.03.21	31.12.21
Interest-bearing debt	NOK mill.	12,054.0	11,598.1	12,004.8
Cash and cash equivalents	NOK mill.	141.6	222.7	313.5
Interest-bearing receivables ¹	NOK mill.	96.6	99.9	96.6
Interest-hedging ratio	Per cent	70.2	73.6	71.2
Unutilised credit facilities	NOK mill.	1,750.0	1,410.0	1,800.0
Remaining time to maturity for interest hedge agreements	Years	6.5	7.0	6.3
Average interest rate	Per cent	2.84	2.81	2.81
Average interest margin	Per cent	1.33	1.39	1.33
Remaining time to maturity for interest-bearing debt	Years	4.2	4.8	4.4
Market value of the property portfolio	NOK mill.	25,806.4	23,726.5	25,143.0
Market value of investment in joint ventures ²	NOK mill.	2,330.9	1,945.1	2,342.8
Gross debt to asset ratio (gross LTV)	Per cent	42.8	45.2	43.7
Net debt to asset ratio (net LTV) ³	Per cent	42.0	43.9	42.2

¹ Interest-bearing receivables are related to seller credits and loans in relation to properties sold and joint ventures.

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 and the real value of the shares in Nordr.

Interest-bearing liabilities

Interest-bearing liabilities totalled NOK 12,054 million (NOK 11,598.1 million) as at 31 March. In addition, the company had undrawn credit and overdraft facilities of NOK 1,750 million (NOK 1,410 million).

Interest hedges

The table below presents the maturity structure of interest-rate hedges for the company's interest-bearing debt as at 31 March 2022.

Maturity profile of interest hedges	Amount (NOK mill.)	Interest ¹ (per cent)	Share of total liabilities (per cent)
< 1 year	3,505	1.4	29
1 > 2 year	600	2.1	5
2 > 3 year	1,205	1.7	10
3 > 4 year	200	2.5	2
4 > 5 year	1,200	1.5	10
> 5 year	5,342	1.3	44
Total	12,052	1.5	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 9.7 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 considered to be below 3.25 per cent.

Loan margins in the bond market have spread out in the first quarter. A Swedish issuer in the property sector issued NOK 1 billion in bonds towards the end of the quarter, while only a few issues have been made by Norwegian property companies.

The 10-year swap interest rate went from 1.9 per cent at the beginning of the quarter to 2.82 per cent at the end of the quarter. The central banks in the US and in Europe have signalled that the interest will increase as inflation is on the rise. The energy cost was very high during the quarter, and together with the shortage on goods and materials as a result of the war in Ukraine and the COVID-19 pandemic, the fear of inflation continues.

The property portfolio

Key figures

Norwegian Property owned 29 investment properties as at 31 March 2022. 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 1.047 billion as at 1 April 2022. That represented an increase of NOK 8 million since 1 January 2022. NOK 63 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 6.9 per cent, which is primarily related to the properties Sandakerveien 138-140 and Snarøyveien 36. 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 March. 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	GG Drift	548	Q2-22
Aker Brygge	Tingvalla	GG Drift	300	Q3-22
Aker Brygge	Fondbygget	Shuffle Aker Brygge	819	Q2-22
Aker Brygge	Terminalbygget	Fjordalleen Invest	200	Q2-22
Nydalen	Gjerdrums vei 8	Wamalino	780	Q3-22
Fornebu	Snarøyveien 30	Smith & Nephew	477	Q2-22

New leases

New leases with a total annual rental income of NOK 16.2 million were awarded in the first quarter, while existing leases totalling NOK 33.4 million were extended. Expired leases totalled NOK 5.2 million. Therefore, the net increase in annual rents from leases during the quarter was NOK 44.4 million.

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 March 2022 is based on an average of the two valuations.

As at 31 March, the company's portfolio of investment properties was valued at NOK 25,806.4 million (NOK 23,726.5 million). The rent guarantee receivables and properties used by the owner were carried separately in the balance sheet at NOK 242.1 million and NOK 109.4 million, respectively, and recognised at fair value. Fair-value adjustments recognised in the profit and loss for the investment properties were positive at NOK 559.5 million for the first quarter. This represents a 2.2 per cent change from the value as at 31 December 2021 and the cost of investments for the period.

