

# Interim report

## First quarter 2023



Sandakerveien 140, Nydalen - Oslo

31 MARCH 2023

## Highlights

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### Highlights in the first quarter of 2023

- **The rental income** of NOK 265.9 million showed growth of NOK 23.4 million (9.6 per cent) compared with last year.
  - **Net letting** with a total annual rental income of NOK 88 million signed or extended. Expired leases totalled NOK 12 million, resulting in a net increase in rents from leases of NOK 76 million.
  - **Annual rental income (run rate)** from the property portfolio was NOK 1,146 million and increased by NOK 10 million from the beginning of the first quarter.
  - **Profit before income tax and value adjustments** of NOK 119.8 million.
  - **Dividend** of NOK 0.125 per share for the first quarter.
- **The fair-value adjustment** for investment properties and financial derivatives was negative.
  - **The fair-value adjustment of investment properties** was negative by NOK 155.9 million (0.6 per cent). The main reason for this is the increased yield levels for the company's properties. The negative changes are somewhat offset by continued increases in market rents.
  - **The fair-value adjustment for financial derivatives** was negative by NOK 11.7 million. Long-term market rates did not change significantly in the first quarter.
- **Earnings per share (EPS)** was negative at NOK 0.09.
- **EPRA NRV** was NOK 23.89 per share.
- **The company's audited climate accounts for 2022** were reported in the first quarter.
- **The joint venture residential company Nordr** had 1,826 residential units under construction at the end of March 2023.
  - Construction was started for a total of 117 residential units while a total of 175 units were delivered in the first quarter. A total of 1,467 units are expected to be delivered over the next five quarters.
  - Nordr will distribute a dividend in 2023 of which Norwegian Property's share amounts to NOK 106 million.

## Key financial figures and APMs

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

Profit and loss		1Q-23	1Q-22	31.12.22
Revenues <sup>1</sup>	NOK mill.	265.9	242.5	1,014.4
Operating profit before administrative expenses <sup>2</sup>	NOK mill.	228.0	209.3	871.8
Operating profit before value adjustments <sup>1</sup>	NOK mill.	221.6	204.2	843.5
Profit before income tax and value adjustments <sup>2</sup>	NOK mill.	119.8	118.8	485.1
Profit before income tax, value adjustments and joint ventures <sup>2</sup>	NOK mill.	110.3	109.6	451.3
Change in fair value of investment property and rental guarantee <sup>1</sup>	NOK mill.	(155.9)	559.5	(154.7)
Profit before income tax <sup>1</sup>	NOK mill.	(47.8)	801.4	502.5
Profit after income tax <sup>1</sup>	NOK mill.	(57.7)	636.2	295.9
Balance sheet		1Q-23	1Q-22	31.12.22
Market value of property portfolio <sup>2</sup>	NOK mill.	25,116.7	25,806.4	25,201.0
Market value of joint ventures <sup>2</sup>	NOK mill.	2,100.0	2,330.9	2,181.0
Gross interest-bearing debt <sup>2</sup>	NOK mill.	12,141.9	12,054.0	12,185.7
Net interest-bearing debt <sup>2</sup>	NOK mill.	11,867.9	11,807.9	11,891.0
Net LTV <sup>2</sup>	Per cent	43.6	42.0	-
Total equity <sup>1</sup>	NOK mill.	12,445.3	13,184.1	12,562.1
Equity ratio <sup>2</sup>	Per cent	46.3	48.1	46.7
Pre-tax return on equity <sup>2</sup>	Per cent	(1.5)	30.0	16.4
Cash flow		1Q-23	1Q-22	31.12.22
Net cash flow from operating activities <sup>1</sup>	NOK mill.	165.6	146.0	457.4
Cash and cash equivalents <sup>1</sup>	NOK mill.	159.8	141.6	185.1
Key figures; per share		1Q-23	1Q-22	31.12.22
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 <sup>3</sup>	NOK	(0.07)	1.25	0.78
Earnings per share (EPS) <sup>3</sup>	NOK	(0.09)	0.99	0.46
Net cash flow from operating activities <sup>3</sup>	NOK	0.26	0.23	0.71
Interest-bearing debt <sup>3</sup>	NOK	18.87	18.73	18.93
NAV, book value <sup>3</sup>	NOK	19.34	20.49	19.52
EPRA performance measures		1Q-23	1Q-22	31.12.22
EPRA Earnings				
EPRA earnings, per share <sup>4</sup>	NOK	0.13	0.13	0.53
EPRA NAV metrics				
Net Reinstatement Value (NRV), per share <sup>4</sup>	NOK	23.89	25.76	24.26
Net Tangible Assets (NTA), per share <sup>4</sup>	NOK	23.58	25.42	23.94
Net Disposal Value (NDV), per share <sup>4</sup>	NOK	20.91	22.40	21.26
EPRA net initial yield				
EPRA Net Initial Yield (NIY) <sup>4</sup>	Per cent	4.19	3.72	4.13
EPRA "Topped-up" NIY <sup>4</sup>	Per cent	4.25	3.84	4.23
EPRA vacancy rate				
EPRA vacancy rate <sup>4</sup>	Per cent	6.27	6.79	5.01
EPRA cost ratio				
EPRA cost ratio, including direct vacancy cost <sup>4</sup>	Per cent	20.38	19.87	20.42
EPRA cost ratio, excluding direct vacancy cost <sup>4</sup>	Per cent	18.40	17.86	17.96
EPRA LTV				
EPRA LTV ratio <sup>4</sup>	Per cent	51.4	49.7	50.7

<sup>1</sup> IFRS figures: The IFRS figures which appear in the group accounts.

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

<sup>3</sup> 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 have been divided by the number of shares at the end of the period. The number of shares excludes treasury shares.

<sup>4</sup> 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 265.9 million in the first quarter (NOK 242.5 million<sup>1</sup>). This represented an increase of NOK 23.4 million from the same period of 2022 (9.6 per cent). The increase is primarily linked to the CPI adjustment at the start of 2023 as well as the effect of net new and renegotiated leases during the past year.

The total ongoing annual rental income (run rate) was NOK 1,146 million as at 1 April. That represented an increase of NOK 10 million since 1 January.

Retail and restaurant turnover at Aker Brygge in Oslo was up by 15 per cent for the first quarter from the same period of 2022. The first quarter of 2022 was affected by shutdowns related to COVID-19. The turnover also shows an increase compared to the pre-COVID-19 first quarter of 2019. The first quarter change compared with last year in retail and restaurant turnover for Vinslottet at Hasle shows an increase of 14 per cent.

