INTERIM REPORT

SECOND QUARTER AND FIRST HALF 2018

NORWEGIAN
PROPERTY

IMPORTANT EVENTS IN THE SECOND QUARTER OF 2018

Positive rental income trend for Aker Brygge properties

Overall rental income came to NOK 198.8 million, up from NOK 196.5 million in the second quarter of 2017. Income from the properties at Aker Brygge rose by 6.9 per cent in the second quarter of 2018. At the same time, it declined for the temporarily vacant Drammensveien 60 property and for Snarøyveien 36, where the tenant has exercised its option to reduce the leased space.

Profit up before tax and fair-value adjustments

Profit before tax and fair-value adjustments came to NOK 84.3 million (NOK 74.9 million). This increase related primarily to the reduction in realised net financial items from implemented refinancing activities. Property costs were negatively affected by the increase in the rate of property tax in Oslo from two to three per mille at 1 January 2018 as well as operating expenses for vacated space at Snarøyveien 36.

Valuation of investment properties and financial derivatives

The fair-value adjustments for both investment property and financial derivatives shows a flat trend in the second quarter.

Net profit of NOK 32.7 million and ordinary EPS of NOK 0.06

Pre-tax profit came to NOK 57 million (NOK 325.7 million). After NOK 24.3 million in estimated tax expense, net profit for the period came to NOK 32.7 million. That yielded ordinary earnings per share (EPS) of NOK 0.06 for the second quarter. Carried equity per share came to NOK 14.05 at 30 June 2018, down from NOK 14.06 at 31 March 2018 (Epra NAV: NOK 15.47 and Epra NNNAV: NOK 14.70 at 30 June 2018).

New leases

Leases with a total annual rental income of NOK 9.7 million were awarded in the second quarter of 2018. These include a lease to Unicef for about 950 square metres at Sandakerveien 130 (Nydalen) and another to National Oilwell Varco for roughly 3 500 square metres at Snarøyveien 36 in Fornebu.

A large lease was awarded at Snarøyveien 36 after 30 June, with Broadnet taking around 8 200 square metres. When account is taken of these new leases and of the one awarded during the first quarter to Bank Norwegian for some 1 500 square metres, about one-third of the space falling vacant up to the fourth quarter of 2019 has now been relet.

Property transactions

Agreement was reached with Telenor during the second quarter on the purchase of five commercial units totalling about 1 100 square metres in the Dock Building at Aker Brygge. Takeover occurred at the beginning of the third quarter. Telenor is the tenant for part of the space. The gross property value is NOK 20.5 million.

After 30 June, Norwegian Property entered into an agreement with Avinor on cancelling long-term land leases at Gardermoen. The cancellation will come into force at 31 December 2019, when the lease held by SAS expires. At that point, Avinor will take over the buildings on the leased land, and Norwegian Property retains the rental income and operational responsibility for the properties until the date of the takeover. The agreed gross property value is just over NOK 40 million. Annual rental income for the properties in 2018 is NOK 30 million. The overall nominal value of the rental income (before annual adjustment for the consumer price index), which Norwegian Property will receive in addition to the value of the property until December 2019 amounts to NOK 45 million. The land leases expire in 2021, 2026 and 2027, while the SAS lease expires at 31 December 2019.

Dividend

The board has resolved to pay a dividend of NOK 0.07 per share for the second quarter of 2018.

KEY FIGURES[1]

Profit and loss		2Q 2018	2Q 2017	1H 2018	1H 2017	Year 2017
Revenues	NOK mill.	198.8	196.5	395.9	393.1	784.3
Operating profit before admin expenses	NOK mill.	163.2	166.0	325.9	332.2	660.3
Operating profit before value adjustments	NOK mill.	150.3	149.5	299.5	303.2	606.6
Profit before income tax and value adjust	NOK mill.	84.3	74.9	168.7	154.8	316.8
Profit before income tax	NOK mill.	57.0	325.7	198.6	612.9	1 407.0
Profit after income tax	NOK mill.	32.7	258.5	124.9	470.6	1 348.7
EPRA-earnings	NOK mill.	64.9	56.9	129.9	117.7	243.9

Balance sheet		2Q 2018	2Q 2017	1H 2018	1H 2017	Year 2017
Market value of property portfolio	NOK mill.	15 434.6	14 643.9	15 434.6	14 643.9	15 360.5
Total equity	NOK mill.	7 707.8	6 854.0	7 707.8	6 854.0	7 654.8
Interest-bearing debt	NOK mill.	6 951.4	6 933.0	6 951.4	6 933.0	6 950.4
Equity ratio	Per cent	49.2	46.0	49.2	46.0	49.1
Pre-tax return on equity	Per cent	3.0	19.5	5.2	18.4	19.9

Cash flow		2Q 2018	2Q 2017	1H 2018	1H 2017	Year 2017
Net cash flow from operating activities	NOK mill.	59.3	47.3	194.7	103.9	234.6
Cash and cash equivalents	NOK mill.	110.5	117.0	110.5	117.0	89.2