Environmental and corporate social responsibility (CSR)

The climate accounts for 2021 were finalised in the quarter. The energy consumption and hence the carbon emissions increased compared with 2020 due to the acquisition of the property at Snarøyveien 30 in December 2020.

Carbon emissions per square metre were down from last year, as the energy mix consisted of more renewable energy such as the seawater pump in

Snarøyveien 30 and a new heat pump in Snarøyveien 36.

The detailed climate report is available on the company's website.

AGM held

The annual general meeting was held on 22 April 2022. All resolutions were adopted as proposed in the notice of the meeting. The AGM elected Bjørn Henningsen as the chair of the board. Kathrine Astrup Fredriksen, Cecilie Astrup Fredriksen, Lars Erich Nilsen and Lars Buin were elected as directors. All were elected for two years until the AGM in 2024.

The auditor rotation requirements have been introduced in Norway and EY was elected as the new auditor for the company. PwC has held the position of auditor for the previous 10 years.

Shareholder information

As of 31 March 2022, 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	1Q-22	1Q-21	31.12.21
Rental income	3	242.5	225.7	919.6
Revenues		242.5	225.7	919.6
Property-related operational expenses		(16.0)	(16.3)	(64.3)
Other property-related expenses		(17.2)	(15.1)	(60.1)
Total property-related expenses		(33.2)	(31.3)	(124.4)
Administrative expenses		(14.3)	(12.0)	(59.2)
Total operating expenses		(47.5)	(43.4)	(183.7)
Share of profit in joint ventures	6	9.1	8.1	74.9
Operating profit before fair-value adjustments		204.2	190.5	810.8
Change in market value of investment property and rental guarantee	4	559.5	210.4	1,365.0
Operating profit		763.6	400.9	2,175.8
Financial income	10	4.3	3.5	15.0
Financial cost	10	(89.6)	(85.3)	(346.0)
Realised net financial items		(85.4)	(81.8)	(331.1)
Change in market value of financial derivative instruments	7, 10	123.1	96.3	150.2
Net financial items		37.8	14.5	(180.9)
Profit before income tax		801.4	415.4	1,994.9
Income tax	11	(165.2)	(80.8)	(421.8)
Profit for the period		636.2	334.6	1,573.1
Profit attributable to non-controlling interests		-	-	-
Profit attributable to shareholders of the parent company		636.2	334.6	1,573.1

Amounts in NOK million	Note	1Q-22	1Q-21	31.03.21
Value adjustment of owner-occupied property, net of tax	4	2.3	6.2	8.1
Other comprehensive income that will not be reclassified to profit or loss, net of tax		2.3	6.2	8.1
Currency changes on translation of foreign joint venture operations	6	(17.5)	(5.3)	(28.1)
Other comprehensive income that subsequently may be reclassified to profit or loss, net of tax		(17.5)	(5.3)	(28.1)
Total comprehensive income		621.1	335.5	1,553.1
Total comprehensive income attributable to shareholders of the parent company		621.1	335.5	1,553.1
Total comprehensive income attributable to non-controlling interests		-	-	-

