



NORWEGIAN
PROPERTY

2nd quarter 2019

Oslo, July 10, 2019



Agenda

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

Q2 in short:

- Record high activity in the rental market
- Revenues NOK 179.2 million
- Earnings per share (EPS) NOK 0.45
- Refinancing of MNOK 1 500
- Purchase of 10% of shares
- Dividend of NOK 0.07 per share for Q2



:: STRANDEN. AKER BRYGGE. OSLO:



:: PIER X. AKER BRYGGE. OSLO:



Agenda

- Highlights
- **Markets and operations**
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- Closing remarks
- Q&A session



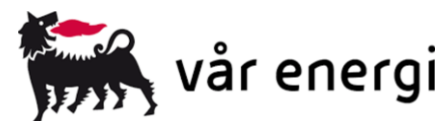
Rental update

Rental contracts in Q2-2019

- Entered new contracts with annual gross rent of NOK 54

Aker Brygge

- Google – executed on their option to prolong
 - 2,500 sqm
- Huckletree
 - 1,300 sqm, started April 2019
- Vår Energi – prolongs in Terminalbygget
 - 1,300 sqm
- Danske Bank – expands in Fondbygget
 - 1,160 sqm, starts September 2019
- Wiersholm – additional space
 - 830 sqm, started July 2019





Rental update

Fornebu WORKS (Snarøyveien 36)

- MHWirth AS
- 2 800 sqm, starts November 2019



Stavanger (Badehusgata)

- DNO
- 5 200 sqm, including Faroe Petroleum, starts January 2020



Pipeline

- Fair pipeline regarding premises at Aker Brygge and Fornebu **WORKS**
- Expanding Business Village in Verkstedhallen

Retail update



Turnover

- Q2 2019 NOK 530 mill. (-7.5%)
- 1H 2019 NOK 893 mill. (-3.3%)

The decrease in growth is mainly driven by lower F&B in April-June

Several retail focused activities during the quarter

- Shopping breakfast
- ESMOD fashion day
- Backyard Thursday (afterwork)
- Sailing week (Færder)

Changing concepts

- El Camino restaurant (Mexican) opened late June
- Several changes planned for indoor shopping street



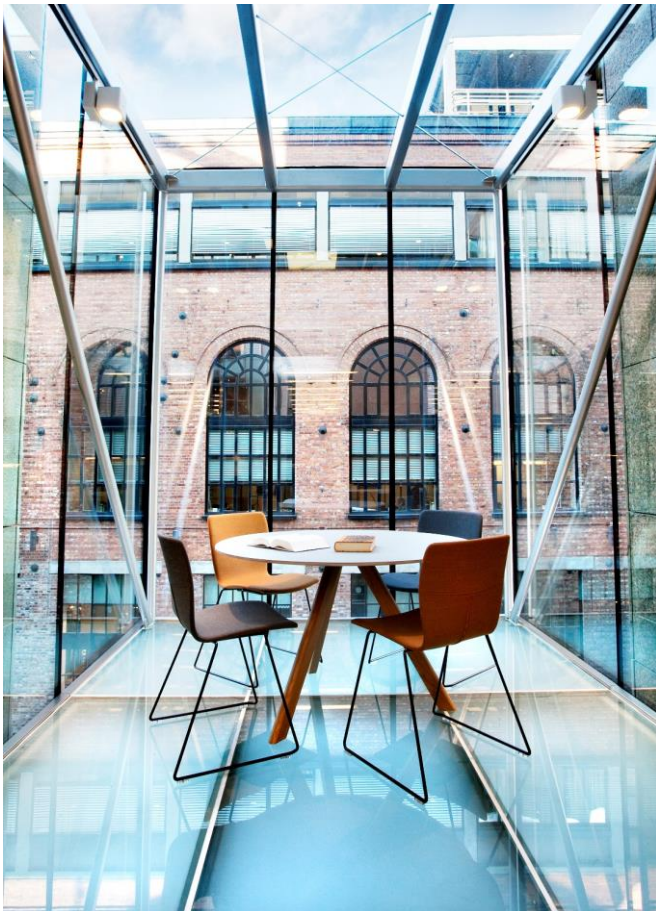
Sustainability update



- **The sustainable way of boating – A marina for electric boats**
 - Prime location on Stranden at Aker Brygge
 - No marina fee for electric boats
 - Power outlets available free of charge
 - Possibility for further expansions
- **Be part of the solution – “Pirate Rentals”**
 - Have rebuilt old fossil fueled boats to run on electricity
 - Rental available
 - 10% discount when bringing back plastic retrieved from the ocean



Market trends



:: KAIBYGG 1. AKER BRYGGE. OSLO:

Rental market Oslo

- Continued strong rental markets in CBD and Nydalen
- Limited office space available in Nydalen
 - also reflected in official number of signed contracts in the quarter⁽¹⁾

Transaction market

- Prime yield asset for sale still at 3.75%
- Well functioning transaction market, but limited opportunities in CBD
- Completed transactions in the quarter shows significant yield drop outside CBD

(1) According to Arealstatistikk only 7,290 sqm signed in Nydalen in the quarter

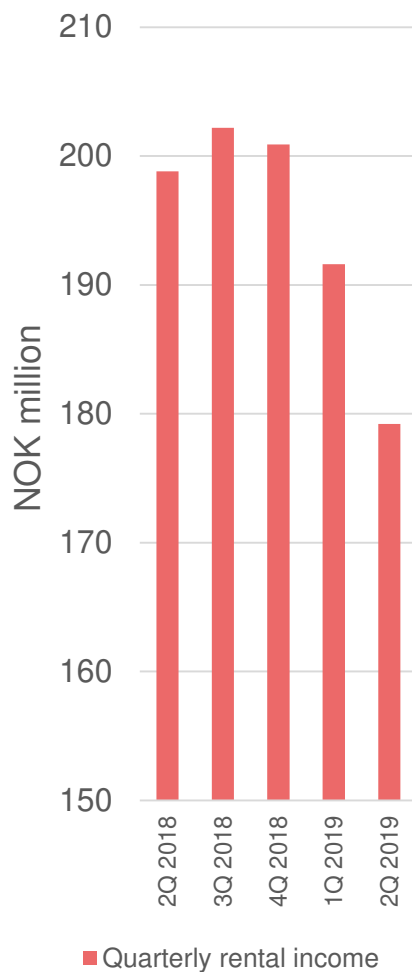


Agenda

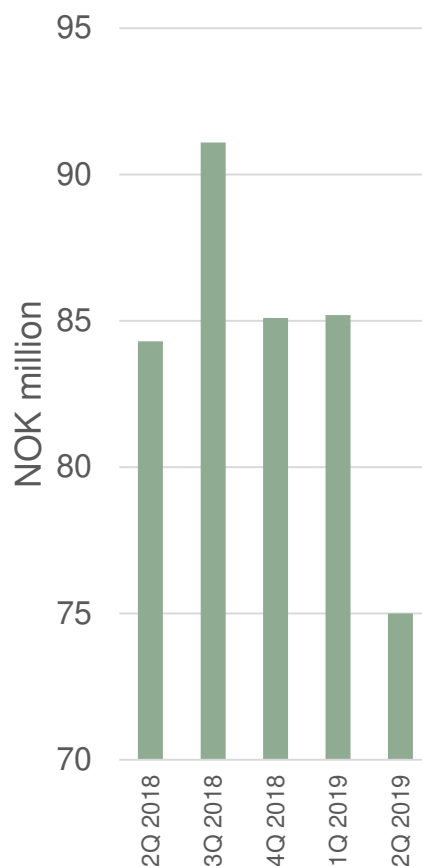
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- **Financial update**
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Financial highlights