#### Operating costs

Property-related operational expenses totalled NOK 20.9 million (NOK 16 million). Other property-related expenses came to NOK 16.9 million (NOK 17.2 million). The administrative expenses were NOK 15.9 million (NOK 14.3 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-23	1Q-22	31.12.22
Nordr	9.7	9.3	35.2
Forusbeen 35	(0.2)	(0.2)	(1.4)
Total share of profit	9.5	9.1	33.8

Norwegian Property owns Nordr together with Fredensborg and Union Real Estate Fund III. Nordr had 1,826 flats under construction and a substantial land bank of 13,900 units in Norway and Sweden at the end of the first quarter.

Norwegian Property's share of the net profit relating to Nordr was NOK 9.7 million for the first quarter<sup>2</sup>. Norwegian Property's share of net assets in the balance sheet as at 31 March was NOK 1,092.8 million.

Nordr has decided to pay a dividend in 2023 of which for Norwegian Property's share amounts to NOK 106 million. The dividend will be distributed in the second quarter of 2023.

#### Operating profit before fair-value adjustments

Operating profit before fair-value adjustments amounted to NOK 221.6 million (NOK 204.2 million).

#### Fair-value adjustments for investment property

The valuation of the property portfolio yielded a negative unrealised fair-value adjustment of NOK 155.9 million (positive change of NOK 559.5 million). The negative fair-value adjustment is mainly related to increased yield levels for some of the company's properties. The negative changes are somewhat offset by continued increases in market rents. This represented a 0.6 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 2023 amounted to NOK 25,116.7 million.

#### Net financial items

Net realised financial expenses came to NOK 101.8 million (NOK 85.4 million) for the first quarter. The increase in costs in 2023 is primarily related to increased short-term floating interest rates.

The long-term market rates did not change significantly in the first quarter. The minor negative fair-value adjustment for financial derivatives of NOK 11.7 million (positive change of NOK 123.1 million) is primarily related to reduced remaining time to maturity for interest rate swaps.

#### Profit for the period

The pre-tax loss was NOK 47.8 million (profit of NOK 801.4 million) for the first quarter. The income tax expense of NOK 9.9 million (NOK 165.2 million) relates to non-payable deferred taxes. The net loss in the first

<sup>1</sup> The figures in brackets refer to the corresponding period of the previous year.

<sup>2</sup> See note 6 to the interim accounts for financial and operational information on Nordr for the first quarter of 2023.

quarter was thereby NOK 57.7 million (profit of NOK 636.2 million).

## Balance sheet

Total assets in the balance sheet were NOK 26,862.9 million (NOK 27,403.6 million), with investment properties accounting for NOK 24,686.4 million (NOK 25,454.9 million) and properties used by the owner for NOK 160.9 million (NOK 109.4 million). Non-current receivables amounted to NOK 269.4 million, related to the rental guarantee provided by the seller of the property at Snarøyveien 30 (NOK 242.1 million).

Investment in joint ventures was NOK 1,092.8 million as at 31 March 2023.

Norwegian Property held NOK 159.8 million (NOK 141.6 million) in cash and cash equivalents as at 31 March.

Total interest-bearing liabilities in the balance sheet came to NOK 12,141.9 million (NOK 12,054 million), with non-current interest-bearing liabilities totalling NOK 10,611.1 million (NOK 9,581.5 million) and current interest-bearing liabilities amounting to NOK 1,530.8 million (NOK 2,472.5 million).

Financial derivatives accounted for a net asset of NOK 133.6 million (NOK 96.2 million), with NOK 150.8 million (NOK 121.6 million) classified as assets and NOK 17.1 million (NOK 25.4 million) as liabilities.

Equity as at 31 March totalled NOK 12,445.3 million (NOK 13,184.1 million), representing an equity ratio of 46.3 per cent (48.1 per cent). The book value of equity per share was NOK 19.34 (NOK 20.49). 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 2023.

## Cash flow

Net operational cash flow was NOK 165.6 million (NOK 146 million) for the first quarter. Cash earnings in the quarter amounted to NOK 111 million. The change in the rental guarantee receivables and other short-term items amounted to a negative amount of NOK 4.6 million and a positive amount of NOK 59.3 million, respectively.

Investment in fixed assets came to NOK 66.6 million (NOK 94.1 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 124.4 million (NOK 223.9 million) for the quarter, following a reduction of NOK 43.9 million in interest-bearing debt and a dividend of NOK 80.4 million.

Cash and cash equivalents showed a reduction of NOK 25.3 million (NOK 171.9 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 2023.

Interest bearing debt and hedging		31.03.23	31.03.22	31.12.22
Interest-bearing debt	NOK mill.	12,141.9	12,054.0	12,185.7
Cash and cash equivalents	NOK mill.	159.8	141.6	185.1
Interest-bearing receivables <sup>1</sup>	NOK mill.	114.2	104.5	110.2
Interest-hedging ratio	Per cent	67.1	70.2	70.1
Unutilised credit facilities for interest hedge agreements	NOK mill. / Years	1,227.2 / 5.3	1,750.0 / 6.5	1,157.0 / 5.6
Average interest rate	Per cent	3.48	2.84	3.48
Average interest margin	Per cent	1.39	1.33	1.36
Remaining time to maturity for interest-bearing debt	Years	3.6	4.2	3.8
Market value of the property portfolio	NOK mill.	25,116.7	25,806.4	25,201.0
Market value of investment in joint ventures <sup>2</sup>	NOK mill.	2,100.0	2,330.9	2,181.0
Gross debt to asset ratio (gross LTV)	Per cent	44.6	42.8	44.5
Net debt to asset ratio (net LTV) <sup>3</sup>	Per cent	43.6	42.0	43.4

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

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

<sup>3</sup> 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 12,141.9 million (NOK 12,054 million) as at 31 March. In addition, the company had undrawn credit and overdraft facilities of NOK 1,227.2 million (NOK 1,750 million).



The new 3-year term loans with SEB of NOK 500 million and with Swedbank and SR-Bank of NOK 435 million were both drawn in January.

The work with the refinancing of the NOK 530 million term loan maturing in June 2023 has commenced.

### Interest hedges

The table below presents the maturity structure of interest-rate hedges for the company's interest-bearing debt as at 31 March 2023.

Maturity profile of interest hedges	Amount (NOK mill.)	Interest <sup>1</sup> (per cent)	Share of total liabilities (per cent)
< 1 year	4,201	3.1	35
1 > 2 year	1,205	1.7	10
2 > 3 year	200	2.5	2
3 > 4 year	1,200	1.5	10
4 > 5 year	-	1.5	-
> 5 year	5,342	1.3	44
<b>Total</b>	<b>12,148</b>	<b>2.0</b>	<b>100</b>

<sup>1</sup> Average base interest rate for the matured amount.

