

INTERIM REPORT

SECOND QUARTER AND FIRST HALF 2017



NORWEGIAN  
PROPERTY

## IMPORTANT EVENTS IN THE SECOND QUARTER OF 2017

### Rental income affected by sale of properties

Overall rental income came to NOK 196.5 million in the second quarter, on a par with the first quarter but down from NOK 236.4 million in the same period of 2016. The reduction from last year reflected net property sales. Operating profit before fair-value adjustments came to NOK 149.5 million.

### Net profit of NOK 258.5 million and ordinary earnings per share (EPS) of NOK 0.47

Positive fair-value adjustments for investment properties totalled NOK 243.7 million, while positive fair-value adjustments for financial derivatives came to NOK 7.1 million. After NOK 67.2 million in calculated tax expense, net profit for the period came to NOK 258.5 million. That yielded ordinary earnings per share (EPS) of NOK 0.47 for the second quarter. Carried equity per share came to NOK 12.50 at 30 June 2017, up from NOK 12.10 at 31 March 2017 (Epra NAV: NOK 13.67 and Epra NNNNAV: NOK 13.33 at 30 June 2017).

### Leases

Leases with a total annual rental income of NOK 9.7 million were awarded in the second quarter. The City of Stavanger entered into a 10-year lease for 1 093 square metres in Badehusgaten 37.

### Financing

Norwegian Property issued two new bond loans during the period.

- A seven-year senior secured bond loan of NOK 670 million was issued in May 2017, split into one tranche of NOK 450 million at an interest rate of NOK 2.95 per cent and another of NOK 220 million with a floating interest rate of three-months Nibor plus a margin of 1.44 per cent.
- A seven-year senior secured bond loan of NOK 300 million was issued in June 2017 with a fixed interest rate of NOK 2.93 per cent, corresponding to a margin of 1.41 per cent.

The average term to maturity for the debt has thereby risen from 2.1 years at 31 March to 2.6 years at 30 June. The average interest rate fell from 3.9 per cent at 31 March to 3.8 per cent at 30 June.

### Enhancing the portfolio

Work on developing and regulating the Forusbeen 35 and Gullhaug Torg 3 properties is well under way. At Snarøyveien 36, Norwegian Property is maintaining its efforts to achieve further office lets as the main track. At the same time, work is continuing to study the opportunities for converting the property to residential accommodation.

### Dividend

The board has resolved to pay a dividend of NOK 0.07 per share for the second quarter of 2017.



## KEY FIGURES<sup>1</sup>

Profit and loss		2Q 2017	2Q 2016	1H 2017	1H 2016	Year 2016
Revenues	NOK mill.	196.5	236.4	393.1	466.9	900.9
Operating profit before admin expenses	NOK mill.	166.0	206.3	332.2	410.0	790.1
Operating profit before value adjustments	NOK mill.	149.5	194.7	303.2	383.5	732.8
Profit before income tax and value adjust	NOK mill.	74.9	90.8	154.8	175.4	331.3
Profit before income tax	NOK mill.	325.7	384.4	612.9	538.9	977.4
Profit after income tax	NOK mill.	258.5	288.8	470.6	388.6	764.5
EPRA-earnings	NOK mill.	56.9	68.1	117.7	131.6	251.8

Balance sheet		2Q 2017	2Q 2016	1H 2017	1H 2016	Year 2016
Market value of property portfolio	NOK mill.	14 643.9	16 680.2	14 643.9	14 680.2	14 112.1
Total equity	NOK mill.	6 854.0	6 140.6	6 854.0	6 140.6	6 488.9
Interest-bearing debt	NOK mill.	6 933.0	9 405.6	6 933.0	9 405.6	6 767.2
Equity ratio	Per cent	46.0	36.3	46.0	36.3	45.3
Pre-tax return on equity	Per cent	19.5	25.8	18.4	18.1	15.9

Cash flow		2Q 2017	2Q 2016	1H 2017	1H 2016	Year 2016
Net cash flow from operating activities	NOK mill.	47.3	59.2	103.9	169.3	137.7
Cash and cash equivalents	NOK mill.	117.0	16.0	117.0	16.0	46.2

Key numbers; per share		2Q 2017	2Q 2016	1H 2017	1H 2016	Year 2016
Number of shares issued, end of the period	Number	548 425 596	548 425 596	548 425 596	548 425 596	548 425 596
Average number of shares in the period	Number	548 425 596	548 425 596	548 425 596	548 425 596	548 425 596
Profit before income tax	NOK	0.59	0.70	1.12	0.98	1.78
Earnings per share (EPS)	NOK	0.47	0.53	0.86	0.71	1.39
EPRA-earnings	NOK	0.10	0.12	0.21	0.24	0.45
Net cash flow from operating activities	NOK	0.09	0.11	0.19	0.31	0.25
Interest-bearing debt	NOK	12.64	17.15	12.64	17.15	12.34
<b>NAV</b>	NOK	<b>12.50</b>	<b>11.20</b>	<b>12.50</b>	<b>11.20</b>	<b>11.83</b>
Deferred property tax	NOK	0.79	0.73	0.79	0.73	0.61
Fair value of fin. derivative instruments	NOK	0.38	0.91	0.38	0.91	0.47
<b>EPRA NAV</b>	NOK	<b>13.67</b>	<b>12.84</b>	<b>13.67</b>	<b>12.84</b>	<b>12.91</b>
Fair value of deferred tax	NOK	0.15	0.08	0.15	0.08	0.22
Fair value of fin. derivative instruments	NOK	(0.45)	(0.91)	(0.45)	(0.91)	(0.55)
Fair value of debt	NOK	(0.04)	0.01	(0.04)	0.01	(0.01)
<b>EPRA NNAV</b>	NOK	<b>13.33</b>	<b>12.01</b>	<b>13.33</b>	<b>12.01</b>	<b>12.56</b>

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



## FINANCIAL PERFORMANCE

### RESULTS FOR THE SECOND QUARTER OF 2017

Operating revenue for Norwegian Property totalled NOK 196.5 million in the second quarter. This compares with the NOK 236.4 million achieved for the same period of 2016. On a like-for-like basis, that represents a reduction of NOK 4.7 million in rental income for the second quarter. This relates primarily to the Drammensveien 60 and Sandakerveien 130 properties, which are being readied for new tenants and re-letting.