Consolidated condensed balance sheet

Amounts in NOK million	Note	31.03.2022	31.03.2021	31.12.2021
Financial derivative instruments	7	121.6	22.2	16.5
Investment property	4	25,454.9	23,315.0	24,801.3
Owner-occupied property	4	109.4	105.3	106.7
Other fixed assets	4	34.1	36.9	35.4
Investment in joint ventures	6	1,076.8	1,016.7	1,084.8
Rental guarantee receivables	4	242.1	306.1	234.9
Total non-current assets		27,038.9	24,802.2	26,279.6
Financial derivative instruments	7	-	-	0.8
Receivables	9	223.1	188.9	186.7
Cash and cash equivalents	9	141.6	222.7	313.5
Total current assets		364.7	411.5	501.1
Total assets		27,403.6	25,213.8	26,780.7
Share capital		321.8	321.8	321.8
Share premium		3,280.1	3,280.1	3,280.1
Other paid in equity		7,563.1	7,562.7	7,563.1
Retained earnings		2,019.2	667.1	1,671.6
Total equity		13,184.1	11,831.6	12,836.6
Deferred tax	11	1,851.7	1,350.6	1,685.8
Financial derivative instruments	7	21.5	101.7	36.2
Interest bearing liabilities	9	9,581.5	10,701.3	9,583.0
Other liabilities		2.3	4.3	2.7
Total non-current liabilities		11,457.0	12,157.9	11,307.8
Financial derivative instruments	7	3.9	1.2	7.9
Interest bearing liabilities	9	2,472.5	896.8	2,421.7
Other liabilities		286.1	326.3	206.5
Total current liabilities		2,762.5	1,224.3	2,636.2
Total liabilities		14,219.5	13,382.2	13,944.1
Total equity and liabilities		27,403.6	25,213.8	26,780.7

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	31.12.20	324.9	(3.1)	3,280.7	7,562.5	395.9	11,560.9
Total comprehensive income		-	-	-	-	335.5	335.5
Employee share-option scheme costs		-	-	-	0.1	-	0.1
Share issue		-	-	(0.7)	-	-	(0.7)
Paid dividend		-	-	-	-	(64.4)	(64.4)
Total equity	31.03.21	324.9	(3.1)	3,280.1	7,562.7	667.1	11,831.6
Total comprehensive income		-	-	-	-	1,217.6	1,217.6
Employee share-option scheme costs		-	-	-	0.5	-	0.5
Settlement of share-option schemes		-	-	-	-	(3.8)	(3.8)
Paid dividend		-	-	-	-	(209.2)	(209.2)
Total equity	31.12.21	324.9	(3.1)	3,280.1	7,563.1	1,671.6	12,836.6
Total comprehensive income		-	-	-	-	621.1	621.1
Paid dividend		-	-	-	-	(273.5)	(273.5)
Total equity	31.03.22	324.9	(3.1)	3,280.1	7,563.1	2,019.2	13,184.1

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

Consolidated condensed statement of cash flow

Amounts in NOK million	Note	1Q-22	1Q-21	31.12.21
Profit before income tax		801.4	415.4	1,994.9
Paid taxes		-	-	(6.3)
Depreciation of tangible assets		1.3	1.3	5.4
Interest income on guarantee receivables		(1.8)	-	-
Fair value adj. of investment property and rental guarantee	3	(559.5)	(210.4)	(1,365.0)
Fair value adjustment of financial derivative instruments	4	(123.1)	(96.3)	(150.2)
Profit for joint venture	6	(9.1)	(8.1)	(74.9)
Change in rental guarantee receivables	4	(5.4)	-	85.9
Change in short-term items		42.3	76.6	(42.7)
Net cash flow from operating activities		146.0	178.5	447.1
Payments for purchase of inv. property and other fixed assets		(94.1)	(56.2)	(385.9)
Other investment activities		-	-	(23.8)
Net cash flow from investing activities		(94.1)	(56.2)	(409.7)
Net change in interest-bearing debt	6	49.6	(500.4)	(115.5)
Capital increase		-	(0.7)	(0.7)
Paid dividend		(273.5)	(64.4)	(273.5)
Net cash flow from financial activities		(223.9)	(565.4)	(389.7)
Net change in cash and cash equivalents		(171.9)	(443.2)	(352.3)
Cash and cash equivalents at the beginning of the period		313.5	665.8	665.8
Cash and cash equivalents at the end of the period		141.6	222.7	313.5

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). Gevevan 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 28 April 2022. The report has not been audited.

In accordance with the requirements of section 3, subsection 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 2021.

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 2021.

