

Interim report

Second quarter and first half of 2023



Aker Brygge, Oslo

30 JUNE 2023

Highlights

Highlights in the second quarter of 2023

- **The rental income** of NOK 275 million showed growth of NOK 19.5 million (8.6 per cent) compared with last year.
 - **High leasing activities** with a total annual rental income of NOK 68 million signed or extended. Expired leases totalled NOK 6 million.
 - **Annual rental income (run rate)** from the property portfolio was NOK 1,151 million and increased by NOK 5 million from the beginning of the second quarter.
 - Reduction of the **overall financial vacancy** in the property portfolio to 6.5 per cent.
 - **The weighted average remaining duration of the leases** for Oslo CBD shows a steady rise in recent quarters.
- **Profit before income tax and value adjustments** of NOK 99.3 million.
- **The fair-value adjustment** for investment properties and financial derivatives.
 - **The fair-value adjustment of investment properties** was negative by NOK 613.4 million (2.4 per cent). The main reason for this is the increased yield levels for the company's properties. The negative changes are partly offset by increases in market rents and expected increase in inflation for 2023.
 - **The fair-value adjustment for financial derivatives** was positive by NOK 85.4 million. Long-term market rates increased in the second quarter.
- **Two loan facilities were extended during the quarter.**
 - **The available unused credit facilities** amount to NOK 1,149 million.
 - **Bonds maturing in the second half of 2023** amount to NOK 400 million.
 - **Bonds maturing in the first half of 2024** amount to NOK 1,250 million.
- **The joint venture residential company Nordr** had 1,671 residential units under construction at the end of June 2023.
 - **A total of 165 units were sold in the second quarter**, which is the highest quarterly sales figure for the past year.
 - Construction was **started** for a total of 109 residential units while a total of 233 units were **delivered** in the second quarter.
- **Earnings per share (EPS)** was negative at NOK 0.58.
- **EPRA NRV** was NOK 22.92 per share.
- **Dividend** of NOK 0.125 per share for the second quarter.

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 | | 2Q-23 | 2Q-22 | 30.06.23 | 30.06.22 | 31.12.22 |
|---|--------------|----------|----------|----------|----------|----------|
| Revenues ¹ | NOK mill. | 275.0 | 255.5 | 540.8 | 498.0 | 1,014.4 |
| Operating profit before administrative expenses ² | NOK mill. | 230.8 | 226.9 | 458.8 | 436.2 | 871.8 |
| Operating profit before value adjustments ¹ | NOK mill. | 209.3 | 263.7 | 430.9 | 467.8 | 843.5 |
| Profit before income tax and value adjustments ² | NOK mill. | 99.3 | 175.5 | 219.1 | 294.3 | 485.1 |
| Profit before income tax, value adjustments and joint ventures ² | NOK mill. | 106.9 | 125.1 | 217.2 | 234.7 | 451.3 |
| Change in fair value of investment property and rental guarantee ¹ | NOK mill. | (613.4) | 347.2 | (769.3) | 906.7 | (154.7) |
| Profit before income tax ¹ | NOK mill. | (428.7) | 578.8 | (476.5) | 1,380.2 | 502.5 |
| Profit after income tax ¹ | NOK mill. | (371.2) | 510.6 | (428.9) | 1,146.8 | 295.9 |
| Balance sheet | | 2Q-23 | 2Q-22 | 30.06.23 | 30.06.22 | 31.12.22 |
| Market value of property portfolio ² | NOK mill. | 24,620.8 | 26,210.1 | 24,620.8 | 26,210.1 | 25,201.0 |
| Market value of joint ventures ² | NOK mill. | 1,992.0 | 2,260.0 | 1,992.0 | 2,260.0 | 2,181.0 |
| Gross interest-bearing debt ² | NOK mill. | 12,141.9 | 12,053.6 | 12,141.9 | 12,053.6 | 12,185.7 |
| Net interest-bearing debt ² | NOK mill. | 11,789.1 | 11,847.9 | 11,789.1 | 11,847.9 | 11,890.5 |
| Net LTV ² | Per cent | 44.3 | 41.6 | 44.3 | 41.6 | 43.4 |
| Total equity ¹ | NOK mill. | 11,996.4 | 13,625.4 | 11,996.4 | 13,625.4 | 12,562.1 |
| Equity ratio ² | Per cent | 45.5 | 48.9 | 45.5 | 48.9 | 46.7 |
| Pre-tax return on equity ² | Per cent | (14.0) | 17.5 | (7.8) | 41.7 | 4.0 |
| Cash flow | | 2Q-23 | 2Q-22 | 30.06.23 | 30.06.22 | 31.12.22 |
| Net cash flow from operating activities ¹ | NOK mill. | 139.9 | 86.2 | 305.5 | 232.2 | 457.4 |
| Cash and cash equivalents ¹ | NOK mill. | 136.3 | 99.0 | 136.3 | 99.0 | 185.1 |
| Key figures; per share | | 2Q-23 | 2Q-22 | 30.06.23 | 30.06.22 | 31.12.22 |
| Number of shares outstanding, end of the period | Mill. shares | 643.6 | 643.6 | 643.6 | 643.6 | 643.6 |
| Average number of shares in the period | Mill. shares | 643.6 | 643.6 | 643.6 | 643.6 | 643.6 |
| Profit before income tax ³ | NOK | (0.67) | 0.90 | (0.74) | 2.14 | 0.78 |
| Earnings per share (EPS) ³ | NOK | (0.58) | 0.79 | (0.67) | 1.78 | 0.46 |
| Net cash flow from operating activities ³ | NOK | 0.22 | 0.13 | 0.47 | 0.36 | 0.71 |
| Interest-bearing debt ³ | NOK | 18.87 | 18.73 | 18.87 | 18.73 | 18.93 |
| NAV, book value ³ | NOK | 18.64 | 21.17 | 18.64 | 21.17 | 19.52 |
| EPRA performance measures | | 2Q-23 | 2Q-22 | 30.06.23 | 30.06.22 | 31.12.22 |
| EPRA Earnings | | | | | | |
| EPRA earnings, per share ⁴ | NOK | 0.12 | 0.13 | 0.26 | 0.26 | 0.53 |
| EPRA NAV metrics | | | | | | |
| Net Reinstatement Value (NRV), per share ⁴ | NOK | 22.92 | 26.24 | 22.92 | 26.24 | 24.26 |
| Net Tangible Assets (NTA), per share ⁴ | NOK | 22.63 | 25.88 | 22.63 | 25.88 | 23.94 |
| Net Disposal Value (NDV), per share ⁴ | NOK | 20.22 | 22.89 | 20.22 | 22.89 | 21.26 |
| EPRA net initial yield | | | | | | |
| EPRA Net Initial Yield (NIY) ⁴ | Per cent | 4.28 | 3.72 | 4.28 | 3.72 | 4.13 |
| EPRA "Topped-up" NIY ⁴ | Per cent | 4.33 | 3.82 | 4.33 | 3.82 | 4.23 |
| EPRA vacancy rate | | | | | | |
| EPRA vacancy rate ⁴ | Per cent | 6.07 | 4.82 | 6.07 | 4.82 | 5.01 |
| EPRA cost ratio | | | | | | |
| EPRA cost ratio, including direct vacancy cost ⁴ | Per cent | 21.21 | 16.73 | 20.80 | 18.26 | 20.42 |
| EPRA cost ratio, excluding direct vacancy cost ⁴ | Per cent | 18.45 | 15.09 | 18.42 | 16.44 | 17.96 |
| EPRA LTV | | | | | | |
| EPRA LTV ratio ⁴ | Per cent | 51.7 | 49.1 | 51.7 | 49.1 | 50.7 |

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 have been explained in the overview of the 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 have been divided 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 275 million in the second quarter (NOK 255.5 million¹). This represented an increase of NOK 19.5 million from the same period of 2022 (7.6 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. Rental income for the first half of 2023 totalled NOK 540.8 million (NOK 498 million), representing an increase of NOK 42.8 million (8.6 per cent).

The total ongoing annual rental income (run rate) was NOK 1,151 million as at 1 July. That represented an increase of NOK 5 million since 1 April.

Retail and restaurant turnover at Aker Brygge in Oslo was up by 11 per cent for the second quarter from the same period of 2022. The second quarter change compared with last year in retail and restaurant turnover for Vinslottet at Hasle shows an increase of 20 per cent.