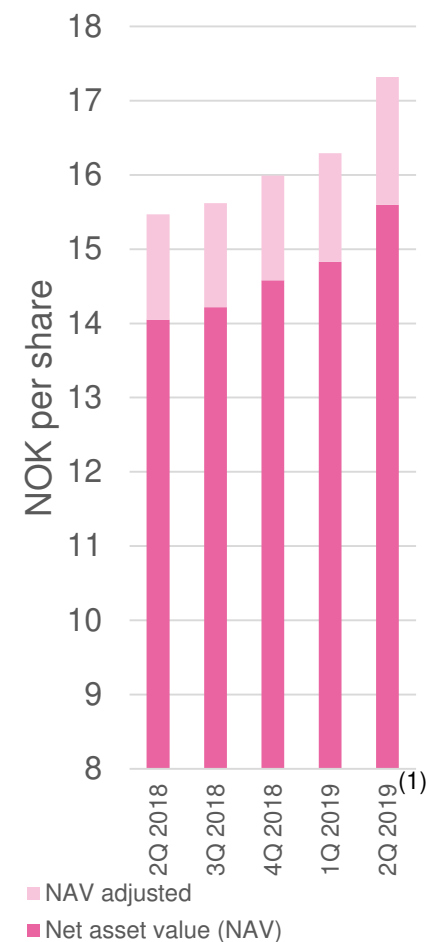
RENTAL INCOME



PROFIT BEFORE TAX AND VALUE ADJ.



VALUE PER SHARE



(1) Based on NOSH 493.6 mill (net number of shares)

Income statement - Q2 and 1H 2019

NOK million	Q2 2019	Q2 2018	YTD Q2 2019	YTD Q2 2018	Year 2018
Revenue	179.2	198.8	370.7	395.9	798.9
Property-related operational expenses	(16.3)	(18.7)	(32.0)	(36.6)	(71.7)
Other property-related expenses	(13.1)	(17.0)	(27.1)	(33.4)	(65.8)
Administrative expenses	(12.2)	(12.9)	(26.6)	(26.4)	(57.1)
Share of profit in joint ventures ¹	2.7	-	4.3	-	0.3
Operating profit before value adjustments	140.2	150.3	289.3	299.5	604.6
Change in market value of investment property	230.4	(29.7)	355.1	(18.7)	161.1
Operating profit	370.6	120.6	644.4	280.8	765.7
Realised financial items	(65.2)	(66.0)	(129.1)	(130.7)	(259.6)
Change in market value of financial instruments	(0.7)	2.4	9.7	48.6	71.3
Net financial items	(65.9)	(63.6)	(119.4)	(82.2)	(188.3)
Profit before income tax	304.7	57.0	525.0	198.6	577.4
Income tax (not payable) ²	(64.4)	(24.3)	(115.4)	(73.7)	(86.8)
Profit for the period	240.3	32.7	409.6	124.9	490.6
Earnings per share (NOK)	0.45	0.06	0.76	0.23	0.89
Profit before income tax and value adjustments	75.0	84.3	160.2	168.7	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 Q2-Report note 11

Portfolio valuation by area Q2-2019

- External valuation conducted by Cushman & Wakefield and Akershus Eiendom
- Positive fair value adjustment of NOK 230.4 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	132 447	6.0	11 838.6	89 383	460.7	3 478	3.6	4.5
	Nydalen	88 898	3.5	2 150.8	24 194	131.8	1 483	5.6	6.1
	Other ³	87 870	1.4	1 117.5	12 718	101.8	1 159	8.4	4.6
Total Oslo Portfolio		309 216	4.9	15 106.9	126 295	694.4	2 246	4.2	4.8
Stavanger ⁴		33 928	2.8	219.4	6 467	10.7	315	4.5	28.7
Total office portfolio ⁵		343 143	4.8	15 326.3	132 762	705.1	2 055	4.2	5.2

¹ For illustration; based on rents as of 30 June 2019 and estimated long term property expenses of 8 per cent