No significant changes have been made to accounting policies compared with the principles used in the preparation of the financial statements for 2021. Norwegian Property has not implemented any new standards or changes of standards in the 2022 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

The company has 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 first quarter of 2022 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Revenue	242.5	-	-	242.5
Total property-related expenses	(33.2)	-	-	(33.2)
Administrative expenses	-	-	(14.3)	(14.3)
Share of profit in joint ventures	(0.3)	9.4	-	9.1
Change in market value of investment property	559.5	-	-	559.5
Operating profit	768.5	9.4	(14.3)	763.6
Net financial items			37.8	37.8
Profit before income tax			23.4	801.3
Income tax			(165.2)	(165.2)
Profit for the period			(141.8)	636.2

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

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Revenue	225.7	-	-	225.7
Total property-related expenses	(31.3)	-	-	(31.3)
Administrative expenses	-	-	(12.0)	(12.0)
Share of profit in joint ventures	0.0	8.1	-	8.1
Change in market value of investment property	210.4	-	-	210.4
Operating profit	404.8	8.1	(12.0)	400.9
Net financial items			14.5	14.5
Profit before income tax			2.5	415.4
Income tax			(80.8)	(80.8)
Profit for the period			(78.3)	334.6

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	(124.9)	0.5	-	(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	2,159.2	75.8	(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 related to balance sheet items as at 31 March 2022 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Investment property	25,564.3	-	-	25,564.3
Other fixed assets	31.5	-	2.6	34.1
Investment in joint ventures	-	1,076.9	-	1,076.9
Receivables	465.3	-	-	465.3
Cash and cash equivalents	-	-	141.6	141.6
Deferred tax	-	-	(1,851.7)	(1,851.7)
Financial derivative instruments	-	-	96.3	96.3
Interest bearing liabilities	-	-	(12,054.0)	(12,054.0)
Other liabilities	(144.3)	-	(144.1)	(288.5)
Total equity			(13,184.1)	(13,184.1)

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

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Investment property	23,420.3	-	-	23,420.3
Other fixed assets	35.0	-	1.9	36.9
Investment in joint ventures	0.0	1,016.7	-	1,016.7
Receivables	493.1	-	1.9	495.0
Cash and cash equivalents	-	-	222.7	222.7
Deferred tax	-	-	(1,350.6)	(1,350.6)
Financial derivative instruments	-	-	(80.7)	(80.7)
Interest bearing liabilities	-	-	(11,598.1)	(11,598.1)
Other liabilities	(233.2)	-	(97.4)	(330.6)
Total equity			(11,831.6)	(11,831.6)

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	421.6	-	-	421.6
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)

NOTE 4: Investment property and rental guarantees**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	1Q-22	1Q-21	31.12.21
Total value of investment property and rental guarantees, opening balance		25,143.0	23,450.0	23,450.0
Fair value adjustments of investment property		559.5	171.4	1,316.4
Fair value adjustments of rental guarantees	1	-	39.0	48.6
Total fair value adjustments of investment property and rental guarantees		559.5	210.4	1,365.0
Fair value adjustments of owner-occupied investment property, recognised in other comprehensive income	4	2.7	7.6	9.1
Interest income on rental guarantee receivables	1	1.8	2.3	7.9
Investment in properties	2	94.0	56.2	397.3
Payments related to the rental guarantee	1	5.4	-	(85.9)
Payments related to sold properties		-	-	(0.5)
Sale/transfer of investment property at book value	3	-	-	-
Total value of investment property and rental guarantees, closing balance		25,806.4	23,726.5	25,143.0
Of which is book value of investment property		25,454.9	23,315.0	24,801.3
Of which is book value of owner-occupied inv. property	4	109.4	105.3	106.7
Of which is book value of rental guarantee receivables	1	242.1	306.1	234.9

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 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	Total
	31.03.22	
Investment property	-	25,454.9
Owner-occupied property	-	109.4
Rental guarantee receivables	-	242.1
Total	-	25,806.4
	31.03.21	
Investment property	-	23,315.0
Owner-occupied property	-	105.3
Rental guarantee receivables	-	306.1
Total	-	23,726.5
	31.12.21	
Investment property	-	24,801.3
Owner-occupied property	-	106.7
Rental guarantee receivables	-	234.9
Total	-	25,143.0

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 2021 and 2022.

