



NORWEGIAN
PROPERTY

1st quarter 2018

Oslo, 4 May 2018



Agenda

- Highlights
- Markets and operations
- Financial update
- Closing remarks
- Q&A session

Q1 in short:

- **Revenues NOK 197.1 million**
- **Turnover growth for retail Aker Brygge 6.1%**
 - Among Norway's 20 largest shopping centres
- **Earnings per share (EPS) NOK 0.17**
- **Dividend of NOK 0.07 per share for Q1**
- **AGM in April;**
 - New chair Merete Haugli
 - New board member Carl Erik Krefting
- **Initiated transfer of Snarøyveien 36 to multi tenant building: FORNEBU WORKS**
 - Show room finalised
- **Signed new lease contracts in both Snarøyveien 36 and Sandakerveien 130**
- **Stable demand from new tenants in our core markets**
 - Limited space available in our CBD portfolio



Multi tenant floor plan (approx. 4,100 sqm) in Snarøyveien 36





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Rental update

Rental contracts in Q1-2018

- Entered new contracts with annual gross rent of NOK 7.0 mill
- Transocean has acquired Songa Offshore and NPRO has started to prepare Maskinveien in Stavanger for new tenants

Snarøyveien 36

- Bank Norwegian, approx. 1,500 sqm
- Signed in Q1

Sandakerveien 130

- UNICEF, approx. 950 sqm
- Signed in Q2

Business Village (Verkstedhallen, Aker Brygge)

- Increased space with approx. 850 sqm in Q2-2018
- In total 4,200 sqm for shared office / co-working



Retail update



Turnover Q1-2018

- Q1 2018 NOK 353 mill.
- Growth Q1 17 – Q1 18 + 6.1 %
- Aker Brygge among top 20 largest shopping centres in Norway.
- High degree of segments with strong development:
 - Food and drinks
 - Specialist shops
 - House and home
- Stable+ development in the category «clothing»



Development/refurbishment initiatives



Refurbishments:

Snarøyveien 36 – “FORNEBU WORKS”. Fornebu

- Bank Norwegian signed 1,500 sqm
- Good pipeline of possible tenants

Sandakerveien 130. Nydalen

- Unicef Norway signed 950 sqm
- 69 % of offices let out
- Good pipeline for remaining vacant areas

Drammensveien 60. Frogner, Oslo

- Project on budget, ~60% completed YTD
- Delivery of building scheduled to September 2018

Development:

Gullhaug Torg 3. Nydalen

- Zoning process ongoing in partnership with Avantor

Forusbeen 35. Stavanger

- Development according to plan
 - Total of approx. 40,000 sqm new build
 - 80% residential and 20% office
- Building pipeline for commercial tenants

Badehusgaten. Stavanger

- Letting ratio in existing buildings 64%
- Pre-qualification process for new Stavanger court house ongoing

Grenseveien 21. Stavanger

- Awaiting intermunicipal sector plan for Forus

Market trends



:: AKER BRYGGE. OSLO:
KAIBYGG::

Rental market Oslo

- Limited new office supply in 2018 and 2019
- Strong rental market in CBD and Nydalen
- Fairly tough competition for larger tenants in greater Oslo

Rental market Stavanger

- Rental markets still challenging
- Still pressure on rent levels outside the city centre

Transaction market

- Prime yield 3.75%
- Swap-rates on a rise in Q1 2018, by 32 bps for 10Y
- Transaction market influenced by transactions not closed in Q4 2017
- Market temporary influenced by regulatory changes in bond financing of SPV's
- A competitive bond market for listed real estate companies

Environmental update

- Project with the association «In the same boat»

- "In the same boat" works to reduce marine sedimentation
- Among other tools to work with, the association will do;
 - clean-up actions along the entire coast line
 - research and mapping
 - pioneering work and production of information
- At Aker Brygge Marina "In the same boat" will;
 - clean up the Oslo dock area
 - open an information centre at Aker Brygge Marina
 - give you information and possibility to sign up for a beach cleaning in the Oslo area
 - give everyone engaged in rescuing the sea the opportunity to share experiences and build networks



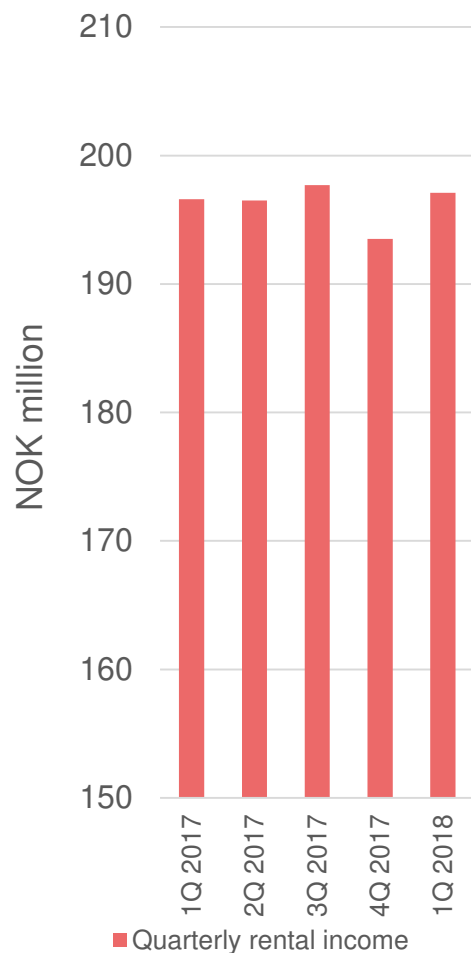
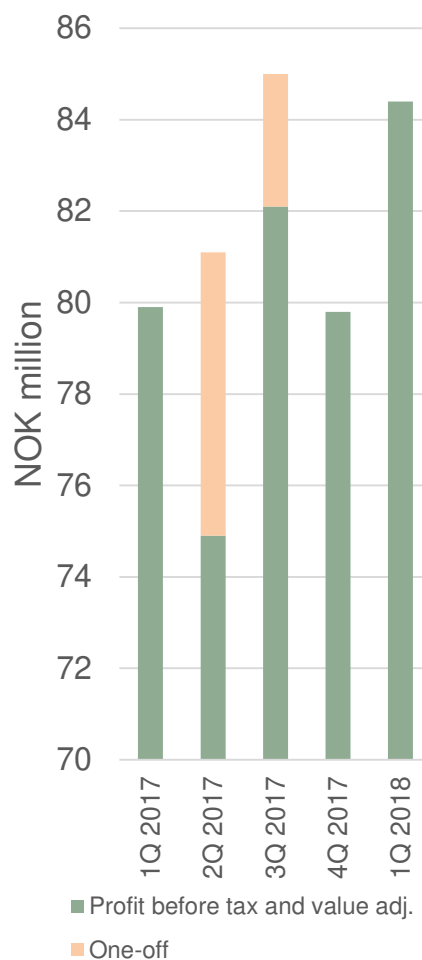
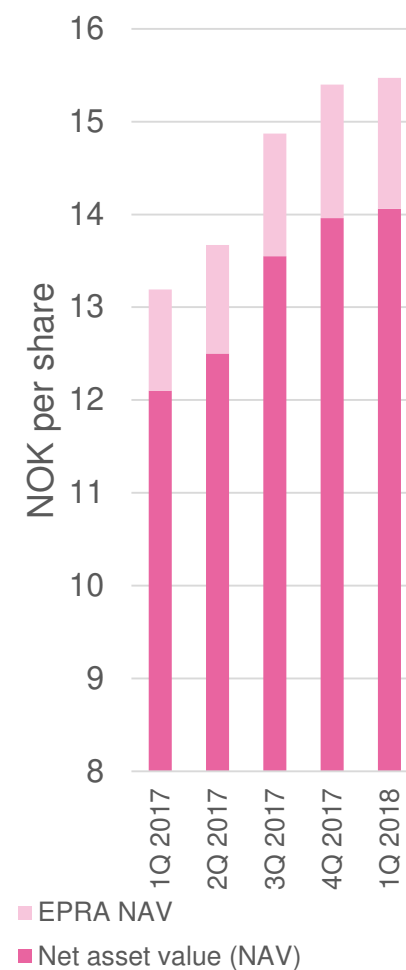