Key figures; per share		2Q 2018	2Q 2017	1H 2018	1H 2017	Year 2017
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	0.10	0.59	0.36	1.12	2.57
Earnings per share (EPS)	NOK	0.06	0.47	0.23	0.86	2.46
EPRA-earnings	NOK	0.12	0.10	0.24	0.21	0.44
Net cash flow from operating activities	NOK	0.11	0.09	0.36	0.19	0.43
Interest-bearing debt	NOK	12.68	12.64	12.68	12.64	12.67
NAV	NOK	**14.05**	**12.50**	**14.05**	**12.50**	**13.96**
Deferred property tax	NOK	1.17	0.79	1.17	0.79	1.12
Fair value of fin. derivative instruments	NOK	0.25	0.38	0.25	0.38	0.32
EPRA NAV	NOK	**15.47**	**13.67**	**15.47**	**13.67**	**15.40**
Fair value of deferred tax	NOK	(0.46)	0.15	(0.46)	0.15	(0.51)
Fair value of fin. derivative instruments	NOK	(0.29)	(0.45)	(0.29)	(0.45)	(0.38)
Fair value of debt	NOK	(0.03)	(0.04)	(0.03)	(0.04)	(0.03)
EPRA NNNAV	NOK	**14.70**	**13.33**	**14.70**	**13.33**	**14.48**

[1] 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 2018

Operating revenue for Norwegian Property totalled NOK 198.8 million in the second quarter. That compares with NOK 196.5 million for the same period of 2017. On a like-for-like basis, this represents an increase of NOK 2.3 million for the second quarter. Revenues from the properties at Aker Brygge rose by 6.9 per cent in the period, which related to office rental as well as restaurants and retail. At the same time, income was reduced for the temporarily vacant Drammensveien 60 property and for Snarøyveien 36, where the tenant has exercised its option to reduce the leased space.

Property-related operational expenses totalled NOK 18.7 million (NOK 16 million[2]) for the quarter, with the figure for 2018 affected by the increase in the rate of Oslo's property tax from two to three per mille. Other property-related expenses came to NOK 17 million (NOK 14.5 million), where the 2018 figure included increased operating costs for vacated space at Snarøyveien 36. Owner administrative expenses were NOK 12.9 million (NOK 16.5 million). Operating profit before fair-value adjustments thereby amounted to NOK 150.3 million (NOK 149.5 million) for the second quarter.

Total market value of the property portfolio in the balance sheet has increased by NOK 24.5 million in the second quarter, from NOK 15 410.1 million to NOK 15 434.6 million. The fair value adjustment in the income statement includes negative effects related to reduced remaining maturity for properties agreed to be sold. Other properties showed an overall flat trend in the second quarter. The unrealised income statement fair-value adjustment in the second quarter was negative by NOK 29.7 million (positive change of NOK 243.7 million).

Net realised financial expenses came to NOK 66 million (NOK 74.6 million) for the second quarter. This reduction primarily reflected refinancing activities implemented in 2017 and at the beginning of 2018. Reduced residual times to maturity contributed to a positive fair-value adjustment for financial derivatives of NOK 2.4 million (NOK 7.1 million).

Pre-tax profit for the second quarter was NOK 57 million (NOK 325.7 million). The increase in the provision for non-payable deferred tax expense for the quarter was NOK 24.3 million (NOK 67.2 million). Net profit was thereby NOK 32.7 million (NOK 258.5 million).

RESULTS FOR THE FIRST HALF OF 2018

Operating revenue for Norwegian Property totalled NOK 395.9 million in the first half. That compares with NOK 393.1 million for the same period of 2017. On a like-for-like basis, this represents an increase of NOK 2.8 million for the first half.

Property-related operational expenses totalled NOK 36.6 million (NOK 32.8 million) for the first half. Other property-related expenses came to NOK 33.4 million (NOK 28.2 million), while owner administrative expenses were NOK 26.4 million (NOK 29 million). Operating profit before fair-value adjustments thereby amounted to NOK 299.5 million (NOK 303.2 million) for the first half.

Valuation of the property portfolio yielded an unrealised fair-value decline of NOK 18.7 million (positive change of NOK 440.4 million).

Net realised financial expenses came to NOK 130.7 million (NOK 148.4 million) for the second quarter. The profit component related to the fair-value adjustment for financial derivatives was positive in the first half at NOK 48.6 million (NOK 17.7 million).

Pre-tax profit for the first half was NOK 198.6 million (NOK 612.9 million). The increase in the provision for non-payable deferred tax expense for the period was NOK 73.7 million (NOK 142.3 million). Net profit was thereby NOK 124.9 million (NOK 470.6 million).

[2] Figures in brackets refer to the corresponding period of the year before.

VALUATION OF THE PROPERTIES

Two independent valuers have valued the properties in the group's portfolio, based on the same methods and principles applied in previous periods. The accounting valuation at 30 June 2018 is based on an average of the two valuations.