NOTE 5: Other fixed assets

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

Amounts in NOK million	31.03.22	31.03.21	31.12.21
Energy production and distribution system at Aker Brygge in Oslo	28.7	30.1	29.3
Other assets	5.3	6.8	6.1
Other fixed assets	34.1	36.9	35.4

NOTE 6: Joint ventures**Nordr**

Norwegian Property owns 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

The property at Forusbeen 35 in Stavanger has undergone a re-regulation from a commercial building to a property with a combined residential and commercial purpose. Norwegian Property owns the project as a joint venture together with Base Bolig.

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

Amounts in NOK million	Nordr	Forusbeen 35	Total 31.03.22	Total 31.03.21	Total 31.12.21
Book value, opening balance	1,084.8	-	1,084.8	1,013.6	1,013.6
Share of profit for the period	9.6	(0.5)	9.1	8.1	74.9
Currency changes ¹	(17.5)	-	(17.5)	(5.3)	(28.1)
Acquisition of joint ventures	-	-	-	-	23.8
Reduction in receivables	-	0.5	0.5	0.3	0.6
Book value, closing balance	1,076.8	-	1,076.8	1,016.7	1,084.8

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

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

Amounts in NOK million	Nordr	Forusbeen 35	Total 1Q-22	Total 1Q-21 ¹	Total 31.12.21 ²
Revenue	692.2	0.2	692.4	518.4	3,059.9
Project cost from the sale of residential units	(656.9)	-	(656.9)	(377.7)	(2,669.9)
Other operating expenses	(99.0)	(1.4)	(100.3)	(133.8)	(358.5)
Share of profit in joint ventures	77.6	-	77.6	23.3	183.0
Operating profit	13.9	(1.2)	12.7	30.3	214.6
Net financial items	(9.9)	-	(9.9)	(14.1)	(11.5)
Profit before income tax	3.9	(1.2)	2.8	16.2	203.0
Income tax	18.6	0.3	18.9	1.2	(14.4)
Profit for the period	22.6	(0.9)	21.6	17.4	188.6
Share of profit for the period	9.6	(0.5)	9.1	8.1	74.9
The groups total share of profit for the period	9.6	(0.5)	9.1	8.1	74.9

¹ The groups share of profit for the first quarter of 2021 is related to Nordr (NOK 8.4 million) and Forusbeen 35 (negative of NOK 0.3 million).

² The groups share of profit for the full year of 2021 is related to Nordr (NOK 75.5 million) and Forusbeen 35 (negative of NOK 0.6 million).

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

Amounts in NOK million	Nordr	Forusbeen 35	Total 31.03.22	Total 31.03.21	Total 31.12.21
Investment property	-	18.0	18.0	25.6	17.3
Other fixed assets	35.8	-	35.8	26.6	31.2
Investment in joint ventures	1,479.5	-	1,479.5	1,359.9	1,373.6
Property related inventory	8,595.3	93.7	8,688.9	6,928.2	8,782.8
Receivables	658.4	1.2	659.6	932.8	936.1
Cash and cash equivalents	724.8	0.7	725.4	1,554.5	1,006.1
Deferred tax	(351.4)	0.6	(350.8)	(168.5)	(396.4)
Interest bearing liabilities	(5,314.9)	-	(5,314.9)	(6,068.7)	(6,340.7)
Shareholder debt ¹	-	(115.9)	(115.9)	(88.8)	(108.4)
Other liabilities	(3,317.9)	(0.3)	(3,318.2)	(2,116.5)	(2,756.3)
Total equity	(2,509.4)	2.1	(2,507.3)	(2,385.0)	(2,545.4)
The groups share of total equity ²	(1,076.8)	-	(1,076.8)	(1,016.7)	(1,084.8)

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 29 million.