Operating costs

Property-related operational expenses totalled NOK 23.7 million (NOK 17.1 million) for the second quarter and NOK 44.7 million in the first half (NOK 33.1 million). Other property-related expenses came to NOK 20.4 million (NOK 11.5 million) for the quarter and NOK 37.3 million for the first half (NOK 28.6 million). Administrative expenses amounted to NOK 13.9 million (NOK 13.6 million) for the quarter and NOK 29.9 million in the first half (NOK 27.9 million).

Operating profit before fair-value adjustments

Share of profit from joint ventures was negative at NOK 7.6 million (profit of NOK 50.4 million) for the second quarter and a profit of NOK 1.9 million for the first half (NOK 59.5 million).

Thereby, operating profit before fair-value adjustments amounted to NOK 209.3 million (NOK 263.7 million) for

the second quarter and NOK 430.9 million in the first half (NOK 467.8 million).

Fair-value adjustments for investment property

The valuation of the property portfolio yielded a negative unrealised fair-value adjustment of NOK 613.4 million (positive change of NOK 347.2 million). The negative fair-value adjustment is mainly related to increased yield levels for the company's properties. The negative changes are somewhat offset by increases in market rents and inflation. This represented a 2.4 per cent change from the value as at 31 March and the cost of investments for the period. The total market value of the property portfolio as at 30 June 2023 amounted to NOK 24,620.8 million. The negative unrealised fair-value adjustment for the first half of 2023 totalled NOK 769.3 million (positive change of NOK 906.7 million).

Net financial items

Net realised financial expenses amounted to NOK 110 million for the second quarter (NOK 88.2 million) and NOK 211.7 million in the first half (NOK 173.6 million). The increase in costs in 2023 is primarily related to increased short-term floating interest rates.

Long-term market interest rates increased during the second quarter. The positive fair-value adjustment for financial derivatives was NOK 85.4 million (NOK 56.1 million). The positive fair-value adjustment in the first half was NOK 73.7 million (NOK 179.2 million).

Profit for the period

The pre-tax loss amounted to NOK 428.7 million for the second quarter (profit of NOK 578.8 million) and NOK 476.5 million in the first half (profit of NOK 1,380.2 million).

The reduction in the provision for deferred tax was NOK 57.5 million in the second quarter (increase of NOK 68.2 million) and NOK 47.6 million in the first half (increase of NOK 233.4 million).

Net loss in the second quarter was thereby NOK 371.2 million (profit of NOK 510.6 million) and NOK 428.9 million in the first half (profit of NOK 1,146.8 million).

¹ The figures in brackets refer to the corresponding period of the previous year.

Joint ventures

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

| Amounts in NOK million | 2Q-23 | 2Q-22 | 30.06.23 | 30.06.22 | 31.12.22 |
|------------------------|-------|-------|----------|----------|----------|
| Nordr | (7.4) | 50.6 | 2.3 | 60.1 | 35.2 |
| Forusbeen 35 | (0.2) | (0.2) | (0.4) | (0.6) | (1.4) |
| Total share of profit | (7.6) | 50.4 | 1.9 | 59.5 | 33.8 |

Norwegian Property owns Nordr together with Fredensborg and Union Real Estate Fund III. Nordr had 1,671 flats under construction and a substantial land bank of 13,600 units in Norway and Sweden at the end of the second quarter.

Norwegian Property's share of the net profit relating to Nordr was negative at NOK 7.4 million (profit of NOK 50.6 million) for the second quarter² and a profit of NOK 2.3 million for the first half (NOK 60.2 million). In the second quarter, the share of the net profit is negatively affected by NOK 25 million non-recurring effects related to the sale of plots in both Norway and Sweden. Norwegian Property's share of net assets in the balance sheet as at 30 June was NOK 982.7 million (NOK 1,136.1 million).

Balance sheet

Total assets in the balance sheet as at 30 June were NOK 26,369.9 million (NOK 27,888.3 million) with investment properties accounting for NOK 24,186.3 million (NOK 25,849.9 million) and the properties used by the owner accounting for NOK 159 million (NOK 112.1 million). Non-current receivables amounted to NOK 275.5 million, related to the rental guarantee provided by the seller of the property at Snarøyveien 30 (NOK 248.2 million).

Investment in joint ventures was NOK 982.7 million (NOK 1,136.2 million).

Norwegian Property held NOK 136.3 million in cash and cash equivalents (NOK 99 million).

Total interest-bearing liabilities in the balance sheet came to NOK 12,141.9 million (NOK 12,053.6 million) with non-current interest-bearing liabilities totalling NOK 9,891 million (NOK 9,580.5 million) and current interest-bearing liabilities amounting to NOK 2,250.8 million (NOK 2,473.1 million).

Financial derivatives accounted for a net asset of NOK 219 million (NOK 152.4 million) with NOK 239.4 million classified as assets (NOK 175.5 million) and NOK 20.4 million as liabilities (NOK 23.2 million).

Equity totalled NOK 11,996.4 million (NOK 13,625.4 million), representing an equity ratio of 45.5 per cent (48.9 per cent). The book value of equity per share was NOK 18.64 (NOK 21.17). Outstanding shares totalled 649,825,596 (649,825,596). Treasury shares totalled 6,250,000, and 643,575,596 shares were held by the external shareholder.

Cash flow

Net operational cash flow was NOK 139.9 million for the second quarter (NOK 86.2 million) and NOK 305.5 million in the first half (NOK 232.2 million). Cash earnings in the second quarter amounted to NOK 107 million. The change in other short-term items amounted to a positive amount of NOK 32.9 million.

Net cash flow from investing activities was negative at NOK 82.8 million for the second quarter (NOK 48 million) and NOK 149.4 million for the first half (NOK 142.1 million). Investments in fixed assets amounted to NOK 82.7 million for the second quarter and are related to the adjustments for lessees associated with new and renegotiated leases as well as ongoing operational investments. Investments totalled NOK 149.3 million in the first half. Other investing activities include dividends from joint ventures and changes in interest-bearing receivables (net negative change of NOK 0.1 million for the second quarter and the first half).

Net cash flow from financing activities was negative at NOK 80.6 million for the second quarter (NOK 80.8 million), following a reduction of NOK 0.2 million in interest-bearing debt and a dividend of NOK 80.4 million. For the first half, net cash flow from financing activities was negative at NOK 204.9 million (NOK 304.8 million).

Cash and cash equivalents showed a reduction of NOK 23.5 million for the second quarter (NOK 42.6 million) and a reduction of NOK 48.8 million in the first half (NOK 214.6 million).

² See note 6 to the interim accounts for financial and operational information on Nordr for 2023.

Dividend

The board has resolved to pay a dividend of NOK 0.125 per share for the second quarter of 2023.

Financing

Key figures

The table below presents the key figures related to interest-bearing debt and hedges as at 30 June.

| Interest bearing debt and hedging | | 30.06.23 | 30.06.22 | 31.12.22 |
|---|-----------|----------|----------|----------|
| Interest-bearing debt | NOK mill. | 12,141.9 | 12,053.6 | 12,185.7 |
| Cash and cash | NOK mill. | 136.3 | 99.0 | 185.1 |
| Interest-bearing receivables ¹ | NOK mill. | 216.5 | 106.7 | 110.2 |
| Interest-hedging ratio | Per cent | 66.2 | 70.9 | 70.1 |
| Unutilised credit facilities | NOK mill. | 1,149.0 | 2,066.3 | 1,157.0 |
| Remaining time to maturity for interest hedge agreements | Years | 5.2 | 6.1 | 5.6 |
| Average interest rate | Per cent | 3.70 | 2.96 | 3.48 |
| Average interest margin | Per cent | 1.43 | 1.36 | 1.36 |
| maturity for interest-bearing debt | Years | 3.5 | 4.0 | 3.8 |
| Market value of the property portfolio | NOK mill. | 24,620.8 | 26,210.1 | 25,201.0 |
| Market value of investment in joint ventures ² | NOK mill. | 1,992.0 | 2,260.0 | 2,181.0 |
| Gross debt to asset ratio (gross LTV) | Per cent | 45.6 | 42.3 | 44.5 |
| Net debt to asset ratio (net LTV) ³ | Per cent | 44.3 | 41.6 | 43.4 |

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 12,141.9 million as at 30 June (NOK 12,053.6 million). In addition, the company had undrawn credit and overdraft facilities of NOK 1,149 million (NOK 2,066.3 million).

The refinancing of the NOK 530 million term loan with SEB was extended three years during the quarter, and the annual extension of the NOK 680 million RCF with DNB was completed in June.