## Market and operations

### Commercial property market

Norwegian Property estimates the office vacancy rates in Oslo at 5.5 per cent overall, 4 per cent in the city centre and 11.1 per cent in Nydalen. Moderate vacancy rates in the past few years have contributed to positive trends for rents. Office vacancy at Fornebu is 9.4 per cent. The prime yield for the Oslo CBD is by various analysts estimated to be in the interval from 3.75 per cent to 4 per cent.

Liquidity in the bond market was improving during the first quarter, with several new transactions among property companies. However, following the bank crisis in the US and Switzerland, the margins increased considerably.

The 10-year swap interest rate went from 3.3 per cent at the beginning of the quarter to 3.1 per cent at the end of the quarter. Inflation remains high, and the central banks have continued to hike interest rates, both in European countries and in the US.

### The property portfolio

#### Key figures

Norwegian Property owned 29 investment properties as at 31 March. 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 1,146 million as at 1 April. That represented an increase of NOK 10 million since 1 January. NOK 68 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 6.6 per cent, which is primarily related to the properties Sandakerveien 138-140, Snarøyveien 30 and Snarøyveien 36. The weighted average remaining duration of the leases was 5 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 the space which is 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
Fornebu	Snarøyveien 36	Public sector tenant	11,881	Q1-24
Nydalen	Sandakerveien 138	Refurbishment of common areas	1,900	Q3-23
Nydalen	Gjerdrums vei 17	The entire building is being refurbished	822	Q4-23
Aker Brygge	Verkstedhallene	Arkwright	458	Q2-23
Aker Brygge	Støperiet	Latter	100	Q2-23
Aker Brygge	Tingvalla	Future tenant	300	Q2-23

#### Net letting

New leases with a total annual rental income of NOK 21 million were awarded in the first quarter, while existing leases totalling NOK 67 million were extended. Expired leases totalled NOK 12 million. Therefore, the net increase in annual rents from leases during the first quarter was NOK 76 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 is based on an average of the two valuations.

As at 31 March, the company's portfolio of investment properties was valued at NOK 25,116.7 million (NOK 25,806.4 million). The rent guarantee receivables and properties used by the owner were carried separately in the balance sheet at NOK 269.4 million and NOK 160.9 million, respectively, and recognised at fair value. Fair-value adjustments recognised in the profit and loss for the investment properties were negative at NOK 155.9 million for the first quarter. This represents a 0.6 per cent negative change from the value as at 31 December and the cost of investments for the period.

#### Shareholder information

As at 31 March 2023, 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. Gevevan Trading Co. Ltd. owns the remaining 643,575,596 shares in the company.

#### AGM held

The annual general meeting was held on 21 April 2023. All resolutions were adopted as proposed in the notice of the meeting. Bjørn Henningsen is the chair of the

board and Kathrine Astrup Fredriksen, Cecilie Astrup Fredriksen and Lars Erich Nilsen are directors.

## The environment and corporate social responsibility (CSR)

### Climate accounts

The 2022 climate accounts were finalised in the first quarter, and the results are available in a separate report on the company's website. The climate accounts were audited for the first time by PwC.

Most of the emissions from Norwegian Property's operations come from the energy used in its properties and the waste from tenants.

### Targets for reducing emissions

Norwegian Property has set the following quantitative targets for the period 2019-2025:

- **a five to 10 per cent reduction in energy consumption for the existing portfolio:**  
It is an intensity target, measured as energy consumption per square metre. Since 2019, the energy consumption per square metre has decreased from 278 kWh to 261 kWh, i.e. by 6.4 per cent.
- **a 10-20 per cent reduction in CO<sub>2</sub>e emissions (CO<sub>2</sub>e) emissions**  
CO<sub>2</sub>e emissions per sqm have decreased from 14 kg per sqm in 2019 to 9 kg per sqm in 2022, i.e. 38 per cent in the strategy period. This is due to more renewable energy in the buildings and reduced emissions from energy sources such as electricity.
- **a 60-65 per cent proportion for sorted waste:**  
The proportion of sorted waste is slightly below the target, with 59 per cent sorted in 2022. If waste from projects is included, the waste sorting reaches 60 per cent.
- **a 30-50 per cent reduction in energy consumption for renovated buildings:**  
There have been no major renovations finalised in the strategy period, but there is an ongoing

project at Gjerdrums vei 17. The refurbishment of the property at Drammensveien 60 was finalised in 2018 with a reduction of energy use of approximately 30 per cent.

### 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.

Property values have risen significantly in recent years, which have been characterised by low interest rates, high demand for office space and rising rent levels. The property values have shown a negative development during the last year in a more troubled market with rising interest rates, high energy costs and a worrying international geopolitical development. There is a risk of further negative development in property values going forward.

Norwegian Property's financial position is sound, with a high equity ratio and a relatively low loan-to-value ratio. The company has a highly diversified portfolio of tenants in both the public sector and various private business segments. This contributes to the company being well positioned in order to handle the uncertainty and challenges ahead with a continued focus on the strategy of expanding and developing the business.



## Interim accounts

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

Amounts in NOK million	Note	1Q-23	1Q-22	31.12.22
Rental income	3	265.9	242.5	1,014.4
Revenues		265.9	242.5	1,014.4
Property-related operational expenses		(20.9)	(16.0)	(73.8)
Other property-related expenses		(16.9)	(17.2)	(68.8)
Total property-related expenses		(37.9)	(33.2)	(142.6)
Administrative expenses		(15.9)	(14.3)	(62.1)
Total operating expenses		(53.8)	(47.5)	(204.7)
Share of profit in joint ventures	6	9.5	9.1	33.8
Operating profit before fair-value adjustments		221.6	204.2	843.5
Change in market value of investment property and rental guarantee	4	(155.9)	559.5	(154.7)
Operating profit		65.7	763.6	688.8
Financial income	10	4.2	4.3	17.2
Financial cost	10	(106.0)	(89.6)	(375.6)
Realised net financial items		(101.8)	(85.4)	(358.4)
Change in market value of financial derivative instruments	7, 10	(11.7)	123.1	172.2
Net financial items		(113.4)	37.8	(186.2)
Profit before income tax		(47.8)	801.4	502.5
Income tax	11	(9.9)	(165.2)	(206.6)
Profit for the period		(57.7)	636.2	295.9
Profit attributable to non-controlling interests		-	-	-
Profit attributable to shareholders of the parent company		(57.7)	636.2	295.9

