



NORWEGIAN
PROPERTY

1st quarter 2020

Oslo, April 30th 2020

Agenda

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

Q1 in short:

- **Revenues NOK 564.9 million**
 - Fuelled by delivery of flats at Hasle
- **Earnings per share (EPS) negative NOK 0.20**
- **No dividend for Q1 due to Covid-19 pandemic**
- **Strategic acquisition**
 - Acquisition of office unit at Aker Brygge
- **Adjustment of purpose**
 - Consider opportunities also within other segments than the traditional commercial property
 - Call for EGM in H1-2020



:: LILLE GRENSEN 7. INNER CITY. OSLO:



:: VERKSTEDHALLEN. AKER BRYGGE. OSLO:



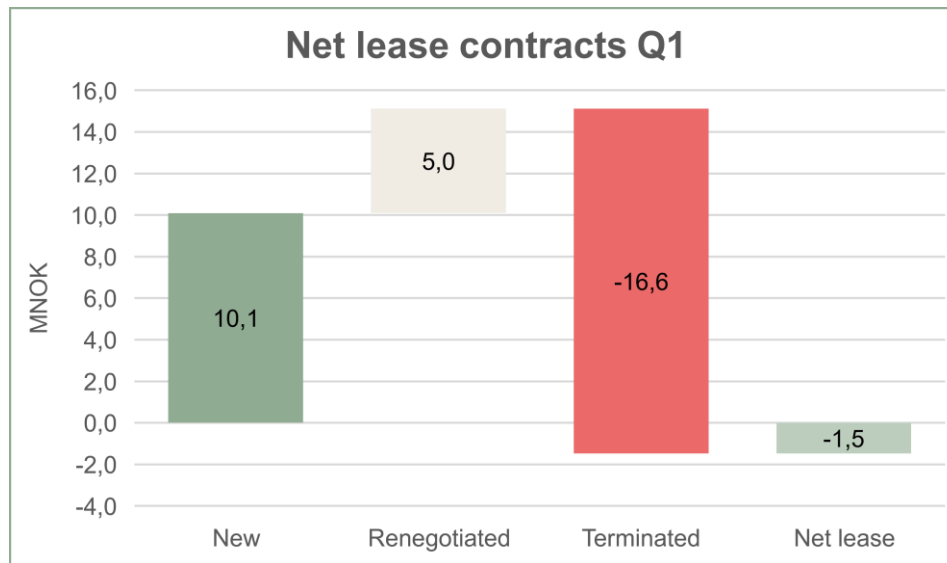
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Rental update

Rental contracts in Q1-2020

- Good activity in January and February signing new contracts
- Negative net lease mainly due to Cognizant leaving NOK 12 million in yearly lease at Fornebu **WORKS**



New leases

- Jysk, 1,800 sqm, 10 year contract
- IUM, 900 sqm, 5 year contract



Retail update

Turnover Aker Brygge

- Q1 2020

NOK 310 mill (-14.1 %)

⇒ *As of February, the turnover was up by 8.8% compared to 2019*

⇒ *Turnover March down 52.5%*

Main activities on the ground floor

- Successful Wine festival in February
- Other major happenings postponed due to Covid-19
- Adjusted opening hours to adopt to tenants cost base
- New opening of Kveitemjøl and Il Bolognese
- Several stores open during the entire quarter

Going forward

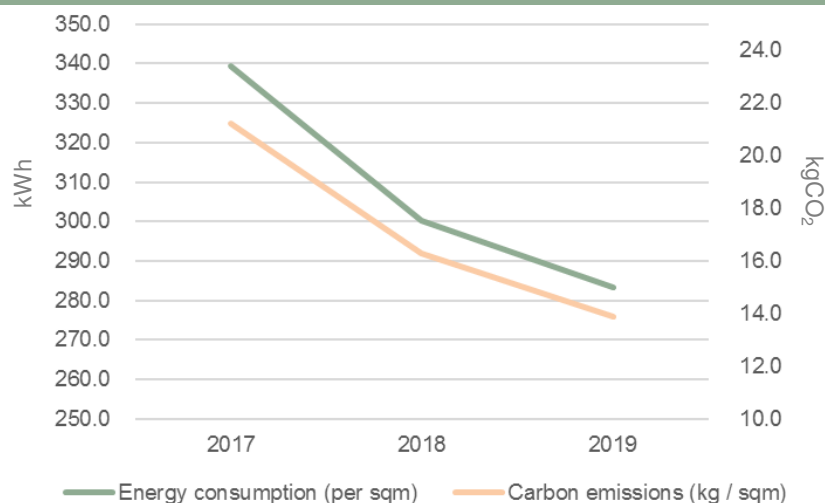
- Enthusiastic owners and employees in re-opened shops
- Close to 100% re-opening of main shopping street
Saturday 2nd May