Operations-related property costs totalled NOK 16 million (NOK 16.2 million) for the quarter. Other property-related expenses came to NOK 14.5 million (NOK 13.9 million). Owner administrative expenses were NOK 16.5 million (NOK 11.7 million), and include a provision of NOK 4.2 million for the pay guarantee to the CEO. Operating profit before fair-value adjustments thereby amounted to NOK 149.5 million (NOK 194.7 million) for the second quarter.

Valuation of the property portfolio yielded an unrealised fair-value increase of NOK 243.7 million (NOK 257 million).

Net realised financial expenses came to NOK 74.6 million (NOK 103.8 million) for the second quarter. Expensing of previously capitalised establishment costs for refinanced debt came to NOK 2 million. Market interest rates showed no significant change during the second quarter, and a reduction in residual times to maturity meant that the profit component related to fair-value adjustments for financial derivatives made a positive contribution of NOK 7.1 million (NOK 36.5 million).

Pre-tax profit for the second quarter was NOK 325.7 million (NOK 384.4 million). The increase in the provision for non-payable deferred tax expense for the quarter was NOK 67.2 million (NOK 95.6 million). Net profit was thereby NOK 258.5 million (NOK 288.8 million).

### RESULTS FOR THE FIRST HALF OF 2017

Operating revenue for Norwegian Property totalled NOK 393.1 million in the first half. This compares with the NOK 466.9 million achieved for the same period of 2016. On a like-for-like basis, that represents a reduction of NOK 5.3 million in rental income for the second quarter.

Operations-related property costs totalled NOK 32.8 million (NOK 28.6 million) for the half-year. Other property-related expenses came to NOK 28.2 million (NOK 28.3 million). Owner administrative expenses were NOK 29 million (NOK 26.5 million), Operating profit before fair-value adjustments thereby amounted to NOK 303.2 million (NOK 383.5 million) for the first half.

Valuation of the property portfolio yielded an unrealised fair-value increase of NOK 440.4 million (NOK 366 million) for the half-year.

Net realised financial expenses came to NOK 148.4 million (NOK 208.1 million) for the first half. The profit component related to fair-value adjustments for financial derivatives made a positive contribution of NOK 17.7 million (negative at NOK 2.5 million).

Pre-tax profit for the first half was NOK 612.9 million (NOK 538.9 million). Non-payable deferred tax expense for the period was NOK 142.3 million (NOK 150.3 million). Net profit was thereby NOK 470.6 million (NOK 388.6 million).



## VALUATION OF THE PROPERTIES

Two independent valuers have valued all the properties in the group's portfolio of offices, based on the same methods and principles applied in previous periods. The accounting valuation at 30 June 2017 is based on an average of the two valuations.

At 30 June, the group's portfolio of investment properties was valued at NOK 14 643.9 million (NOK 16 680.2 million). Properties used by the owner were carried separately on the balance sheet in the amount of NOK 61.7 million at 30 June, and recognised at fair value.

The positive fair-value adjustment came to NOK 243.7 million in the second quarter. The net negative adjustment to the fair value of properties with a high level of vacancy and greater uncertainty related to re-letting came to NOK 25.9 million. Other properties had a positive fair-value adjustment of NOK 269.6 million.

## CASH FLOW

Net operational cash flow before financial items was positive at NOK 47.3 million (NOK 59.2 million) for the second quarter and NOK 103.9 million (NOK 169.3 million) in the first half.

Investment in fixed assets came to NOK 59.7 million (NOK 50.5 million) for the second quarter, and applied to adjustments for lessees associated with new and renegotiated leases as well as ongoing capital spending. For the first half, investment in fixed assets came to NOK 93.2 million (NOK 90.7 million).

Net cash flow from financing activities was negative at NOK 81.1 million for the second quarter (NOK 17.3 million) after a reduction of NOK 42.8 million in interest-bearing debt and a dividend payment of NOK 38.4 million. For the first half, cash flow was positive at NOK 60 million (negative at NOK 148.1 million) following an increase of NOK 148.1 million (NOK 164.2 million) in interest-bearing debt and a dividend payment of NOK 104.2 million.

The net change in cash and cash equivalents was negative at NOK 93.5 million (NOK 8.8 million) for the second quarter and positive at NOK 70.7 million (negative change of NOK 39.8 million) in the first half.

## BALANCE SHEET

The company held NOK 117 million (NOK 16 million) in cash and cash equivalents at 30 June. In addition came NOK 900 million (NOK 389.9 million) in unutilised credit facilities. Equity totalled NOK 6 854 million (NOK 6 140.6 million), representing an equity ratio of 46 per cent (36.3 per cent). Carried equity per share was NOK 12.50 (NOK 11.20). Equity per share was NOK 13.67 (NOK 12.84) based on the Epra NAV standard and NOK 13.33 (NOK 12.01) based on Epra NNNAV. Outstanding shares at 30 June totalled 548 425 596 (548 425 596).



## FINANCING

### KEY FIGURES<sup>1</sup>

The table below presents key figures related to interest-bearing debt and hedges at the end of the period.

Interest bearing debt and hedging		30.06.2017	30.06.2016	31.12.2016
Interest-bearing debt	NOK mill.	6 933.0	9 405.6	6 767.2
Cash and cash equivalents	NOK mill.	117.0	16.0	46.2
Interest-hedging ratio	Per cent	62.8	63.4	63.3
Unutilised credit facilities	NOK mill.	900.0	389.9	1 058.0
Remaining time to maturity for interest hedge agreements	Years	4.2	3.7	4.1
Average interest rate	Per cent	3.80	4.32	4.20
Average interest margin	Per cent	1.57	1.46	1.64
Remaining time to maturity for interest-bearing debt	Years	2.6	1.7	2.3
Market value of property portfolio	NOK mill.	14 643.9	16 680.2	14 112.1
Gross debt to asset ratio (gross LTV)	Per cent	47.3	56.4	48.0
Net debt to asset ratio (net LTV)	Per cent	46.5	56.3	47.6

### INTEREST HEDGES

The table below presents key figures related to interest-bearing debt and hedges at 30 June 2017.

Maturity profile of interest hedges		< 1 year	1 > 2 year	2 > 3 year	3 > 4 year	4 > 5 year	> 5 year	Total
Amount	NOK mill.	2 583	450	500	1 350	200	1 850	6 933
Average basic interest for amount due	Per cent	1.0	1.0	3.7	3.7	2.6	2.6	2.2
Share of total liabilities	Per cent	37	6	7	19	3	27	100

Norwegian Property's interest hedge ratio is currently 62.8 per cent. The company works continuously to tailor interest hedges to a lower level of interest rates.

