



NORWEGIAN
PROPERTY

1st quarter 2019

Oslo, May 3, 2019



Agenda

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

Q1 in short:

- Revenues NOK 191.6 million
- Earnings per share (EPS) NOK 0.31
- Dividend of NOK 0.07 per share for Q1
- Disposals
 - Sale of Skøyen assets completed
- High activity in rental market
- Strategic sale of “Pier X by NPRO”



:: STRANDEN. AKER BRYGGE. OSLO:



:: PIER X - NPRO. AKER BRYGGE. OSLO:



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Rental update

Rental contracts in Q1-2019

- Entered new contracts with annual gross rent of NOK 5.2 mill (in total NOK 13.7 mill)
- **Cognizant Oil and Gas AS**
 - 1 750 sqm, started January 2019
- **Eureka Pumps AS**
 - 1 300 sqm, started March 2019

Rental contracts in April 2019

- Several signings so far in this quarter
- **MH Wirth**
 - 2 850 sqm, starts November 2019
- **Danske Bank**
 - 1 150 sqm, starts September 2019

Pipeline

- Fair pipeline regarding premises at Aker Brygge and Fornebu **WORKS**



:: TERMINALBYGGET. AKER BRYGGE. OSLO:

Strategic sale of “Pier X by NPRO”

- **NPRO operates 2 different co-working concepts**
 - “**Pier X by NPRO**” was founded as part of NPRO’s continues search to better understand demand for future work places. In total approx. 1,400 sqm
 - “**Business Village**”, in total approx. 3,000 sqm. More co-working light with separate rooms and desks for each tenant
- ⇒ **A strategic decision to invite high end co-working operators to bid for Pier X**
- ⇒ **Interest from operators world wide**
- **Huckletree became our preferred operator**
 - Completed the transaction by entering into a long term lease contract for the premises
 - Huckletree has locations in London, Dublin and Manchester
- **Business Village** is still important for Norwegian Property, and we are contemplating to further expand this concept



Retail update

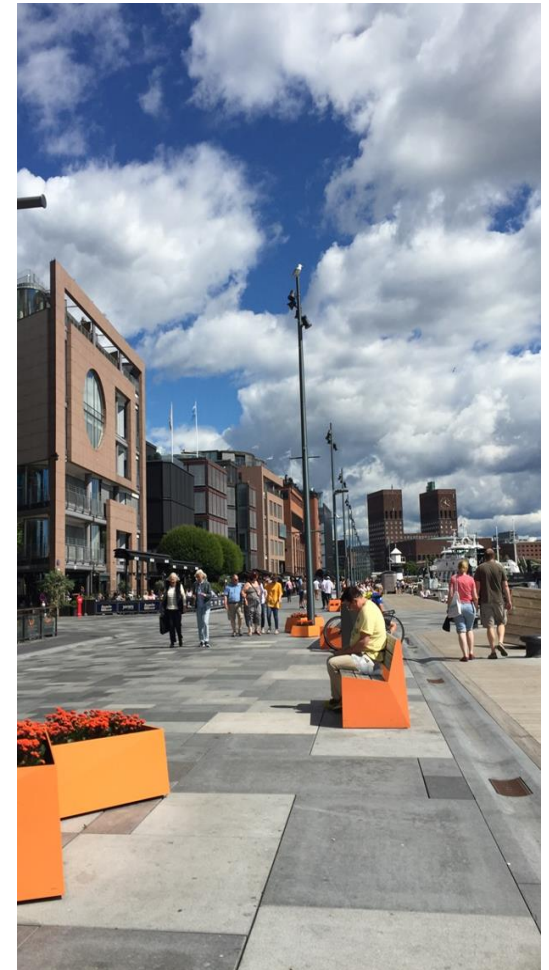
Changing several concepts

- Babel Bar closed to change profile – reopens mid May
- Beach Club closed and replaced by El Camino (Mexican)
 - Opens in May
- Louise: “Louise by night” – new concept opened in March
- Refurbishment of Big Horn and Eataly