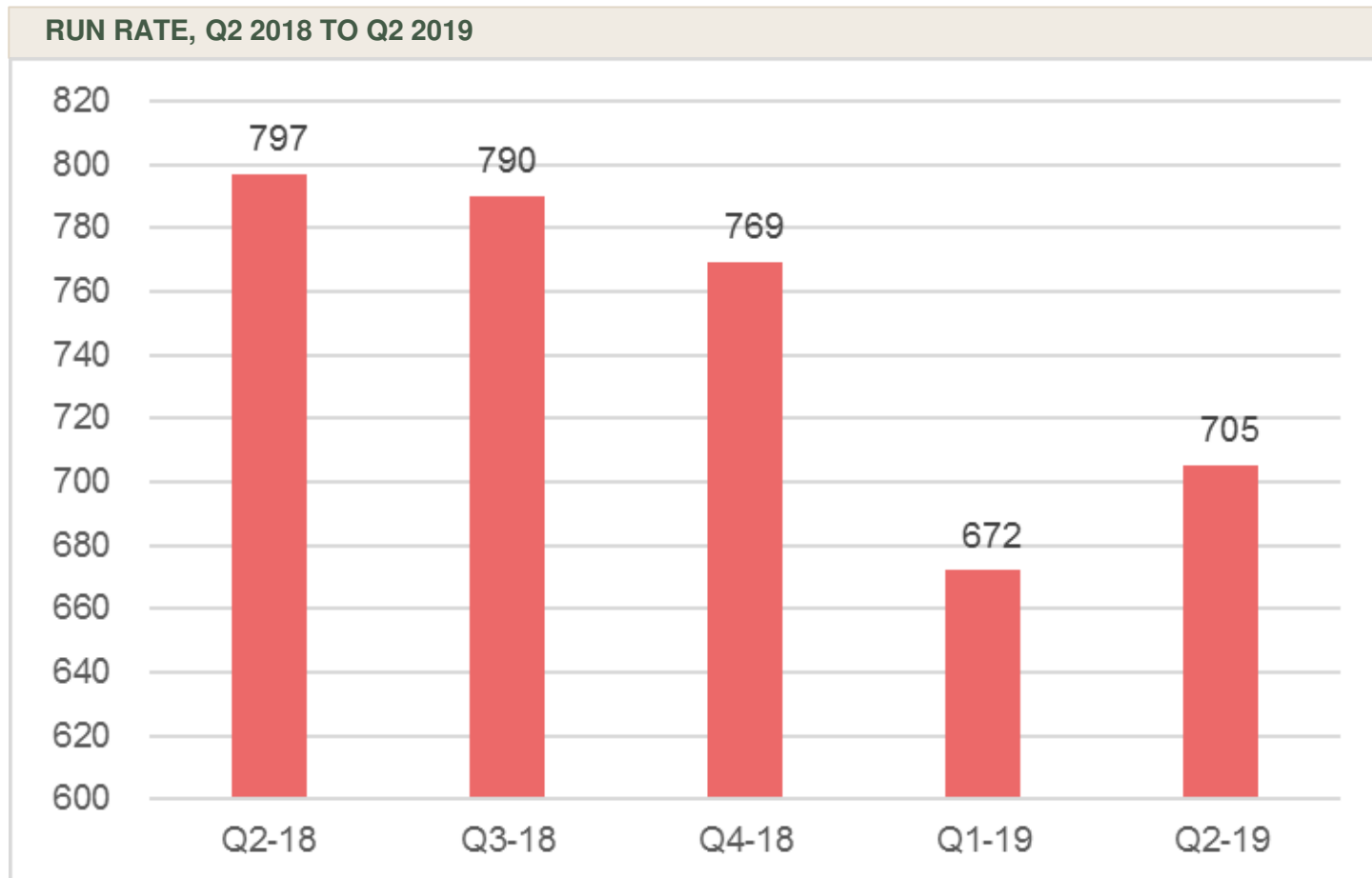
² Vacancy calculated as market rent in vacant space, using market rent estimated by Cushman & Wakefield

³ Hasle retail property included in calculation of space and valuation in "Other", residential project excluded.

⁴ 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.)



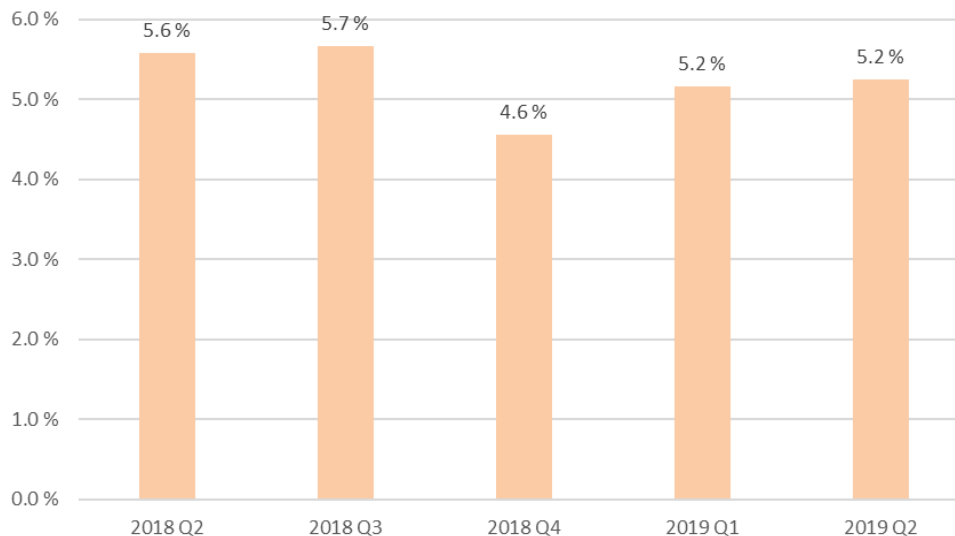
Run rate last 5 quarters



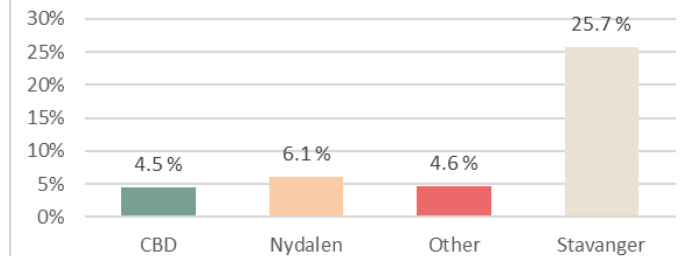


Vacancy based on market rent

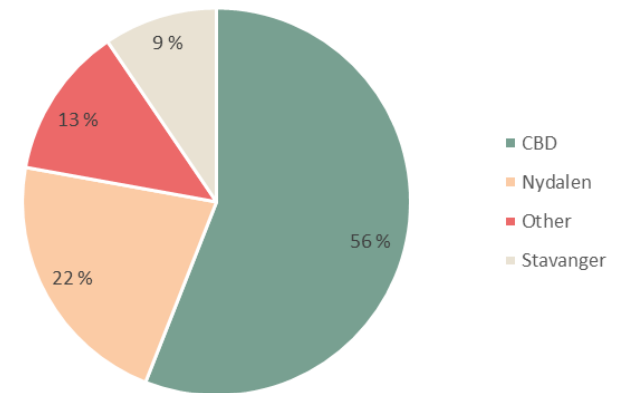
MARKET RENT VACANCY, LAST 5 QUARTERS



MARKET RENT VACANCY FOR EACH AREA

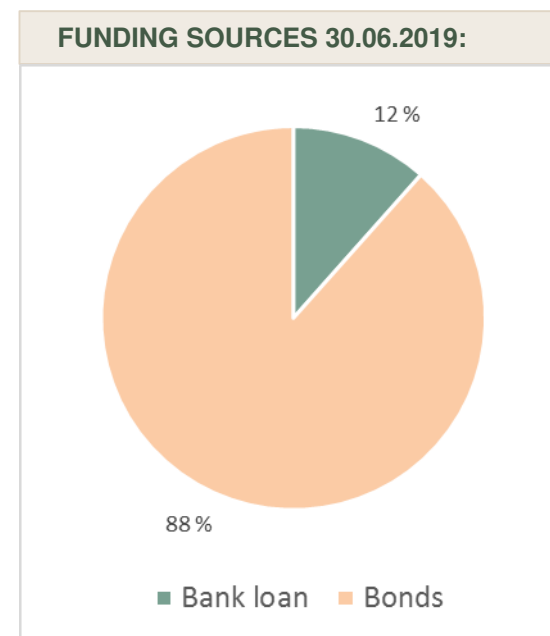


VACANCY FOR EACH AREA IN % OF TOTAL VACANCY



Financial position

Interest bearing debt and hedging		30.06.2019
Total interest bearing debt ¹	NOK million	6 740.4
Property value ²	NOK million	15 181.2
Net Loan to value ³	Per cent	43.5
Cash and cash equivalents	NOK million	129.0
Unused committed credit facilities	NOK million	550.0
Average remaining duration. Hedging	Years	4.8
Average interest rate (including margin) ¹	Per cent	3.63
Average margin ¹	Per cent	1.22
Average remaining duration. Borrowing ¹	Years	2.9
Hedging ratio ⁴	Per cent	62.3
WAULT	Years	4.8