### INTEREST-BEARING LIABILITIES

The carrying amount of interest-bearing liabilities in the balance sheet totalled NOK 6 933 million (NOK 9 405.6 million) at 30 June.

Norwegian Property has no loan facilities that mature in 2017, but has substantial facilities maturing in 2018. NOK 2 459.8 million of the interest-bearing debt carried on the balance sheet is classed as current, which matures less than one year from the balance sheet date. In connection with general company financing and refinancing of existing debt, Norwegian Property issued several new bond loans in the second quarter and at the beginning of the third. A new seven-year senior secured bond loan of NOK 670 million was issued in the Norwegian bond market during May 2017, split into one tranche of NOK 450 million at an interest rate of NOK 2.95 per cent and another of NOK 220 million with a floating interest rate of three-months Nibor plus 1.44 per cent. At the beginning of the third quarter, the company also received the proceeds of a new seven-year senior secured bond loan of NOK 300 million issued in the Norwegian market with a fixed interest rate of NOK 2.93 per cent.



## **OPERATIONS**

### **COMMERCIAL PROPERTY MARKET**

Estimated office vacancy in Oslo continues to be about seven per cent. Vacancy is somewhat lower in the city centre and the Nydalen district, and is expected to decline over the next few years as a result of space being converted to other applications (primarily residential), limited newbuild activity and continued growth in employment. Activity in the letting market is high. Rental levels are rising in a number of areas, such as the city centre and Nydalen where vacant space is below the general figure for Oslo. Declining vacant space is expected to be positive for rental developments in the time to come.

Demand for commercial property is still cautious in Stavanger. The market is starting to bottom out and Norwegian Property is experiencing greater activity in the letting market - particularly for the Badehusgaten property close to the city centre.

Activity in the transaction market was good during the second quarter. Many buyer groups are still active and hunting for good objects, but few objects are being offered for sale through structured processes in the market. Many transactions are therefore based on direct dialogue between buyer and seller. Prime yield was unchanged during the quarter at 3.75 per cent, but downward pressure continued to be exerted on yields for secondary properties. A good dynamic in the letting market is positive for the valuations.

### **THE PROPERTY PORTFOLIO**

Norwegian Property owned a total of 32 office and commercial properties at 30 June. These are located in central areas of Oslo and Bærum (91.5 per cent of ongoing rental income at 30 June), at Gardermoen (3.8 per cent) and in Stavanger (4.7 per cent). The group's properties primarily comprise offices with associated warehousing and parking, and retail and restaurant space.

Total ongoing annual rental income (run rate) from the portfolio was NOK 782 million at 30 June, up by NOK 5.8 million on a like-by-like basis from 1 April. Vacancy in the property portfolio totalled 19.2 per cent of total space at 30 June, and does not include Forusbeen 35 where a rezoning process has been initiated. When leases due to commence in the future are taken into account vacancy was 13.1 per cent, which to a great extent related to properties in Stavanger.

The weighted average remaining duration of the leases is 4.6 years. The average rent adjustment factor for the consumer price index is 99.8 per cent for the total portfolio.

### **ENVIRONMENTAL ACTION AND CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The company reported to the Carbon Disclosure Project for the fifth time in the second quarter of 2017. Its biggest measures for reducing carbon emissions have been implemented in connection with the big development projects at Aker Brygge and Skøyen in Oslo. The energy centre with a seawater pump at Aker Brygge now replaces electricity consumption with renewable energy for heating and cooling in several of the rehabilitated buildings.

Energy consumption per square metre was reduced by seven per cent for the remaining property portfolio between 2011 and 2016, and carbon emissions per square metre have been cut by 60 per cent. Norwegian Property has revised its environmental strategy and set new performance targets for the period up to 2022.

### **SHAREHOLDER INFORMATION**

The company had 1 583 registered shareholders at 30 June, down by 55 from 31 March. Non-Norwegian shareholders held 68.3 per cent of the share capital at 30 June, unchanged from 31 March. The number of shares traded during the second quarter averaged 71 665 shares per day. Corresponding daily turnover was 0.3 million in 2016, 0.9 million in 2015 and 1.1 million in 2014. The company's share capital totalled NOK 274 223 416 at 30 June, divided between 548 446 832 shares with a par value of NOK 0.50 per share. Of these, Norwegian Property ASA held 21 236 as treasury shares at 30



June. The largest shareholders registered with the Norwegian Central Securities Depository (VPS) at 30 June 2017 are presented below.

#	Name	Share (per cent)	Number of shares	Account type	Nationality
1	GEVERAN TRADING CO L	57.61	315 969 937		CYP
2	FOLKETRYGDFONDET	13.48	73 951 642		NOR
3	NIAM V PROSJEKT AS C/O LANGHAM HALL UK	12.30	67 437 425		NOR
4	THE BANK OF NEW YORK STICHTING DEPOSITARY	4.33	23 730 241	NOM	NLD
5	CEK HOLDING AS	0.59	3 255 807		NOR
6	STATE STREET BANK AN A/C WEST NON-TREATY	0.58	3 198 135	NOM	USA
7	STATE STREET BANK AN A/C WEST TREATY ACCO	0.53	2 905 114	NOM	USA
8	STATE STREET BANK AN SSB, : ISHARES EUROP	0.39	2 113 544	NOM	IRL
9	JPMORGAN CHASE BANK, A/C VANGUARD BBH LEN	0.35	1 921 295	NOM	USA
10	KLP AKSJENORGE INDEK	0.35	1 896 518		NOR
11	STATE STREET BANK AN A/C CLIENT OMNIBUS F	0.33	1 786 506	NOM	USA
12	BNP PARIBAS SECURITI S/A TR PROPERTY INVE	0.30	1 641 484	NOM	GBR
13	J.P. MORGAN BANK LUX JPML SA RE CLT ASSET	0.29	1 608 501	NOM	LUX
14	KAS BANK N.V. S/A CLIENT ACC TREAT	0.27	1 505 620	NOM	NLD
15	NIKI AS	0.27	1 500 000		NOR
16	MATHIAS HOLDING AS PER MATHIAS AARSKOG	0.26	1 400 000		NOR
17	STATE STREET BANK AN A/C CLIENT OMNIBUS D	0.23	1 281 008	NOM	USA
18	SKANDINAVISKA ENSKIL SEB AB, UCITS V - FI	0.21	1 164 000	NOM	FIN
19	STATE STREET BANK AN SSBTC A/C UK LO. BR.	0.21	1 129 189	NOM	USA
20	VANGUARD GLBL REIT I BROWN BROTHERS HARRI	0.20	1 073 969		USA
<b>Total 20 largest shareholders</b>		<b>93.08</b>	<b>510 469 935</b>		<b>6/20 NOR</b>

## ORGANISATION

Svein Hov Skjelle informed the board of Norwegian Property in June 2017 that he wished to resign as CEO. Skjelle has reached agreement with the board that he will depart by 31 December 2017 at the latest, and board has begun the work of recruiting his replacement.