Turnover

- Q1 2019
- Growth Q1 19 vs Q1 18

NOK 350 mill.
+ 4.7 %

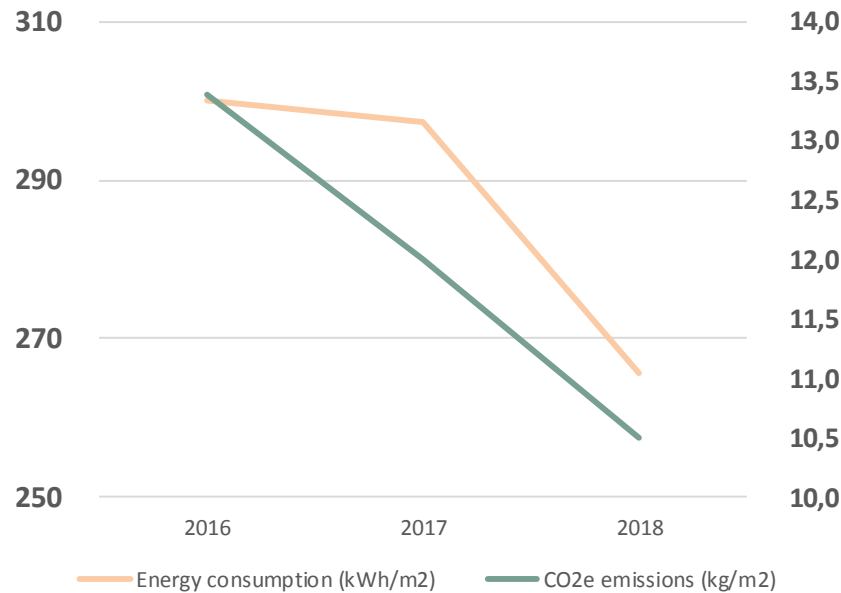


Environmental update

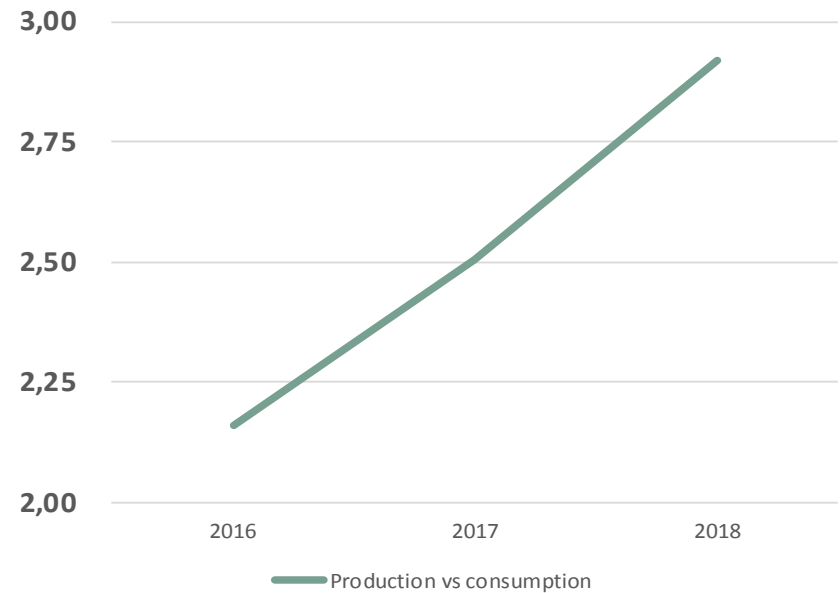
Climate report 2018



Energy consumption and CO₂ e emissions

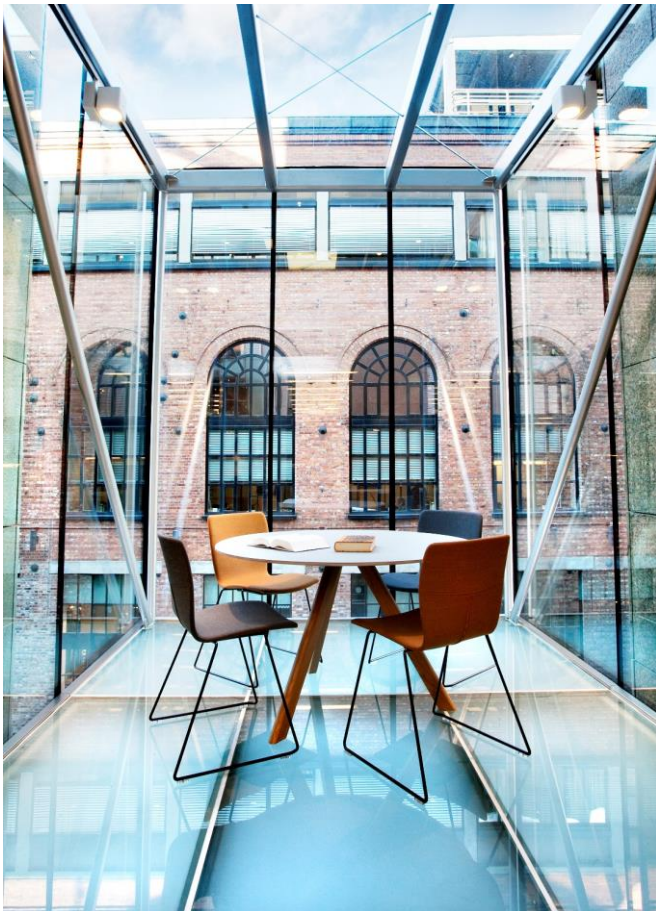


Energy Central's increasing efficiency



	Office	Retail	Restaurant
Energy consumption kWh / sqm	181	511	792
CO2e emissions kg / sqm	6	16	28

Market trends



:: KAIBYGG 1. AKER BRYGGE. OSLO:

Rental market Oslo

- Limited new office supply in CBD in 2019 and 2020
- Continued strong rental markets in CBD and Nydalen
- Continued strong competition for larger tenants outside CBD

Transaction market

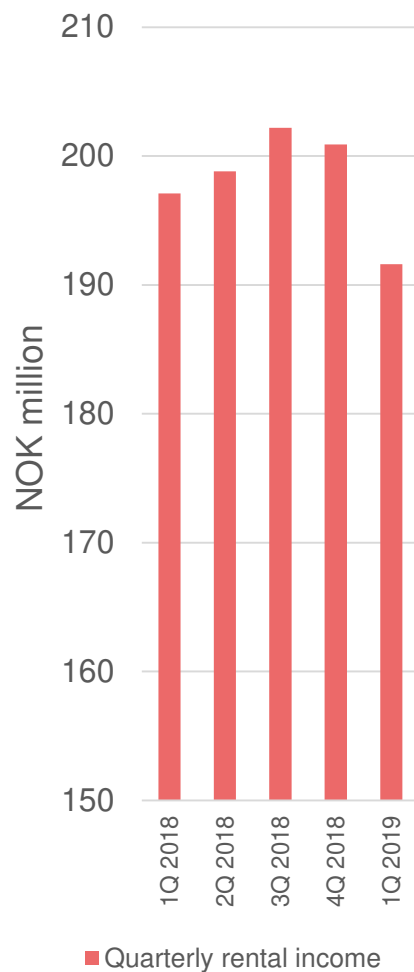
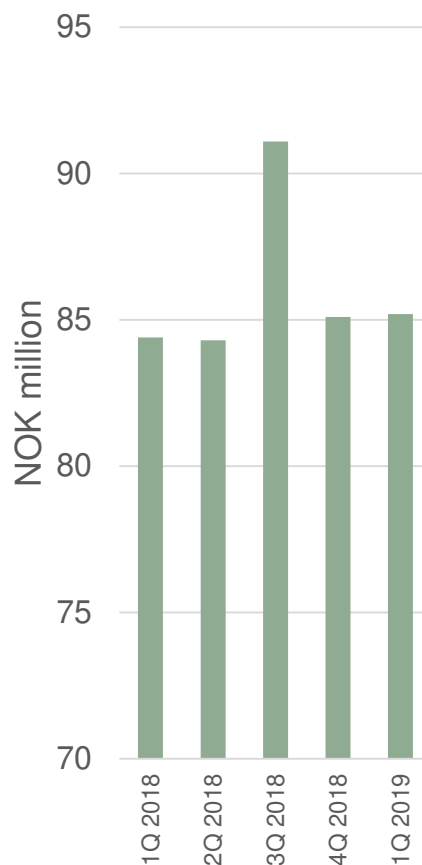
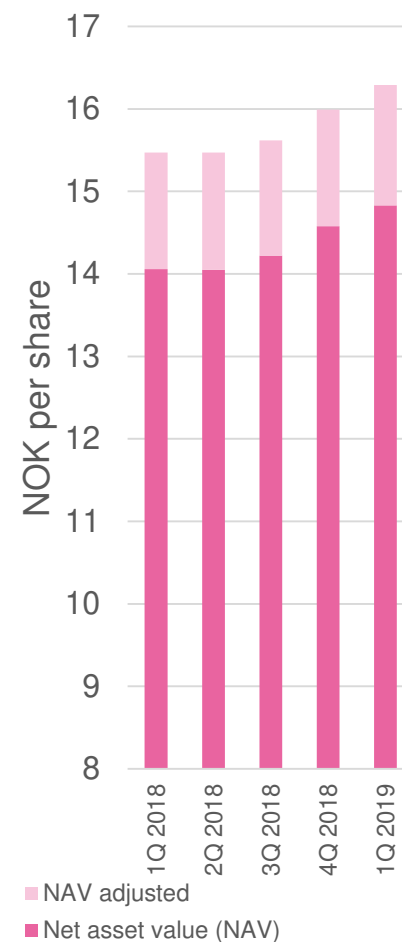
- Prime yield asset for sale still at 3.75%
- Well functioning transaction market
 - Signs of significant yield drop outside CBD
- The combination of decreased LT swap-rates and reduced margin spreads are fuelling the market and tightening yields in greater Oslo



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Financial highlights

RENTAL INCOME

PROFIT BEFORE TAX AND VALUE ADJ.

VALUE PER SHARE


Income statement - Q1 2019

NOK million	Q1 2019	Q1 2018	Year 2018
Revenue	191.6	197.1	798.9
Property-related operational expenses	(15.7)	(17.9)	(71.7)
Other property-related expenses	(14.0)	(16.4)	(65.8)
Administrative expenses	(14.4)	(13.5)	(57.1)
Share of profit in joint ventures ¹	1.6	-	0.3
Operating profit before value adjustments	149.1	149.2	604.6
Change in market value of investment property	124.7	11.1	161.1
Operating profit	273.8	160.2	765.7
Realised financial items	(63.9)	(64.8)	(259.6)
Change in market value of financial derivative instruments	10.3	46.2	71.3
Net financial items	(53.6)	(18.6)	(188.3)
Profit before income tax	220.3	141.7	577.4
Income tax (not payable) ²	(51.0)	(49.4)	(86.8)
Profit for the period	169.3	92.3	490.6
Earnings per share (NOK)	0.31	0.17	0.89
Profit before income tax and value adjustments	85.2	84.4	345.0

¹ Related to the property Badehusgata 33-39 in Stavanger from Q4 2018

² In 2019, amendments have been made to the rules on limiting interest deductions under tax legislations, see note 11

Portfolio valuation by area Q1-2019

- External valuation conducted by Cushman & Wakefield and Akershus Eiendom
- Positive fair value adjustment of NOK 124.7 million for properties owned 100%

Area		Total space (m ²)	WAULT (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	132 520	5.4	11 591.6	87 471	425.2	3 209	3.4 (3.6) ³	4.5
	Nydalen	88 898	3.7	2 121.9	23 869	133.3	1 500	5.8	5.2
	Other ⁴	87 870	1.6	1 085.7	12 356	101.8	1 159	8.6	4.6
Total Oslo Portfolio		309 288	4.4	14 799.2	123 695	660.4	2 135	4.1	4.7
Stavanger ⁵		33 928	2.5	215.9	6 364	12.1	356	5.1	28.5
Total office portfolio ⁵		343 216	4.4	15 015.1	130 060	672.5	1 959	4.1	5.2