At 30 June, the group's portfolio of investment properties was valued at NOK 15 434.6 million (NOK 14 643.9 million). Investment properties held for sale and properties used by the owner were carried separately on the balance sheet at NOK 895.7 million and NOK 72.7 million respectively, and recognised at fair value. Investment properties held for sale relate to Nedre Skøyen vei 24-26 and Hovfaret 11, which are covered by agreements to sell in the first quarter of 2019.

The unrealised income statement fair-value adjustment in the second quarter was negative by NOK 29.7 million.

CASH FLOW

Net operational cash flow was positive at NOK 59.3 million (NOK 47.3 million) for the second quarter and NOK 194.7 million (103.9 million) in the first half.

Investment in fixed assets came to NOK 54.8 million (NOK 59.7 million) in the second quarter, and applied to adjustments for lessees associated with new and renegotiated leases as well as ongoing operational investment. The figure for the first half was NOK 91.7 million (NOK 93.2 million).

Net cash flow from financing activities in the second quarter was negative at NOK 40.6 million (NOK 81.1 million) after a net reduction of NOK 2.2 million in interest-bearing debt and a dividend payment of NOK 38.4 million. The figures for the first half were a negative cash flow of NOK 81.8 million (positive at NOK 60 million) following a reduction of NOK 5.1 million in interest-bearing debt and NOK 76.8 million in dividend.

The net change in cash and cash equivalents was negative for the second quarter at NOK 36.1 million (NOK 93.5 million), and positive for the first half at NOK 21.2 million (NOK 70.7 million).

BALANCE SHEET

The company held NOK 110.5 million (NOK 117 million) in cash and cash equivalents at 30 June. In addition came NOK 900 million (NOK 900 million) in unutilised credit facilities. Equity totalled NOK 7 707.8 million (NOK 6 854 million), representing an equity ratio of 49.2 per cent (46 per cent). Carried equity per share was NOK 14.05 (NOK 12.50). Equity per share was NOK 15.47 (NOK 13.67) based on the Epra NAV standard and NOK 14.70 (NOK 13.33) based on Epra NNNAV. Outstanding shares at 30 June totalled 548 425 596 (548 425 596).

FINANCING

KEY FIGURES[1]

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

Interest bearing debt and hedging		30.06.2018	30.06.2017	31.12.2017
Interest-bearing debt	NOK mill.	6 951.4	6 933.0	6 950.4
Cash and cash equivalents	NOK mill.	110.5	117.0	89.2
Interest-hedging ratio	Per cent	61.0	62.8	63.6
Unutilised credit facilities	NOK mill.	900.0	900.0	900.0
Remaining time to maturity for interest hedge agreements	Years	4.2	4.2	3.9
Average interest rate	Per cent	3.65	3.80	3.48
Average interest margin	Per cent	1.38	1.57	1.39
Remaining time to maturity for interest-bearing debt	Years	2.9	2.6	3.3
Market value of property portfolio	NOK mill.	14 434.6	14 643.9	15 360.5
Gross debt to asset ratio (gross LTV)	Per cent	45.0	47.3	45.2
Net debt to asset ratio (net LTV)	Per cent	44.3	46.5	44.7

INTEREST HEDGES

The table below presents the maturity structure for interest-rate hedges on the group's interest-bearing debt at 30 June 2018.

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.	3 047	-	1 250	200	1 050	1 400	**6 947**
Average basic interest for amount due	Per cent	1.1	-	3.8	2.6	3.0	2.0	**2.1**
Share of total liabilities	Per cent	44	-	18	3	15	20	**100**

Norwegian Property's interest hedge ratio was 61 per cent at 30 June 2018. Ten-year interest-rate hedges covering a further NOK 100 million were entered into during July 2018.

INTEREST-BEARING LIABILITIES

The carrying amount of interest-bearing liabilities in the balance sheet totalled NOK 6 951.4 million (NOK 6 933 million) at 30 June.

No changes were made to the group's loan portfolio during the second quarter other than ordinary instalments. A bond loan was extended by NOK 230 million during the first quarter, which was applied to reducing bank facilities.

OPERATIONS

COMMERCIAL PROPERTY MARKET

Office vacancy in Oslo is estimated to be 6.3 per cent, and is somewhat lower in both the city centre and the Nydalen district. Vacancy is expected to decline over the next few years as a result of decisions already taken to convert space to other applications (primarily residential), limited newbuild activity and continued growth in employment. Activity in the letting market is good. Rents are rising in a number of areas. Declining vacant space is expected to be positive for rent development in the time to come.

In Stavanger there is increased interest for premises in the city centre, and at Forus there is increasing interest from oil-related companies for premises with flexibility related to both size and maturity.

The level of activity in the transaction market was very high during 2017. This persisted in the first half of 2018, with many property transactions in various segments at sharp yield levels. Long-term market interest rates have risen slightly in 2018. Further increases in these rates are expected to have a negative effect on investor willingness to accept exposure to investment property. However, many buyer groups are active and hunting for good objects. Prime yield for Oslo is still estimated to be 3.75 per cent, with downward pressure on yields for secondary properties.