## RISK AND UNCERTAINTY FACTORS

Through its activities, Norwegian Property is exposed to market risk related to demand for commercial premises, the supply of new buildings in the market and how these factors influence lettings and vacancy in the portfolio. Vacant space on the market in Oslo is at a normal level in 2017. Demand for office premises in Stavanger has been weak for a long time as a result of reduced oil prices and the attention being paid to costs in the oil and offshore sector. Vacancy is low in the company's Oslo portfolio, which comprises the bulk of its property value. Vacant space in the portfolio relates primarily to individual properties in Stavanger. The company is working actively on letting and enhancing vacant properties, including assessments of alternative utilisation.

The group's rental income is influenced by the general level of inflation, since annual rents are adjusted once a year in line with the increase in the consumer price index. For leases where part of the rent is turnover-based, the level of rent over and above the minimum amount will vary with tenant turnover.

Implementation of large development projects creates vacant space on a temporary basis, with associated loss of rental income as well as risk related to cost overruns, delays, delivery shortfalls, negative market trends, and reletting. The group has established routines for project management and execution. No substantial development projects are being pursued in 2017.

The group's financial risks relate primarily to changes in profits and equity as a result of developments in rental income, adjustments to the fair value of the property portfolio, the effect of interest rate changes on profits and liquidity, liquidity





risk, and profit effects when refinancing the group's debt. Moreover, the group's credit facilities incorporate certain financial covenants related to the loan-to-value ratio and interest cover. Hedging is utilised to dampen the effect of interest rate changes on profits and liquidity. An increase in short- and long-term market interest rates will accordingly have a limited impact on the group's interest expenses. The company constantly seeks to have a liquidity buffer tailored to the repayment profile of its debt and on-going short-term fluctuations in working capital requirements. Major credit facilities held by the group fall due in 2018, and work is under way to refinance these.

Norwegian Property's portfolio of office properties is characterised by high quality, with a financially sound and diversified set of tenants. The latter normally pay rent quarterly in advance. In addition, most leases require security for rent payments either in the form of a deposit account or a bank guarantee. As a result, the risk of direct losses from defaults or payment problems is limited and relates primarily to re-letting of premises.

## **OUTLOOK**

Vacancy in Oslo is now estimated at seven per cent, and is expected to continue declining as a result of growth in employment, conversion of space to other applications and extremely limited newbuild activity. The letting market in Stavanger remains demanding.

The Oslo portfolio, which now accounts for 95 per cent of the property value in the group, has little vacancy. Operationally, the company is devoting particular attention to properties with high vacancy (as in Stavanger) and where leases are approaching their expiry date. Norwegian Property has entered into several agreements with other property players on developing the company's properties where this is considered to offer potential added value for the company. These partnerships cover properties in Stavanger, Nydalen and Fornebu. The company is also working actively with other long-term development opportunities in the portfolio - particularly in Nydalen, where exciting developments are looming. In a demanding transaction market, the board is also continuing to concentrate on opportunities which strengthen the company's position in its core areas - which are primarily Oslo's central business district and Nydalen.

The AGM renewed the board's mandate to determine dividend payments between AGMs. A dividend of NOK 0.07 has been approved by the board for the second quarter of 2017. In the long term, the company's ambition is to pay a dividend corresponding to 30-50 per cent of ongoing operational profit after tax payable. A further ambition is for dividend payments to make stable and rising progress.



## **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 2017 and the summary consolidated half-year financial statements for Norwegian Property ASA at 30 June 2017. 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 information requirements pursuant to the Norwegian Securities Trading Act.

To the best of the board's and the CEO's knowledge, the interim financial statements for the first half of 2017 have been prepared in accordance with 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 at 30 June 2017.

To the best of the board's and the CEO's knowledge, 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 the board's and the CEO's knowledge, 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 provide a true and fair overview.

**The board of directors and CEO of Norwegian Property ASA**

Oslo, 11 July 2017



## FINANCIAL INFORMATION

### CONSOLIDATED CONDENSED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK million	Note	2Q 2017	2Q 2016	1H 2017	1H 2016	Year 2016
<b>Revenue</b>		<b>196.5</b>	<b>236.4</b>	<b>393.1</b>	<b>466.9</b>	<b>900.9</b>
Property-related operational expenses		(16.0)	(16.2)	(32.8)	(28.6)	(54.2)
Other property-related expenses		(14.5)	(13.9)	(28.2)	(28.3)	(56.6)
<b>Total property-related expenses</b>		<b>(30.5)</b>	<b>(30.1)</b>	<b>(60.9)</b>	<b>(56.9)</b>	<b>(110.8)</b>
Administrative expenses		(16.5)	(11.7)	(29.0)	(26.5)	(57.3)
<b>Total operating expenses</b>		<b>(47.0)</b>	<b>(41.7)</b>	<b>(89.9)</b>	<b>(83.4)</b>	<b>(168.1)</b>
<b>Operating profit before fair-value adjustments</b>		<b>149.5</b>	<b>194.7</b>	<b>303.2</b>	<b>383.5</b>	<b>732.8</b>
Change in market value of investment property	3	243.7	257.0	440.4	366.0	475.1
<b>Operating profit</b>		<b>393.2</b>	<b>451.7</b>	<b>743.6</b>	<b>749.5</b>	<b>1 207.9</b>
Financial income	2	0.6	0.1	1.5	0.2	1.1
Financial cost	2	(75.2)	(103.9)	(149.9)	(208.2)	(402.6)
<b>Realised net financial items</b>		<b>(74.6)</b>	<b>(103.8)</b>	<b>(148.4)</b>	<b>(208.1)</b>	<b>(401.6)</b>
Change in market value of financial derivative instruments	2, 4	7.1	36.5	17.7	(2.5)	171.0
<b>Net financial items</b>		<b>(67.5)</b>	<b>(67.3)</b>	<b>(130.6)</b>	<b>(210.6)</b>	<b>(230.5)</b>
<b>Profit before income tax</b>		<b>325.7</b>	<b>384.4</b>	<b>612.9</b>	<b>538.9</b>	<b>977.4</b>
Income tax	7	(67.2)	(95.6)	(142.3)	(150.3)	(212.9)
<b>Profit for the period</b>		<b>258.5</b>	<b>288.8</b>	<b>470.6</b>	<b>388.6</b>	<b>764.5</b>
Profit attributable to non-controlling interests		-	-	-	-	-
<b>Profit attributable to shareholders of the parent company</b>		<b>258.5</b>	<b>288.8</b>	<b>470.6</b>	<b>388.6</b>	<b>764.5</b>
Value adjustment of owner-occupied property	3	0.3	0.5	(1.2)	1.9	1.7
<b>Total other comprehensive income</b>		<b>0.3</b>	<b>0.5</b>	<b>(1.2)</b>	<b>1.9</b>	<b>1.7</b>
Other comprehensive income which may subsequently be reclassified to profit or loss, net of tax		-	-	-	-	-
<b>Total comprehensive income</b>		<b>258.7</b>	<b>289.3</b>	<b>469.3</b>	<b>390.5</b>	<b>766.2</b>
Total comprehensive income attributable to shareholders of the parent company		258.7	289.3	469.3	390.5	766.2
Total comprehensive income attributable to non-controlling interests		-	-	-	-	-