¹ For illustration; based on rents as of 31 March 2019 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

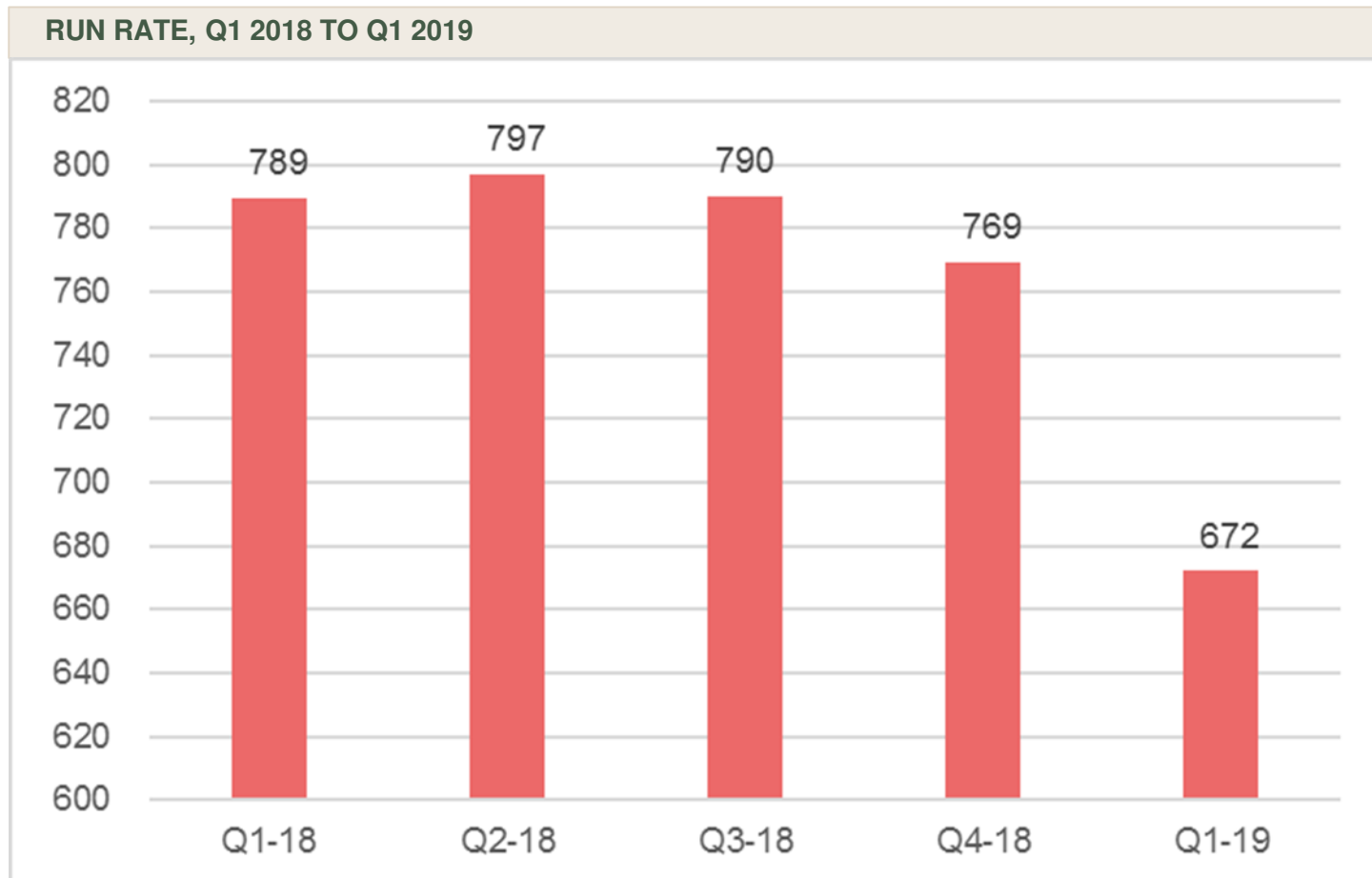
³ Net yield when including forward starting lease on Drammensveien 60

⁴ Hasle retail property included in calculation of space and valuation in "Other", residential project excluded.

⁵ Vacancy is calculated excluding Forusbeen 35 where a zoning process for conversion is initiated. 50% of Badehusgata included in calculations (not included in balance sheet.)