¹ Not including NOK 787.6 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

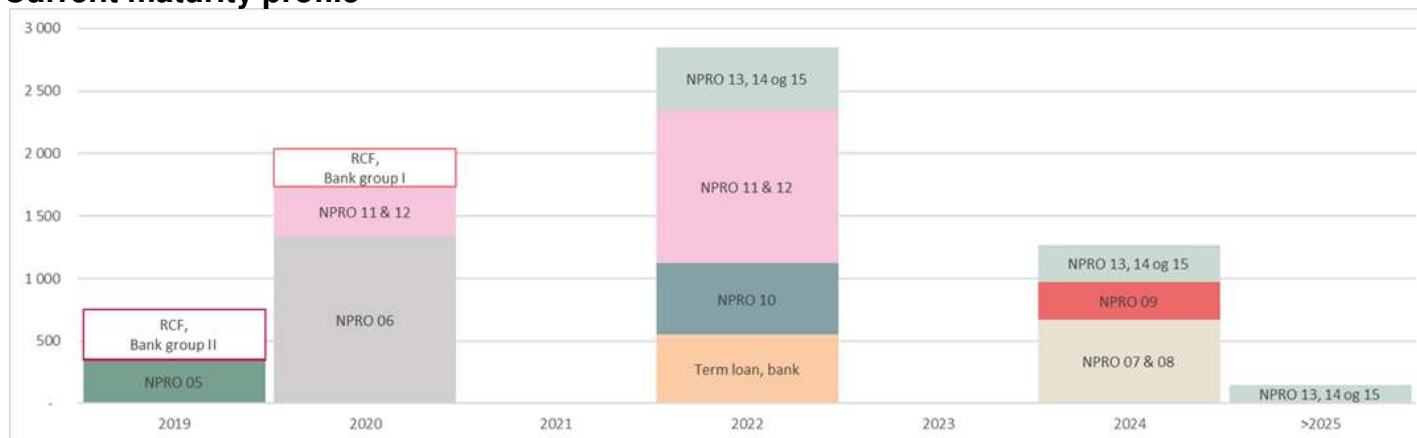
⁴ Calculated as the amount of interest hedging / total interest bearing debt

Refinancing in Q2

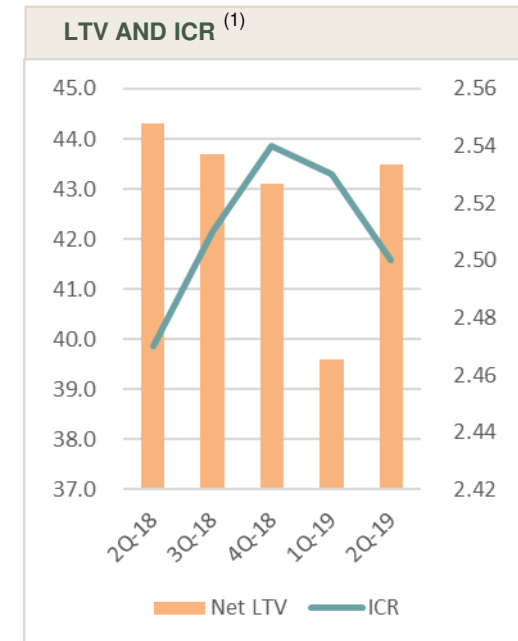
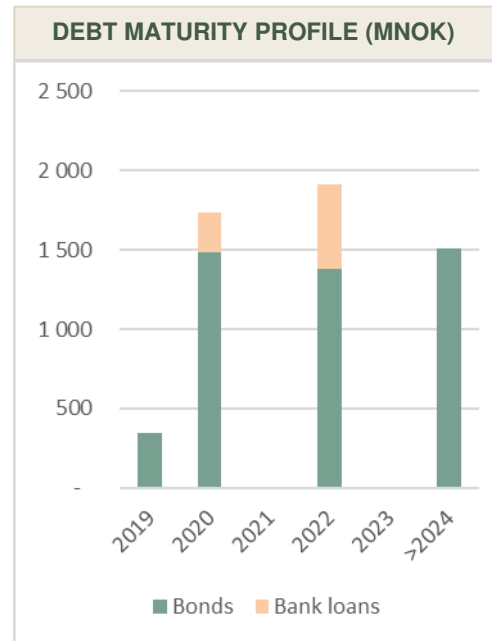
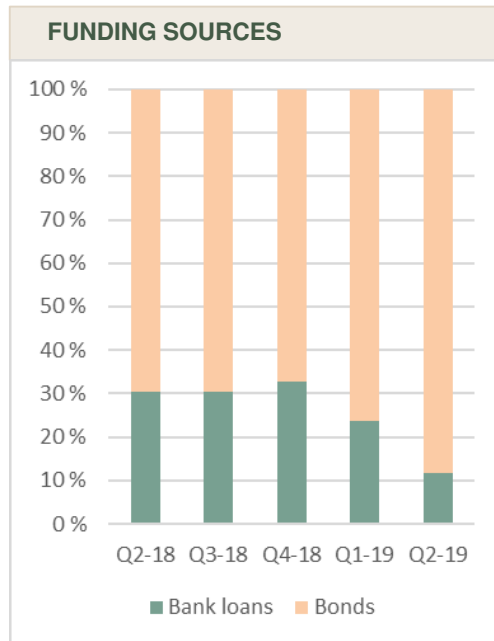
Refinancing of MNOK 1 500 bank loan

- As of June 20, the bank loan in DNB / Danske Bank was refinanced with bonds with three different maturities:
 - MNOK 500 3 years / 85 bps
 - MNOK 300 5 years / 115 bps
 - MNOK 150 7 years / 135 bps
- A new three year bank facility in SEB
- Contemplating possible tap issues in the 5 and 7 years bonds

Current maturity profile



Financing



- **Diversified sources of funding**

- 5.97 bn in bonds Q2 2019

- **Diversified maturity profile**

- Average remaining time to maturity Q2 2019 is 2.9 years

- **LTV below long time target**

- Net LTV 43.5% at Q2 2019
- Not including Hasle residential development and project financing