² The NOK 0.5 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	1Q-22	1Q-21	31.12.21
Net book value of derivatives, opening balance	(26.9)	(177.1)	(177.1)
Fair value adjustments of derivatives	123.1	96.3	150.2
Net book value of derivatives, closing balance	96.2	(80.7)	(26.9)
Of which classified as non-current assets	121.6	22.2	16.5
Of which classified as current assets	-	-	0.8
Of which classified as non-current liabilities	(21.5)	(101.7)	(36.2)
Of which classified as current liabilities	(3.9)	(1.2)	(7.9)

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	31.03.2022		31.03.2021		31.12.2021	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Non-current derivatives	121.6	121.6	22.2	22.2	16.5	16.5
Non-current receivables	242.1	242.1	306.1	306.1	234.9	234.9
Current derivatives	(0.0)	(0.0)	-	-	0.8	0.8
Current receivables	129.6	129.6	116.6	116.6	107.0	107.0
Cash and cash equivalents	141.6	141.6	222.7	222.7	313.5	313.5
Total financial assets	634.9	634.9	667.5	667.5	672.8	672.8
Non-current derivatives	21.5	21.5	101.7	101.7	36.2	36.2
Non-current interest-bearing liabilities	9,581.5	9,585.2	10,701.3	10,731.1	9,583.0	9,602.5
Other non-current liabilities	2.0	2.0	2.1	2.1	2.0	2.0
Current derivatives	3.9	3.9	1.2	1.2	7.9	7.9
Current interest-bearing liabilities	2,472.5	2,495.5	896.8	896.2	2,421.7	2,430.0
Other current liabilities	202.1	202.1	176.0	176.0	167.5	167.5
Total financial liabilities	12,283.5	12,310.2	11,879.2	11,908.4	12,218.5	12,246.2

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
	31.03.22			
Non-current derivatives (assets)	-	121.6	242.1	363.7
Non-current derivatives (liabilities)	-	(21.5)	-	(21.5)
Current derivatives (liabilities)	-	(3.9)	-	(3.9)
Total	-	96.3	242.1	338.4
	31.03.21			
Non-current derivatives (assets)	-	22.2	306.1	328.3
Non-current derivatives (liabilities)	-	(101.7)	-	(101.7)
Current derivatives (liabilities)	-	(1.2)	-	(1.2)
Total	-	(80.7)	306.1	225.4
	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	208.0

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 2021 and 2022.

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	1Q-22	1Q-21	31.12.21
Loan facilities at par value, opening balance		11,770.0	12,118.7	12,118.7
Net change of loan facilities		282.4	(499.0)	(115.5)
Loan facilities at par value, closing balance	1	12,052.4	11,619.7	12,003.2
Accrued financial items		1.6	(21.6)	1.6
Book value of interest-bearing debt		12,054.0	11,598.1	12,004.8
Of which classified as non-current liabilities		9,581.5	10,701.3	9,583.0
Of which classified as current liabilities		2,472.5	896.8	2,421.7
Interest-bearing debt		(12,054.0)	(11,598.1)	(12,004.8)
Interest-bearing receivable	2	96.6	99.9	96.6
Cash and cash equivalents		141.6	222.7	313.5
Net interest-bearing position		(11,815.8)	(11,275.5)	(11,594.7)

¹ *Unutilised credit facilities was NOK 1,750 million as at 31 March 2022. Unutilised credit facilities was NOK 1,410 million as at 31 March 2021 and NOK 1,800 million as at 31 December 2021.*

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.*

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 March 2022, 70.2 per cent of such loans was secured (31 March 2021: 73.6 per cent). The remaining time to maturity for interest hedging agreements was 6.5 years (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 2.84 per cent (2.81 per cent), and the remaining time to maturity for interest-bearing debt was 4.2 years (4.8 years).