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Financial highlights

RENTAL INCOME**PROFIT BEFORE TAX AND VALUE ADJ.****VALUE PER SHARE**

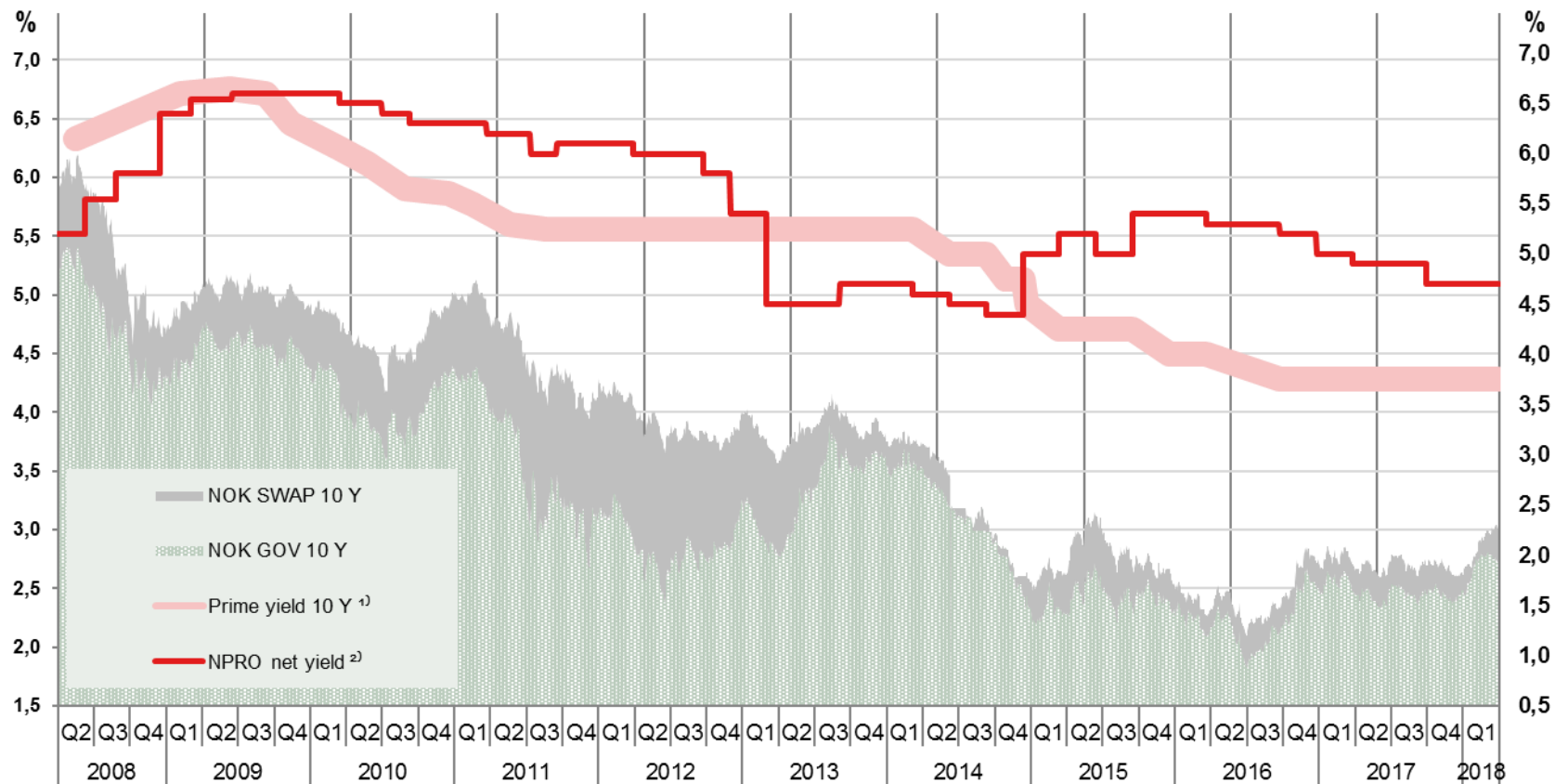
Income statement – Q1 2018

NOK million	Q1 2018	Q1 2017	Year 2017
Revenue	197.1	196.6	784.3
Property-related operational expenses ¹	(17.9)	(16.8)	(66.0)
Other property-related expenses ²	(16.4)	(13.6)	(58.0)
Administrative expenses	(13.5)	(12.5)	(53.7)
Operating profit before value adjustments	149.2	153.7	606.6
Change in market value of investment property	11.1	196.7	1 046.7
Operating profit	160.2	350.4	1 653.3
Realised financial items	(64.8)	(73.8)	(289.9)
Change in market value of financial derivative instruments	46.2	10.6	43.6
Net financial items	(18.6)	(63.2)	(246.3)
Profit before income tax	141.7	287.2	1 407.0
Income tax (not payable)	(49.4)	(75.1)	(58.3)
Profit for the period	92.3	212.1	1 348.7
Earnings per share (NOK)	0.17	0.39	2.46
Profit before income tax and value adjustments	84.4	79.9	316.8

¹ Property-related operational expenses for 2018 are affected by an increase in the property tax rate in Oslo from two to three per cent.

² Other property-related expenses for 2018 include increased costs for vacant space in Snarøyveien 36.