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
Aker Brygge	Verkstedhallen	Business Village	2 700	Q1 2020

Newbuild

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



:: FONDBYGGET. AKER BRYGGE. KONGSBERG GRUPPEN:



:: FONDBYGGET. AKER BRYGGE. UNITED INFLUENCERS:



Agenda

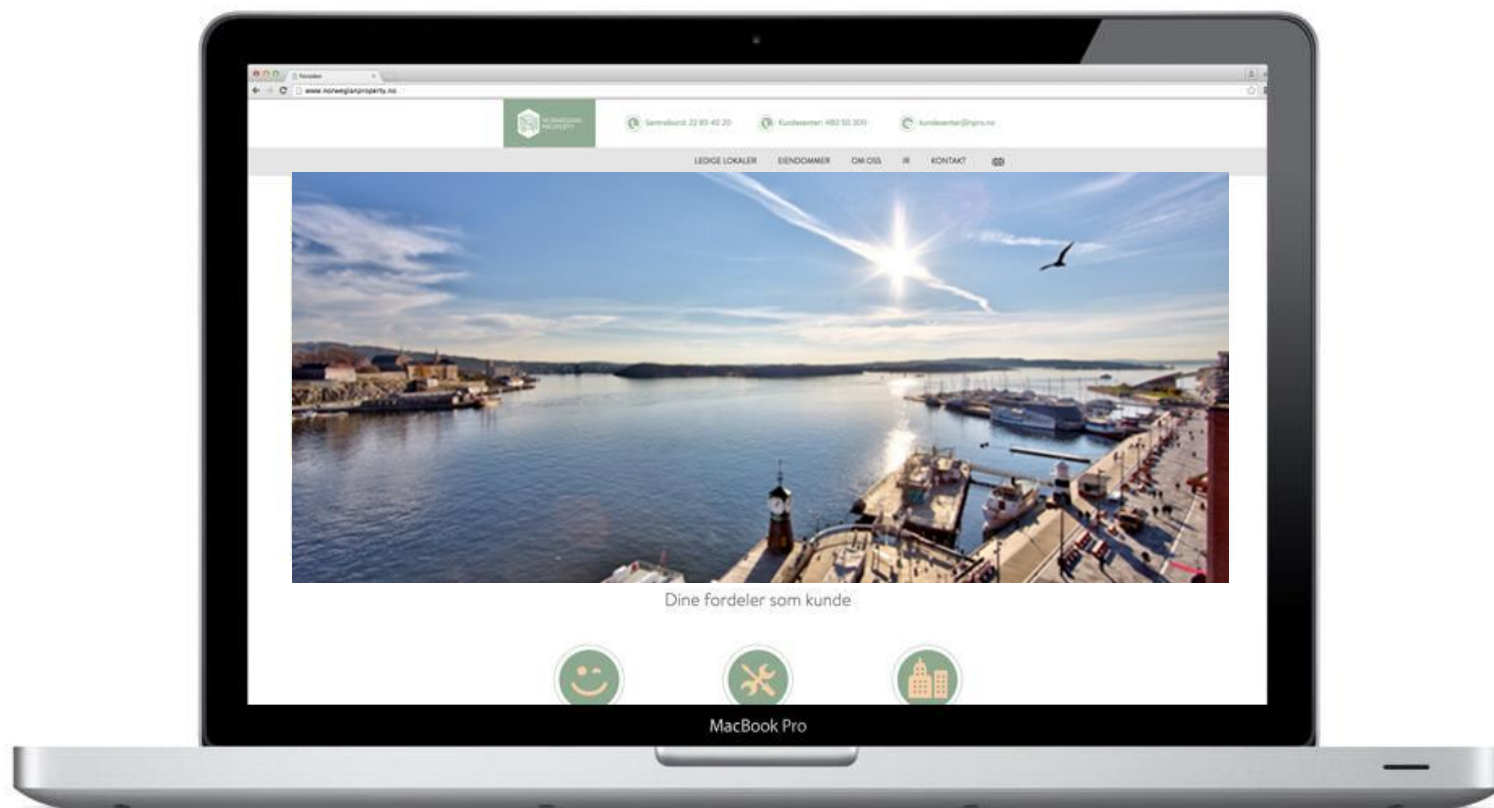
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Summary

- Dividend of NOK 0.07 for Q2–2019
 - Ex date: July 15
 - Payment date: August 14
- Very good rental figures
- Refinancing of MNOK 1 500
- Purchase of 10% of own shares
- Continued focus on execution
 - Growth / development
 - Retail mix
 - Refinancing