## CONSOLIDATED CONDENSED BALANCE SHEET

Amounts in NOK million	Note	30.06.2017	30.06.2016	31.12.2016
Financial derivative instruments	4	1.7	4.7	6.6
Investment property	3	14 582.1	14 072.1	14 025.1
Owner-occupied property	3	61.7	88.3	87.0
Other fixed assets		47.3	46.3	48.8
<b>Total non-current assets</b>		<b>14 692.8</b>	<b>14 211.4</b>	<b>14 167.5</b>
Financial derivative instruments	4	3.3	3.9	1.6
Receivables		97.2	146.7	115.9
Cash and cash equivalents	6	117.0	16.0	46.2
Investment property held for sale	3	-	2 519.8	-
<b>Total current assets</b>		<b>217.4</b>	<b>2 686.4</b>	<b>163.8</b>
<b>Total assets</b>		<b>14 910.2</b>	<b>16 897.8</b>	<b>14 331.2</b>
Share capital		274.2	274.2	274.2
Share premium		2 295.2	3 412.3	2 295.2
Other paid in equity		7 557.3	6 440.1	7 557.3
Retained earnings		(3 272.6)	(3 986.0)	(3 637.8)
<b>Total equity</b>		<b>6 854.0</b>	<b>6 140.6</b>	<b>6 488.9</b>
Deferred tax	7	614,0	409.7	472.1
Financial derivative instruments	4	276,2	670.7	338.9
Interest bearing liabilities	6	4 473,2	4 521.9	6 755.8
Other liabilities	3	57,5	57.6	57.5
<b>Total non-current liabilities</b>		<b>5 421,0</b>	<b>5 659.9</b>	<b>7 624.2</b>
Financial derivative instruments	4	3,9	5.6	5.7
Interest bearing liabilities	6	2 459,8	4 883.7	11.4
Other liabilities		171,7	208.0	201.1
<b>Total current liabilities</b>		<b>2 635,3</b>	<b>5 097.3</b>	<b>218.2</b>
<b>Total liabilities</b>		<b>8 056,3</b>	<b>10 757.2</b>	<b>7 842.4</b>
<b>Total equity and liabilities</b>		<b>14 910,2</b>	<b>16 897.8</b>	<b>14 331.2</b>



## CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	Share capital	Share premium	Other paid in equity	Retained earnings	Total equity
<b>Total equity 31.12.2015</b>	<b>274.2</b>	<b>3 412.2</b>	<b>6 440.1</b>	<b>(4 349.1)</b>	<b>5 777.5</b>
Total comprehensive income	-	-	-	390.5	390.5
Paid dividend	-	-	-	(27.4)	(27.4)
<b>Total equity 30.06.2016</b>	<b>274.2</b>	<b>3 412.3</b>	<b>6 440.1</b>	<b>(3 986.0)</b>	<b>6 140.6</b>
Total comprehensive income	-	(1 117.2)	1 117.2	375.6	375.6
Paid dividend	-	-	-	(27.4)	(27.4)
<b>Total equity 31.12.2016</b>	<b>274.2</b>	<b>2 295.2</b>	<b>7 557.3</b>	<b>(3 637.8)</b>	<b>6 488.9</b>
Total comprehensive income	-	-	-	469.3	469.3
Paid dividend	-	-	-	(104.2)	(104.2)
<b>Total equity 30.06.2017</b>	<b>274.2</b>	<b>2 295.2</b>	<b>7 557.3</b>	<b>(3 272.6)</b>	<b>6 854.0</b>

## CONSOLIDATED CONDENSED STATEMENT OF CASH FLOW

Amounts in NOK million	Note	2Q 2017	2Q 2016	1H 2017	1H 2016	Year 2016
Profit before income tax		325.7	384.4	612.9	538.9	977.4
Depreciation of tangible assets		1.6	2.5	3.3	4.9	9.0
Fair value adjustment of investment property	3	(243.7)	(257.0)	(440.4)	(366.0)	(475.1)
Fair value adjustment of financial derivative instruments	4	(8.0)	(37.0)	(61.3)	1.6	(329.7)
Change in short-term items		(28.4)	(33.7)	(10.7)	(10.1)	(43.9)
<b>Net cash flow from operating activities</b>		<b>47.3</b>	<b>59.2</b>	<b>103.9</b>	<b>169.3</b>	<b>137.7</b>
Received cash from sale of investment property		-	(0.2)	-	29.7	3 039.3
Payments for purchase of investment property and other fixed assets		(59.7)	(50.5)	(93.2)	(90.7)	(391.7)
<b>Net cash flow from investing activities</b>		<b>(59.7)</b>	<b>(50.7)</b>	<b>(93.2)</b>	<b>(61.0)</b>	<b>2 647.6</b>
Net change in interest-bearing debt	6	(42.8)	10.1	164.2	(120.7)	(2 740.1)
Paid dividend		(38.4)	(27.4)	(104.2)	(27.4)	(54.8)
<b>Net cash flow from financial activities</b>		<b>(81.1)</b>	<b>(17.3)</b>	<b>60.0</b>	<b>(148.1)</b>	<b>(2 794.9)</b>
<b>Net change in cash and cash equivalents</b>		<b>(93.5)</b>	<b>(8.8)</b>	<b>70.7</b>	<b>(39.8)</b>	<b>(9.6)</b>
Cash and cash equivalents at the beginning of the period		210.5	24.8	46.2	55.8	55.8
<b>Cash and cash equivalents at the end of the period</b>		<b>117.0</b>	<b>16.0</b>	<b>117.0</b>	<b>16.0</b>	<b>46.2</b>