Interest hedges

The table below presents the maturity structure of interest-rate hedges for the company's interest-bearing debt as at 30 June 2023.

| Maturity profile of interest hedges | Amount (NOK mill.) | Interest ¹ (per cent) | Share of total liabilities (per cent) |
|-------------------------------------|--------------------|----------------------------------|---------------------------------------|
| < 1 year | 4,850 | 3.3 | 40 |
| 1 > 2 year | 755 | 2.1 | 6 |
| 2 > 3 year | 1,000 | 1.4 | 8 |
| 3 > 4 year | 200 | 2.2 | 2 |
| 4 > 5 year | - | - | - |
| > 5 year | 5,342 | 1.3 | 44 |
| Total | 12,147 | 2.2 | 100 |

¹ Average base interest rate for the matured amount.

Market and operations

Commercial property market

Norwegian Property estimates the office vacancy rates in Oslo at 6.2 per cent overall, 4.8 per cent in the city centre and 10.5 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 per cent. The prime yield for the Oslo CBD is by various analysts estimated to be approximately 4 per cent.

There is still low interest and high margins for the property sector in the bond market.

The 10-year swap interest rate went from 3.1 per cent at the beginning of the quarter to 3.9 per cent at the end of the quarter. Inflation remains high, and the central banks have continued to hike interest rates in European countries and in the US.

The property portfolio

Key figures

Norwegian Property owned 29 investment properties as at 30 June. 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 1,151 million as at 1 July. That represented an increase of NOK 5 million since 1 April. 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 6.5 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. The weighted average remaining duration of the leases for Oslo CBD shows a steady rise in recent quarters and increases from 4.1 to 4.3 years in the second quarter. The average rent adjustment factor for the consumer price index was 99.9 per cent for the total portfolio as at 30 June 2023.

The key figures above do not include the space which is under construction as at 30 June. Ongoing projects at the end of the quarter are specified in the table below.

| Area | Property | Tenant | Area (sqm) | Compl. date |
|-------------|-------------------|--|------------|-------------|
| Aker Brygge | Bryggegata 9 | Gram Car Carriers | 550 | Q3-23 |
| Aker Brygge | Støperiet | Latter | 100 | Q4-23 |
| Aker Brygge | Verkstedhallene | Arkwright | 460 | Q3-23 |
| Fornebu | Snarøyveien 36 | NSM | 12,000 | Q1-24 |
| Nydalen | Gjerdrums vei 17 | The entire building is being refurbished | 820 | Q2-24 |
| Nydalen | Sandakerveien 138 | Øvre Nydalen Legesenter | 430 | Q3-23 |
| Aker Brygge | Tingvalla | Nook Energy | 300 | Q4-23 |

New leases

New leases with a total annual rental income of NOK 12 million were awarded in the second quarter, while existing leases totalling NOK 56 million were extended. Expired leases totalled NOK 6 million. Therefore, the net increase in annual rents from leases during the second quarter was NOK 62 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 30 June 2023 is based on an average of the two valuations.

As at 30 June, the company's portfolio of investment properties was valued at NOK 24,620.8 million (NOK 26,210.1 million). The rent guarantee receivables and properties used by the owner were carried separately in the balance sheet at NOK 275.5 million and NOK 159 million, respectively, and recognised at fair value. Fair-value adjustments recognised in the profit and loss for the investment properties were negative at NOK 613.4 million for the second quarter. This represents a 2.4 per cent change from the value as at 31 March and the cost of investments for the period.

Shareholder information

As at 30 June 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. Geveran Trading Co. Ltd. owns the remaining 643,575,596 shares in the company.

The environment and corporate social responsibility (CSR)

As an effort to create safe, accessible and free outdoor areas for families Norwegian Property has built a playground at the property Snarøyveien 30. The effort includes free entertainment for kids – clowns, circus

artists and face painters will be present at weekends in June and August.

To encourage environmentally friendly commuting to and from the workplace, Norwegian Property hosted four days of bike repair free of charge for both employees and tenants at Aker Brygge and Snarøyveien 30 during the quarter.

Norwegian Property has extended the collaboration with the foundation "Marinreperatørene" to increase biodiversity and marine life. The organisation has a special emphasis on creating habitats for red listed species such as lobsters and Norwegian blue mussels.

Risk and risk management

Norwegian Property assesses risk on an ongoing basis as part of the daily operations. A comprehensive annual review of the risks associated with the group is carried out in collaboration with all the relevant levels of the organisation. Each risk factor is described and presented with possible negative outcomes. The analysis of risk factors includes the following main groups of risks.

- Financial risks - such as the fair-value changes of investment properties, interest-rate risk and access to external capital.
- Credit risk - such as the risk of losses on claims.
- Liquidity risk - such as the risk associated with the refinancing of debt, access to external capital and the risk of delayed rent payments.
- Market risk - such as changes in market rents, vacancy in the property portfolio, reduction in turnover based rents and the risk related to inflation.
- Project risk - such as the uncertainty related to office vacancy, cost overruns, delays, accidents, demolition and recycling.
- Social and governance risk - such as the risk related to human rights, decent working conditions, equality and non-discrimination among employees, non-discrimination of people with disabilities in properties and outdoor areas and corruption.
- Physical climate risk - such as increased precipitation and higher sea levels.
Climate transition risk - such as the demand for environment-friendly premises, environmental requirements from investors/banks, insurance, technological risk, reputational risk and increased CO₂ taxes.

- Risk associated with ongoing crises and events - such as the effects of the COVID-19 pandemic and the war in Ukraine.

The latest description and analysis of risk and risk management is included on pages 97-109 in the 2022 annual report. Risk and risk management is also explained in the directors' report and the sustainability report, where both are a part of the 2022 annual report.

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.

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 negative development during the last year in a more troubled market with rising interest rates, high energy costs and worrying international geopolitical developments. 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 further expanding and developing the business.

Declaration by the board of directors and the CEO

The board and the CEO have today considered and approved the directors' report for the first half of 2023 and the consolidated half-year financial statements for Norwegian Property ASA as at 30 June 2023. The consolidated financial statements for the first half have been prepared in accordance with IAS 34 Interim reporting as approved by the EU and additional Norwegian reporting requirements pursuant to the Norwegian Securities Trading Act.

To the best of knowledge of the board and the CEO, the interim financial statements for the first half of 2023 have been prepared in accordance with the applicable accounting standards, and the information in the financial statements provides a true and fair picture of the overall assets, liabilities, financial position and financial results of the group as at 30 June 2023.

To the best of knowledge of the board and the CEO, the directors' half-year report provides a true and fair overview of important events in the accounting period and their influence on the financial statements for the first half. To the best of knowledge of the board and the CEO, the description of the most important risk factors and uncertainties facing the business in the next accounting period and of significant transactions with related parties also provides a true and fair overview.

Oslo, 7 July 2023

The board of directors and the CEO of Norwegian Property ASA

Bjørn Henningsen
(Chair)

Cecilie Astrup Fredriksen
(Director)

Kathrine Astrup Fredriksen
(Director)

Lars Erich Nilsen
(Director)

Bent Oustad
(CEO)

Interim accounts

Consolidated condensed income statement and statement of comprehensive income

| Amounts in NOK million | Note | 2Q-23 | 2Q-22 | 30.06.23 | 30.06.22 | 31.12.22 |
|--|-------|---------|--------|----------|----------|----------|
| Rental income | 3 | 275.0 | 255.5 | 540.8 | 498.0 | 1,014.4 |
| Revenues | | 275.0 | 255.5 | 540.8 | 498.0 | 1,014.4 |
| Property-related operational expenses | | (23.7) | (17.1) | (44.7) | (33.1) | (73.8) |
| Other property-related expenses | | (20.4) | (11.5) | (37.3) | (28.6) | (68.8) |
| Total property-related expenses | | (44.1) | (28.6) | (82.0) | (61.8) | (142.6) |
| Administrative expenses | | (13.9) | (13.6) | (29.9) | (27.9) | (62.1) |
| Total operating expenses | | (58.1) | (42.2) | (111.9) | (89.7) | (204.7) |
| Share of profit in joint ventures | 6 | (7.6) | 50.4 | 1.9 | 59.5 | 33.8 |
| Operating profit before fair-value adjustments | | 209.3 | 263.7 | 430.9 | 467.8 | 843.5 |
| Change in market value of investment property and rental guarantee | 4 | (613.4) | 347.2 | (769.3) | 906.7 | (154.7) |
| Operating profit | | (404.1) | 610.9 | (338.5) | 1,374.6 | 688.8 |
| Financial income | 10 | 5.0 | 4.2 | 9.2 | 8.5 | 17.2 |
| Financial cost | 10 | (114.9) | (92.5) | (220.9) | (182.1) | (375.6) |
| Realised net financial items | | (110.0) | (88.2) | (211.7) | (173.6) | (358.4) |
| Change in market value of financial derivative instruments | 7, 10 | 85.4 | 56.1 | 73.7 | 179.2 | 172.2 |
| Net financial items | | (24.6) | (32.1) | (138.0) | 5.7 | (186.2) |
| Profit before income tax | | (428.7) | 578.8 | (476.5) | 1,380.2 | 502.5 |
| Income tax | 11 | 57.5 | (68.2) | 47.6 | (233.4) | (206.6) |
| Profit for the period | | (371.2) | 510.6 | (428.9) | 1,146.8 | 295.9 |
| Profit attributable to non-controlling interests | | - | - | - | - | - |
| Profit attributable to shareholders of the parent company | | (371.2) | 510.6 | (428.9) | 1,146.8 | 295.9 |