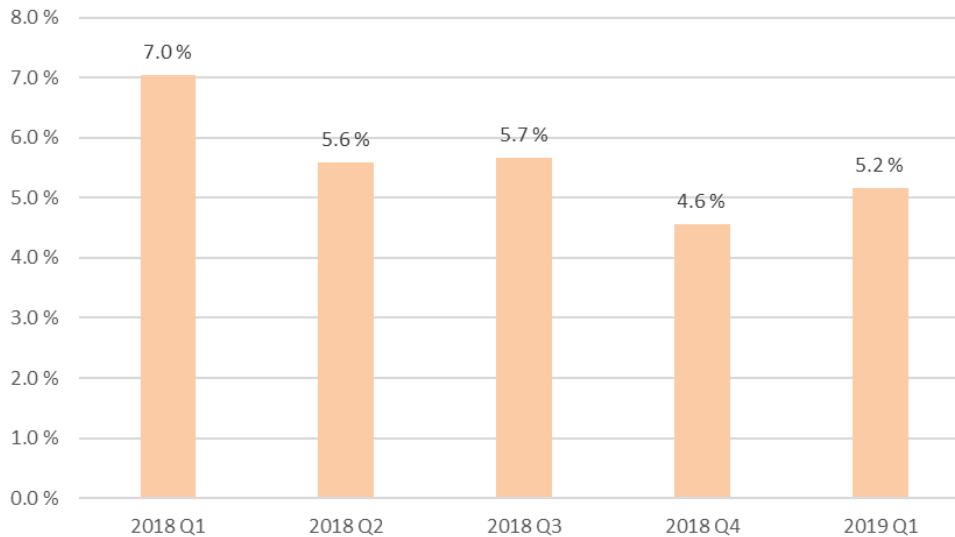


Run rate last 5 quarters

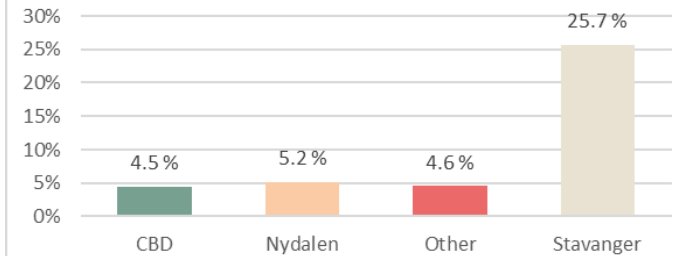


Vacancy based on market rent

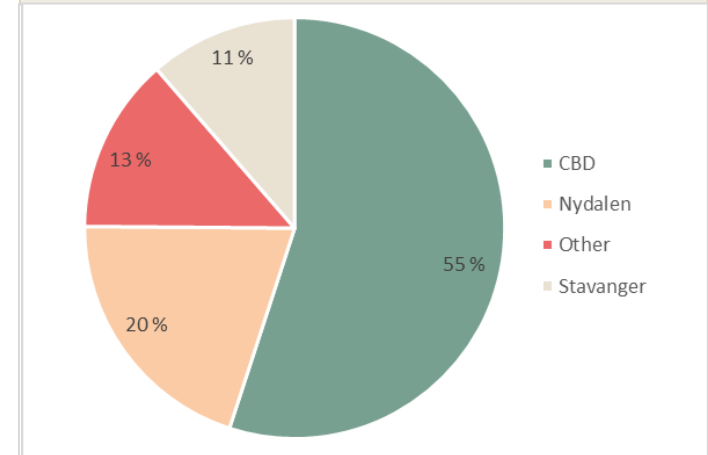
MARKET RENT VACANCY, LAST 5 QUARTERS



MARKET RENT VACANCY FOR EACH AREA



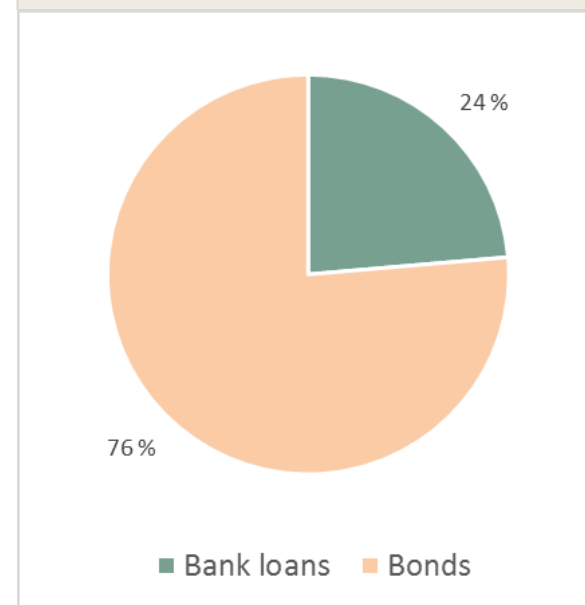
VACANCY FOR EACH AREA IN % OF TOTAL VACANCY



Financial position

Interest bearing debt and hedging		31.03.2019
Total interest bearing debt ¹	NOK million	6 352.2
Property value ²	NOK million	14 872.9
Net Loan to value ³	Per cent	39.6
Cash and cash equivalents	NOK million	445.9
Unused committed credit facilities	NOK million	800.0
Average remaining duration. Hedging	Years	3.9
Average interest rate (including margin) ¹	Per cent	3.85
Average margin ¹	Per cent	1.40
Average remaining duration. Borrowing ¹	Years	2.4
Hedging ratio ⁴	Per cent	62.9
WAULT	Years	4.4

FUNDING SOURCES 31.03.2019:



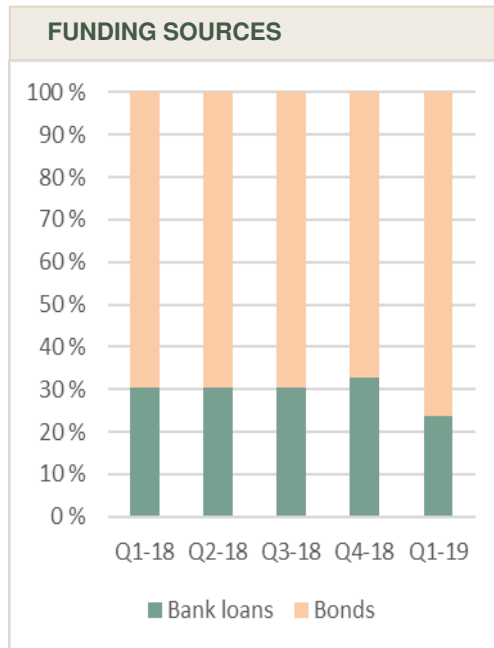
¹ Not including NOK 746.4 million project financing at Hasle

² Including value of Hasle Retail, not including residential project at Hasle and 50% of Badehusgata 33-39

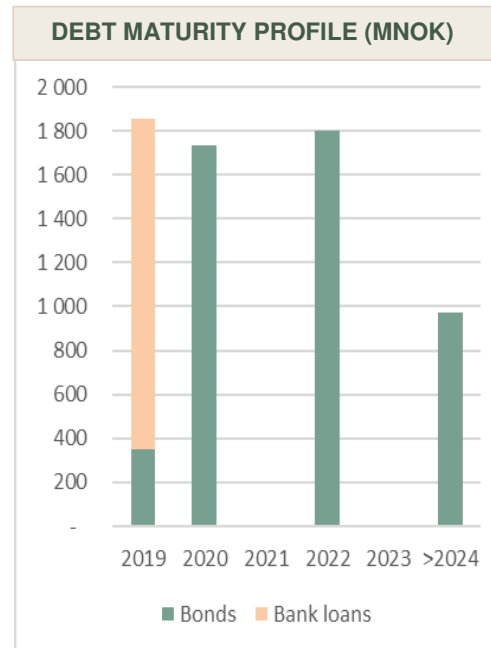
³ Net loan to value = interest bearing debt net of cash divided by gross property value

⁴ Calculated as the amount of interest hedging / total interest bearing debt

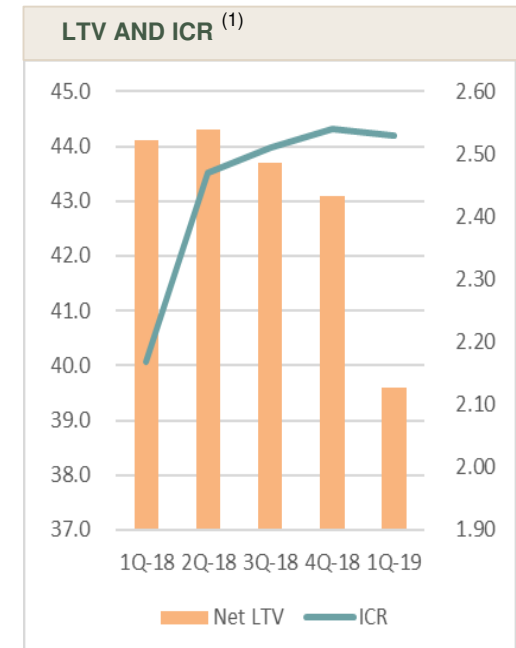
Financing



- **Diversified sources of funding**
 - 4.9 bn in bonds Q1 2019



- **Diversified maturity profile**
 - Average remaining time to maturity Q1 2019 is 2.4 years



- **LTV below long time target**
 - Net **LTV 39.6%** at Q1 2019
 - Approx 39.4% after sale of Gardermoen assets
 - Not including Hasle residential development and ¹⁷ project financing

(1) ICR = EBITDA / Net interest cost, rolling 4 quarters



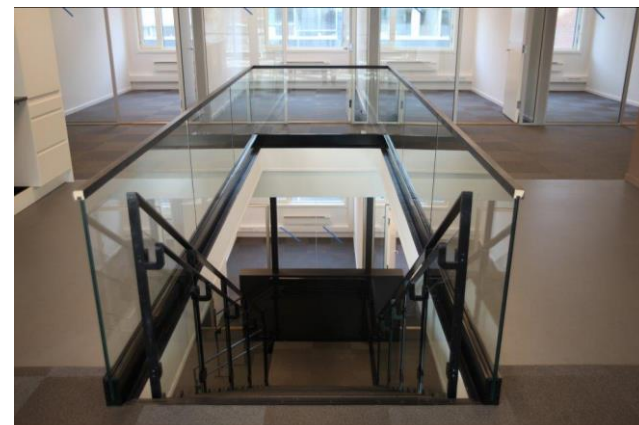
Refurbishments and newbuild in 2019

Refurbishment

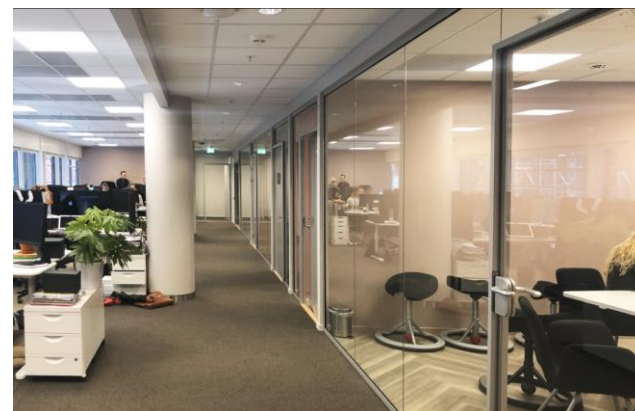
Area	Property	Tenant	SQM	Quarter finalized
Aker Brygge	Fondbygget	United Influencers	500	Q1 2019
Aker Brygge	Fondbygget	Regnskap Norge	1 050	Q2 2019
Aker Brygge	Fondbygget	Kongsberg Gruppen	1 120	Q2 2019
Nydalen	Sandakerveien 130	Universitetet	1 750	Q2 2019
Fornebu	Snarøyveien 36	Broadnet	8 200	Q3 2019
Aker Brygge	Fondbygget	Danske Bank	1 150	Q3 2019