Yield spread



¹ Source: Akershus Eiendom

² NPRO net yield as summarised in slide; Portfolio valuation Q1-2018

Portfolio valuation by area Q1-2018

- External valuation conducted by Cushman & Wakefield and Akershus Eiendom
- Positive fair value adjustment of NOK 11.1 million (0.1 per cent of portfolio value)

Area		Total space (m ²)	Duration (years)	Valuation		Gross rent per year		Net yield ¹	Vacancy based on market rent ²
				NOK mill.	NOK/m ²	NOK mill.	NOK/m ²	(%)	(%)
Oslo	CBD	128 591	5.5	10 877.9	84 593	424.4	3 300	3.6 (3.8) ⁴	2.6
	Nydalen	89 256	4.1	2 104.8	23 582	125.6	1 407	5.5	7.8
	Other	79 091	1.7	895.9	11 328	96.7	1 223	9.9	16.9
Total Oslo Portfolio		296 937	4.7	13 878.6	119 502	646.7	2 178	4.3	5.3
Stavanger ⁴		92 780	1.9	623.1	6 716	43.5	468	6.4	31.2
Total office portfolio excl Skøyen⁵		389 718	4.5	14 501.7	126 218	690.1	1 771	4.4	7.0
Skøyen ⁵		41 606	0.9	908.4	21 833	99.1	2 382	10.0	0.0
Total office portfolio incl Skøyen⁵		431 324	4.1	15 410.1	148 051	789.2	1 830	4.7	7.0

¹ For illustration; based on rents as of 31 March 2018 and estimated long term property expenses of 8 per cent

² Vacancy calculated as market rent in vacant space, using market rent estimated by Cushman & Wakefield

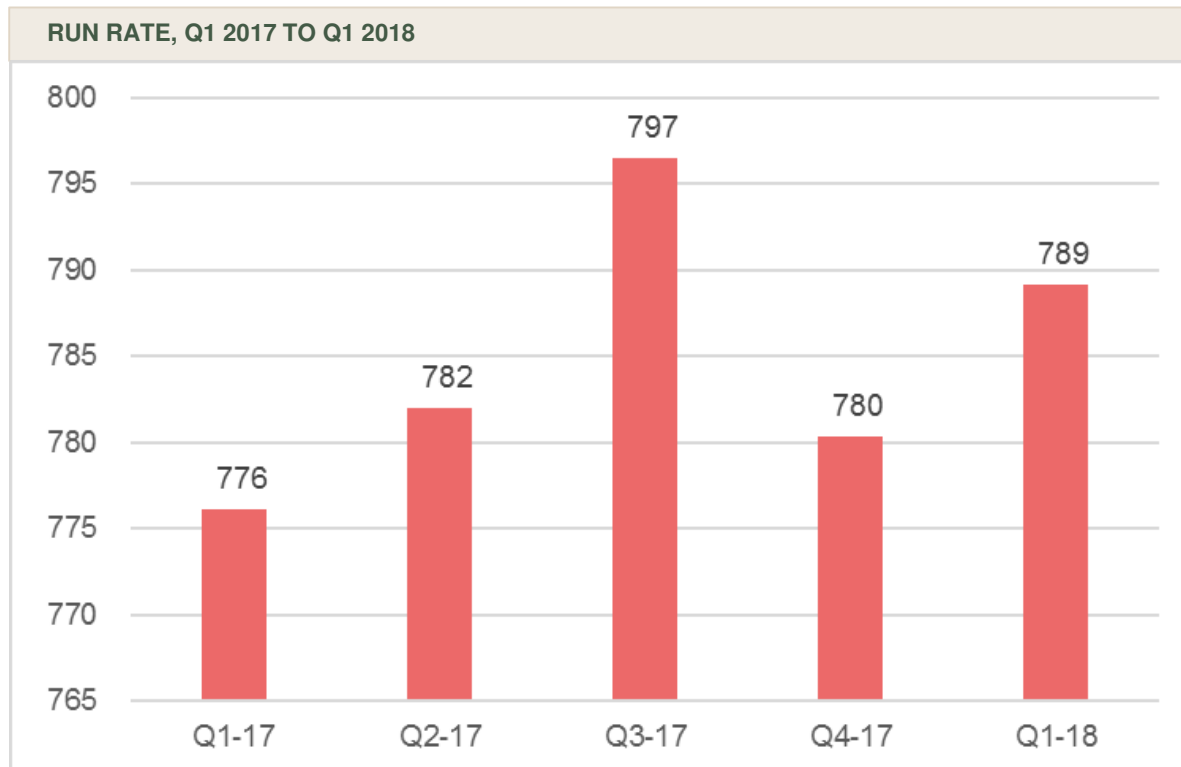
³ Net yield when including forward starting lease on Drammensveien 60

⁴ Vacancy is calculated excluding Forusbeen 35 where a zoning process for conversion is initiated and Grenseveien 21 awaiting intermunicipal sector plan for Forus

⁵ Skøyen portfolio: Hovfaret 11 and Nedre Skøyenvei 24 and 26, agreed sold with take over in March 2019