| Amounts in NOK million | Note | 2Q-23 | 2Q-22 | 30.06.23 | 30.06.22 | 30.06.22 |
|--|------|---------|-------|----------|----------|----------|
| Value adjustment of owner-occupied property, net of tax | 4 | (0.8) | 2.4 | (0.9) | 4.8 | 2.7 |
| Other comprehensive income that will not be reclassified to profit or loss, net of tax | | (0.8) | 2.4 | (0.9) | 4.8 | 2.7 |
| Currency changes on translation of foreign joint venture operations | 6 | 3.6 | 8.7 | 25.0 | (8.8) | (58.3) |
| Other comprehensive income that subsequently may be reclassified to profit or loss, net of tax | | 3.6 | 8.7 | 25.0 | (8.8) | (58.3) |
| Total comprehensive income | | (368.4) | 521.7 | (404.8) | 1,142.8 | 240.3 |
| Total comprehensive income attributable to shareholders of the parent company | | (368.4) | 521.7 | (404.8) | 1,142.8 | 240.3 |
| Total comprehensive income attributable to non-controlling interests | | - | - | - | - | - |

Consolidated condensed balance sheet

| Amounts in NOK million | Note | 30.06.2023 | 30.06.2022 | 31.12.2022 |
|--------------------------------------|------|-----------------|-----------------|-----------------|
| Financial derivative instruments | 7 | 233.3 | 174.3 | 161.6 |
| Investment property | 4 | 24,186.3 | 25,849.9 | 24,859.1 |
| Owner-occupied property | 4 | 159.0 | 112.1 | 108.8 |
| Other fixed assets | 5 | 29.6 | 33.0 | 31.5 |
| Investment in joint ventures | 6 | 982.7 | 1,136.2 | 1,061.7 |
| Rental guarantee receivables | 4 | 275.5 | 248.2 | 233.1 |
| Total non-current assets | | 25,866.4 | 27,553.5 | 26,455.8 |
| Financial derivative instruments | 7 | 6.1 | 1.3 | 1.9 |
| Receivables | 9 | 361.1 | 234.5 | 268.0 |
| Cash and cash equivalents | 9 | 136.3 | 99.0 | 185.1 |
| Total current assets | | 503.5 | 334.8 | 455.0 |
| Total assets | | 26,369.9 | 27,888.3 | 26,910.8 |
| 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 | | 831.4 | 2,460.4 | 1,397.1 |
| Total equity | | 11,996.4 | 13,625.4 | 12,562.1 |
| Deferred tax | 11 | 1,845.5 | 1,920.6 | 1,893.3 |
| Financial derivative instruments | 7 | 10.0 | 21.3 | 18.2 |
| Interest bearing liabilities | 9 | 9,891.0 | 9,580.5 | 10,351.6 |
| Other liabilities | | 2.0 | 2.1 | 2.0 |
| Total non-current liabilities | | 11,748.5 | 11,524.5 | 12,265.2 |
| Financial derivative instruments | 7 | 10.4 | 1.9 | - |
| Interest bearing liabilities | 9 | 2,250.8 | 2,473.1 | 1,834.1 |
| Other liabilities | | 363.8 | 263.5 | 249.4 |
| Total current liabilities | | 2,625.0 | 2,738.5 | 2,083.5 |
| Total liabilities | | 14,373.5 | 14,262.9 | 14,348.7 |
| Total equity and liabilities | | 26,369.9 | 27,888.3 | 26,910.8 |

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 | 31.12.21 | 324.9 | (3.1) | 3,280.1 | 7,563.1 | 1,671.6 | 12,836.6 |
| Total comprehensive income | | - | - | - | - | 1,142.8 | 1,142.8 |
| Paid dividend | | - | - | - | - | (354.0) | (354.0) |
| Total equity | 30.06.22 | 324.9 | (3.1) | 3,280.1 | 7,563.1 | 2,460.4 | 13,625.4 |
| Total comprehensive income | | - | - | - | - | (902.5) | (902.5) |
| Paid dividend | | - | - | - | - | (160.8) | (160.8) |
| Total equity | 31.12.22 | 324.9 | (3.1) | 3,280.1 | 7,563.1 | 1,397.1 | 12,562.1 |
| Total comprehensive income | | - | - | - | - | (404.8) | (404.8) |
| Paid dividend | | - | - | - | - | (160.9) | (160.9) |
| Total equity | 30.06.23 | 324.9 | (3.1) | 3,280.1 | 7,563.1 | 831.4 | 11,996.4 |

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

Consolidated condensed statement of cash flow

| Amounts in NOK million | Note | 2Q-23 | 2Q-22 | 30.06.23 | 30.06.22 | 31.12.22 |
|---|------|---------|---------|----------|----------|----------|
| Profit before income tax | | (428.7) | 578.8 | (476.5) | 1,380.2 | 502.5 |
| Paid taxes | | - | - | - | - | (0.1) |
| Depreciation of tangible assets | | 1.7 | 2.1 | 3.7 | 3.4 | 6.5 |
| Interest income on guarantee receivables | | (1.6) | (1.8) | (2.9) | (3.6) | (7.7) |
| Fair value adj. of investment property and rental guarantee | 3 | 613.4 | (347.2) | 769.3 | (906.7) | 154.7 |
| Fair value adjustment of financial derivative instruments | 4 | (85.4) | (56.1) | (73.7) | (179.2) | (172.2) |
| Profit for joint venture | 6 | 7.6 | (50.4) | (1.9) | (59.5) | (33.8) |
| Change in rental guarantee receivables | 4 | (10.0) | (4.3) | (14.6) | (9.7) | 60.5 |
| Change in short-term items | | 42.9 | (34.9) | 102.2 | 7.4 | (53.1) |
| Net cash flow from operating activities | | 139.9 | 86.2 | 305.5 | 232.2 | 457.4 |
| Payments for purchase of inv. property and other fixed assets | | (82.7) | (48.0) | (149.3) | (142.1) | (258.9) |
| Net other investing activities | | (0.1) | - | (0.1) | - | - |
| Net cash flow from investing activities | | (82.8) | (48.0) | (149.4) | (142.1) | (258.9) |
| Net change in interest-bearing debt | 6 | (0.1) | (0.4) | (44.0) | 49.2 | 187.9 |
| Paid dividend | | (80.4) | (80.4) | (160.9) | (354.0) | (514.9) |
| Net cash flow from financial activities | | (80.6) | (80.8) | (204.9) | (304.8) | (327.0) |
| Net change in cash and cash equivalents | | (23.5) | (42.6) | (48.8) | (214.6) | (128.5) |
| Cash and cash equivalents at the beginning of the period | | 159.8 | 141.6 | 185.1 | 313.5 | 313.5 |
| Cash and cash equivalents at the end of the period | | 136.3 | 99.0 | 136.3 | 99.0 | 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 7 July 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 second quarter of 2023 is specified in the table below.

| Amounts in NOK million | Commercial properties | Residential properties | Group | Total |
|---|-----------------------|------------------------|--------|---------|
| Revenue | 275.0 | - | - | 275.0 |
| Total property-related expenses | (44.1) | - | - | (44.1) |
| Administrative expenses | - | - | (13.9) | (13.9) |
| Share of profit in joint ventures | (0.1) | (7.4) | - | (7.6) |
| Change in market value of investment property | (613.4) | - | - | (613.4) |
| Operating profit | (382.7) | (7.4) | (13.9) | (404.1) |
| Net financial items | | | (24.6) | (24.6) |
| Profit before income tax | | | (38.5) | (428.7) |
| Income tax | | | 57.5 | 57.5 |
| Profit for the period | | | 19.0 | (371.2) |