NOTE 10: Net financial items

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

Amounts in NOK million	1Q-22	1Q-21	31.12.21
Interest income on bank deposits and receivables	2.5	1.2	7.1
Other financial income	1.8	2.3	7.9
Total financial income	4.3	3.5	15.0
Interest expense on borrowings	(89.6)	(85.3)	(346.0)
Total financial cost	(89.6)	(85.3)	(346.0)
Realised net financial items	(85.4)	(81.8)	(331.0)
Change in the market value of financial derivative instruments	123.1	96.3	150.2
Net financial items	37.8	14.5	(180.9)

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	1Q-22	1Q-21	31.12.21
Profit before income tax	801.4	415.4	1,994.9
Income tax calculated at 22 per cent	176.3	91.4	438.9
Differences between financial accounts and tax accounts	(11.1)	(10.6)	(17.1)
Income tax	165.2	80.8	421.8
Deferred tax, opening balance	1,685.8	1,268.0	1,268.0
Recognised through profit and loss	165.2	80.8	421.8
Payable tax through profit and loss	-	-	(6.3)
Recognised through comprehensive income	0.7	1.7	2.3
Deferred tax, closing balance	1,851.7	1,350.6	1,685.8

NOTE 12: Related-party disclosures

No agreements or significant transactions with related parties have been carried out in 2022.

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 2021).

NOTE 13: Events after the balance sheet date

In accordance with the mandate from the annual general meeting in 2022 the board decided on 28 April 2022 that a dividend of NOK 0.125 per share will be paid for the first quarter of 2022.

No other significant events have occurred after the balance sheet date as at 31 March 2022.

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		1Q-22	1Q-21	31/12/2021
IFRS earnings	NOK mill.	636.2	334.6	1,573.1
Adjustments to calculate EPRA Earnings:				
Change in market value of inv. property and rental guarantee	NOK mill.	(559.5)	(210.4)	(1,365.0)
Change in market value of financial derivative instruments	NOK mill.	(123.1)	(96.3)	(150.2)
Share of profit from JVs ¹	NOK mill.	(9.6)	(8.4)	(75.5)
Income tax	NOK mill.	140.6	58.6	326.7
EPRA earnings	NOK mill.	84.7	78.1	309.1
Average outstanding shares (million)	Mill. shares	643.6	643.6	643.6
EPRA Earnings per share	NOK	0.13	0.12	0.48

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)		31/03/2022	31/03/2021	31/12/2021
IFRS equity	NOK mill.	13,184.1	11,831.6	12,836.6
Revaluation of investments made in JVs	NOK mill.	1,254.0	928.4	1,258.0
Net Asset Value (NAV) at fair value	NOK mill.	14,438.1	12,759.9	14,094.6
Deferred tax on properties and financial instruments	NOK mill.	2,234.8	1,738.5	2,077.4
Net fair value on financial derivatives	NOK mill.	(96.2)	80.8	26.9
Net Reinstatement Value (NRV)	NOK mill.	16,576.7	14,579.1	16,198.9
Outstanding shares at period end (million)	Mill. shares	643.6	643.6	643.6
NRV per share (NOK)	NOK	25.76	22.65	25.17

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)		31/03/2022	31/03/2021	31/12/2021
IFRS equity	NOK mill.	13,184.1	11,831.6	12,836.6
Revaluation of investments made in JVs	NOK mill.	1,254.0	928.4	1,258.0
Net Asset Value (NAV) at fair value	NOK mill.	14,438.1	12,759.9	14,094.6
Reversal deferred tax liability as per balance sheet	NOK mill.	1,851.7	1,350.5	1,685.8
Adjustment for estimated fair value of deferred tax ²	NOK mill.	163.0	198.5	182.1
Net fair value on financial derivatives	NOK mill.	(96.2)	80.8	26.9
Net Tangible Assets (NTA)	NOK mill.	16,356.5	14,389.7	15,989.5
Outstanding shares at period end (million)	Mill. shares	643.6	643.6	643.6
NTA per share (NOK)	NOK	25.42	22.36	24.84

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 March 2022 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 5.8 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)		31/03/2022	31/03/2021	31/12/2021
IFRS equity	NOK mill.	13,184.1	11,831.6	12,836.6
Revaluation of investments made in JVs	NOK mill.	1,254.0	928.4	1,258.0
Net Asset Value (NAV) at fair value	NOK mill.	14,438.1	12,759.9	14,094.6
Fair value adjustment of financial liabilities, net of tax ³	NOK mill.	(20.9)	(22.8)	(21.7)
Net Disposal Value (NDV)	NOK mill.	14,417.3	12,737.1	14,072.9
Outstanding shares at period end (million)	Mill. shares	643.6	643.6	643.6
NDV per share (NOK)	NOK	22.40	19.79	21.87