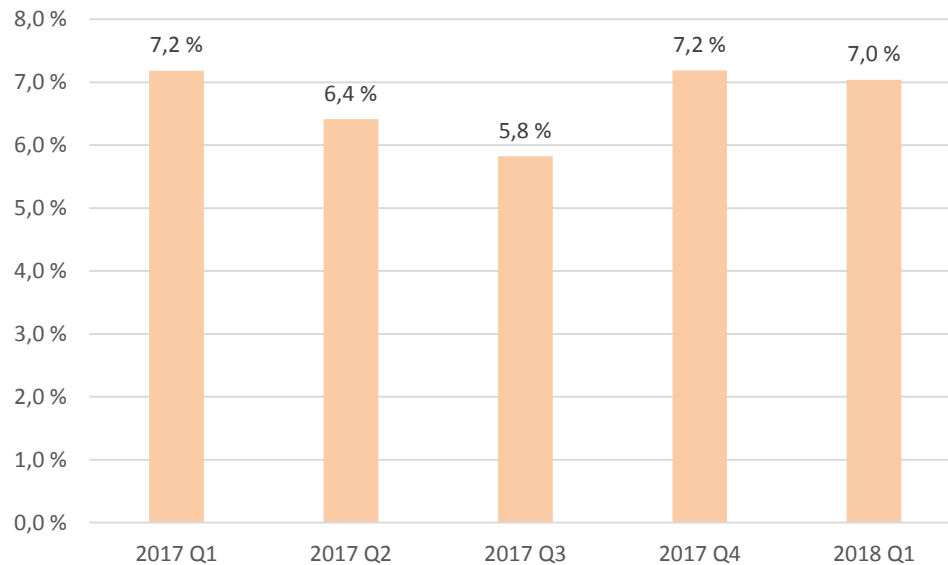


Run rate development

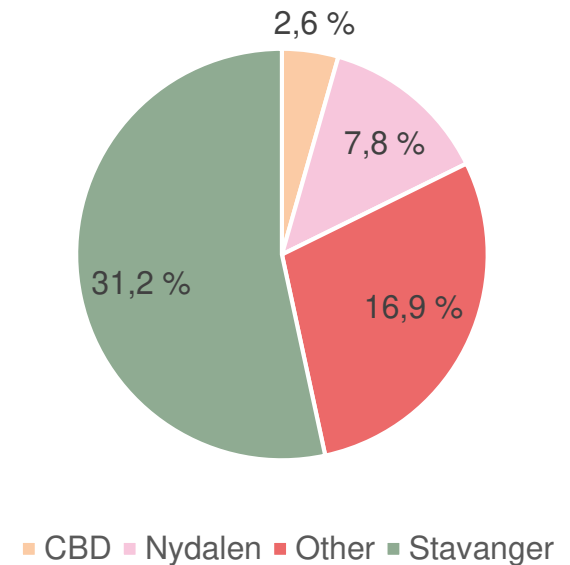


Vacancy based on market rent

VACANCY BASED ON MARKET RENT, Q1 2017 TO Q1 2018

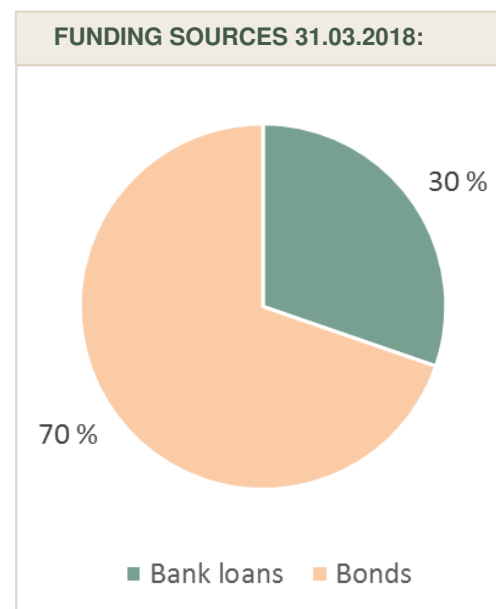


VACANCY SPLIT ON AREA



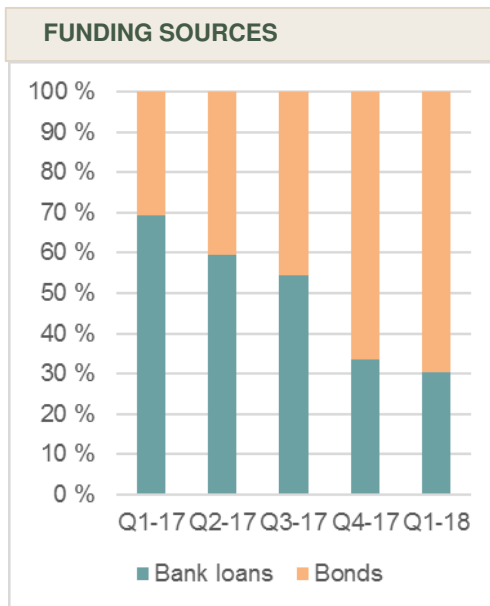
Financial position

Interest bearing debt and hedging		31.03.2018
Total interest bearing debt	NOK million	6 950.1
Property value	NOK million	15 410.1
Net Loan to value ¹	Per cent	44.1
Cash and cash equivalents	NOK million	146.5
Unused committed credit facilities	NOK million	900.0
Average remaining duration. Hedging	Years	3.8
Average interest rate (including margin)	Per cent	3.58
Average margin	Per cent	1.38
Average remaining duration. Borrowing	Years	3.2
Hedging ratio	Per cent	64.5
WAULT	Years	4.1



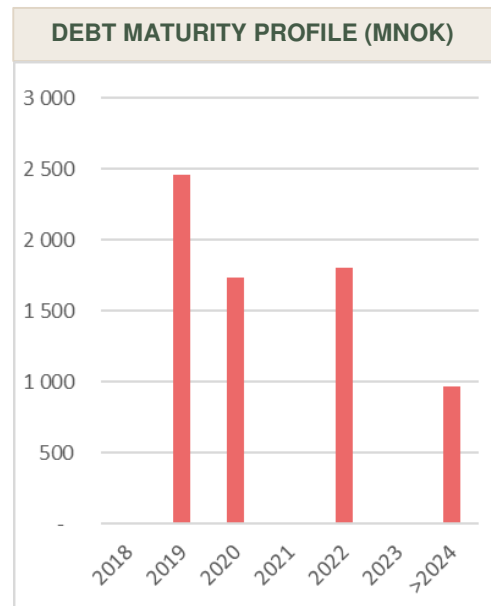
¹ Net loan to value = net interest bearing debt divided by gross property value

Financing



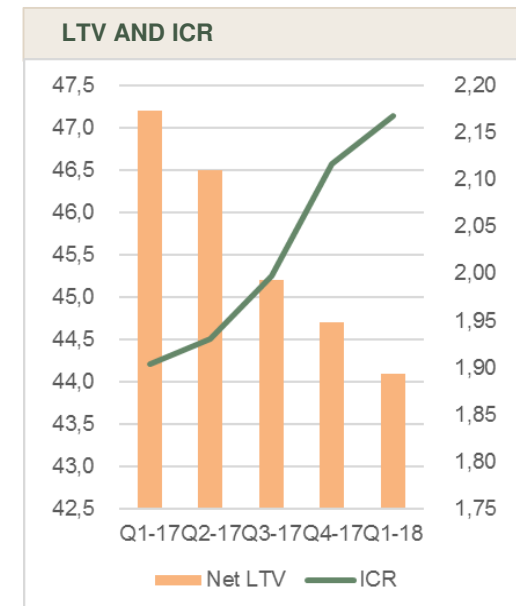
● Diversified sources of funding

- 4.86 bn in bonds 31.03.2018
- Issued NOK 3.17 bn last 12 months



● Diversified maturity profile

- Average remaining time to maturity 31.03.2018 is 3.2 years



● LTV 45-55%

- 44,1% at 31.03.2018
- Approx 41% after sale of Skøyen assets

ICR = EBITDA / Net interest cost, rolling 4 quarters



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New National Museum at Vestbanehallen



Main entrance

- The new National Museum for art, architecture and design, will become an important and dynamic arena for the general public to meet the visual arts
- The total area is 54 600 m² whereas the exhibition is 13 000 m²
- Planned opening is 2020
- It is estimated that the new National Museum yearly will have approximately 1 million visitors a year