The segment information relating to income statement items in the second quarter of 2022 is specified in the table below.

| Amounts in NOK million | Commercial properties | Residential properties | Group | Total |
|---|-----------------------|------------------------|---------|--------|
| Revenue | 255.5 | - | - | 255.5 |
| Total property-related expenses | (28.6) | - | - | (28.6) |
| Administrative expenses | - | - | (13.6) | (13.6) |
| Share of profit in joint ventures | 41.0 | 9.4 | - | 50.4 |
| Change in market value of investment property | 347.2 | - | - | 347.2 |
| Operating profit | 615.1 | 9.4 | (13.6) | 610.9 |
| Net financial items | | | (32.1) | (32.1) |
| Profit before income tax | | | (45.7) | 578.8 |
| Income tax | | | (68.2) | (68.2) |
| Profit for the period | | | (113.9) | 510.6 |

The segment information relating to income statement items for the first half of 2023 is specified in the table below.

| Amounts in NOK million | Commercial properties | Residential properties | Group | Total |
|---|-----------------------|------------------------|---------|---------|
| Revenue | 540.8 | - | - | 540.8 |
| Total property-related expenses | (82.0) | - | - | (82.0) |
| Administrative expenses | - | - | (29.9) | (29.9) |
| Share of profit in joint ventures | (0.3) | 2.2 | - | 1.9 |
| Change in market value of investment property | (769.3) | - | - | (769.3) |
| Operating profit | (310.7) | 2.2 | (29.9) | (338.4) |
| Net financial items | | | (138.0) | (138.0) |
| Profit before income tax | | | (167.9) | (476.4) |
| Income tax | | | 47.6 | 47.6 |
| Profit for the period | | | (120.3) | (428.9) |

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

| Amounts in NOK million | Commercial properties | Residential properties | Group | Total |
|---|-----------------------|------------------------|---------|---------|
| Revenue | 498.0 | - | - | 498.0 |
| Total property-related expenses | (61.8) | - | - | (61.8) |
| Administrative expenses | - | - | (27.9) | (27.9) |
| Share of profit in joint ventures | 50.1 | 9.4 | - | 59.5 |
| Change in market value of investment property | 906.7 | - | - | 906.7 |
| Operating profit | 1,393.1 | 9.4 | (27.9) | 1,374.6 |
| Net financial items | | | 5.7 | 5.7 |
| Profit before income tax | | | (22.3) | 1,380.2 |
| Income tax | | | (233.4) | (233.4) |
| Profit for the period | | | (255.7) | 1,146.8 |

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 30 June 2023 is specified in the table below.

| Amounts in NOK million | Commercial properties | Residential properties | Group | Total |
|----------------------------------|-----------------------|------------------------|------------|------------|
| Investment property | 24,345.3 | - | - | 24,345.3 |
| Other fixed assets | 27.2 | - | 2.4 | 29.6 |
| Investment in joint ventures | - | 982.7 | - | 982.7 |
| Receivables | 636.6 | - | - | 636.6 |
| Cash and cash equivalents | - | - | 136.3 | 136.3 |
| Deferred tax | - | - | (1,845.5) | (1,845.5) |
| Financial derivative instruments | - | - | 219.0 | 219.0 |
| Interest bearing liabilities | - | - | (12,141.9) | (12,141.9) |
| Other liabilities | (175.5) | - | (190.2) | (365.7) |
| Total equity | | | (11,996.4) | (11,996.4) |

The segment information related to balance sheet items as at 30 June 2022 is specified in the table below.

| Amounts in NOK million | Commercial properties | Residential properties | Group | Total |
|----------------------------------|-----------------------|------------------------|------------|------------|
| Investment property | 25,962.0 | - | - | 25,962.0 |
| Other fixed assets | 30.6 | - | 2.4 | 33.0 |
| Investment in joint ventures | - | 1,136.2 | - | 1,136.2 |
| Receivables | 482.7 | - | - | 482.7 |
| Cash and cash equivalents | - | - | 99.0 | 99.0 |
| Deferred tax | - | - | (1,920.6) | (1,920.6) |
| Financial derivative instruments | - | - | 152.4 | 152.4 |
| Interest bearing liabilities | - | - | (12,053.6) | (12,053.6) |
| Other liabilities | (105.8) | - | (159.8) | (265.6) |
| Total equity | | | (13,625.4) | (13,625.4) |

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 | 2Q-23 | 2Q-22 | 30.06.23 | 30.06.22 | 31.12.22 |
|--|------|----------|----------|----------|----------|----------|
| Total value of investment property and rental guarantees, opening balance | | 25,116.7 | 25,806.4 | 25,201.0 | 25,143.0 | 25,143.0 |
| Fair value adjustments of investment property | | (607.9) | 347.2 | (794.2) | 906.7 | (205.6) |
| Fair value adjustments of rental guarantees | 1 | (5.5) | - | 24.9 | - | 50.9 |
| Total fair value adjustments of investment property and rental guarantees | | (613.4) | 347.2 | (769.3) | 906.7 | (154.7) |
| Fair value adjustments of owner-occupied investment property, recognised in other comprehensive income | 2 | (1.9) | 2.7 | (2.3) | 5.4 | 2.1 |
| Interest income on rental guarantee receivables | 1 | 1.6 | 1.8 | 2.9 | 3.6 | 7.7 |
| Investment in properties | | 107.8 | 47.7 | 173.9 | 141.7 | 263.4 |
| Payments related to the rental guarantee | 1 | 10.1 | 4.3 | 14.7 | 9.7 | (60.5) |
| Total value of investment property and rental guarantees, closing balance | | 24,620.8 | 26,210.1 | 24,620.8 | 26,210.1 | 25,201.0 |
| Of which is book value of investment property | | 24,186.3 | 25,849.9 | 24,186.3 | 25,849.9 | 24,859.1 |
| Of which is book value of owner-occupied inv. property | 2 | 159.0 | 112.1 | 159.0 | 112.1 | 108.8 |
| Of which is book value of rental guarantee receivables | 1 | 275.5 | 248.2 | 275.5 | 248.2 | 233.1 |

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 | Level 2 ¹ | Level 3 ¹ | Total |
|------------------------------|----------------------|----------------------|----------------------|-----------------|
| | 30.06.23 | | | |
| Investment property | - | - | 24,186.3 | 24,186.3 |
| Owner-occupied property | - | - | 159.0 | 159.0 |
| Rental guarantee receivables | - | - | 275.5 | 275.5 |
| Total | - | - | 24,620.8 | 24,620.8 |
| | 30.06.22 | | | |
| Investment property | - | - | 25,849.9 | 25,849.9 |
| Owner-occupied property | - | - | 112.1 | 112.1 |
| Rental guarantee receivables | - | - | 248.2 | 248.2 |
| Total | - | - | 26,210.2 | 26,210.2 |
| | 31.12.22 | | | |
| Investment property | - | - | 24,859.1 | 24,859.1 |
| Owner-occupied property | - | - | 108.8 | 108.8 |
| Rental guarantee receivables | - | - | 233.1 | 233.1 |
| Total | - | - | 25,201.0 | 25,201.0 |

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 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 | 30.06.23 | 30.06.22 | 31.12.22 |
|--|-------------|-------------|-------------|
| Energy production and distribution system at Aker Brygge in Oslo | 27.0 | 28.4 | 29.3 |
| Other assets | 2.6 | 4.5 | 2.2 |
| Other fixed assets | 29.6 | 33.0 | 31.5 |

NOTE 6: Joint ventures

Nordr

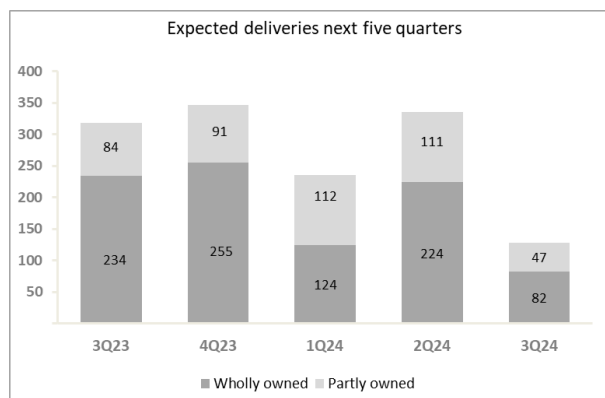
Nordr has flats under construction and a substantial land bank in Norway and Sweden. The land bank is largely located in the largest Norwegian and Swedish cities, with an emphasis on eastern Norway and the extended Stockholm capital region in Sweden.