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		31/03/2022	31/03/2021	31/12/2021
Investment property, wholly owned	NOK mill.	25,806.4	23,726.4	25,143.0
Investment property, share of JVs	NOK mill.	9.0	12.8	8.7
Total property portfolio	NOK mill.	25,815.4	23,739.2	25,151.6
Less projects and land and developments ⁴	NOK mill.	-	(489.0)	(589.4)
Completed management portfolio	NOK mill.	25,815.4	23,250.3	24,562.2
Allowance for estimated purchasers' cost	NOK mill.	101.5	97.5	97.5
Gross up completed management portfolio valuation	NOK mill.	25,916.9	23,347.8	24,659.7
12 months rolling rent, including share of JVs	NOK mill.	1,047.1	976.9	1,040.5
Estimated ownership cost	NOK mill.	(83.6)	(79.6)	(81.5)
Annualised net rents	NOK mill.	963.5	897.3	959.0
Rent free periods or other lease incentives	NOK mill.	32.2	10.6	15.8
Topped up net annualised net rents	NOK mill.	995.7	907.9	974.7
EPRA NIY (net initial yield)	Per cent	3.72	3.84	3.89
EPRA "topped-up" NIY (net initial yield)	Per cent	3.84	3.89	3.95

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		31/03/2022	31/03/2021	31/12/2021
Market rent vacant areas ⁵	NOK mill.	78.0	84.5	60.4
Total market rent⁵	NOK mill.	1,148.2	1,070.2	1,087.0
EPRA vacancy rate	Per cent	6.79	7.90	5.56

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		1Q-22	1Q-21	31/12/2021
Operating costs	NOK mill.	(47.5)	(43.4)	(183.7)
Share of joint venture expenses	NOK mill.	(0.7)	(0.3)	(1.7)
EPRA cost (including direct vacancy cost)	NOK mill.	(48.2)	(43.7)	(185.3)
Direct vacancy cost	NOK mill.	4.9	5.8	20.6
EPRA cost (excluding direct vacancy cost)	NOK mill.	(43.3)	(37.9)	(164.7)
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Gross rental income less ground rent	NOK mill.	242.5	225.7	919.6
Share of joint ventures	NOK mill.	0.1	0.3	0.9
Total gross rental income less ground rent	NOK mill.	242.6	226.1	920.5
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EPRA cost ratio (including direct vacancy cost)	Per cent	19.87	19.32	20.13
EPRA cost ratio (excluding direct vacancy cost)	Per cent	17.86	16.77	17.89

Definitions

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

Definition of financial APMs

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 to investment properties and financial derivatives.
Market value of property portfolio	The market value of all the group's properties regardless of accounting classification.
Market value of joint ventures	The book value of the investment in joint ventures, adjusted for the EPRA-revaluation of such investments.
Gross interest-bearing debt	Book value totals for long-term and short-term interest-bearing debt, less the holdings of own bonds.
Net interest-bearing debt	Gross interest-bearing debt, less interest bearing receivables and cash/cash equivalents.
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.
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.
Earnings per share (EPS)	Net earnings for the period divided by the average number of common shares during the period. Diluted earnings per share takes into account the dilution effect of share options.
NAV, book value	Net asset value, the book value of total equity in the balance sheet.

Definition of other financial and operational measures and terms

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/Office vacancy	Space vacancy is the total number of square metres available for rent divided by the total number of square metres in the market. Similarly, office vacancy is the number of office square metres available for rent divided by the total number of office square metres in the market.
Financial vacancy rate	Annualised market rent for space which generated no rental income at the balance sheet date, 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.
Unutilised credit facilities	The difference between the total available credit facilities, based on the current loan agreements, and the 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.
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 appraisers	Akershus Eiendom and Cushman & Wakefield.
Oslo CBD	The central business district is considered the most attractive area for office space in Oslo. It is usually restricted 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

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