Q & A

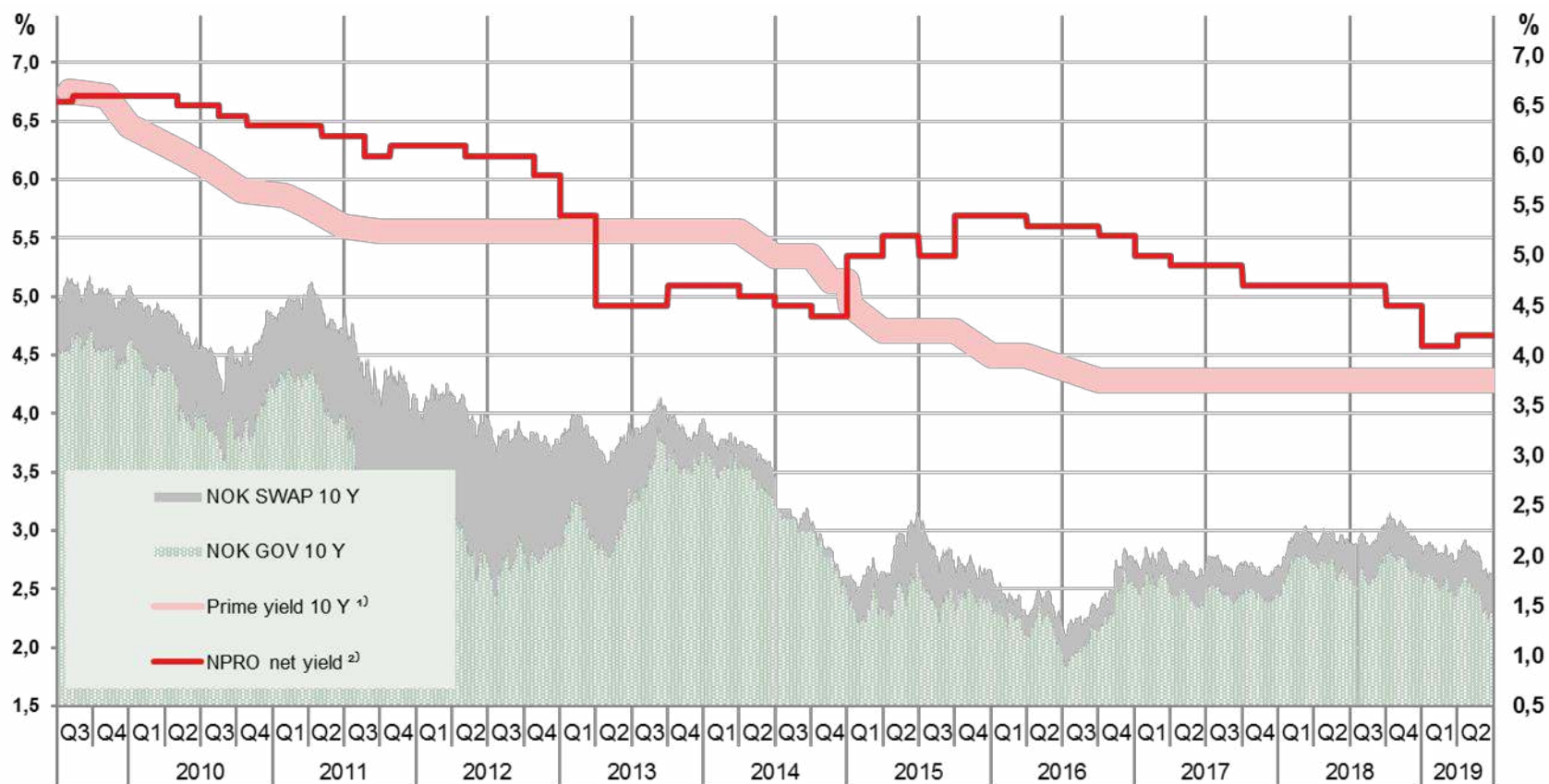




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- **Appendix**

Yield spread



¹ Source: Akershus Eiendom

² NPRO net yield as summarised in slide; Portfolio valuation Q2-2019

Balance sheet – Q2 2019

NOK million	30.06.2019	31.12.2018
Investment property	15 042.1	14 573.7
Owner-occupied property	86.2	75.6
Investment property held for sale ¹	52.9	941.6
Property, plant and equipment	41.4	39.2
Investment in joint ventures ²	34.4	30.1
Inventory ³	950.0	815.5
Receivables ⁴	98.0	455.7
Cash and cash equivalents	129.0	124.6
Equity	7 700.7	8 002.8
Deferred tax	733.5	615.9
Long term interest bearing debt	6 610.1	4 679.6
Short term interest bearing debt	918.0	3 153.8
Market value financial derivatives (net)	146.8	156.5
Net other debt	324.9	447.4
Equity ratio (%)	46.8	46.9
NAV per share, book value of equity (NOK)	15.60	14.59
NAV, adjusted per share (NOK)	17.32	16.01
NNNAV per share (NOK)	16.25	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 – Q2 and 1H 2019

NOK million	Q2 2019	Q2 2018	YTD Q2 2019	YTD Q2 2018	Year 2018
Cash flow from profit and loss before fair-value adjustments	76.7	82.4	163.5	168.2	352.0
Change in property-related inventory ¹	(100.2)	-	(167.3)	-	-
Change in short-term items	(33.7)	(23.1)	(39.6)	26.5	67.7
Cash flow from operating activities	(57.2)	59.3	(43.4)	194.7	419.7
Sale of tangible assets ²	-	-	823.0	-	110.6
Purchase of tangible assets	(74.6)	(54.8)	(99.2)	(91.7)	(582.2)
Other investment activities ³	-	-	354.0	-	-
Cash flow from investment activities	(74.6)	(54.8)	1 077.8	(91.7)	(471.6)
Net change in interest bearing debt	497.8	(2.2)	(308.7)	(5.1)	240.8
Paid dividend	(38.4)	(38.4)	(76.8)	(76.8)	(153.6)
Other financing activities ⁴	(644.5)	-	(644.5)	-	-
Net cash flow from financing activities	(185.1)	(40.6)	(1 030.0)	(81.8)	87.3
Net change in cash	(316.9)	(36.1)	4.4	21.2	35.4
Net cash at end of period	129.0	110.5	129.0	110.5	124.6

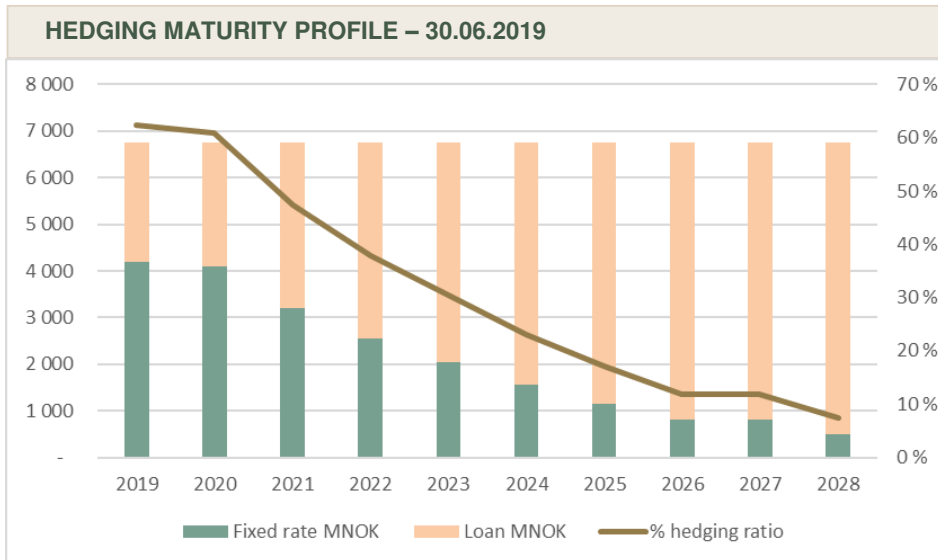
¹ Related to apartments under construction at Hasle in Oslo.

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).

⁴ Related to purchase of treasury shares in Norwegian Property ASA.

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 30.06.2019 was 62.3 % and remaining average time to maturity was 4.8 years.
- Diversified maturity profile to avoid exposure to interest levels.
- Project financing at Hasle is excluded from the loan amount.