Newbuild

Area	Property	Tenant	SQM	Quarter finalized
Hasle	Vinslottet	Several tenants	8 810	Q4 2019



:: SANDAKERVEIEN 130. NYDALEN. UNIVERSITY OF OSLO:



:: FONDBYGGET. AKER BRYGGE. UNITED BLOGGERS:



Agenda

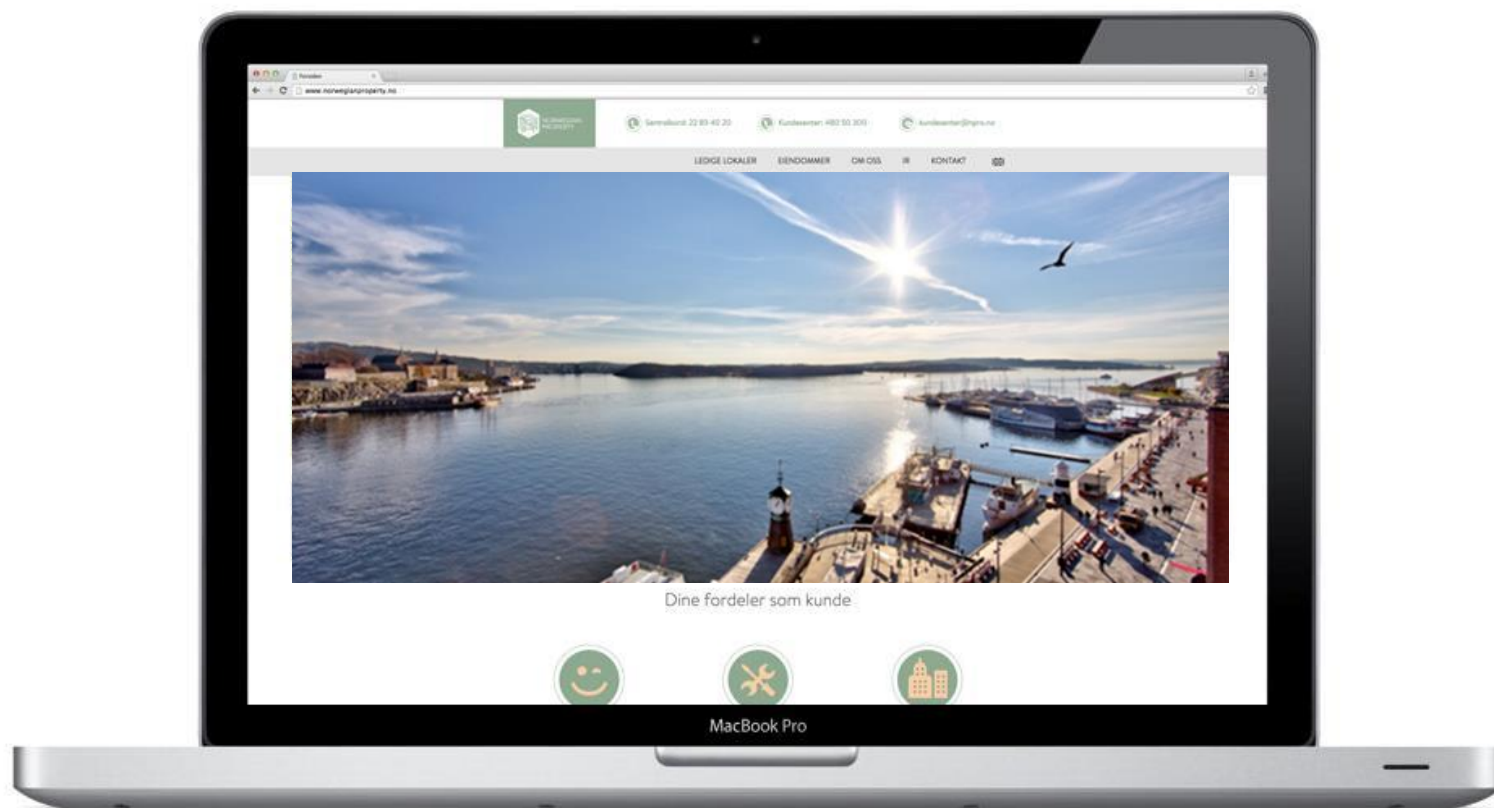
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Summary

- Dividend of NOK 0.07 for Q1–2019
 - Ex date: 6 May
 - Payment date: 22 May
- Sale of Skøyen assets completed
- Strategic sale of high end co-working concept to Huckletree
- Continued focus on execution