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

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

This interim report is prepared in accordance with IAS 34 - Interim Financial Reporting. The interim financial statements are prepared in accordance with applicable IFRS standards and interpretations. The accounting policies used in preparing the interim report accord with the principles applied in preparing the annual accounts for 2016. 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 2016. No significant changes have been made to accounting policies from those used when preparing the financial statements for 2016.

In accordance with the requirements of the section 3, sub-section 3 of the Norwegian Accounting Act, Norwegian Property presents annual statements on corporate governance and social responsibility. The latest disclosures are contained in the annual report for 2016.

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.

Norwegian Property's business consists of the ownership and management of commercial properties in Norway. No material differences in risks and returns exist in the economic environments in which the company operates. Consequently, the company is only present in one business segment and one geographic market, and no further segment information has been prepared.

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

The interim report of Norwegian Property ASA was approved at a board meeting on 11 July 2017. This report has not been audited.

### NOTE 2 - NET FINANCIAL ITEMS

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

Amounts in NOK million	2Q 2017	2Q 2016	1H 2017	1H 2016	Year 2016
Interest income on bank deposits	0.6	0.1	1.5	0.2	1.1
<b>Total financial income</b>	<b>0.6</b>	<b>0.1</b>	<b>1.5</b>	<b>0.2</b>	<b>1.1</b>
Interest expense on borrowings	(75.2)	(103.8)	(149.9)	(208.1)	(402.6)
<b>Total financial cost</b>	<b>(75.2)</b>	<b>(103.8)</b>	<b>(149.9)</b>	<b>(208.2)</b>	<b>(402.6)</b>
<b>Realised net financial items</b>	<b>(74.6)</b>	<b>(103.8)</b>	<b>(148.4)</b>	<b>(208.0)</b>	<b>(401.6)</b>
Change in market value of financial derivative instruments	7.1	36.5	17.7	(2.5)	171.0
<b>Net financial items</b>	<b>(67.5)</b>	<b>(67.3)</b>	<b>(130.6)</b>	<b>(210.6)</b>	<b>(230.5)</b>



### NOTE 3 - INVESTMENT PROPERTY

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

Amounts in NOK million	Note	2Q 2017	2Q 2016	1H 2017	1H 2016	Year 2016
Total value of investment property, opening balance		14 340.7	16 375.1	14 112.1	16 256.2	16 256.2
Disposals of properties at book value	1	-	-	-	(30.1)	(3 033.8)
Additions through acquisition of and on-going investment in properties		59.4	48.6	92.3	86.0	381.3
Recognised in the income statement for the period		243.7	256.2	441.9	366.3	507.9
Recognised in other comprehensive income for the period		-	0.3	(2.4)	1.8	0.5
<b>Total value of investment property, closing balance</b>	2	<b>14 643.9</b>	<b>16 680.2</b>	<b>14 643.9</b>	<b>16 680.2</b>	<b>14 112.1</b>
Of which owner-occupied property	3	(61.7)	(88.3)	(61.7)	(88.3)	(87.0)
<b>Book value of investment property</b>		<b>14 582.1</b>	<b>14 072.1</b>	<b>14 582.1</b>	<b>14 072.1</b>	<b>14 025.1</b>

<sup>1</sup> Disposals in 2016 apply to Strandsvingen 10, Stortingsgata 6, Verkstedveien 1, Verkstedveien 3 and Drammensveien 134.

<sup>2</sup> Norwegian Property has entered into an agreement to sell Nedre Skøyen vei 24-26 and Hovfaret 11 in Oslo. The agreed takeover date is March 2019 on the expiry of the lease for the properties, and Norwegian Property is entitled to rental income and has operating responsibility for the properties until then. These properties are classified in the balance sheet as ordinary investment property at the present value of the contractual cash flows. Classification as investment properties held for sale is subject to expected realisation within one year from the balance sheet date.

<sup>3</sup> Owner-occupied property is accounted for at fair value and revaluation is included in other comprehensive income.

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

Amounts in NOK million	30.06.2017			
	Level 1	Level 2	Level 3	Total
Investment property	-	-	14 582.1	14 582.1
Owner-occupied property	-	-	61.7	61.7
<b>Total</b>	-	-	<b>14 643.9</b>	<b>14 643.9</b>

Amounts in NOK million	30.06.2016			
	Level 1	Level 2	Level 3	Total
Investment property	-	-	14 072.1	14 072.1
Owner-occupied property	-	-	88.3	88.3
Investment property held for sale	-	-	2 519.8	2 519.8
<b>Total</b>	-	-	<b>16 680.2</b>	<b>16 680.2</b>

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

The company's policy is to make transfers between levels at the time of the incident or circumstance which caused the transfer. No movements between levels have occurred in 2016 and 2017.



#### NOTE 4 - FINANCIAL DERIVATIVES

Change in net derivatives in the balance sheet (mainly interest-rate derivatives) is specified in the table below. All group interest-rate derivatives are cash flow hedges, and the group does not use hedge accounting for these derivatives.