Overview and key figures



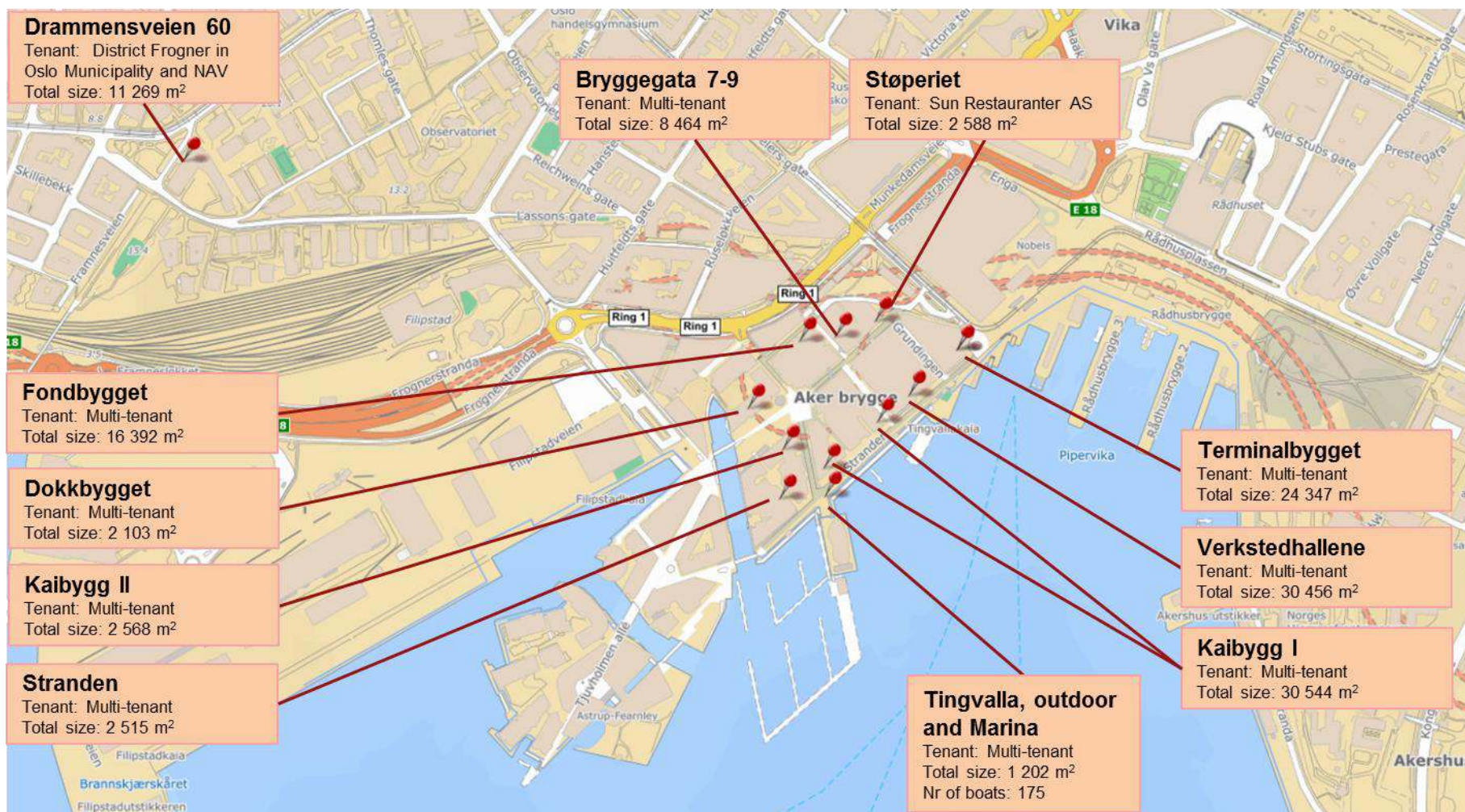
Key figures as of 30 June 2019

Properties	no	27
Portfolio size (ex. new space in redev. Projects)	m ²	343 143
Average size per property	m ²	12 709
Gross rent per year (run rate)	NOK mill.	705
Operational expenses per year ¹⁾	NOK mill.	56
Net rent per year (run rate)	NOK mill.	649
Average gross rent per m ² per year	NOK	2 055
Gross market value ²⁾	NOK mill.	15 326
Average value per property	NOK mill.	568
Average value per m ²	NOK	44 665
Gross yield, actual	%	4.6
Net yield, actual	%	4.2
WAULT	Years	4.8
CPI adjustment	%	99.8
Vacancy, calculation based on market rate ³⁾	%	5.2