Q & A

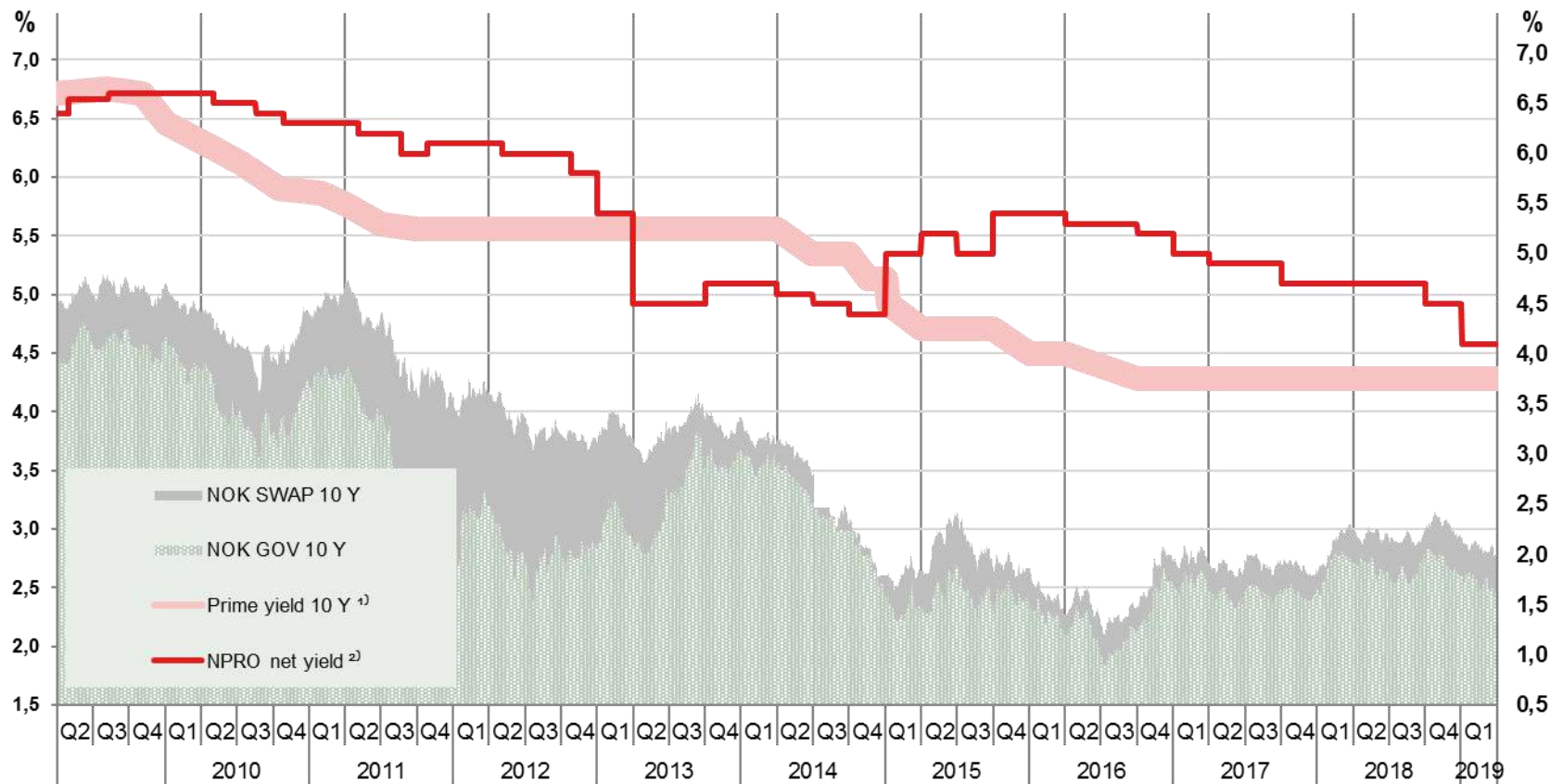




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- **Appendix**

Yield spread


¹ Source: Akershus Eiendom

² NPRO net yield as summarised in slide; Portfolio valuation Q1-2019

Balance sheet – Q1 2019

NOK million	31.03.2019	31.12.2018
Investment property	14 736.8	14 573.7
Owner-occupied property	76.7	75.6
Investment property held for sale ¹	59.4	941.6
Property, plant and equipment	43.1	39.2
Investment in joint ventures ²	31.7	30.1
Inventory ³	882.7	815.5
Receivables ⁴	84.0	455.7
Cash and cash equivalents	445.9	124.6
Equity	8 134.8	8 002.8
Deferred tax	667.0	615.9
Long term interest bearing debt	4 692.6	4 679.6
Short term interest bearing debt	2 336.9	3 153.8
Market value financial derivatives (net)	146.1	156.5
Net other debt	382.9	447.4
Equity ratio (%)	49.7	46.9
NAV per share, book value of equity (NOK)	14.83	14.59
NAV, adjusted per share (NOK)	16.29	16.01
NNNAV per share (NOK)	15.41	15.13

¹ Related to properties agreed to sell in 2019 (Gardermoen).

² Related to the property Badehusgata 33-39 in Stavanger.

³ Related to apartments under construction at Hasle in Oslo.

⁴ Includes loans and seller credits totalling NOK 354 million in connection with the sale of properties in Stavanger at year-end 2018 (repaid in january 2019).

Cash flow - Q1 2019

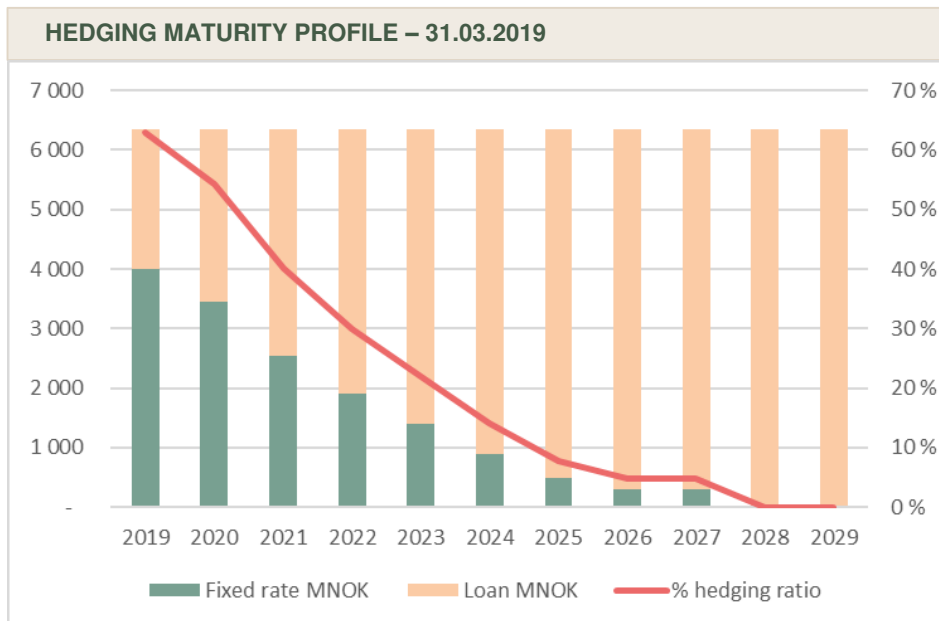
NOK million	Q1 2019	Q1 2018	Year 2018
Cash flow from profit and loss before fair-value adjust.	86.9	85.9	352.0
Change in property-related inventory ¹	(67.2)	-	-
Change in short-term items	(5.9)	49.6	67.7
Cash flow from operating activities	13.8	135.5	419.7
Sale of tangible assets ²	823.0	-	110.6
Purchase of tangible assets	(24.6)	(36.9)	(582.2)
Other investment activities ³	354.0	-	-
Cash flow from investment activities	1 152.4	(36.9)	(471.6)
Net change in interest bearing debt	(806.5)	(2.8)	240.8
Paid dividend	(38.4)	(38.4)	(153.6)
Net cash flow from financing activities	(844.9)	(41.2)	87.3
Net change in cash	321.4	57.3	35.4
Net cash at end of period	445.9	146.5	124.6

¹ Related to apartments under construction at Hasle in Oslo.

² Related to properties at Skøyen in Oslo sold in Q1 2019.

³ Related to loans and seller credits totalling NOK 354 million in connection with the sale of properties in Stavanger at year-end 2018 (repaid in january 2019).

Interest rate hedging



Interest rate risk:

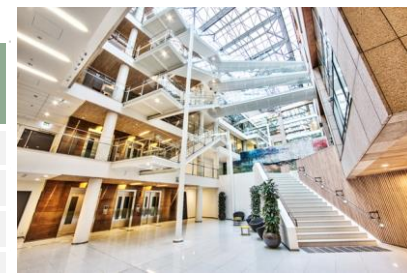
- 50-100% of the group's debt shall be hedged.
- Average remaining time to maturity shall be 3-6 years.
- Hedging ratio 31.03.2019 was 62.9 % and remaining average time to maturity was 3.9 years.
- Diversified maturity profile to avoid exposure to interest levels.
- Project financing at Hasle is excluded from the loan amount.