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 Nordr | 2Q-22 | 3Q-22 | 4Q-22 | 1Q-23 | 2Q-23 |
|---|--------|--------|--------|--------|--------|
| Units sold | 227 | 77 | 147 | 89 | 165 |
| Construction starts | 493 | 304 | 178 | 117 | 109 |
| Units completed | 319 | 166 | 269 | 172 | 264 |
| Units delivered | 312 | 164 | 263 | 175 | 233 |
| Units under construction | 1,912 | 2,048 | 1,881 | 1,826 | 1,671 |
| Units under construction incl. tenant owned units (hyresrätter) | 2,473 | 2,529 | 2,358 | 2,303 | 2,148 |
| Sales ratio, units under construction (per cent) | 83 | 79 | 74 | 73 | 75 |
| Completed unsold units | 25 | 31 | 37 | 34 | 37 |
| Sales value, units sold in the period | 981 | 524 | 744 | 490 | 847 |
| Sales value, units under constr. (NOK mill.) | 10,616 | 11,433 | 10,461 | 10,881 | 10,788 |

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 1,363 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 30.06.23 | Total 30.06.22 | 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 | 2.3 | (0.4) | 1.9 | 59.5 | 33.8 |
| Currency changes ¹ | 25.0 | - | 25.0 | (8.8) | (58.3) |
| Profit for to intercompany transactions | - | - | - | - | (3.1) |
| Dividend received | (106.3) | - | (106.3) | - | - |
| Reduction in receivables | - | 0.4 | 0.4 | 0.7 | 4.5 |
| Book value, closing balance | 982.7 | - | 982.7 | 1,136.2 | 1,061.7 |

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

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

| Amounts in NOK million | Nordr | Forusbeen 35 | Total 2Q-23 | Total 2Q-22 ¹ |
|---|-----------|--------------|-------------|--------------------------|
| Revenue | 1,200.5 | 0.1 | 1,200.6 | 1,011.9 |
| Project cost from the sale of residential units | (1,173.8) | - | (1,173.8) | (951.4) |
| Other operating expenses | (70.7) | (0.5) | (71.2) | (51.0) |
| Share of profit in joint ventures | 12.2 | - | 12.2 | 115.1 |
| Operating profit | (31.8) | (0.4) | (32.2) | 124.6 |
| Net financial items | (2.7) | - | (2.7) | (12.1) |
| Profit before income tax | (34.4) | (0.4) | (34.8) | 112.4 |
| Income tax | 17.0 | 0.1 | 17.0 | 6.5 |
| Profit for the period | (17.5) | (0.3) | (17.8) | 119.0 |
| Share of profit for the period | (7.4) | (0.2) | (7.6) | 50.4 |
| The groups total share of profit for the period | (7.4) | (0.2) | (7.6) | 50.4 |

¹ The groups share of profit for the second quarter of 2022 is related to Nordr (NOK 50.6 million) and Forusbeen 35 (loss of NOK 0.2 million).

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

| Amounts in NOK million | Nordr | Forusbeen 35 | Total 30.06.23 | Total 30.06.22 ¹ | Total 31.12.22 ² |
|---|-----------|--------------|----------------|-----------------------------|-----------------------------|
| Revenue | 1,979.0 | 0.4 | 1,979.4 | 1,704.3 | 3,272.0 |
| Project cost from the sale of residential units | (1,914.1) | - | (1,914.1) | (1,608.4) | (3,246.8) |
| Other operating expenses | (112.9) | (1.3) | (114.2) | (151.4) | (258.9) |
| Share of profit in joint ventures | 36.9 | - | 36.9 | 192.7 | 354.0 |
| Operating profit | (11.1) | (0.9) | (12.0) | 137.3 | 120.4 |
| Net financial items | (1.7) | - | (1.7) | (22.1) | (85.4) |
| Profit before income tax | (12.9) | (0.9) | (13.8) | 115.2 | 35.0 |
| Income tax | 18.3 | 0.2 | 18.5 | 25.4 | 45.2 |
| Profit for the period | 5.4 | (0.7) | 4.7 | 140.6 | 80.2 |
| Share of profit for the period | 2.3 | (0.4) | 1.9 | 59.5 | 33.8 |
| The groups total share of profit for the period | 2.3 | (0.4) | 1.9 | 59.5 | 33.8 |

¹ The groups share of profit for the first half of 2022 is related to Nordr (NOK 60.2 million) and Forusbeen 35 (loss of NOK 0.7 million).

² 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 30.06.23 | Total 30.06.22 | Total 31.12.22 |
|---|-----------|--------------|----------------|----------------|----------------|
| Investment property | - | 22.8 | 22.8 | 18.7 | 20.7 |
| Other fixed assets | 39.1 | - | 39.1 | 36.5 | 30.2 |
| Investment in joint ventures | 1,139.1 | - | 1,139.1 | 1,588.2 | 1,537.1 |
| Property related inventory | 8,627.4 | 106.3 | 8,733.7 | 9,086.4 | 9,154.4 |
| Receivables | 671.4 | 0.3 | 671.7 | 864.9 | 587.2 |
| Cash and cash equivalents | 308.3 | 0.0 | 308.3 | 406.1 | 600.6 |
| Deferred tax | (359.6) | 1.3 | (358.3) | (347.6) | (402.4) |
| Interest bearing liabilities | (6,291.9) | - | (6,291.9) | (5,581.0) | (7,127.9) |
| Shareholder debt ¹ | - | (134.5) | (134.5) | (118.8) | (126.0) |
| Other liabilities | (1,827.4) | (0.8) | (1,828.2) | (3,288.1) | (1,785.9) |
| Total equity | (2,306.4) | 4.6 | (2,301.8) | (2,665.3) | (2,488.1) |
| The groups share of total equity ² | (982.7) | - | (982.7) | (1,136.2) | (1,061.7) |

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 47.6 million.

² 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 below¹.

| Amounts in NOK million | 2Q-23 | 2Q-22 | 30.06.23 | 30.06.22 | 31.12.22 |
|--|--------|--------|----------|----------|----------|
| Net book value of derivatives, opening balance | 133.6 | 96.2 | 145.3 | (26.9) | (26.9) |
| Fair value adjustments of derivatives | 85.4 | 56.1 | 73.7 | 179.2 | 172.2 |
| Net book value of derivatives, closing balance | 219.0 | 152.4 | 219.0 | 152.4 | 145.3 |
| Of which classified as non-current assets | 233.3 | 174.3 | 233.3 | 174.3 | 161.6 |
| Of which classified as current assets | 6.1 | 1.3 | 6.1 | 1.3 | 1.9 |
| Of which classified as non-current liabilities | (10.0) | (21.3) | (10.0) | (21.3) | (18.2) |
| Of which classified as current liabilities | (10.4) | (1.9) | (10.4) | (1.9) | - |

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 | 30.06.2023 | | 30.06.2022 | | 31.12.2022 | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Book value | Fair value | Book value | Fair value | Book value | Fair value |
| Non-current derivatives | 233.3 | 233.3 | 174.3 | 174.3 | 161.6 | 161.6 |
| Non-current receivables | 275.5 | 275.5 | 248.2 | 248.2 | 233.1 | 233.1 |
| Current derivatives | 6.1 | 6.1 | 1.3 | 1.3 | 1.9 | 1.9 |
| Current receivables | 277.6 | 277.6 | 116.8 | 116.8 | 134.4 | 134.4 |
| Cash and cash equivalents | 136.3 | 136.3 | 99.0 | 99.0 | 185.1 | 185.1 |
| Total financial assets | 928.9 | 928.9 | 639.5 | 639.5 | 716.1 | 716.1 |
| Non-current derivatives | 10.0 | 10.0 | 21.3 | 21.3 | 18.2 | 18.2 |
| Non-current interest-bearing liabilities | 9,891.0 | 9,882.5 | 9,580.5 | 9,584.3 | 10,351.6 | 10,349.9 |
| Other non-current liabilities | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Current derivatives | 10.4 | 10.4 | 1.9 | 1.9 | - | - |
| Current interest-bearing liabilities | 2,250.8 | 2,252.5 | 2,473.1 | 2,494.3 | 1,834.1 | 1,833.2 |
| Other current liabilities | 294.3 | 294.3 | 203.4 | 203.4 | 209.1 | 209.1 |
| Total financial liabilities | 12,458.6 | 12,451.8 | 12,282.2 | 12,307.2 | 12,415.1 | 12,412.5 |