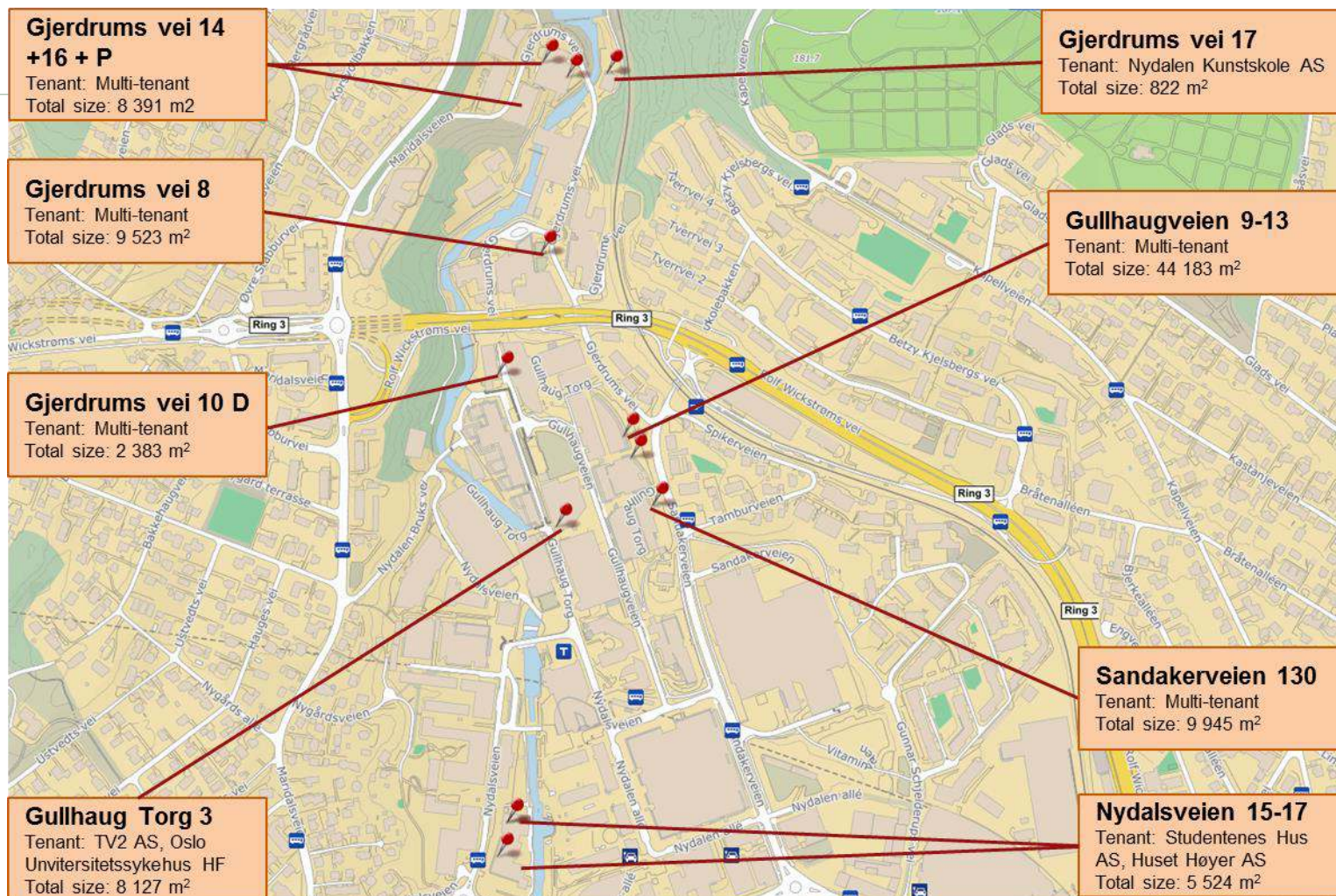


¹ For illustration; based on estimated long term property expenses of 8 per cent of gross rent
² Gross market value includes 50% of value of Badhusgata 33-39 and the commercial property at Hasle
³ Market rate as estimated by Cushman & Wakefield

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 Q2-2019

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	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	WAULT per June 2019	Run rate per June 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	4.2	28.7
Dokkbygningen	1 688	389	26	0	0	2 103	35.0	100.0	5.5	3.1
Drammensveien 60	8 975	0	1 890	404	0	11 269	0.3	100.0	10.6	26.5
Fondbygget	12 947	2 443	915	0	87	16 392	19.3	100.0	7.2	42.8
Kaibygning I (Stranden 5)	20 933	6 503	2 310	0	798	30 544	0.0	100.0	5.7	118.7
Kaibygning II	0	1 775	793	0	0	2 568	0.9	100.0	7.3	11.8
Stranden	1 386	674	4	451	0	2 515	23.5	100.0	1.5	6.1
Støperiet	0	2 032	0	0	556	2 588	0.0	100.0	0.1	4.7
Terminalbygget (Stranden 1)	17 787	3 194	1 686	1 386	294	24 347	2.6	100.0	5.9	100.6
Tingvallautstikkeren, uteareal og marina ¹	0	1 202	0	0	0	1 202	0.0	97.1	3.6	20.6
Verkstedhallene (Stranden 3)	19 419	7 961	2 227	0	849	30 456	4.9	100.0	6.3	97.1
Total CBD	89 511	28 261	9 851	2 241	2 584	132 447	4.5	99.7	6.0	460.7

¹ Adjusted for normal seasonal short term contracts



Property details Q2-2019

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	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	WAULT per June 2019	Run rate per June 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	1.8	100.0	5.2	4.3
Gjerdrums vei 14, 16 and 16 P-house	5 353	0	986	2 052	0	8 391	19.9	98.0	2.5	9.3
Gjerdrums vei 17	806	0	16	0	0	822	9.8	100.0	3.6	1.2
Gjerdrums vei 8	7 726	0	634	1 163	0	9 523	11.1	100.0	2.8	15.2
Gullhaug Torg 3	7 699	0	428	0	0	8 127	0.0	100.0	4.0	14.7
Gullhaugveien 9 - 13	24 882	0	7 517	11 784	0	44 183	3.4	100.0	1.9	59.7
Nydalsveien 15	3 427	311	67	0	28	3 833	2.0	100.0	6.2	8.2
Nydalsveien 17	0	1 691	0	0	0	1 691	0.0	100.0	5.5	4.9
Sandakerveien 130	5 512	0	1 072	3 361	0	9 945	12.4	100.0	8.3	14.3
Total Nydalen	57 610	2 002	10 898	18 360	28	88 898	6.1	99.9	3.5	131.8



Property details Q2-2019

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	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	WAULT per June 2019	Run rate per June 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	0.5	30.9
Snarøyveien 36 (prev. Aker Hus)	40 779	0	0	17 305	0	58 084	6.5	100.0	1.7	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	1.4	101.8
TOTAL OSLO - AKERSHUS	187 900	39 073	20 749	37 906	23 588	309 216	4.8	99.8	4.9	694.4

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



Property details Q2-2019

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	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	WAULT per June 2019	Run rate per June 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	28.7	100.0	3.1	9.2
Forusbeen 35 ¹	19 075	0	0	4 224	0	23 299	NA	100.0	0.9	1.5
TOTAL STAVANGER	28 393	130	185	5 220	-	33 928	28.7	100.0	2.8	10.7
GROSS TOTAL	216 293	39 203	20 934	43 126	23 588	343 143	5.2	99.8	4.8	705.1

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 30 June 2019

#	Name	Share (%)	Number of shares	Account type	Nationality
1	GEVERAN TRADING CO LTD	66.68	329 147 372	Ordinary	CYP
2	FOLKETRYGDFONDET	14.98	73 951 642	Ordinary	NOR
3	NIAM V PROSJEKT AS	13.66	67 437 425	Ordinary	NOR
4	NORWEGIAN PROPERTY ASA	10.00	54 821 236	Ordinary	NOR
5	DANSKE BANK AS	0.57	2 830 532	Ordinary	DNK
6	MORGAN STANLEY INVESTMENT FUNDS	0.26	1 297 608	Nominee	LUX
7	The Bank of New York Mellon SA/NV	0.26	1 262 838	Ordinary	NLD
8	SANDEN AS	0.20	1 000 000	Ordinary	NOR
9	BANAN II AS	0.20	1 000 000	Ordinary	NOR
10	Sijoitusrahasto UB Eurooppa REIT	0.15	763 640	Nominee	FIN
11	State Street Bank and Trust Comp	0.15	719 939	Nominee	USA
12	KAS Bank N.V.	0.15	716 239	Ordinary	NLD
13	Morgan Stanley & Co. International	0.14	713 918	Ordinary	GBR
14	Sijoitusrahasto UB Global REIT	0.12	607 777	Ordinary	FIN
15	CANOMARO REAL ESTATE AS	0.09	452 870	Ordinary	NOR
16	BARCLAYS CAPITAL SEC. LTD FIRM	0.06	317 481	Nominee	GBR
17	CLEARSTREAM BANKING S.A.	0.06	295 164	Nominee	LUX
18	State Street Bank and Trust Comp	0.05	235 440	Ordinary	USA
19	SOLBERG INVEST & CONSULT AS	0.05	233 445	Ordinary	NOR
20	VIK, ERIK MARTIN	0.05	226 516	Ordinary	NOR
Total 20 largest shareholders		97.89	538 031 082		8/20 NOR

Disclaimer

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