Amounts in NOK million	Note	1Q-23	1Q-22	31.03.22
Value adjustment of owner-occupied property, net of tax	4	(0.1)	2.3	2.7
Other comprehensive income that will not be reclassified to profit or loss, net of tax		(0.1)	2.3	2.7
Currency changes on translation of foreign joint venture operations	6	21.4	(17.5)	(58.3)
Other comprehensive income that subsequently may be reclassified to profit or loss, net of tax		21.4	(17.5)	(58.3)
Total comprehensive income		(36.4)	621.1	240.3
Total comprehensive income attributable to shareholders of the parent company		(36.4)	621.1	240.3
Total comprehensive income attributable to non-controlling interests		-	-	-

## Consolidated condensed balance sheet

Amounts in NOK million	Note	31.03.2023	31.03.2022	31.12.2022
Financial derivative instruments	7	148.5	121.6	161.6
Investment property	4	24,686.4	25,454.9	24,859.1
Owner-occupied property	4	160.9	109.4	108.8
Other fixed assets	5	30.3	34.1	31.5
Investment in joint ventures	6	1,092.8	1,076.9	1,061.7
Rental guarantee receivables	4	269.4	242.1	233.1
<b>Total non-current assets</b>		<b>26,388.1</b>	<b>27,038.9</b>	<b>26,455.8</b>
Financial derivative instruments	7	2.3	-	1.9
Receivables	9	312.7	223.1	268.0
Cash and cash equivalents	9	159.8	141.6	185.1
<b>Total current assets</b>		<b>474.8</b>	<b>364.7</b>	<b>455.0</b>
<b>Total assets</b>		<b>26,862.9</b>	<b>27,403.6</b>	<b>26,910.8</b>
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	7,563.1	7,563.1
Retained earnings		1,280.3	2,019.2	1,397.1
<b>Total equity</b>		<b>12,445.3</b>	<b>13,184.1</b>	<b>12,562.1</b>
Deferred tax	11	1,903.2	1,851.7	1,893.3
Financial derivative instruments	7	17.1	21.5	18.2
Interest bearing liabilities	9	10,611.1	9,581.5	10,351.6
Other liabilities		2.0	2.3	2.0
<b>Total non-current liabilities</b>		<b>12,533.5</b>	<b>11,457.0</b>	<b>12,265.2</b>
Financial derivative instruments	7	-	3.9	-
Interest bearing liabilities	9	1,530.8	2,472.5	1,834.1
Other liabilities		353.4	286.1	249.4
<b>Total current liabilities</b>		<b>1,884.2</b>	<b>2,762.5</b>	<b>2,083.5</b>
<b>Total liabilities</b>		<b>14,417.7</b>	<b>14,219.5</b>	<b>14,348.7</b>
<b>Total equity and liabilities</b>		<b>26,862.9</b>	<b>27,403.6</b>	<b>26,910.8</b>

## Consolidated condensed statement of changes in equity

Amounts in NOK million		Share capital	Treasury shares <sup>1</sup>	Share premium	Other paid in equity	Retained earnings	Total equity
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
Total comprehensive income		-	-	-	-	(380.8)	(380.8)
Paid dividend		-	-	-	-	(241.3)	(241.3)
Total equity	31.12.22	324.9	(3.1)	3,280.1	7,563.1	1,397.1	12,562.1
Total comprehensive income		-	-	-	-	(36.4)	(36.4)
Paid dividend		-	-	-	-	(80.4)	(80.4)
Total equity	31.03.23	324.9	(3.1)	3,280.1	7,563.1	1,280.3	12,445.3

<sup>1</sup> The company owns 6,250,000 treasury shares.

## Consolidated condensed statement of cash flow

Amounts in NOK million	Note	1Q-23	1Q-22	31.12.22
Profit before income tax		(47.8)	801.4	502.5
Paid taxes		-	-	(0.1)
Depreciation of tangible assets		2.0	1.3	6.5
Interest income on guarantee receivables		(1.3)	(1.8)	(7.7)
Fair value adj. of investment property and rental guarantee	3	155.9	(559.5)	154.7
Fair value adjustment of financial derivative instruments	4	11.7	(123.1)	(172.2)
Profit for joint venture	6	(9.5)	(9.1)	(33.8)
Change in rental guarantee receivables	4	(4.6)	(5.4)	60.5
Change in short-term items		59.3	42.3	(53.1)
Net cash flow from operating activities		165.6	146.0	457.4
Payments for purchase of inv. property and other fixed assets		(66.6)	(94.1)	(258.9)
Net cash flow from investing activities		(66.6)	(94.1)	(258.9)
Net change in interest-bearing debt	6	(43.9)	49.6	187.9
Paid dividend		(80.4)	(273.5)	(514.9)
Net cash flow from financial activities		(124.4)	(223.9)	(327.0)
Net change in cash and cash equivalents		(25.3)	(171.9)	(128.5)
Cash and cash equivalents at the beginning of the period		185.1	313.5	313.5
Cash and cash equivalents at the end of the period		159.8	141.6	185.1

## 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 Bryggegata 3, Oslo (Norway). 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 21 April 2023. 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 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 2022. 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 2022.

No significant changes have been made to accounting policies compared with the principles used in the preparation of the financial statements for 2022. Norwegian Property has not implemented any new standards or changes of standards in the 2023 interim financial statement which has had a significant impact on the accounts. 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 2023 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Revenue	265.7	-	-	265.7
Total property-related expenses	(37.7)	-	-	(37.7)
Administrative expenses	-	-	(15.9)	(15.9)
Share of profit in joint ventures	(0.1)	9.7	-	9.5
Change in market value of investment property	(155.9)	-	-	(155.9)
Operating profit	72.0	9.7	(15.9)	65.7
Net financial items			(113.4)	(113.4)
Profit before income tax			(129.4)	(47.8)
Income tax			(9.9)	(9.9)
Profit for the period			(139.3)	(57.7)

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	768.6	9.4	(14.3)	763.6
Net financial items			37.8	37.8
Profit before income tax			23.4	801.4
Income tax			(165.2)	(165.2)
Profit for the period			(141.8)	636.2

The segment information relating to income statement items for the full year of 2022 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Revenue	1,014.4	-	-	1,014.4
Total property-related expenses	(142.6)	-	-	(142.6)
Administrative expenses	-	-	(62.1)	(62.1)
Share of profit in joint ventures	(1.1)	34.8	-	33.8
Change in market value of investment property	(154.7)	-	-	(154.7)
Operating profit	716.0	34.8	(62.1)	688.8
Net financial items			(186.2)	(186.2)
Profit before income tax			(248.3)	502.5
Income tax			(206.6)	(206.6)
Profit for the period			(454.9)	295.9