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 |
|---------------------------------------|----------------------|----------------------|----------------------|--------------|
| | 30.06.23 | | | |
| Non-current derivatives (assets) | - | 233.3 | 275.5 | 508.8 |
| Current derivatives (assets) | - | 6.1 | - | 6.1 |
| Non-current derivatives (liabilities) | - | (10.0) | - | (10.0) |
| Current derivatives (liabilities) | - | (10.4) | - | (10.4) |
| Total | - | 219.0 | 275.5 | 494.5 |
| | 30.06.22 | | | |
| Non-current derivatives (assets) | - | 174.3 | 248.2 | 422.5 |
| Current derivatives (assets) | - | 1.3 | - | 1.3 |
| Non-current derivatives (liabilities) | - | (21.3) | - | (21.3) |
| Current derivatives (liabilities) | - | (1.9) | - | (1.9) |
| Total | - | 152.4 | 248.2 | 400.6 |
| | 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) |
| Total | - | 145.3 | 233.1 | 378.4 |

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 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 | 2Q-23 | 2Q-22 | 30.06.23 | 30.06.22 | 31.12.22 |
|--|------|------------|------------|------------|------------|------------|
| Loan facilities at par value, opening balance | | 12,190.4 | 12,052.8 | 12,190.4 | 12,003.2 | 12,003.2 |
| Net change of loan facilities | | (43.3) | (0.4) | (43.3) | 49.1 | 187.2 |
| Loan facilities at par value, closing balance | 1 | 12,147.1 | 12,052.4 | 12,147.1 | 12,052.3 | 12,190.4 |
| Accrued financial items | | (5.2) | 1.3 | (5.2) | 1.3 | (4.7) |
| Book value of interest-bearing debt | | 12,141.9 | 12,053.6 | 12,141.9 | 12,053.6 | 12,185.7 |
| Of which classified as non-current liabilities | | 9,891.0 | 9,580.5 | 9,891.0 | 9,580.5 | 10,351.6 |
| Of which classified as current liabilities | | 2,250.8 | 2,473.1 | 2,250.8 | 2,473.1 | 1,834.1 |
| Of which are bonds | | 9,581.3 | 11,099.1 | 9,581.3 | 11,099.1 | 9,582.1 |
| Of which are bank facilities | | 2,560.6 | 954.5 | 2,560.6 | 954.5 | 2,603.6 |
| Interest-bearing debt | | (12,141.9) | (12,053.6) | (12,141.9) | (12,053.6) | (12,185.7) |
| Interest-bearing receivable | 2 | 216.5 | 106.7 | 216.5 | 106.7 | 110.2 |
| Cash and cash equivalents | | 136.3 | 99.0 | 136.3 | 99.0 | 185.1 |
| Net interest-bearing position | | (11,789.1) | (11,847.9) | (11,789.1) | (11,847.9) | (11,890.5) |

¹ Unutilised credit facilities was NOK 1,149 million as at 30 June 2023. Unutilised credit facilities was NOK 2,066.3 million as at 30 June 2022 and NOK 1,157 million as at 31 December 2022.

² Interest-bearing receivables are related to loans to joint ventures and tenants.

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 30 June 2023, 66.2 per cent of such loans was secured (30 June 2022: 70.9 per cent). The remaining time to maturity for interest hedging agreements was 5.2 years (6.1 years).

The total average interest margin on loans was 143 basis points (136 basis points). The loan portfolio has an average interest rate of 3.70 per cent (2.96 per cent), and the remaining time to maturity for interest-bearing debt was 3.5 years (4 years).

The group's loan facilities as at 30 June 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 | 78.5 |
| RCF Swdbank | Property portfolio 2 | 2025 | - | - | - | 595.2 |
| RCF DNB | Property portfolio 3 | 2023 | 600.0 | 600.0 | - | 43.5 |
| RCF DNB/SEB | Verkstedhallene | 2023 | - | - | - | 431.8 |
| 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 | - |
| Total interest-bearing debt, 30 June 2023 | | | 12,147.0 | 2,250.0 | 9,897.0 | 1,149.0 |
| Accrued financial items | | | (5.1) | 0.8 | (6.0) | |
| Book value of interest-bearing debt, 30 June 2023 | | | 12,141.9 | 2,250.8 | 9,891.0 | |

NOTE 10: Net financial items

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

| Amounts in NOK million | 2Q-23 | 2Q-22 | 30.06.23 | 30.06.22 | 31.12.22 |
|--|---------|--------|----------|----------|----------|
| Interest income on bank deposits and receivables | 3.3 | 2.4 | 6.3 | 4.9 | 9.5 |
| Other financial income ¹ | 1.6 | 1.8 | 2.9 | 3.6 | 7.7 |
| Total financial income | 5.0 | 4.2 | 9.2 | 8.5 | 17.2 |
| Interest expense on borrowings | (114.9) | (92.5) | (220.9) | (182.1) | (375.6) |
| Total financial cost | (114.9) | (92.5) | (220.9) | (182.1) | (375.6) |
| Realised net financial items | (110.0) | (88.3) | (211.7) | (173.6) | (358.4) |
| Change in the market value of financial derivative instruments | 85.4 | 56.1 | 73.7 | 179.2 | 172.2 |
| Net financial items | (24.6) | (32.1) | (138.0) | 5.7 | (186.2) |

¹ 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 | 2Q-23 | 2Q-22 | 30.06.23 | 30.06.22 | 31.12.22 |
|---|---------|---------|----------|----------|----------|
| Profit before income tax | (428.7) | 578.8 | (476.5) | 1,380.2 | 502.5 |
| Income tax calculated at 22 per cent | (94.3) | 127.3 | (104.8) | 303.6 | 110.6 |
| Differences between financial accounts and tax accounts | 36.8 | (59.1) | 57.2 | (70.2) | 96.1 |
| Income tax | (57.5) | 68.2 | (47.6) | 233.4 | 206.6 |
| Deferred tax, opening balance | 1,903.2 | 1,851.7 | 1,893.3 | 1,685.8 | 1,685.8 |
| Recognised through profit and loss | (57.5) | 68.2 | (47.6) | 233.4 | 206.6 |
| Payable tax through profit and loss | - | - | - | - | 0.1 |
| Recognised through comprehensive income | (0.2) | 0.7 | (0.3) | 1.3 | 0.7 |
| Deferred tax, closing balance | 1,845.5 | 1,920.6 | 1,845.5 | 1,920.6 | 1,893.3 |

NOTE 12: Related-party disclosures

A management fee of NOK 0.8 million has been expensed in 2023 from a company related to the shareholder Geveran Trading Co. Ltd.

No other agreements or significant transactions with related parties have been carried out in 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 2023 the board decided on 7 July 2023 that a dividend of NOK 0.125 per share will be paid for the second quarter of 2023.

No other significant events have occurred after the balance sheet date as at 30 June 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.

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 | | 2Q-23 | 30.06.2023 | 2Q-22 | 30.06.2022 | 31.12.2022 |
|--|--------------|---------|------------|---------|------------|------------|
| IFRS earnings | NOK mill. | (371.2) | (428.9) | 510.6 | 1,146.8 | 295.9 |
| Adjustments to calculate EPRA Earnings: | | | | | | |
| Change in market value of inv. property and rental guarantee | NOK mill. | 613.4 | 769.3 | (347.2) | (906.7) | 154.7 |
| Change in market value of financial derivative instruments | NOK mill. | (85.4) | (73.7) | (56.1) | (179.2) | (172.2) |
| Share of profit from JVs ¹ | NOK mill. | 7.4 | (2.3) | (50.6) | (60.2) | (35.2) |
| Income tax | NOK mill. | (84.9) | (98.9) | 28.4 | 169.0 | 100.4 |
| EPRA earnings | NOK mill. | 79.3 | 165.5 | 85.0 | 169.7 | 343.6 |
| Average outstanding shares (million) | Mill. shares | 643.6 | 643.6 | 643.6 | 643.6 | 643.6 |
| EPRA Earnings per share | NOK | 0.12 | 0.26 | 0.13 | 0.26 | 0.53 |