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 (90.8 per cent of ongoing annual rental income at 30 June), at Gardermoen (3.7 per cent) and in Stavanger (5.4 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 796.7 million at 30 June, up by NOK 7.5 million on a like-by-like basis from 1 April. Overall financial vacancy in the property portfolio totalled 5.6 per cent. This vacancy related to a great extent to properties in the Stavanger region and at Fornebu in Bærum. Financial vacancy for the properties in Oslo (Aker Brygge, Nydalen and Skøyen) came to 3.6 per cent.

The weighted average remaining duration of the leases is 3.8 years. The average rent adjustment factor for the consumer price index is 99.7 per cent for the total portfolio.

ENVIRONMENTAL ACTION AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

The company will report to the Carbon Disclosure Project for the sixth time in the third quarter of 2018. This year's deadline has been postponed because of changes to the reporting system.

Norwegian Property has an environmental strategy with performance targets for the period up to 2022. The energy centre with a seawater pump at Aker Brygge accounted in 2017 for 36 per cent of energy consumption in the affiliated buildings. Where the remainder of the property portfolio is concerned, energy consumption per square metre declined by 10 per cent from 2015 to 2017, and carbon emissions per square metre are down by 30 per cent.

SHAREHOLDER INFORMATION

The company had 1 525 registered shareholders at 30 June, down by 15 from 31 March. Non-Norwegian shareholders held 68.6 per cent of the share capital at 30 June, a slight increase from 31 March. The number of shares traded during the second quarter averaged 223 089 per day. For 2017 as a whole, the daily average was 227 590 shares. Corresponding daily turnover was 0.3 million in 2016 and 0.9 million in 2015. 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 2018 are presented below.

#	Name	Share (prosent)	Number of shares	Account type	Nationality
1	GEVERAN TRADING CO LTD	58.83	322 678 361		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	4.22	23 131 995	NOM	NLD
5	STATE STREET BANK AN A/C WEST NON-TREATY	0.80	4 413 729	NOM	USA
6	DANSKE BANK AS	0.78	4 265 216		DNK
7	THE BANK OF NEW YORK C/O BNYMSANV RE BNYM	0.44	2 392 754	NOM	GBR
8	NIKI AS	0.36	2 000 000		NOR
9	DNB NOR MARKETS, AKS DNB BANK ASA	0.35	1 922 101		NOR
10	SALT VALUE AS	0.33	1 817 969		NOR
11	STATE STREET BANK AN A/C CLIENT OMNIBUS	0.28	1 537 830	NOM	USA
12	J.P. MORGAN BANK LUX JPML SA RE CLT ASSET	0.27	1 455 509	NOM	LUX
13	MATHIAS HOLDING AS	0.26	1 400 000		NOR
14	EIKA NORGE	0.25	1 373 905		NOR
15	SKANDINAVISKA ENSKIL SEB AB, UCITS V - FI	0.25	1 370 112	NOM	FIN
16	KAS BANK N.V. S/A CLIENT ACC TREATY	0.25	1 359 000	NOM	NLD
17	ESPEDAL & CO AS	0.23	1 264 767		NOR
18	NORDEA BANK AB NORDEA BA. SWE. AB	0.18	1 000 000	NOM	SWE
19	BANAN II AS	0.18	1 000 000		NOR
20	JAG HOLDING AS	0.18	1 000 000		NOR
	Total 20 largest shareholders	**94.22**	**516 772 315**		**10/20 NOR**

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.

The company is experiencing low vacancy, good activity in the letting market and rising rent levels in both central Oslo and Nydalen. Reduced oil prices and the attention being devoted to costs in the oil and offshore sector have meant higher vacancy in areas where this type of activity dominates, such as Forus in Stavanger and Fornebu in Bærum. Vacant space in the company's portfolio relates largely to these areas. 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.

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 ongoing short-term fluctuations in working capital requirements.

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 reletting of premises.

OUTLOOK

Vacancy in Oslo is estimated at 6.3 per cent, and is expected to continue declining as a result of growth in employment, conversion of space to other applications and limited newbuild activity. Activity in parts of Stavanger's letting market is increasing slightly.

The Oslo portfolio, which now accounts for 96 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. At 30 June, such partnerships covered properties in Stavanger. The company is also working actively with other long-term development opportunities in the portfolio and where it sees an exciting development potential. In a demanding transaction market, the board is concerned to take advantage of opportunities which strengthen the company's position in its core areas – which are primarily Oslo's central business district and Nydalen.

The board has a mandate from the company's AGM to determine dividend payments between AGMs. A dividend of NOK 0.07 has been approved by the board for the second quarter of 2018. The company's goal is to pay 30-50 per cent of ordinary profit after tax payable but before fair value changes to shareholders in the form of dividend. Before the dividend is set, an assessment is made of the group's financial position and prospects, including a possible increase in capital requirements for investment in properties and changes to the revenue base as a result of property sales.