Overview and key figures



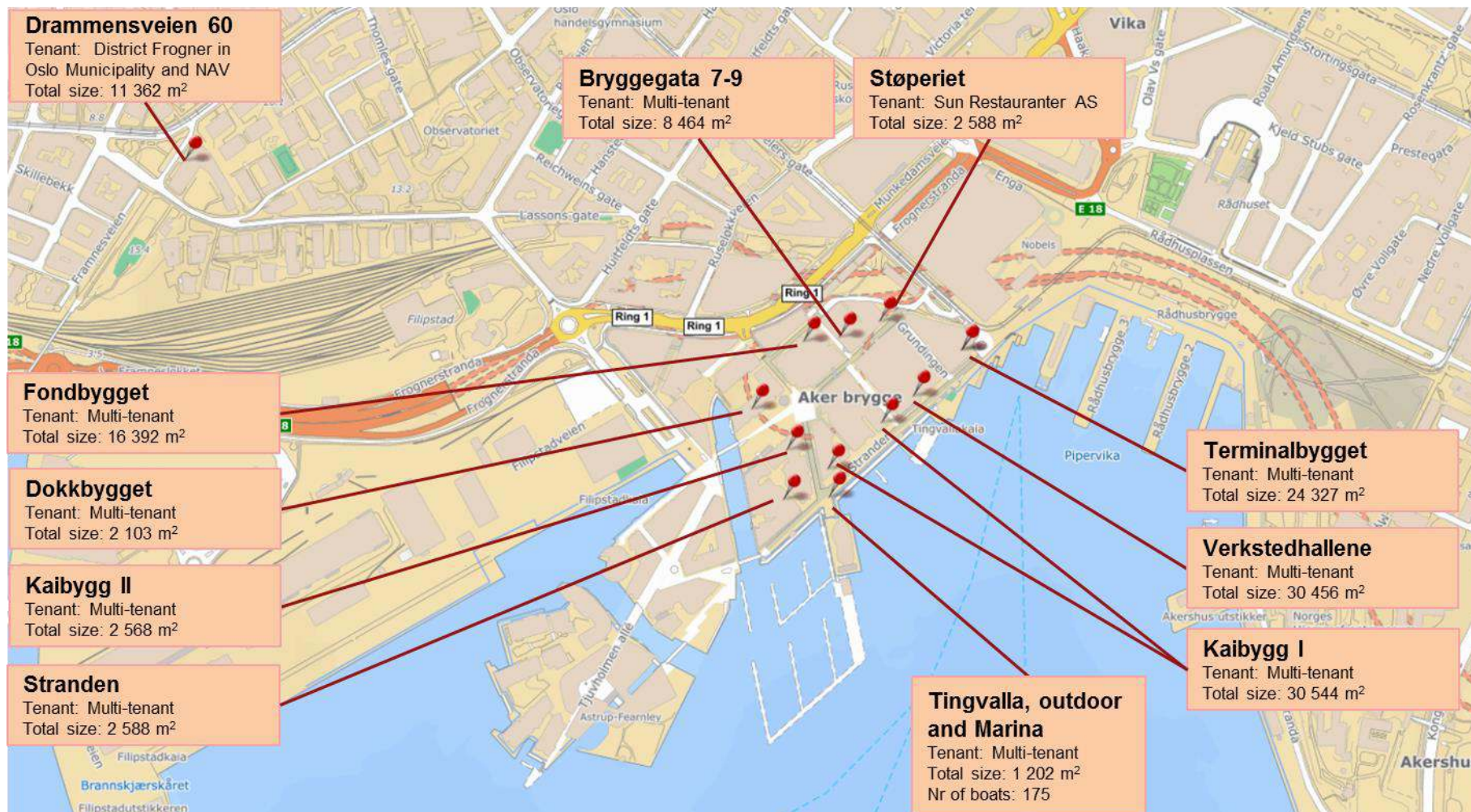
Key figures as of 31 Mar 2019

Properties	no	27
Portfolio size (ex. new space in redev. Projects)	m ²	343 216
Average size per property	m ²	12 712
Gross rent per year (run rate)	NOK mill.	672
Operational expenses per year ¹⁾	NOK mill.	54
Net rent per year (run rate)	NOK mill.	619
Average gross rent per m ² per year	NOK	1 959
Gross market value ²⁾	NOK mill.	15 015
Average value per property	NOK mill.	556
Average value per m ²	NOK	43 748
Gross yield, actual	%	4.5
Net yield, actual	%	4.1
WAULT	Years	4.4
CPI adjustment	%	99.8
Vacancy, calculation based on market rate ³⁾	%	5.2

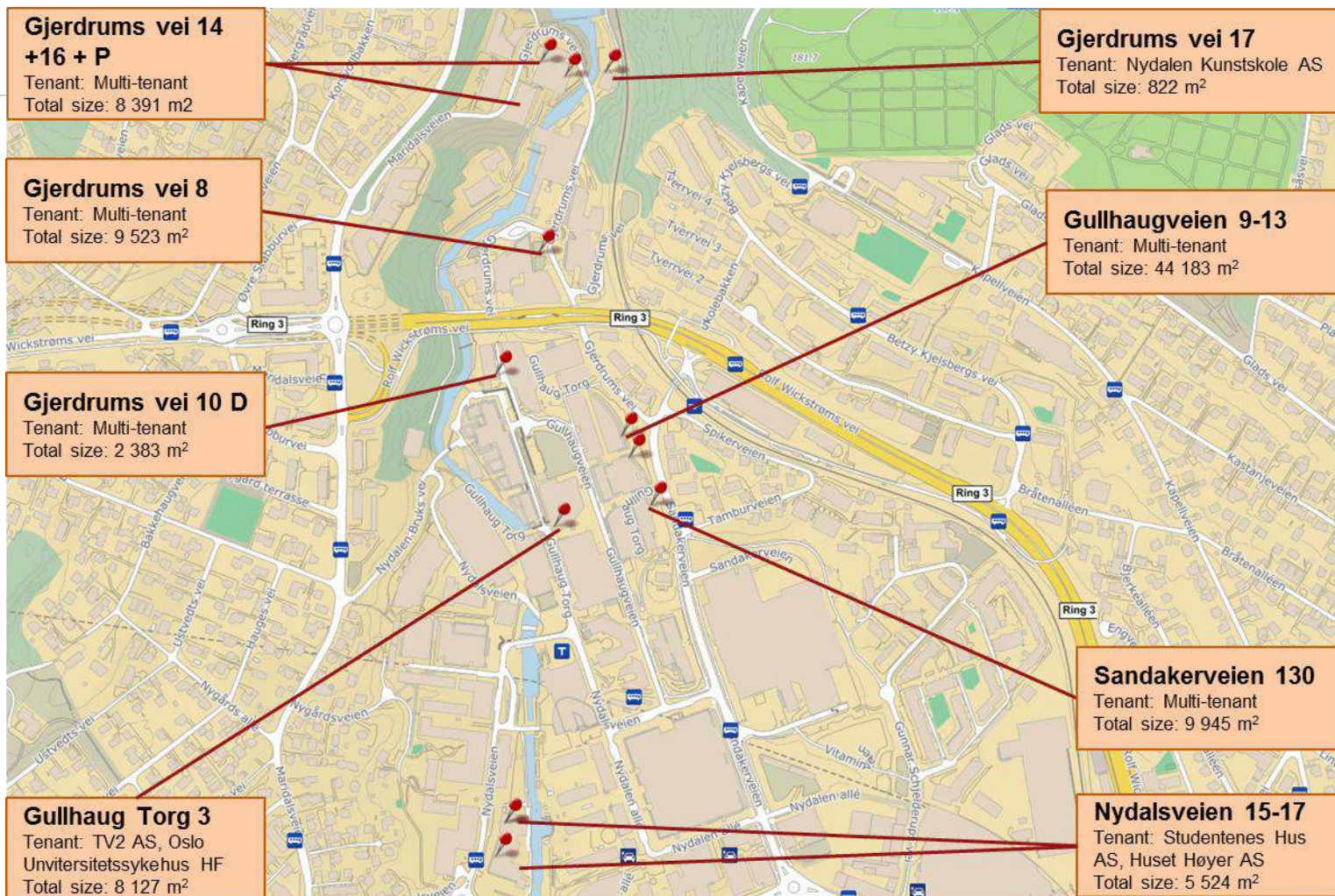


¹ For illustration; based on estimated long term property expenses of 8 per cent of gross rent
² Gross market value includes 50% of value of Badehusgata 33-39 and the commercial property at Hasle
³ Market rate as estimated by Cushman & Wakefield