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) | | 30.06.2023 | 30.06.2022 | 31.12.2022 |
|--|--------------|------------|------------|------------|
| IFRS equity | NOK mill. | 11,996.4 | 13,625.4 | 12,562.1 |
| Revaluation of investments made in JVs | NOK mill. | 1,009.3 | 1,123.8 | 1,119.3 |
| Net Asset Value (NAV) at fair value | NOK mill. | 13,005.7 | 14,749.2 | 13,681.4 |
| Deferred tax on properties and financial instruments | NOK mill. | 1,961.7 | 2,292.3 | 2,077.1 |
| Net fair value on financial derivatives | NOK mill. | (219.0) | (152.3) | (145.3) |
| Net Reinstatement Value (NRV) | NOK mill. | 14,748.4 | 16,889.2 | 15,613.2 |
| Outstanding shares at period end (million) | Mill. shares | 643.6 | 643.6 | 643.6 |
| NRV per share (NOK) | NOK | 22.92 | 26.24 | 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) | | 30.06.2023 | 30.06.2022 | 31.12.2022 |
|--|--------------|------------|------------|------------|
| IFRS equity | NOK mill. | 11,996.4 | 13,625.4 | 12,562.1 |
| Revaluation of investments made in JVs | NOK mill. | 1,009.3 | 1,123.8 | 1,119.3 |
| Net Asset Value (NAV) at fair value | NOK mill. | 13,005.7 | 14,749.2 | 13,681.4 |
| Reversal deferred tax liability as per balance sheet | NOK mill. | 1,845.5 | 1,920.6 | 1,893.3 |
| Adjustment for estimated fair value of deferred tax ² | NOK mill. | (71.0) | 141.3 | (19.7) |
| Net fair value on financial derivatives | NOK mill. | (219.0) | (152.3) | (145.3) |
| Net Tangible Assets (NTA) | NOK mill. | 14,561.1 | 16,658.8 | 15,409.7 |
| Outstanding shares at period end (million) | Mill. shares | 643.6 | 643.6 | 643.6 |
| NTA per share (NOK) | NOK | 22.63 | 25.88 | 23.94 |

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 30 June 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 5.7 per cent.

EPRA Net Disposal Value (NDV)

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

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

| EPRA Net Disposal Value (NDV) | | 30.06.2023 | 30.06.2022 | 31.12.2022 |
|---|--------------|------------|------------|------------|
| IFRS equity | NOK mill. | 11,996.4 | 13,625.4 | 12,562.1 |
| Revaluation of investments made in JVs | NOK mill. | 1,009.3 | 1,123.8 | 1,119.3 |
| Net Asset Value (NAV) at fair value | NOK mill. | 13,005.7 | 14,749.2 | 13,681.4 |
| Fair value adjustment of financial liabilities, net of tax ³ | NOK mill. | 5.3 | (19.5) | 2.0 |
| Net Disposal Value (NDV) | NOK mill. | 13,011.0 | 14,729.7 | 13,683.4 |
| Outstanding shares at period end (million) | Mill. shares | 643.6 | 643.6 | 643.6 |
| NDV per share (NOK) | NOK | 20.22 | 22.89 | 21.26 |

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 | | 30.06.2023 | 30.06.2022 | 31.12.2022 |
|--|------------------|-----------------|-----------------|-----------------|
| Investment property, wholly owned | NOK mill. | 24,620.8 | 26,210.1 | 25,201.0 |
| Investment property, share of JVs | NOK mill. | 11.4 | 9.3 | 10.4 |
| Total property portfolio | NOK mill. | 24,632.2 | 26,219.5 | 25,211.4 |
| Less projects and land and developments ⁴ | NOK mill. | (3.4) | - | - |
| Completed management portfolio | NOK mill. | 24,628.9 | 26,219.5 | 25,211.4 |
| Allowance for estimated purchasers' cost | NOK mill. | 101.5 | 101.5 | 101.5 |
| Gross up completed management portfolio valuation | NOK mill. | 24,730.4 | 26,321.0 | 25,312.9 |
| 12 months rolling rent, including share of JVs | NOK mill. | 1,151.2 | 1,063.4 | 1,136.8 |
| Estimated ownership cost | NOK mill. | (93.8) | (84.7) | (90.8) |
| Annualised net rents | NOK mill. | 1,057.4 | 978.7 | 1,045.9 |
| Rent free periods or other lease incentives | NOK mill. | 12.5 | 27.0 | 25.3 |
| Topped up net annualised net rents | NOK mill. | 1,069.9 | 1,005.7 | 1,071.3 |
| EPRA NIY (net initial yield) | Per cent | 4.28 | 3.72 | 4.13 |
| EPRA "topped-up" NIY (net initial yield) | Per cent | 4.33 | 3.82 | 4.23 |

⁴ 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 | | 30.06.2023 | 30.06.2022 | 31.12.2022 |
|---------------------------------------|-----------|------------|------------|------------|
| Market rent vacant areas ⁵ | NOK mill. | 81.5 | 56.5 | 64.7 |
| Total market rent ⁵ | NOK mill. | 1,341.6 | 1,172.3 | 1,293.2 |
| EPRA vacancy rate | Per cent | 6.07 | 4.82 | 5.01 |

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 | | 2Q-23 | 30.06.2023 | 2Q-22 | 30.06.2022 | 31.12.2022 |
|---|-----------|--------|------------|--------|------------|------------|
| Operating costs | NOK mill. | (58.1) | (111.9) | (42.2) | (89.7) | (204.7) |
| Share of joint venture expenses | NOK mill. | (0.3) | (0.7) | (0.6) | (1.3) | (2.6) |
| EPRA cost (including direct vacancy cost) | NOK mill. | (58.3) | (112.6) | (42.8) | (91.0) | (207.3) |
| Direct vacancy cost | NOK mill. | 7.6 | 12.9 | 4.2 | 9.1 | 24.9 |
| EPRA cost (excluding direct vacancy cost) | NOK mill. | (50.7) | (99.7) | (38.6) | (81.9) | (182.4) |
| Gross rental income less ground rent | NOK mill. | 275.0 | 540.8 | 255.5 | 498.0 | 1,014.4 |
| Share of joint ventures | NOK mill. | 0.1 | 0.2 | 0.4 | 0.5 | 0.7 |
| Total gross rental income less ground rent | NOK mill. | 275.0 | 541.1 | 255.8 | 498.5 | 1,015.2 |
| EPRA cost ratio (including direct vacancy cost) | Per cent | 21.21 | 20.80 | 16.73 | 18.26 | 20.42 |
| EPRA cost ratio (excluding direct vacancy cost) | Per cent | 18.45 | 18.42 | 15.09 | 16.44 | 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 | | 30.06.2023 | | | 30.06.2022 | | | 31.12.2022 | | |
|---------------------------------------|-----------|-------------------|--------------------------|----------|-------------------|--------------------------|----------|-------------------|--------------------------|----------|
| | | Group as reported | Share of JV ⁶ | Combined | Group as reported | Share of JV ⁶ | Combined | Group as reported | Share of JV ⁶ | Combined |
| Bond loans | NOK mill. | 9,581.3 | - | 9,581.3 | 11,099.1 | - | 11,099.1 | 9,582.1 | - | 9,582.1 |
| Bank loans | NOK mill. | 2,560.6 | 3,333.9 | 5,894.5 | 954.5 | 3,124.3 | 4,078.8 | 2,603.6 | 3,641.9 | 6,245.5 |
| Net payables | NOK mill. | 4.7 | 557.3 | 562.0 | 31.0 | 1,086.0 | 1,117.0 | - | 570.9 | 570.9 |
| Cash and bank deposits | NOK mill. | (136.3) | (130.6) | (266.9) | (99.0) | (172.1) | (271.1) | (185.1) | (254.5) | (439.6) |
| Net debt | NOK mill. | 12,010.3 | 3,760.6 | 15,770.9 | 11,985.6 | 4,038.2 | 16,023.8 | 12,000.6 | 3,958.3 | 15,958.9 |
| Investment properties | NOK mill. | 24,620.8 | 11.4 | 24,632.2 | 26,210.1 | 9.4 | 26,219.5 | 25,201.0 | 10.4 | 25,211.3 |
| Properties held for sale ⁷ | NOK mill. | - | 5,867.9 | 5,867.9 | - | 6,412.3 | 6,412.3 | - | 6,277.8 | 6,277.8 |
| Net receivables | NOK mill. | - | - | - | - | - | - | 16.5 | - | 16.5 |
| Total property value | NOK mill. | 24,620.8 | 5,879.3 | 30,500.1 | 26,210.1 | 6,421.7 | 32,631.8 | 25,217.5 | 6,288.2 | 31,505.7 |
| EPRA LTV | Per cent | 48.8 | | 51.7 | 45.7 | | 49.1 | 47.6 | | 50.7 |

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

⁷ 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.

Disclaimer

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