The segment information related to balance sheet items as at 31 March 2023 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Investment property	24,847.3	-	-	24,847.3
Other fixed assets	28.3	-	2.0	30.3
Investment in joint ventures	-	1,092.8	-	1,092.8
Receivables	582.0	-	-	582.0
Cash and cash equivalents	-	-	159.8	159.8
Deferred tax	-	-	(1,903.2)	(1,903.2)
Financial derivative instruments	-	-	133.6	133.6
Interest bearing liabilities	-	-	(12,141.9)	(12,141.9)
Other liabilities	(174.6)	-	(180.8)	(355.4)
Total equity			(12,445.3)	(12,445.3)

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	(190.1)	-	(98.4)	(288.5)
Total equity			(13,184.1)	(13,184.1)

The segment information related to balance sheet items as at 31 December 2022 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Investment property	24,967.9	-	-	24,967.9
Other fixed assets	28.7	-	2.8	31.5
Investment in joint ventures	-	1,061.7	-	1,061.7
Receivables	501.1	-	-	501.1
Cash and cash equivalents	-	-	185.1	185.1
Deferred tax	-	-	(1,893.3)	(1,893.3)
Financial derivative instruments	-	-	145.3	145.3
Interest bearing liabilities	-	-	(12,185.7)	(12,185.7)
Other liabilities	(153.0)	-	(98.4)	(251.4)
Total equity			(12,562.1)	(12,562.1)

**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-23	1Q-22	31.12.22
Total value of investment property and rental guarantees, opening balance		25,201.0	25,143.0	25,143.0
Fair value adjustments of investment property		(186.3)	559.5	(205.6)
Fair value adjustments of rental guarantees	1	30.4	-	50.9
Total fair value adjustments of investment property and rental guarantees		(155.9)	559.5	(154.7)
Fair value adjustments of owner-occupied investment property, recognised in other comprehensive income	2	(0.4)	2.7	2.1
Interest income on rental guarantee receivables	1	1.3	1.8	7.7
Investment in properties		66.1	94.0	263.4
Payments related to the rental guarantee	1	4.6	5.4	(60.5)
Total value of investment property and rental guarantees, closing balance		25,116.7	25,806.4	25,201.0
Of which is book value of investment property		24,686.4	25,454.9	24,859.1
Of which is book value of owner-occupied inv. property	2	160.9	109.4	108.8
Of which is book value of rental guarantee receivables	1	269.4	242.1	233.1

<sup>1</sup> 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.

<sup>2</sup> 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 <sup>1</sup>	Total
	31.03.23	
Investment property	-	24,686.4
Owner-occupied property	-	160.9
Rental guarantee receivables	-	269.4
Total	-	25,116.7
	31.03.22	
Investment property	-	25,454.9
Owner-occupied property	-	109.4
Rental guarantee receivables	-	242.1
Total	-	25,806.4
	31.12.22	
Investment property	-	24,859.1
Owner-occupied property	-	108.8
Rental guarantee receivables	-	233.1
Total	-	25,201.0

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

The company's policy is to make transfers between levels at the time of the incident or circumstance which caused the transfer. No movements between the levels have occurred in 2022 and 2023.

**NOTE 5: Other fixed assets**

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

Amounts in NOK million	31.03.23	31.03.22	31.12.22
Energy production and distribution system at Aker Brygge in Oslo	27.5	29.6	29.3
Other assets	2.7	4.5	2.2
Other fixed assets	30.3	34.1	31.5

**NOTE 6: Joint ventures****Nordr**

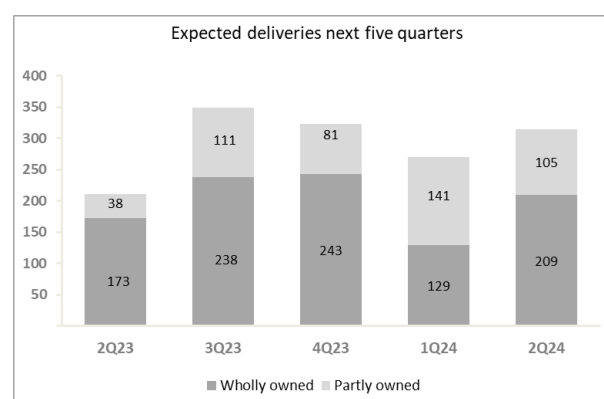
Nordr has flats under construction and a substantial land bank in Norway and Sweden. The land bank is largely located in the largest Norwegian and Swedish cities, with an emphasis on eastern Norway and the extended Stockholm capital region in Sweden.

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.

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

Project portfolio	1Q-22	2Q-22	3Q-22	4Q-22	1Q-23
Nordr					
Units sold	237	227	77	147	89
Construction starts	27	493	304	178	117
Units completed	215	319	166	269	172
Units delivered	217	312	164	263	175
Units under construction	1,738	1,912	2,048	1,881	1,826
Units under construction incl. tenant owned units (hyresrätter)	2,471	2,473	2,529	2,358	2,303
Sales ratio, units under construction (per cent)	92	83	79	74	73
Completed unsold units	19	25	31	37	34
Sales value, units sold in the period	1,367	981	524	744	490
Sales value, units under constr. (NOK mill.)	10,538	10,616	11,433	10,461	10,881

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 1,467 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**

The property at Forusbeen 35 in Stavanger 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 owns the project as a joint venture together with Base Bolig. The shareholders each have a share of 50 per cent.

## Financial information for joint ventures

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 31.03.23	Total 31.03.22	Total 31.12.22
Book value, opening balance	1,061.7	-	1,061.7	1,084.8	1,084.8
Share of profit for the period	9.7	(0.2)	9.5	9.1	33.8
Currency changes <sup>1</sup>	21.4	-	21.4	(17.5)	(58.3)
Profit for to intercompany transactions	-	-	-	-	(3.1)
Reduction in receivables	-	0.2	0.2	0.5	4.5
Book value, closing balance	1,092.8	-	1,092.8	1,076.8	1,061.7

<sup>1</sup> 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 31.03.23	Total 31.03.22 <sup>1</sup>	Total 31.12.22 <sup>2</sup>
Revenue	778.5	0.3	778.8	692.4	3,272.0
Project cost from the sale of residential units	(740.3)	-	(740.3)	(656.9)	(3,246.8)
Other operating expenses	(42.2)	(0.8)	(43.0)	(100.3)	(258.9)
Share of profit in joint ventures	24.7	-	24.7	77.6	354.0
Operating profit	20.6	(0.5)	20.1	12.7	120.4
Net financial items	1.0	-	1.0	(9.9)	(85.4)
Profit before income tax	21.6	(0.5)	21.1	2.8	35.0
Income tax	1.3	0.1	1.4	18.9	45.2
Profit for the period	22.9	(0.4)	22.5	21.6	80.2
Share of profit for the period	9.7	(0.2)	9.5	9.1	33.8
The groups total share of profit for the period	9.7	(0.2)	9.5	9.1	33.8

<sup>1</sup> The groups share of profit/loss for the first quarter of 2022 is related to Nordr (profit NOK 9.6 million) and Forusbeen 35 (loss of NOK 0.5 million).