Amounts in NOK million	2Q 2017	2Q 2016	1H 2017	1H 2016	Year 2016
Net book value of derivatives, opening balance	(283.1)	(704.7)	(336.4)	(666.1)	(666.1)
Buyout of derivatives	0.9	0.5	43.6	0.9	158.6
Fair value adjustments of derivatives	7.1	36.5	17.7	(2.5)	171.0
<b>Net book value of derivatives, closing balance</b>	<b>(275.1)</b>	<b>(667.7)</b>	<b>(275.1)</b>	<b>(667.7)</b>	<b>(336.4)</b>
Of which classified as non-current assets	1.7	4.7	1.7	4.7	6.6
Of which classified as current assets	3.3	3.9	3.3	3.9	1.6
Of which classified as non-current liabilities	(276.2)	(670.7)	(276.2)	(670.7)	(338.9)
Of which classified as current liabilities	(3.9)	(5.6)	(3.9)	(5.6)	(5.7)

#### NOTE 5 - FINANCIAL INSTRUMENTS

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

Amounts in NOK million	30.06.2017		30.06.2016	
	Book value	Fair value	Book value	Fair value
Non-current derivatives	1.7	1.7	4.7	4.7
Current derivatives	3.3	3.3	3.9	3.9
Current receivables	88.0	88.0	146.7	146.7
Cash and cash equivalents	117.0	117.0	16.0	16.0
<b>Total financial assets</b>	<b>209.9</b>	<b>209.9</b>	<b>171.3</b>	<b>171.3</b>
Non-current derivatives	276,2	276,2	670.7	670.7
Non-current interest-bearing liabilities	4 473,2	4 492,1	4 521.9	4 521.9
Current derivatives	3,9	3,9	5.6	5.6
Current interest-bearing liabilities	2 459,8	2 464,8	4 883.7	4 877.7
Other current liabilities	168,6	168,6	205.2	205.2
<b>Total financial liabilities</b>	<b>7 381,7</b>	<b>7 405,6</b>	<b>10 287.1</b>	<b>10 281.1</b>

The estimated fair value of financial instruments is based on market prices and valuation methods. For cash and cash equivalents, fair value is assumed to be equal to the book value. Interest-bearing receivables and liabilities are measured at the present value of future cash flows. Account is taken of the estimated difference between the current margin and market conditions (market value higher than the book value of debt in the listing indicates a negative equity effect when the applicable borrowing margin is less favourable than current market conditions). The fair value of financial derivatives (interest-rate and currency derivatives), is the estimated present value of future cash flows, calculated by using quoted swap curves and exchange rates at the balance sheet date. The technical calculations are performed by the banks. Other receivables and other current liabilities are carried principally at fair value and subsequently measured at amortised cost. However, discounting is not usually considered to have any significant effect on these types of assets and liabilities.





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

Amounts in NOK million	30.06.2017			
	Level 1	Level 2	Level 3	Total
Non-current derivatives (assets)	-	1.7	-	1.7
Current derivatives (assets)	-	3.3	-	3.3
Non-current derivatives (liabilities)	-	(276.2)	-	(276.2)
Current derivatives (liabilities)	-	(3.9)	-	(3.9)
<b>Total</b>	-	<b>(275.1)</b>	-	<b>(275.1)</b>

Amounts in NOK million	30.06.2016			
	Level 1	Level 2	Level 3	Total
Non-current derivatives (assets)	-	4.7	-	4.7
Current derivatives (assets)	-	3.9	-	3.9
Non-current derivatives (liabilities)	-	(670.7)	-	(670.7)
Current derivatives (liabilities)	-	(5.6)	-	(5.6)
<b>Total</b>	-	<b>(667.7)</b>	-	<b>(667.7)</b>

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

The company's policy is to make transfers between levels at the time of the incident or circumstance, which caused the transfer. No movements between levels have occurred in 2016 and 2017.

#### NOTE 6 - NET INTEREST-BEARING POSITION

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

Amounts in NOK million	Note	2Q 2017	2Q 2016	2H 2017	2H 2016	Year 2016
Loan facilities at par value, opening balance		6 999.3	9 401.6	6 792.3	9 532.4	9 532.4
Increase in loan facilities		670.0	18.1	1 087.0	18.1	3 635.0
Reduction in loan facilities		(712.8)	(8.0)	(922.8)	(138.8)	(6 375.1)
<b>Loan facilities at par value, closing balance</b>		<b>6 956.5</b>	<b>9 411.7</b>	<b>6 956.5</b>	<b>9 411.7</b>	<b>6 792.3</b>
Capitalised borrowing cost		(23.5)	(6.1)	(23.5)	(6.1)	(25.1)
<b>Book value of interest-bearing debt</b>		<b>6 933.0</b>	<b>9 405.6</b>	<b>6 933.0</b>	<b>9 405.6</b>	<b>6 767.2</b>
Of which classified as non-current liabilities		4 473,2	4 521.9	4 473,2	4 521.9	6 755.8
Of which classified as current liabilities		2 459,8	4 883.7	2 459,8	4 883.7	11.4
Interest-bearing debt	1	(6 933.0)	(9 405.6)	(6 933.0)	(9 405.6)	(6 767.2)
Cash and cash equivalents		117.0	16.0	117.0	16.0	46.2
<b>Net interest-bearing position</b>		<b>(6 816.1)</b>	<b>(9 389.6)</b>	<b>(6 816.1)</b>	<b>(9 389.6)</b>	<b>(6 720.9)</b>

<sup>1</sup> Unutilised credit facilities amounted to NOK 900 million at 30 June 2017, NOK 389,9 million at 30 June 2016 and NOK 1 058 million at 31 December 2016.

The group is exposed to interest rate risk on floating-rate borrowings. The general policy in accordance with the applicable loan agreements is that at least 60 per cent of the company's interest-bearing debt at any time will be hedged. At 30 June 2017, 62.8 per cent of such loans was secured (30 June 2016: 63.4 per cent). The total average interest margin on variable-rate loans was 157 basis points (146 basis points). The loan portfolio has an average interest rate of 3.80 per cent (4.32 per cent), and remaining time to maturity for interest-bearing debt was 2.6 years (1.7 years). Remaining time to maturity for interest hedging agreements was 4.2 years (3.7 years).



## NOTE 7 - DEFERRED TAX AND INCOME TAX

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

Amounts in NOK million	Note	2Q 2017	2Q 2016	1H 2017	1H 2016	Year 2016
Profit before income tax		325.7	384.4	612.9	538.9	977.4
Income tax calculated at 24 per cent (25 per cent for 2016)		78.2	96.1	147.1	134.7	244.3
Changed tax rate on the closing balance	1	-	-	-	-	(19.7)
Temporary differences		(11.0)	(0.6)	(4.8)	15.5	(11.8)
<b>Income tax</b>		<b>67.2</b>	<b>95.6</b>	<b>142.3</b>	<b>150.3</b>	<b>212.9</b>
Deferred tax, opening balance		546.7	313.9	472.1	258.7	258.7
Recognised through profit and loss		67.2	95.5	142.3	150.3	212.9
Recognised through comprehensive income		0.1	0.2	(0.4)	-	0.6
<b>Deferred tax, closing balance</b>		<b>614.0</b>	<b>409.7</b>	<b>614.0</b>	<b>409.7</b>	<b>472.1</b>

<sup>1</sup> The company tax rate in Norway was reduced from 25 to 24 per cent at the beginning of 2017. Deferred tax at 31 December 2016 is therefore calculated on the basis of a tax rate of 24 per cent.