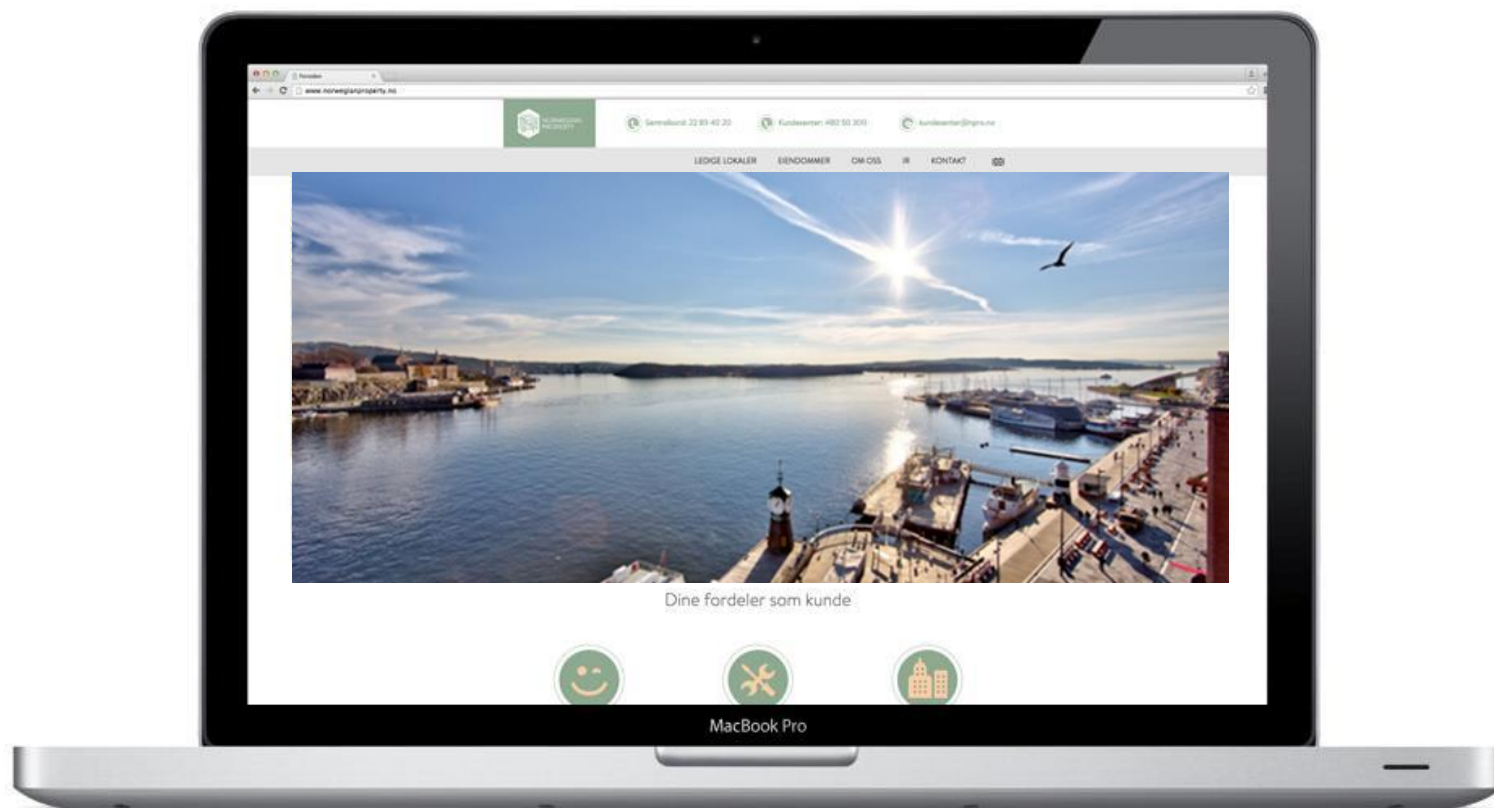
Summary

- Dividend of NOK 0.07 for Q1 – 2018
- Limited available space in our CBD portfolio
- Focus going forward
 - Let out vacant areas
 - Acquire new properties in our core markets
 - Contemplate acquisitions in other parts of Oslo
 - The current organization has focus on value add and infill projects





Q & A





Appendix

Balance sheet

NOK million	31.03.2018	31.12.2017
Investment property	14 430.2	14 363.9
Owner-occupied property	71.5	70.9
Investment property held for sale ¹	908.4	925.9
Property, plant and equipment	41.2	42.3
Receivables	93.1	81.4
Cash and cash equivalents	146.5	89.2
Equity	7 711.6	7 654.8
Deferred tax	581.3	531.5
Long term interest bearing debt	6 343.8	6 940.5
Short term interest bearing debt	606.3	9.9
Market value financial derivatives (net)	184.8	230.9
Net other debt	263.2	205.9
Equity ratio (%)	49.1	49.1
NAV per share, book value of equity (NOK)	14.06	13.96
EPRA NAV per share (NOK)	15.47	15.40
EPRA NNNNAV per share (NOK)	14.65	14.48

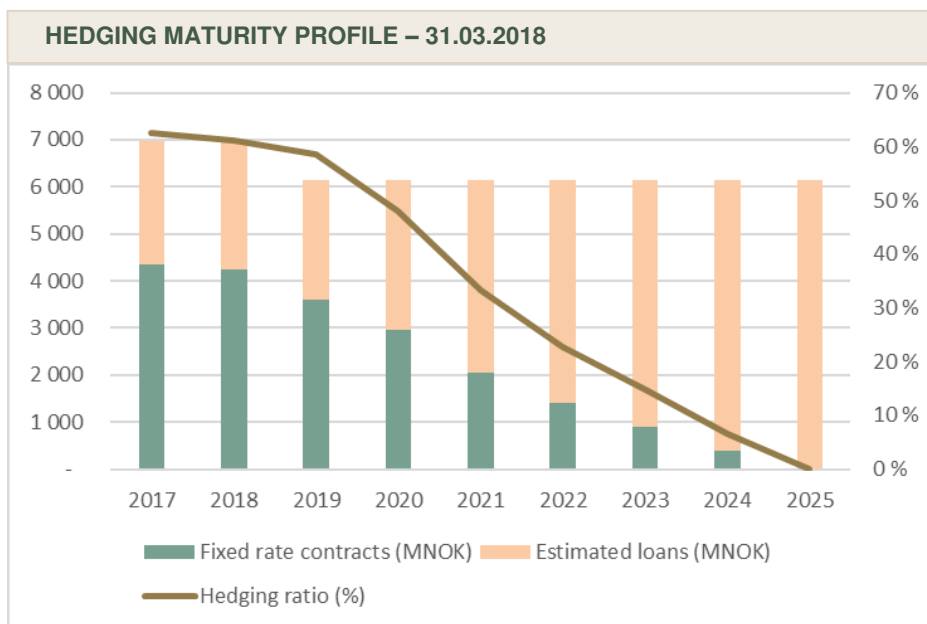
¹ Previously agreed to sell Nedre Skøyen vei 24-26 and Hovfaret 11. The takeover date is March 2019. Upon expiration of the lease contracts for the properties, Norwegian Property is entitled to rental income and has the operating responsibility for the properties until takeover.

Cash flow – Q1 2018

NOK million	Q1 2018	Q1 2017	Year 2017
Cash flow from profit and loss before fair-value adjustments ¹	85.9	38.9	262.4
Change in short-term items	49.6	17.7	(27.8)
Cash flow from operating activities	135.5	56.6	234.6
Purchase of tangible assets	(36.9)	(33.5)	(187.5)
Cash flow from investment activities	(36.9)	(33.5)	(187.5)
Net change in interest bearing debt	(2.8)	207.0	182.4
Paid dividend	(38.4)	(65.8)	(186.5)
Net cash flow from financing activities	(41.2)	141.2	(4.1)
Net change in cash	57.3	164.3	43.0
Net cash at end of period	146.5	210.5	89.2

¹ Includes NOK 42.7 million in payments on termination of interest-rate derivatives in Q1 2017 and NOK 62.0 million for the full year 2017.

Interest rate hedging



Interest rate risk:

- 50-100% of the group's debt shall be hedged.
- Average remaining time to maturity shall be 3-6 years.
- Hedging ratio 31.03.2018 was 64.5 % and remaining average time to maturity was 3.8 years
- Diversified maturity profile to avoid exposure to interest levels.