<sup>2</sup> The groups share of profit/loss for the full year 2022 is related to Nordr (profit NOK 35.2 million) and Forusbeen 35 (loss of NOK 1.4 million).

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

Amounts in NOK million	Nordr	Forusbeen 35	Total 31.03.23	Total 31.03.22	Total 31.12.22
Investment property	-	21.5	21.5	18.0	20.7
Other fixed assets	42.9	-	42.9	35.8	30.2
Investment in joint ventures	1,548.8	-	1,548.8	1,479.5	1,537.1
Property related inventory	9,423.9	103.1	9,527.0	8,688.9	9,154.4
Receivables	653.5	0.5	654.0	659.6	587.2
Cash and cash equivalents	351.3	0.1	351.4	725.4	600.6
Deferred tax	(385.8)	1.2	(384.6)	(350.8)	(402.4)
Interest bearing liabilities	(6,947.7)	-	(6,947.7)	(5,314.9)	(7,127.9)
Shareholder debt <sup>1</sup>	-	(130.2)	(130.2)	(115.9)	(126.0)
Other liabilities	(2,121.4)	(0.8)	(2,122.2)	(3,318.2)	(1,785.9)
Total equity	(2,565.5)	4.5	(2,561.0)	(2,507.3)	(2,488.1)
The groups share of total equity <sup>2</sup>	(1,092.8)	-	(1,092.8)	(1,076.8)	(1,061.7)

<sup>1</sup> 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 43.3 million.

<sup>2</sup> The 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 below<sup>1</sup>.

Amounts in NOK million	1Q-23	1Q-22	31.12.22
Net book value of derivatives, opening balance	145.3	(26.9)	(26.9)
Fair value adjustments of derivatives	(11.7)	123.1	172.2
Net book value of derivatives, closing balance	133.6	96.2	145.3
Of which classified as non-current assets	148.5	121.6	161.6
Of which classified as current assets	2.3	(0.0)	1.9
Of which classified as non-current liabilities	(17.1)	(21.5)	(18.2)
Of which classified as current liabilities	-	(3.9)	-

<sup>1</sup> 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	31.03.2023		31.03.2022		31.12.2022	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Non-current derivatives	148.5	148.5	121.6	121.6	161.6	161.6
Non-current receivables	269.4	269.4	242.1	242.1	233.1	233.1
Current derivatives	2.3	2.3	(0.0)	(0.0)	1.9	1.9
Current receivables	132.0	132.0	129.6	129.6	134.4	134.4
Cash and cash equivalents	159.8	159.8	141.6	141.6	185.1	185.1
<b>Total financial assets</b>	<b>712.0</b>	<b>712.0</b>	<b>634.9</b>	<b>634.9</b>	<b>716.1</b>	<b>716.1</b>
Non-current derivatives	17.1	17.1	21.5	21.5	18.2	18.2
Non-current interest-bearing liabilities	10,611.1	10,602.1	9,581.5	9,585.2	10,351.6	10,349.9
Other non-current liabilities	2.0	2.0	2.0	2.0	2.0	2.0
Current derivatives	-	-	3.9	3.9	-	-
Current interest-bearing liabilities	1,530.8	1,530.6	2,472.5	2,495.5	1,834.1	1,833.2
Other current liabilities	234.7	234.7	202.1	202.1	209.1	209.1
<b>Total financial liabilities</b>	<b>12,395.7</b>	<b>12,386.5</b>	<b>12,283.5</b>	<b>12,310.2</b>	<b>12,415.1</b>	<b>12,412.5</b>

The estimated fair value of financial instruments is based on market prices and valuation methods. For cash and cash equivalents, fair value is assumed to be equal to the book value.

Interest-bearing receivables and liabilities are measured at the present value of future cash flows. Account is taken of the estimated difference between the current margin and market conditions (market value higher than the book value of debt in the listing indicates a negative equity effect when the applicable borrowing margin is less favourable than current market conditions).

The fair value of financial derivatives (interest-rate and currency derivatives) is the estimated present value of future cash flows 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 <sup>1</sup>	Level 2 <sup>1</sup>	Level 3 <sup>1</sup>	Total
31.03.23				
Non-current derivatives (assets)	-	148.5	269.4	417.8
Current derivatives (assets)	-	2.3	-	2.3
Non-current derivatives (liabilities)	-	(17.1)	-	(17.1)
<b>Total</b>	-	133.6	269.4	403.0
31.03.22				
Non-current derivatives (assets)	-	121.6	242.1	363.7
Current derivatives (assets)	-	(0.0)	-	(0.0)
Non-current derivatives (liabilities)	-	(21.5)	-	(21.5)
Current derivatives (liabilities)	-	(3.9)	-	(3.9)
<b>Total</b>	-	96.3	242.1	338.4
31.12.22				
Non-current derivatives (assets)	-	161.6	233.1	394.7
Current derivatives (assets)	-	1.9	-	1.9
Non-current derivatives (liabilities)	-	(18.2)	-	(18.2)
<b>Total</b>	-	145.3	233.1	378.4

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

The company's policy is to make transfers between levels at the time of the incident or circumstance which caused the transfer. No movements between the levels have occurred in 2022 and 2023.

#### 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-23	1Q-22	31.12.22
Loan facilities at par value, opening balance		12,190.4	11,770.0	12,003.2
Net change of loan facilities		(43.3)	282.4	187.2
Loan facilities at par value, closing balance	1	12,147.1	12,052.4	12,190.4
Accrued financial items		(5.2)	1.6	(4.7)
<b>Book value of interest-bearing debt</b>		12,141.9	12,054.0	12,185.7
Of which classified as non-current liabilities		10,611.1	9,581.5	10,351.6
Of which classified as current liabilities		1,530.8	2,472.5	1,834.1
<b>Of which are bonds</b>		9,581.3	11,473.0	9,582.1
<b>Of which are bank facilities</b>		2,560.6	581.0	2,603.6
<b>Interest-bearing debt</b>		(12,141.9)	(12,054.0)	(12,185.7)
Interest-bearing receivable	2	114.2	104.5	110.2
Cash and cash equivalents		159.8	141.6	185.1
<b>Net interest-bearing position</b>		(11,867.9)	(11,807.9)	(11,890.5)

<sup>1</sup> Unutilised credit facilities was NOK 1,227.2 million as at 31 March 2023, NOK 1,750 million as at 31 March 2022 and NOK 1,157 million as at 31 December 2022.