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 2018 and the summary consolidated half-year financial statements for Norwegian Property ASA at 30 June 2018. 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 2018.

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 12 July 2018

FINANSIELL INFORMASJON

CONSOLIDATED CONDENSED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK million	Note	2Q 2018	2Q 2017	1H 2018	1H 2017	Year 2017
Revenue		**198.8**	**196.5**	**395.9**	**393.1**	**784.3**
Property-related operational expenses		(18.7)	(16.0)	(36.6)	(32.8)	(66.0)
Other property-related expenses		(17.0)	(14.5)	(33.4)	(28.2)	(58.0)
Total property-related expenses		**(35.6)**	**(30.5)**	**(70.0)**	**(60.9)**	**(124.0)**
Administrative expenses		(12.9)	(16.5)	(26.4)	(29.0)	(53.7)
Total operating expenses		**(48.5)**	**(47.0)**	**(96.4)**	**(89.9)**	**(177.7)**
Operating profit before fair-value adjustments		**150.3**	**149.5**	**299.5**	**303.2**	**606.6**
Change in market value of investment property	3	(29.7)	243.7	(18.7)	440.4	1 046.7
Operating profit		**120.6**	**393.2**	**280.8**	**743.6**	**1 653.3**
Financial income	2	0.4	0.6	1.0	1.5	2.5
Financial cost	2	(66.4)	(75.2)	(131.7)	(149.9)	(292.4)
Realised net financial items		**(66.0)**	**(74.6)**	**(130.7)**	**(148.4)**	**(289.9)**
Change in market value of financial derivative instruments	2, 4	2.4	7.1	48.6	17.7	43.6
Net financial items		**(63.6)**	**(67.5)**	**(82.2)**	**(130.6)**	**(246.3)**
Profit before income tax		**57.0**	**325.7**	**198.6**	**612.9**	**1 407.0**
Income tax	7	(24.3)	(67.2)	(73.7)	(142.3)	(58.3)
Profit for the period		**32.7**	**258.5**	**124.9**	**470.6**	**1 348.7**
Profit attributable to non-controlling interests		-	-	-	-	-
Profit attributable to shareholders of the parent company		**32.7**	**258.5**	**124.9**	**470.6**	**1 348.7**
Value adjustment of owner-occupied property	3	0.5	0.3	2.0	(1.2)	3.7
Total other comprehensive income		**0.5**	**0.3**	**2.0**	**(1.2)**	**3.7**
Other comprehensive income which may subsequently be reclassified to profit or loss, net of tax		-	-	-	-	-
Total comprehensive income		**33.2**	**258.7**	**126.9**	**469.3**	**1 352.3**
Total comprehensive income attributable to shareholders of the parent company		33.2	258.7	126.9	469.3	1 352.3
Total comprehensive income attributable to non-controlling interests		-	-	-	-	-

CONSOLIDATED CONDENSED BALANCE SHEET

Amounts in NOK million	Note	30.06.2018	30.06.2017	31.12.2017
Financial derivative instruments	4	11.3	1.7	2.3
Investment property	3	14 466.2	14 582.1	15 289.8
Owner-occupied property	3	72.7	61.7	70.8
Other fixed assets		45.4	47.3	42.3
Total non-current assets		**14 595.6**	**14 692.8**	**15 405.1**
Financial derivative instruments	4	0.7	3.3	0.4
Receivables		78.5	97.2	81.4
Cash and cash equivalents	6	110.5	117.0	89.2
Investment property held for sale	3	895.7	-	-
Total current assets		**1 085.3**	**217.4**	**171.1**
Total assets		**15 680.9**	**14 910.2**	**15 576.2**
Share capital		274.2	274.2	274.2
Share premium		2 295.2	2 295.2	2 295.2
Other paid in equity		7 557.3	7 557.3	7 557.3
Retained earnings		(2 418.9)	(3 272.6)	(2 471.9)
Total equity		**7 707.8**	**6 854.0**	**7 654.8**
Deferred tax	7	605.8	614.0	531.5
Financial derivative instruments	4	191.0	276.2	233.1
Interest bearing liabilities	6	6 344.5	4 473.2	6 940.5
Other liabilities	3	2.3	57.5	57.4
Total non-current liabilities		**7 143.6**	**5 421.0**	**7 762.5**
Financial derivative instruments	4	-	3.9	0.5
Interest bearing liabilities	6	606.9	2 459.8	9.9
Other liabilities		222.6	171.7	148.6
Total current liabilities		**829.5**	**2 635.3**	**159.0**
Total liabilities		**7 973.1**	**8 056.3**	**7 921.5**
Total equity and liabilities		**15 680.9**	**14 910.2**	**15 576.2**