Overview and key figures



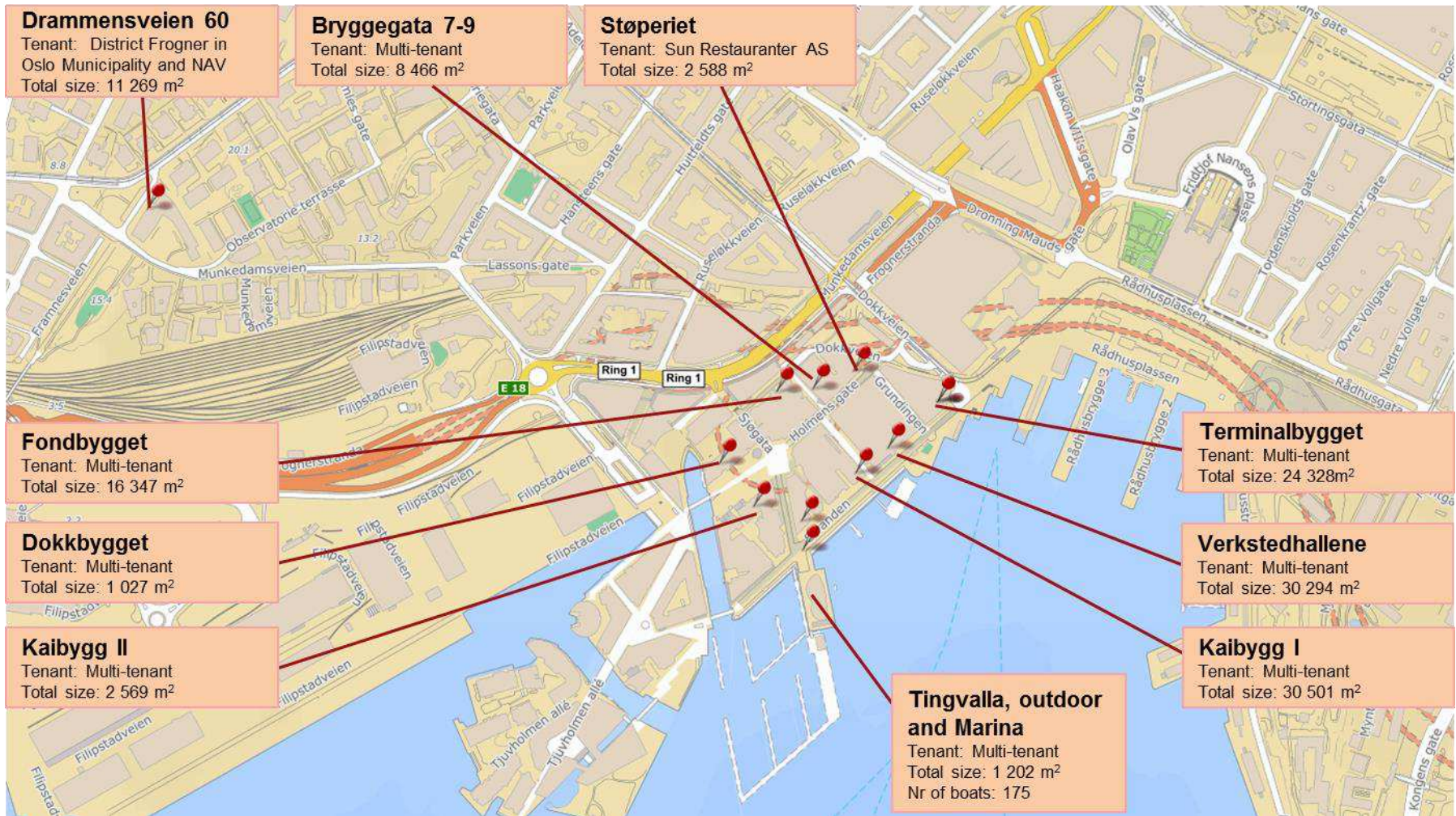
Key figures as of 31 March 2018

Properties	no	32
Portfolio size (ex. new space in redev. Projects)	m ²	431 324
Average size per property	m ²	13 479
Gross rent per year (run rate)	NOK mill.	789
Operational expenses per year ¹⁾	NOK mill.	63
Net rent per year (run rate)	NOK mill.	726
Average gross rent per m ² per year	NOK	1 830
Gross market value	NOK mill.	15 410
Average value per property	NOK mill.	482
Average value per m ²	NOK	35 728
Gross yield, actual	%	5.1
Net yield, actual	%	4.7
WAULT	Years	4.1
CPI adjustment	%	99.6
Vacancy, calculation based on market rate ²⁾	%	7.0

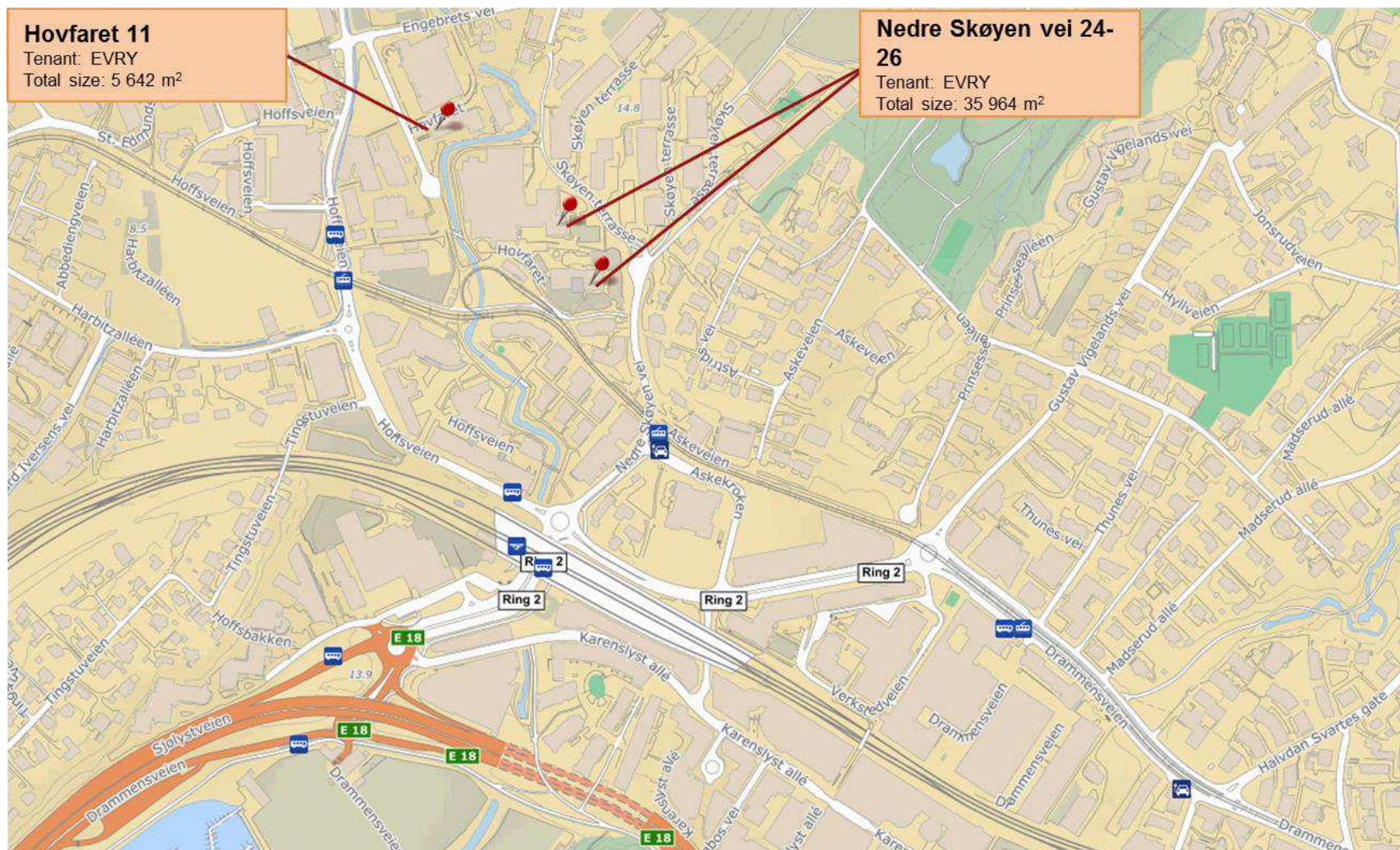


1 For illustration; based on estimated long term property expenses of 8 per cent of gross rent
2 Market rate as estimated by Cushman & Wakefield