<sup>2</sup> Interest-bearing receivables are related to short-term seller credit and loans to the joint venture for Forusbeen 35.

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 2023,

67.1 per cent of such loans was secured (31 March 2022: 70.2 per cent). The remaining time to maturity for interest hedging agreements was 5.3 years (6.5 years).

The total average interest margin on loans was 139 basis points (133 basis points). The loan portfolio has an average interest rate of 3.48 per cent (2.84 per

cent), and the remaining time to maturity for interest-bearing debt was 3.6 years (4.2 years).

The group's loan facilities as of 31 March 2023 are specified in the table below.

(Amounts in NOK million)	Security (property)	Due (year)	Drawn amount	Short-term loan	Long-term loan	Undrawn amount
Bond NPRO07	Fondbygget	2024	500.0	-	500.0	-
Bond NPRO08	Fondbygget	2024	450.0	-	450.0	-
Bond NPRO09	Drammensveien 60	2024	400.0	-	400.0	-
Bond NPRO14	Kaibygning I	2026	350.0	-	350.0	-
Bond NPRO15	Kaibygning I	2024	300.0	-	300.0	-
Bond NPRO16	Bryggegate 9/Støperiet	2024	505.0	-	505.0	-
Bond NPRO17	Lille Grensen 7	2024	460.0	-	460.0	-
Bond NPRO18	Verkstedhallene	2023	400.0	400.0	-	-
Bond NPRO19	Verkstedhallene	2025	975.0	-	975.0	-
Bond NPRO20	Terminalbygget	2025	700.0	-	700.0	-
Bond NPRO21	Snarøyveien 36	2026	650.0	-	650.0	-
Bond NPRO22	Kaibygning I	2026	200.0	-	200.0	-
Bond NPRO23	Terminalbygget	2026	150.0	-	150.0	-
Bilateral loan	Smarøyveien 30	2030	3,542.0	-	3,542.0	-
RCF SEB	Property portfolio 1	2025	500.0	-	500.0	88.0
RCF Swdbank	Property portfolio 2	2025	-	-	-	595.2
RCF DNB	Property portfolio 3	2023	600.0	600.0	-	62.0
RCF DNB/SEB	Verkstedhallene	2023	-	-	-	482.0
Term loan SEB	Kaibygning I	2023	530.0	530.0	-	-
Term loan SEB	Kaibygning I	2025	500.0	-	500.0	-
Term loan Swedbank/SR-Bank	Sandakerveien 138/140	2025	435.0	-	435.0	-
Other		2023	0.1	0.1	-	-
Total interest-bearing debt, 31 March 2023			12,147.1	1,530.1	10,617.0	1,227.2
Accrued financial items			(5.2)	0.6	(5.9)	
Book value of interest-bearing debt, 31 March 2023			12,141.9	1,530.8	10,611.1	

## NOTE 10: Net financial items

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

Amounts in NOK million	1Q-23	1Q-22	31.12.22
Interest income on bank deposits and receivables	2.9	2.5	9.5
Other financial income <sup>1</sup>	1.3	1.8	7.7
Total financial income	4.2	4.3	17.2
Interest expense on borrowings	(106.0)	(89.6)	(375.6)
Total financial cost	(106.0)	(89.6)	(375.6)
Realised net financial items	(101.8)	(85.3)	(358.4)
Change in the market value of financial derivative instruments	(11.7)	123.1	172.2
Net financial items	(113.4)	37.8	(186.2)

<sup>1</sup> Interest calculated in relation to the rental guarantee receivable for the property at Snarøyveien 30 (see note 4).

**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-23	1Q-22	31.12.22
Profit before income tax	(47.8)	801.4	502.5
Income tax calculated at 22 per cent	(10.5)	176.3	110.6
Differences between financial accounts and tax accounts	20.4	(11.1)	96.1
Income tax	9.9	165.2	206.6
Deferred tax, opening balance	1,893.3	1,685.8	1,685.8
Recognised through profit and loss	9.9	165.2	206.6
Payable tax through profit and loss	-	-	0.1
Recognised through comprehensive income	-	0.7	0.7
Deferred tax, closing balance	1,903.2	1,851.7	1,893.3

**NOTE 12: Related-party disclosures**

Management fees of NOK 0.4 million has been expensed in 2023 from companies related to the shareholder Geveran Trading Co. Ltd.

No other agreements or significant transactions with related parties have been carried out in 2023.

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 19 and 20 to the financial statements for 2022).

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

In accordance with the mandate from the annual general meeting in 2022 the board decided on 21 April 2023 that a dividend of NOK 0.125 per share will be paid for the first quarter of 2023.

No other significant events have occurred after the balance sheet date as at 31 March 2023.

## 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 several hundred 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](http://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-23	1Q-22	31.12.2022
IFRS earnings	NOK mill.	(57.7)	636.2	295.9
Adjustments to calculate EPRA Earnings:				
Change in market value of inv. property and rental guarantee	NOK mill.	155.9	(559.5)	154.7
Change in market value of financial derivative instruments	NOK mill.	11.7	(123.1)	(172.2)
Share of profit from JVs <sup>1</sup>	NOK mill.	(9.7)	(9.6)	(35.2)
Income tax	NOK mill.	(14.0)	140.6	100.4
EPRA earnings	NOK mill.	86.2	84.7	343.6
Average outstanding shares (million)	Mill. shares	643.6	643.6	643.6
EPRA Earnings per share	NOK	0.13	0.13	0.53

<sup>1</sup> 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)		31.03.2023	31.03.2022	31.12.2022
IFRS equity	NOK mill.	12,445.3	13,184.1	12,562.1
Revaluation of investments made in JVs	NOK mill.	1,007.2	1,254.0	1,119.3
Net Asset Value (NAV) at fair value	NOK mill.	13,452.5	14,438.1	13,681.4
Deferred tax on properties and financial instruments	NOK mill.	2,055.8	2,234.8	2,077.1
Net fair value on financial derivatives	NOK mill.	(133.6)	(96.2)	(145.3)
Net Reinstatement Value (NRV)	NOK mill.	15,374.7	16,576.7	15,613.2
Outstanding shares at period end (million)	Mill. shares	643.6	643.6	643.6
NRV per share (NOK)	NOK	23.89	25.76	24.26