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	Share capital	Share premium	Other paid in equity	Retained earnings	Total equity
Total equity 31.12.2016	**274.2**	**2 295.2**	**7 557.3**	**(3 637.8)**	**6 488.9**
Total comprehensive income	-	-	-	469.3	469.3
Paid dividend	-	-	-	(104.2)	(104.2)
Total equity 30.06.2017	**274.2**	**2 295.2**	**7 557.3**	**(3 272.6)**	**6 854.0**
Total comprehensive income	-	-	-	883.0	883.0
Paid dividend	-	-	-	(82.3)	(82.3)
Total equity 31.12.2017	**274.2**	**2 295.2**	**7 557.3**	**(2 471.9)**	**7 654.8**
Total comprehensive income	-	-	-	126.9	126.9
Employee share-option scheme	-	-	-	2.9	2.9
Paid dividend	-	-	-	(76.8)	(76.8)
Total equity 30.06.2018	**274.2**	**2 295.2**	**7 557.3**	**(2 418.9)**	**7 707.8**

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOW

Amounts in NOK million	Note	2Q 2018	2Q 2017	1H 2018	1H 2017	Year 2017
Profit before income tax		57.0	325.7	198.6	612.9	1 407.0
Depreciation of tangible assets		1.5	1.6	2.9	3.3	7.5
Fair value adjustment of investment property	3	29.7	(243.7)	18.7	(440.4)	(1 046.7)
Fair value adjustment of financial derivative instruments	4	(5.8)	(8.0)	(51.9)	(61.3)	(105.5)
Change in short-term items		(23.1)	(28.4)	26.5	(10.7)	(27.8)
Net cash flow from operating activities		**59.3**	**47.3**	**194.7**	**103.9**	**234.6**
Payments for purchase of investment property and other fixed assets		(54.8)	(59.7)	(91.7)	(93.2)	(187.5)
Net cash flow from investing activities		**(54.8)**	**(59.7)**	**(91.7)**	**(93.2)**	**(187.5)**
Net change in interest-bearing debt	6	(2.2)	(42.8)	(5.1)	164.2	182.4
Paid dividend		(38.4)	(38.4)	(76.8)	(104.2)	(186.5)
Net cash flow from financial activities		**(40.6)**	**(81.1)**	**(81.8)**	**60.0**	**(4.1)**
Net change in cash and cash equivalents		**(36.1)**	**(93.5)**	**21.2**	**70.7**	**43.0**
Cash and cash equivalents at the beginning of the period		146.5	210.5	89.2	46.2	46.2
Cash and cash equivalents at the end of the period		**110.5**	**117.0**	**110.5**	**117.0**	**89.2**

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 2017. 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 2017. No significant changes have been made to accounting policies compared with the principles used in the preparation of the financial statements for 2017, but the group has implemented the following new standards and changes of standards in the 2018 interim financial statement:

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and li-abilities and hedge accounting. The complete version of IFRS 9 was issued in July 2014. It replaces the parts of IAS 39 that relate to similar issues. Under IFRS 9, financial assets are classified into three categories: fair value through other comprehensive income, fair value through profit and amortised cost. The measurement category is determined on initial recognition of the asset. The classification depends on the entity's business model for managing its financial instruments and the characteristics of the cash flows of the individual instrument. Equity instruments shall initially be measured at fair value. The company may elect to present value changes in other comprehensive income, but the choice is binding and subsequent gain or loss cannot be reclassified to income. Impairment due to credit risk should be recognised based on expected loss rather than the current model where losses must be incurred. For financial liabilities, the standard is based on IAS 39. The biggest change is where the fair value option is adopted for financial liabilities, the changes in fair value due to changes in own credit risk are recognised in other comprehensive income. IFRS 9 simplifies the requirements for hedge accounting by linking hedging effectiveness more closely to management's risk control and provides a greater scope for assessment. Meanwhile hedge documentation is still required. The standard is effective for the financial year 2018. Implementation of the standard has not had a material effect on the accounts of Norwegian Property.

IFRS 15 Income from customer contracts is related to revenue recognition. The standard requires a division of the customer contract in the individual performance obligations. A performance obligation can be a product or a service. Revenue is recognised when a customer obtains control of the product or service and thus can determine the use and receive the benefits of the product or service. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. The standard is effective for the financial year 2018. Implementation of the standard has not had a material effect on the accounts of Norwegian Property, as the group's income is mainly accounted for in accordance with IAS 17.

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 2017.

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 12 July 2018. 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 2018	2Q 2017	1H 2018	1H 2017	Year 2017
Interest income on bank deposits	0.4	0.6	1.0	1.5	2.5
Total financial income	**0.4**	**0.6**	**1.0**	**1.5**	**2.5**
Interest expense on borrowings	(66.4)	(75.2)	(131.7)	(149.9)	(292.4)
Total financial cost	**(66.4)**	**(75.2)**	**(131.7)**	**(149.9)**	**(292.4)**
Realised net financial items	**(66.0)**	**(74.6)**	**(130.7)**	**(148.4)**	**(289.9)**
Change in market value of financial derivative instruments	2.4	7.1	48.6	17.7	43.6
Net financial items	**(63.6)**	**(67.5)**	**(82.2)**	**(130.6)**	**(246.3)**