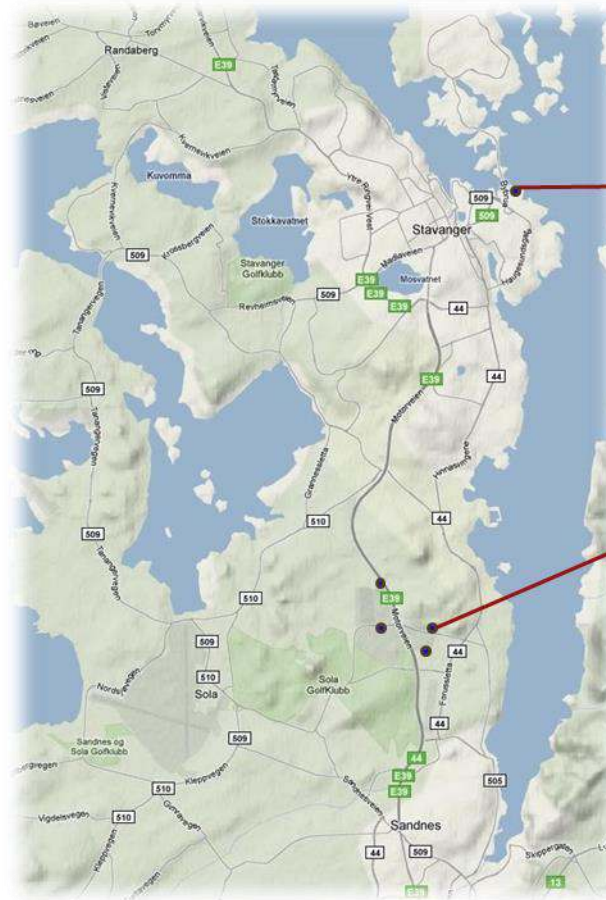
CBD



Nydalen



Stavanger



JV 50% Badehusgaten 33-39

- Office: 18 635 m²
- Total: 21 257 m²



Project: Forusbeen 35 ¹⁾

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



1) Agreement with Base Property AS to sell 50% of Forusbeen 35 when zoning process is finalized.



Property details Q1-2019

1/4

	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	WAULT per Mar 2019	Run rate per Mar 2019
OSLO/AKERSHUS	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
CBD										
Bryggegate 7-9	6 376	2 088	0	0	0	8 464	0.0	98.0	4.4	28.7
Dokkbygningen	1 688	389	26	0	0	2 103	35.0	100.0	5.7	3.1
Drammensveien 60	8 974	0	1 890	498	0	11 362	0.0	100.0	10.8	0.0
Fondbygget	12 947	2 443	915	0	87	16 392	29.7	100.0	8.8	34.0
Kaibygning I (Stranden 5)	20 933	6 503	2 310	0	798	30 544	0.0	100.0	5.5	118.9
Kaibygning II	0	1 775	793	0	0	2 568	1.0	100.0	9.2	10.4
Stranden	1 386	674	4	451	0	2 515	9.7	100.0	0.8	7.3
Støperiet	0	2 032	0	0	556	2 588	0.0	100.0	0.3	4.7
Terminalbygget (Stranden 1)	17 784	3 194	1 686	1 372	291	24 327	0.2	100.0	5.7	100.0
Tingvallautstikkeren, uteareal og marina ¹	0	1 202	0	0	0	1 202	1.0	96.2	2.7	19.6
Verkstedhallene (Stranden 3)	19 419	7 961	2 227	0	849	30 456	2.0	100.0	4.6	98.5
Total CBD	89 507	28 261	9 851	2 320	2 581	132 520	4.5	99.7	5.4	425.2

¹ Adjusted for normal seasonal short term contracts



Property details Q1-2019

2/4

	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	WAULT per Mar 2019	Run rate per Mar 2019
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	11.0	100.0	5.4	3.9
Gjerdrums vei 14, 16 and 16 P-house	5 353	0	986	2 052	0	8 391	6.9	98.0	2.6	10.4
Gjerdrums vei 17	806	0	16	0	0	822	11.1	100.0	3.8	1.2
Gjerdrums vei 8	7 726	0	634	1 163	0	9 523	8.1	100.0	2.8	16.0
Gullhaug Torg 3	7 699	0	428	0	0	8 127	0.0	100.0	4.2	14.7
Gullhaugveien 9 - 13	24 882	0	7 517	11 784	0	44 183	3.8	100.0	2.2	59.8
Nydalsveien 15	3 427	311	67	0	28	3 833	2.0	100.0	6.4	8.2
Nydalsveien 17	0	1 691	0	0	0	1 691	0.0	100.0	5.7	4.9
Sandakerveien 130	5 512	0	1 072	3 361	0	9 945	12.5	100.0	8.5	14.3
Total Nydalen	57 610	2 002	10 898	18 360	28	88 898	5.2	99.8	3.7	133.3



Property details Q1-2019

3/4

	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	WAULT per Mar 2019	Run rate per Mar 2019
OSLO/AKERSHUS	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
Other										
Oslo Airport Gardermoen ¹	0	0	0	0	20 976	20 976	0.0	100.0	0.7	30.9
Snarøyveien 36 (prev. Aker Hus)	40 779	0	0	17 305	0	58 084	6.5	100.0	2.0	71.0
Hasle - development	0	8 810	0	0	0	8 810	NA	0.0	0.0	0.0
Total Other	40 779	8 810	0	17 305	20 976	87 870	4.6	100.0	1.6	101.8
TOTAL OSLO - AKERSHUS	187 896	39 073	20 749	37 985	23 585	309 288	4.7	99.8	4.4	660.4

¹ Oslo Airport Gardermoen agreed sold with take over in December 2019



Property details Q1-2019

4/4

	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	WAULT per Mar 2019	Run rate per Mar 2019
STAVANGER	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
Badehusgata 33-39 (50%)	9 318	130	185	996	0	10 629	31.3	100.0	2.7	10.4
Forusbeen 35 ¹	19 075	0	0	4 224	0	23 299	NA	100.0	1.1	1.6
TOTAL STAVANGER	28 393	130	185	5 220	-	33 928	28.5	100.0	2.5	12.1
GROSS TOTAL	216 289	39 203	20 934	43 205	23 585	343 216	5.2	99.8	4.4	672.5

¹ Forusbeen 35 is not included in the calculation of vacancy as zoning process is ongoing for transformation to mixed use.

Largest shareholders as of 31 Mar 2019

#	Name	Share (%)	Number of shares	Account type	Nationality
1	GEVERAN TRADING CO LTD	60.18	330 047 372	Ordinary	CYP
2	FOLKETRYGDFONDET	13.45	73 751 642	Ordinary	NOR
3	NIAM V PROSJEKT AS	12.30	67 437 425	Ordinary	NOR
4	The Bank of New York Mellon SA/NV	4.22	23 131 995	Nominee	NLD
5	DANSKE BANK AS	0.79	4 326 842	Ordinary	DNK
6	ODIN EIENDOM	0.44	2 429 595	Ordinary	NOR
7	DNB Markets Aksjehandel/-analyse	0.39	2 131 057	Ordinary	NOR
8	SALT VALUE AS	0.37	2 017 969	Ordinary	NOR
9	NIKI AS	0.36	2 000 000	Ordinary	NOR
10	KAS Bank N.V.	0.29	1 591 737	Nominee	NLD
11	M2 Asset Management AB	0.28	1 560 871	Ordinary	SWE
12	NORSK HEDGE-FOND AS	0.28	1 516 360	Ordinary	NOR
13	EIKA NORGE	0.25	1 364 325	Ordinary	NOR
14	MORGAN STANLEY INVESTMENT FUNDS	0.24	1 297 608	Ordinary	LUX
15	Espedal & Co AS	0.23	1 264 767	Ordinary	NOR
16	Morgan Stanley & Co. Int. Plc.	0.21	1 139 556	Nominee	GBR
17	SANDEN AS	0.18	1 000 000	Ordinary	NOR
18	BANAN II AS	0.18	1 000 000	Ordinary	NOR
19	JAG HOLDING AS	0.18	1 000 000	Ordinary	NOR
20	FORTE TRØNDER	0.18	1 000 000	Ordinary	NOR
Total 20 largest shareholders		95.00	521 009 121		11/20 NOR

Disclaimer

The information included in this Presentation contains certain forward-looking statements that address activities, events or developments that Norwegian Property ASA (“the Company”) expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to economic and market conditions in the geographic areas and markets in which Norwegian Property is or will be operating, counterparty risk, interest rates, access to financing, fluctuations in currency exchange rates, and changes in governmental regulations. For a further description of other relevant risk factors we refer to Norwegian Property’s Annual Report for 2018. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in the information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader, and Norwegian Property disclaims any and all liability in this respect.