### 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)		31.03.2023	31.03.2022	31.12.2022
IFRS equity	NOK mill.	12,445.3	13,184.1	12,562.1
Revaluation of investments made in JVs	NOK mill.	1,007.2	1,254.0	1,119.3
Net Asset Value (NAV) at fair value	NOK mill.	13,452.5	14,438.1	13,681.4
Reversal deferred tax liability as per balance sheet	NOK mill.	1,902.1	1,851.7	1,893.3
Adjustment for estimated fair value of deferred tax <sup>2</sup>	NOK mill.	(44.0)	163.0	(19.7)
Net fair value on financial derivatives	NOK mill.	(133.6)	(96.2)	(145.3)
Net Tangible Assets (NTA)	NOK mill.	15,177.0	16,356.5	15,409.7
Outstanding shares at period end (million)	Mill. shares	643.6	643.6	643.6
NTA per share (NOK)	NOK	23.58	25.42	23.94

<sup>2</sup> 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 2023 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)		31.03.2023	31.03.2022	31.12.2022
IFRS equity	NOK mill.	12,445.3	13,184.1	12,562.1
Revaluation of investments made in JVs	NOK mill.	1,007.2	1,254.0	1,119.3
Net Asset Value (NAV) at fair value	NOK mill.	13,452.5	14,438.1	13,681.4
Fair value adjustment of financial liabilities, net of tax <sup>3</sup>	NOK mill.	7.2	(20.9)	2.0
Net Disposal Value (NDV)	NOK mill.	13,459.7	14,417.3	13,683.4
Outstanding shares at period end (million)	Mill. shares	643.6	643.6	643.6
NDV per share (NOK)	NOK	20.91	22.40	21.26

<sup>3</sup> 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		31.03.2023	31.03.2022	31.12.2022
Investment property, wholly owned	NOK mill.	25,116.7	25,806.4	25,201.0
Investment property, share of JVs	NOK mill.	10.7	9.0	10.4
Total property portfolio	NOK mill.	25,127.4	25,815.4	25,211.4
Less projects and land and developments <sup>4</sup>	NOK mill.	(7.0)	-	-
Completed management portfolio	NOK mill.	25,120.5	25,815.4	25,211.4
Allowance for estimated purchasers' cost	NOK mill.	101.5	101.5	101.5
Gross up completed management portfolio valuation	NOK mill.	25,222.0	25,916.9	25,312.9
12 months rolling rent, including share of JVs	NOK mill.	1,147.1	1,047.1	1,136.8
Estimated ownership cost	NOK mill.	(91.4)	(83.6)	(90.8)
Annualised net rents	NOK mill.	1,055.7	963.5	1,045.9
Rent free periods or other lease incentives	NOK mill.	15.7	32.2	25.3
Topped up net annualised net rents	NOK mill.	1,071.4	995.7	1,071.3
EPRA NIY (net initial yield)	Per cent	4.19	3.72	4.13
EPRA "topped-up" NIY (net initial yield)	Per cent	4.25	3.84	4.23

<sup>4</sup> Applies to the property at Gjerdrums vei 17.

## 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		31.03.2023	31.03.2022	31.12.2022
Market rent vacant areas <sup>5</sup>	NOK mill.	82.9	78.0	64.7
Total market rent <sup>5</sup>	NOK mill.	1,321.6	1,148.2	1,293.2
EPRA vacancy rate	Per cent	6.27	6.79	5.01

<sup>5</sup> 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-23	1Q-22	31.12.2022
Operating costs	NOK mill.	(53.8)	(47.5)	(204.7)
Share of joint venture expenses	NOK mill.	(0.4)	(0.7)	(2.6)
EPRA cost (including direct vacancy cost)	NOK mill.	(54.2)	(48.2)	(207.3)
Direct vacancy cost	NOK mill.	5.3	4.9	24.9
EPRA cost (excluding direct vacancy cost)	NOK mill.	(48.9)	(43.3)	(182.4)
Gross rental income less ground rent	NOK mill.	265.9	242.5	1,014.4
Share of joint ventures	NOK mill.	0.2	0.1	0.7
Total gross rental income less ground rent	NOK mill.	266.0	242.6	1,015.2
EPRA cost ratio (including direct vacancy cost)	Per cent	20.38	19.87	20.42
EPRA cost ratio (excluding direct vacancy cost)	Per cent	18.40	17.86	17.96

## EPRA LTV

The EPRA LTV's aim is to assess the gearing of the shareholder equity within a real estate company. The EPRA LTV is calculated based on the IFRS reporting with certain defined adjustments. The adjustments include, among other things, that the EPRA LTV is calculated based on proportional consolidation. This implies that the EPRA LTV include the group's share in the net debt and net assets of joint venture and material associates. Assets are included at fair value and net debt at nominal value.

EPRA LTV Metric		31.03.2023			31.03.2022			31.12.2022		
		Group as reported	Share of JV <sup>6</sup>	Combined	Group as reported	Share of JV <sup>6</sup>	Combined	Group as reported	Share of JV <sup>6</sup>	Combined
Bond loans	NOK mill.	9,581.3	-	9,581.3	11,473.0	-	11,473.0	9,582.1	-	9,582.1
Bank loans	NOK mill.	2,560.6	3,681.0	6,241.6	581.0	3,228.7	3,809.7	2,603.6	3,641.9	6,245.5
Net payables	NOK mill.	42.7	687.6	730.3	65.3	1,185.1	1,250.4	-	570.9	570.9
Cash and bank deposits	NOK mill.	(159.8)	(149.0)	(308.8)	(141.6)	(307.6)	(449.2)	(185.1)	(254.5)	(439.6)
Net debt	NOK mill.	12,024.8	4,219.6	16,244.5	11,977.7	4,106.2	16,083.9	12,000.6	3,958.3	15,958.9
Investment properties	NOK mill.	25,116.7	10.8	25,127.4	25,806.4	9.0	25,815.4	25,201.0	10.4	25,211.3
Properties held for sale <sup>7</sup>	NOK mill.	-	6,446.5	6,446.5	-	6,555.2	6,555.2	-	6,277.8	6,277.8
Net receivables	NOK mill.	-	-	-	-	-	-	16.5	-	16.5
Total property value	NOK mill.	25,116.7	6,457.3	31,573.9	25,806.4	6,564.2	32,370.6	25,217.5	6,288.2	31,505.7
EPRA LTV	Per cent	47.9		51.4	46.4		49.7	47.6		50.7

<sup>6</sup> Related to the joint ventures (JV) investments in Nordr and Forusbeen 35.

<sup>7</sup> Properties held for sale is related to properties classified as inventory. The property inventory includes land, residential projects under development and completed units for sale.

## 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.
Profit before income tax, value adjustments and joint ventures	Profit before tax, adjusted for share of profit in joint ventures as well as 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](http://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 2022. 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.*