NOTE 3 - INVESTMENT PROPERTY

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

Amounts in NOK million	Note	2Q 2018	2Q 2017	1H 2018	1H 2017	Year 2017
Total value of investment property, opening balance		15 410.1	14 340.7	15 360.5	14 112.1	14 112.1
Additions through acquisition of and on-going investment in properties		54.8	59.4	91.7	92.3	188.0
Recognised in the income statement for the period		(30.6)	243.7	(19.5)	441.9	1 057.1
Recognised in other comprehensive income for the period		0.3	-	1.9	(2.4)	3.3
Total value of investment property, closing balance		**15 434.6**	**14 643.9**	**15 434.6**	**14 643.9**	**15 360.5**
Of which investment property held for sale	1	(895.7)	-	(895.7)	-	-
Investment property, not held for sale		**14 538.9**	**14 643.9**	**14 538.9**	**14 643.9**	**15 360.5**
Of which owner-occupied property	2	(72.7)	(61.7)	(72.7)	(61.7)	(70.8)
Book value of investment property		**14 466.2**	**14 582.1**	**14 466.2**	**14 582.1**	**15 289.8**

[1] 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. From first quarter 2018, these properties are classified in the balance sheet as investment properties held for sale at the present value of contractual cash flows.

After the end of the second quarter 2018, Norwegian Property entered into an agreement with Avinor on cancelling long-term land leases at Gardermoen. The cancellation will come into force at 31 December 2019, when the lease held by SAS expires. At that point, Avinor will take over the buildings on the leased land, and Norwegian Property retains the rental income and operational responsibility for the properties until the date of the takeover. In the balance sheet the properties are classified as ordinary investment property, valued at the present value of agreed cash flows. Classification as investment property held for sale assumes expected realisation within one year from the balance sheet date.

[3] 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	Level 1	Level 2	Level 3	Total
		30.06.2018		
Investment property	-	-	14 466.2	14 466.2
Owner-occupied property	-	-	72.7	72.7
Investment property held for sale	-	-	895.7	895.7
Total	**-**	**-**	**15 434.6**	**15 434.6**
		30.06.2017		
Investment property	-	-	14 582.1	14 582.1
Owner-occupied property	-	-	61.7	61.7
Total	-	-	**14 643.9**	**14 643.9**
		31.12.2017		
Investment property	-	-	15 289.8	15 289.8
Owner-occupied property	-	-	70.8	70.8
Total	-	-	**15 360.6**	**15 360.5**

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 2017 and 2018.

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 2018	2Q 2017	1H 2018	1H 2017	Year 2017
Net book value of derivatives, opening balance	(184.8)	(283.1)	(230.9)	(336.4)	(336.4)
Buyout of derivatives	3.4	0.9	3.3	43.6	62.0
Fair value adjustments of derivatives	2.4	7.1	48.6	17.7	43.6
Net book value of derivatives, closing balance	**(179.0)**	**(275.1)**	**(179.0)**	**(275.1)**	**(230.9)**
Of which classified as non-current assets	11.3	1.7	11.3	1.7	2.3
Of which classified as current assets	0.7	3.3	0.7	3.3	0.4
Of which classified as non-current liabilities	(191.0)	(276.2)	(191.0)	(276.2)	(233.1)
Of which classified as current liabilities	-	(3.9)	-	(3.9)	(0.5)

NOTE 5 - FINANCIAL INSTRUMENTS

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

Amounts in NOK million	30.06.2018		30.06.2017		31.12.2017	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Non-current derivatives	11.3	11.3	1.7	1.7	2.3	2.3
Current derivatives	0.7	0.7	3.3	3.3	0.4	0.4
Current receivables	78.5	78.5	97.2	97.2	81.4	81.4
Cash and cash equivalents	110.5	110.5	117.0	117.0	89.2	89.2
Total financial assets	**200.9**	**200.9**	**219.1**	**219.1**	**173.3**	**173.3**
Non-current derivatives	191.0	191.0	276.2	276.2	233.1	233.1
Non-current interest-bearing liabilities	6 344.5	6 361.2	4 473.2	4 492.1	6 940.5	6 959.5
Current derivatives	-	-	3.9	3.9	0.5	0.5
Current interest-bearing liabilities	606.9	607.0	2 459.8	2 464.8	9.9	9.9
Other current liabilities	220.4	220.4	168.6	168.6	132.0	132.0
Total financial liabilities	**7 362.8**	**7 379.6**	**7 381.7**	**7 405.6**	**7 316.0**	**7 335.0**

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	Level 1	Level 2	Level 3	Total
		30.06.2018		
Non-current derivatives (assets)	-	11.3	-	11.3
Current derivatives (assets)	-	0.7	-	0.7
Non-current derivatives (liabilities)	-	(191.0)	-	(191.0)
Current derivatives (liabilities)	-	-	-	-
Total	**-**	**(179.0)**	**-**	**(179.0)**
		30.06.2017		
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)
Total	**-**	**(275.1)**	**-**	**(275.1)**
		31.12.2017		
Non-current derivatives (assets)	-	2.3	-	2.3
Current derivatives (assets)	-	0.4	-	0.4
Non-current derivatives (liabilities)	-	(233.1)	-	(233.1)
Current derivatives (liabilities)	-	(0.5)	-	(0.5)
Total	**-**	**(230.9)**	**-**	**(230.9)**

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 2017 and 2018.