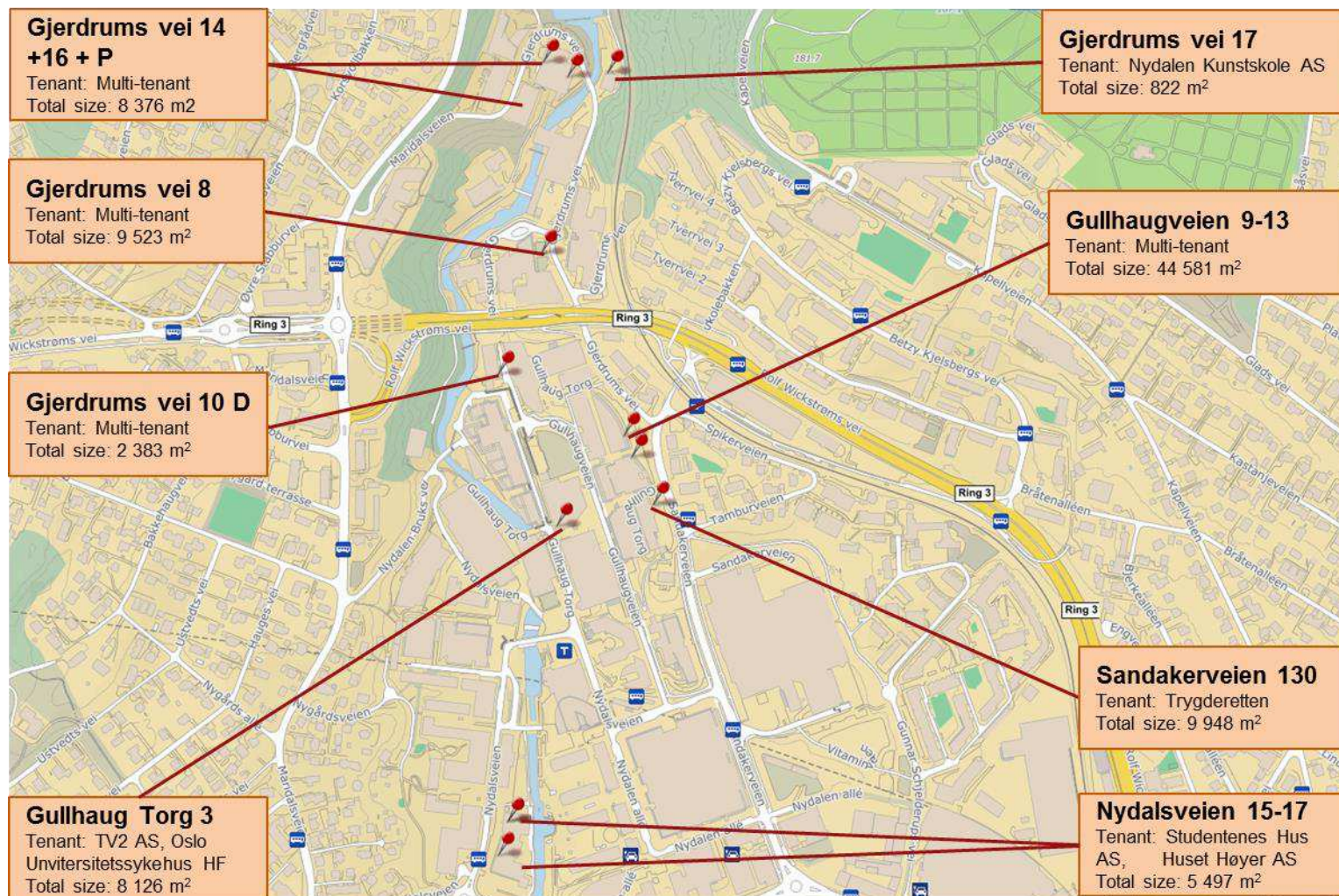
CBD



Skøyen



Nydalen



Stavanger

Maskinveien 32

- Office: 4 106 m²
- Total: 5 169 m²



Svanholmen 2

- Office: 2 840 m²
- Retail: 6 910 m²
- Total: 9 750 m²



Grenseveien 19

- Office: 5 451 m²
- Total: 5 451 m²



Badehusgaten 33-39

- Office: 18 517 m²
- Total: 21 146 m²



Projects:

Forusbeen 35

- Approx. 40 000 sqm
- 20% office
- 80% residential



Grenseveien 21

- Office: 27 966 m²
- Total: 27 966 m²





Property details Q1-2018

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	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	Duration per Mar 2018	Run rate per Mar 2018
OSLO/AKERSHUS	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
CBD										
Bryggegata 7-9	6 378	2 088	0	0	0	8 466	0,7	98,0	5,2	27,8
Dokkbygningen	612	389	26	0	0	1 027	0,0	100,0	6,8	2,8
Drammensveien 60	8 089	757	1 949	463	11	11 269	0,0	100,0	10,8	0,0
Fondbygget	12 947	2 442	871	0	87	16 347	11,8	100,0	4,4	46,4
Kaibygning I (Stranden 5)	20 941	6 502	2 318	0	740	30 501	0,3	100,0	6,2	115,3
Kaibygning II	0	1 775	794	0	0	2 569	0,1	100,0	6,6	11,8
Støperiet	0	2 032	0	0	556	2 588	0,0	100,0	1,3	5,0
Terminalbygget (Stranden 1)	17 778	3 194	1 680	1 372	304	24 328	0,1	100,0	6,4	97,5
Tingvallautstikkeren, uteareal og marina ¹	0	1 202	0	0	0	1 202	0,0	96,0	3,5	19,8
Verkstedhallene (Stranden 3)	19 193	7 961	2 324	0	816	30 294	4,2	100,0	5,0	98,1
Total CBD	85 938	28 342	9 962	1 835	2 514	128 591	2,6	99,7	5,5	424,3

¹ Adjusted for normal seasonal short term contracts



Property details Q1-2018

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	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	Duration per Mar 2018	Run rate per Mar 2018
OSLO/AKERSHUS	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
Nydalen										
Gjerdrums vei 10 D	2 205	0	178	0	0	2 383	9,3	100,0	6,2	3,8
Gjerdrums vei 14, 16 and 16 P-house	5 344	0	980	2 052	0	8 376	7,4	98,0	3,0	10,1
Gjerdrums vei 17	806	0	16	0	0	822	9,1	100,0	5,0	1,1
Gjerdrums vei 8	7 726	0	634	1 163	0	9 523	0,3	100,0	3,6	16,3
Gullhaug Torg 3	7 698	0	428	0	0	8 126	0,0	100,0	4,8	15,9
Gullhaugveien 9 - 13	24 882	0	7 524	12 175	0	44 581	3,0	100,0	2,8	58,8
Nydalsveien 15	3 403	311	64	0	28	3 806	1,6	100,0	7,4	8,0
Nydalsveien 17	0	1 691	0	0	0	1 691	0,0	100,0	6,6	4,7
Sandakerveien 130	5 514	0	1 072	3 362	0	9 948	51,3	100,0	9,1	6,9
Total Nydalen	57 578	2 002	10 896	18 752	28	89 256	7,8	99,8	4,1	125,6