## NOTE 8 - RELATED-PARTY DISCLOSURES

No agreements or significant transactions with related parties have been carried out in 2017.

Intercompany balances and transactions with subsidiaries (which are related parties of Norwegian Property ASA) are eliminated in the consolidated financial statements and are not covered by the information given in this note. Financial matters related to directors and senior management are described in the annual financial statements of the group (see note 14 and 19 to the financial statements for 2016).

## NOTE 9 - EVENTS AFTER THE BALANCE SHEET DATE

In accordance with the mandate from the annual general meeting in 2017 the board decided on 11 July 2017 that a dividend of NOK 0.07 per share will be paid on the basis of accounts at 30 June 2017.

After the end of the second quarter, the company received a settlement of a new NOK 300 million, 7-year senior secured bond loan, at a fixed interest rate of 2.93 percent in the Norwegian bond market. The loan will be used for general corporate financing and refinancing of existing debt.

No other significant events have occurred after the balance sheet date at 30 June 2017.



## DEFINITIONS

Run rate for annual rent	Contracted annualised rental income for the property portfolio at the balance sheet date.
Weighted remaining duration of leases	Remaining contractual rent of current leases at the balance sheet date divided by the total contractual rent for the entire lease term.
Space vacancy	Space which does not generate rent at the balance sheet date divided by total space.
Gross yield	Gross yield on the balance sheet date for a property or portfolio of properties is calculated as contractual annualised rental income divided by market value.
Net yield	When calculating net yield, maintenance and property-related costs are deducted from contractual annualised rental income, which is then divided by the market value.
Prime yield	Yield for a fully leased property of best structural quality, with tenants in the best category and in the best location.
Property-related operational expenses	Property-related expenses include administrative costs related to the management of the properties as well as operating and maintenance costs.
Other property-related expenses	Other property-related expenses include income-related costs related to leasing, marketing and so forth, the owner's share of service charges, project-related property costs and depreciation related to the properties.
Administrative expenses	Administrative expenses relate to costs which are not directly related to the operation and leasing of properties, and include costs related to the overall ownership and corporate functions.
Operating profit before administrative expenses	Revenues net of property expenses.
Profit before income tax and value adjustments	Profit before tax, adjusted for fair value adjustments of investment properties and financial derivatives.
EPRA-earnings	Calculation based on the period's profit after tax, adjusted for changes in the value of investment properties and financial derivatives, as well as income tax expense for adjustments made.
Like for like	Change in rental income from one period to another based on the same income-generating property portfolio, with rental income adjusted for purchases and sales of properties.
Independent valuers	Akershus Eiendom and Cushman & Wakefield.
Market value of property portfolio	The market value of all the group's properties regardless of accounting classification.
Interest-bearing debt	Book value totals for long-term and short-term interest-bearing debt, less holdings of own bonds.
Net interest-bearing debt	Interest-bearing debt, less holdings of bonds as well as cash and cash equivalents.
Equity ratio	Total equity divided by total equity and liabilities.
Pre-tax return on equity	Annualised pre-tax profit in the period divided by average total equity for the period in the balance sheet.
Unutilised credit facilities	The difference between total available credit facilities, based on the current loan agreements, and amounts at the balance sheet date which are deducted and accounted for as interest-bearing debt in the balance sheet.
Interest hedging ratio	The share of interest-bearing liabilities hedged at the balance sheet date.
Base interest rate	A weighted average of the fixed and floating average interest-rates at the balance sheet date. The fixed average interest rate is calculated as the weighted average of the fixed interest rate paid by the company in relation to outstanding interest-rate contracts and loans. The floating average interest-rate is calculated as the weighted average of the Nibor rate paid on interest-bearing debt. The interest-rate base does not include accrued finance charges or margin.



Average interest rate	Weighted average interest rate on interest-bearing debt and fixed-rate interest agreements at the balance sheet date.
Average interest margin	The weighted average of the interest margin on the outstanding interest-bearing debt at the balance sheet date.
Remaining time to maturity for interest-bearing debt	Weighted remaining period until maturity for interest-bearing debt at the balance sheet date.
Remaining time to maturity for interest hedge agreements	The weighted remaining period until maturity for interest hedge agreements at the balance sheet date.
LTV	Debt to asset ratio (loan to value).
Gross debt to asset ratio (gross LTV)	Interest-bearing debt divided by the fair market value of the property portfolio at the balance sheet date.
Net debt to asset ratio (net LTV)	Net interest-bearing debt divided by the fair market value of the property portfolio at the balance sheet date.
Earnings per share (EPS)	Net earnings for the period divided by the average number of shares during the period. Diluted earnings per share are identical to basic earnings per share, unless otherwise specified.
NAV	Net asset value, the book value of total equity in the balance sheet.
EPRA NAV	EPRA (European Public Real-Estate Association) recommendations for calculating NAV from an ordinary long-term operational perspective of the business. Based on total equity in the balance sheet, adjustments are made for the carrying amount of deferred tax related to fair value adjustments of investment properties and for fair value of financial instruments after tax in the balance sheet.
EPRA NNNAV	EPRA recommendations for the calculation of NAV where EPRA NNNAV (triple net asset value) in relation to the EPRA NAV includes estimated realisable fair values at the balance sheet date for deferred taxes, financial instruments and liabilities.
Related party	A related party has significant influence on the group's strategy or operational choices. The ability to influence another party is normally achieved through ownership, through participation in group decision-making bodies and management, or through agreements.
Events after the balance sheet date	Significant events after the balance sheet date which provide information on conditions which existed at the balance sheet date, resulting in adjustments to the financial statements, or events after the balance sheet date which do not require such adjustments.



## CONTACT INFORMATION

### NORWEGIAN PROPERTY ASA

Postal address: P.O. Box 1657 Vika, NO-0120 Oslo, Norway

Visiting address: Støperigata 2, Aker Brygge Oslo, Norway

Telephone: +47 22 83 40 20 | Fax: +47 22 83 40 21 | [www.npro.no](http://www.npro.no)

### IR & MEDIA RELATIONS

Svein Hov Skjelle, CEO

+47 930 55 566 | [shs@npro.no](mailto:shs@npro.no)

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).

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