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 2018	2Q 2017	1H 2018	1H 2017	Year 2017
Loan facilities at par value, opening balance		6 971.8	6 999.3	6 974.7	6 792.3	6 792.3
Increase in loan facilities		-	670.0	230.0	1 087.0	3 366.0
Reduction in loan facilities		(2.2)	(712.8)	(235.1)	(922.8)	(3 183.6)
Loan facilities at par value, closing balance		**6 969.6**	**6 956.5**	**6 969.7**	**6 956.5**	**6 974.6**
Capitalised borrowing cost		(18.2)	(23.5)	(18.2)	(23.5)	(24.3)
Book value of interest-bearing debt		**6 951.4**	**6 933.0**	**6 951.4**	**6 933.0**	**6 950.4**
Of which classified as non-current liabilities		6 344.5	4 473.2	6 344.5	4 473.2	6 940.5
Of which classified as current liabilities		606.9	2 459.8	606.9	2 459.8	9.9
Interest-bearing debt	1	(6 951.4)	(6 933.0)	(6 951.4)	(6 933.0)	(6 950.4)
Cash and cash equivalents		110.5	117.0	110.5	117.0	89.2
Net interest-bearing position		**(6 841.0)**	**(6 816.1)**	**(6 841.0)**	**(6 816.1)**	**(6 861.2)**

[1] Unutilised credit facilities amounted to NOK 900 million at both 30 June 2018, 30 June 2017 and 31 December 2017.

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 2018, 61.0 per cent of such loans was secured (30 June 2017: 62.8 per cent). The total average interest margin on loans was 138 basis points (157 basis points). The loan portfolio has an average interest rate of 3.65 per cent (3.80 per cent), and remaining time to maturity for interest-bearing debt was 2.9 years (2.6 years). Remaining time to maturity for interest hedging agreements was 4.2 years (4.2 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 2018	2Q 2017	1H 2018	1H 2017	Year 2017
Profit before income tax		57.0	325.7	198.6	612.9	1 407.0
Income tax calculated at 23 per cent (24 per cent for 2017)		13.1	78.2	45.7	147.1	337.7
Changed tax rate on the closing balance	1	-	-	-	-	(23.3)
Temporary differences		11.2	(11.0)	28.0	(4.8)	(256.1)
Income tax		**24.3**	**67.2**	**73.7**	**142.3**	**58.3**
Deferred tax, opening balance		581.3	546.7	531.5	472.1	472.1
Recognised through profit and loss		24.3	67.2	73.7	142.3	58.3
Recognised through comprehensive income		0.2	0.1	0.6	(0.4)	1.1
Deferred tax, closing balance		**605.8**	**614.0**	**605.8**	**614.0**	**531.5**

[1] The company tax rate in Norway was reduced from 24 to 23 per cent at the beginning of 2018. Deferred tax at 31 December 2017 is therefore calculated on the basis of a tax rate of 23 per cent. Correspondingly, 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 2018.

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 2017).

NOTE 9 - EVENTS AFTER THE BALANCE SHEET DATE

After the end of the second quarter, Norwegian Property entered into an agreement with Avinor on cancelling long-term land leases at Gardermoen. The cancellation will come into force at 31 December 2019, when the lease held by SAS expires. At that point, Avinor will take over the buildings on the leased land, and Norwegian Property retains the rental income and operational responsibility for the properties until the date of the takeover. The agreed gross property value is just over NOK 40 million. Annual rental income for the properties in 2018 is NOK 30 million. The overall nominal value of the rental income (before annual adjustment for the consumer price index), which Norwegian Property will receive in addition to the value of the property until December 2019 amounts to NOK 45 million. The land leases expire in 2021, 2026 and 2027, while the SAS lease expires at 31 December 2019.

In addition, after the end of second quarter, Norwegian Property has completed the acquisition of five commercial units totalling approx. 1 100 sqm in the Dock Building at Aker Brygge from Telenor. Telenor is a tenant in parts of the areas. The purchase agreement was entered into in the second quarter and gross property value amounts to NOK 20.5 million.

In accordance with the mandate from the annual general meeting in 2018 the board decided on 12 July 2018 that a dividend of NOK 0.07 per share will be paid after the presentation of the accounts at the end of the second quarter of 2018.

No other significant events have occurred after the balance sheet date at 30 June 2018.

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.
Financial vacancy rate	Annualised market rent for space that, at the balance sheet date, do not generate rental income 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.
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.

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For further information on Norwegian Property, including presentation material relating to this interim report and financial information, please visit www.npro.no.

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