Property details Q1-2018

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	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	Duration per Mar 2018	Run rate per Mar 2018
OSLO/AKERSHUS	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
Skøyen										
Hovfaret 11	4 377	0	569	0	696	5 642	0,0	100,0	0,9	13,8
Nedre Skøyen vei 24	3 630	0	1 215	0	0	4 845	0,0	100,0	0,9	14,9
Nedre Skøyen vei 26	20 211	0	696	4 631	5 581	31 119	0,0	100,0	0,9	70,4
Total Skøyen	28 218	0	2 480	4 631	6 277	41 606	0,0	100,0	0,9	99,1

Other

Oslo Airport Gardermoen	0	0	0	0	20 976	20 976	0,0	100,0	1,7	29,8
Snarøyveien 36 (prev. Aker Hus)	40 786	0	0	17 329	0	58 115	22,7	100,0	1,6	66,9
Total Other	40 786	0	0	17 329	20 976	79 091	16,9	100,0	1,7	96,7
TOTAL OSLO / AKERSHUS	212 520	30 344	23 338	42 546	29 795	338 543	5,3	99,8	4,2	745,7



Property details Q1-2018

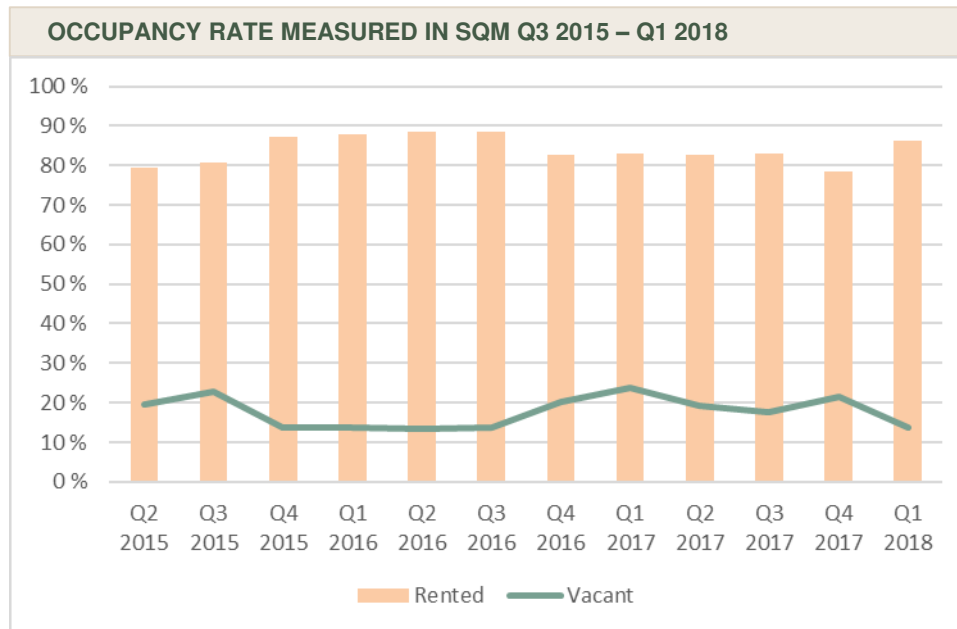
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	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	Duration per Mar 2018	Run rate per Mar 2018
STAVANGER	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
Badehusgata 33-39	18 517	262	366	1 963	37	21 146	32,9	100,0	3,2	19,0
Forusbeen 35 ³	19 075	0	0	4 224	0	23 299	NA	100,0	1,0	2,2
Grenseveien 19	5 451	0	0	0	0	5 451	100,0	NA	0,0	0,0
Grenseveien 21	27 966	0	0	0	0	27 966	NA	NA	0,2	1,7
Maskinveien 32	4 106	0	405	658	0	5 169	3,1	100,0	0,5	8,7
Svanholmen 2	2 840	6 910	0	0	0	9 750	5,7	100,0	1,3	11,8
TOTAL STAVANGER	77 955	7 172	771	6 845	37	92 780	31,2	96,0	1,9	43,5
GROSS TOTAL	290 475	37 516	24 109	49 391	29 832	431 324	7,0	99,6	4,1	789,2

³ Forusbeen 35 and Grenseveien 21 are not included in the calculation of vacancy as zoning process is ongoing for transformation to mixed use.



Development occupancy rate (sqm)



- **Divestments of refurbished and fully let properties**
 - Lysaker in Q3 2015
 - Skøyen - Verkstedveien, properties in Q4 2016
 - Oslo - Stortingsgata 6 in Q4 2016
- **Drammensveien 60 vacant for refurbishment since Q1-17**
 - New leases starts Q4-18
- **Short term lease:**
 - Forusbeen 35 Q4-15 to Q3-16
- **Project properties:**
 - Grenseveien 21 since Q1-2018
 - Forusbeen 35 since Q2-17

Largest shareholders as of 31 Mar 2018

Name	Share (%)	Number of shares	Account type	Nationality
GEVERAN TRADING CO L	57.98	317 969 937		CYP
FOLKETRYGDFONDET	13.48	73 951 642		NOR
NIAM V PROSJEKT AS c/o Langham Hall UK	12.30	67 437 425		NOR
The Bank of New York STICHTING DEPOSITARY	4.22	23 131 995	NOM	NLD
DANSKE BANK AS	0.78	4 286 536		DNK
State Street Bank an A/C WEST NON-TREATY	0.76	4 159 255	NOM	USA
State Street Bank an S/A SSB CLIENT OMNI	0.42	2 307 141	NOM	USA
NIKI AS	0.36	2 000 000		NOR
ECKHOFF HOLDING AS	0.35	1 934 395		NOR
SALT VALUE AS	0.31	1 707 435		NOR
BNP Paribas Securiti BPSS LDN/TR PROPTY I	0.30	1 641 484	NOM	GBR
J.P. Morgan Bank Lux JPML SA RE CLT ASSET	0.27	1 455 509	NOM	LUX
KLP AKSJENORGE INDEK	0.26	1 433 080		NOR
The Bank of New York c/o BNYMSANV RE BNYM	0.26	1 427 192	NOM	GBR
MATHIAS HOLDING AS PER MATHIAS AARSKOG	0.26	1 400 000		NOR
Skandinaviska Enskil SEB AB, UCITS V - Fi	0.25	1 370 112	NOM	FIN
KAS Bank N.V. S/A CLIENT ACC TREAT	0.25	1 359 000	NOM	NLD
EIKA NORGE	0.24	1 290 365		NOR
State Street Bank an A/C CLIENT OMNIBUS F	0.23	1 266 173	NOM	USA
Espedal & Co AS	0.23	1 264 767		NOR
Sum 20 largest share holders	93.51	512 793 443		9/20 NOR

Disclaimer

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