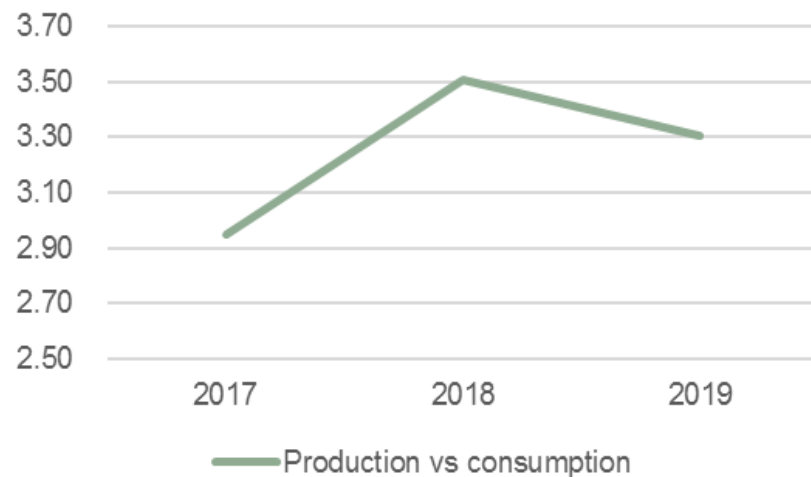
Environmental update

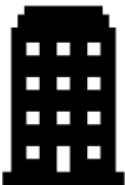


Climate report 2019

Energy consumption and CO₂ e emissions



Energy Central's increasing efficiency

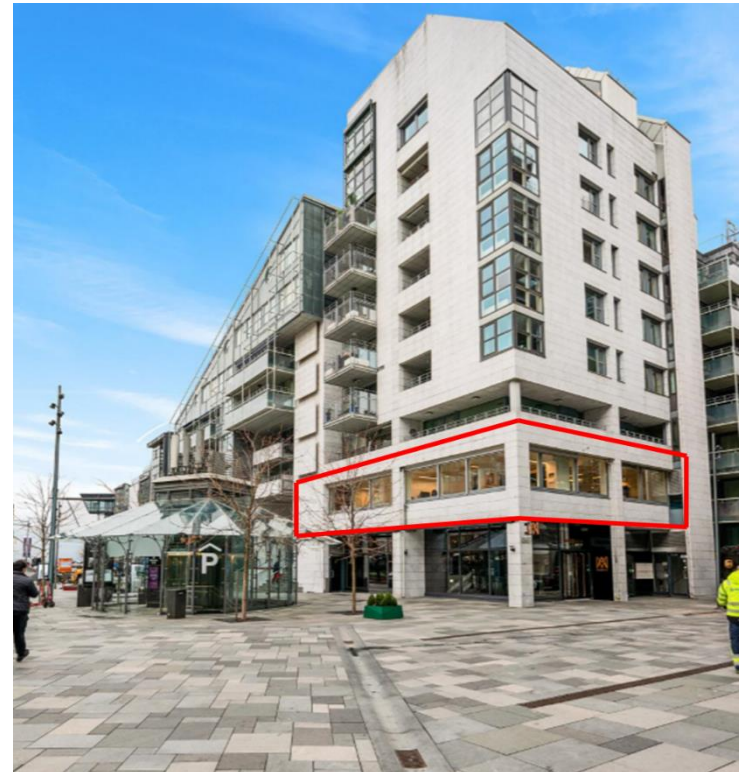


	Office	Retail	Restaurant
Energy consumption kWh / sqm	184	438	855
CO2e emissions kg / sqm	5,7	12,5	27,6
			

Acquisition in Q1 2020

Offices in Dokkbygningen at Aker Brygge

- Purchase of 270 sqm offices and 2 parking lots for NOK 23 million
- NPRO owns commercial units on ground floor in same building
- The acquired unit is currently vacant
- Aker Brygge is a strategic area for NPRO



Market trends



:: TERMINALBYGGET. AKER BRYGGE:

Rental market Oslo

- Limited number of new leases signed
- Governmental restrictions may effect both office and retail markets going forward

Transaction market

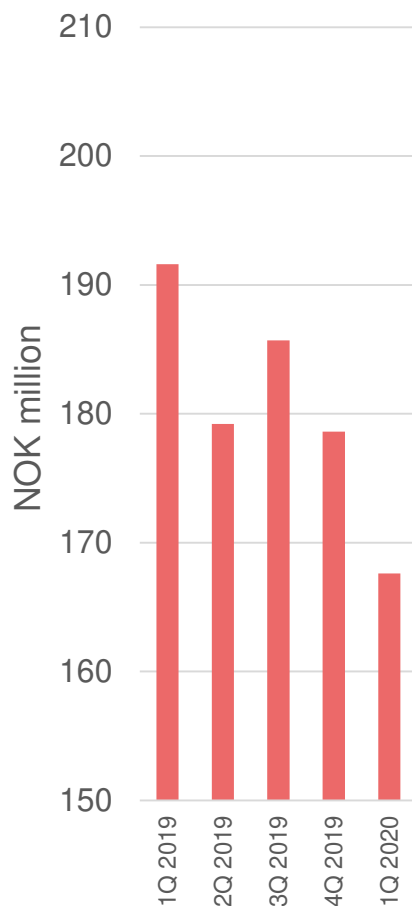
- Transaction market more or less put on hold for a couple of weeks after mid March
- Bond market was shut down after mid March, but has seen proof of recovery the last couples of weeks
- Banks are still open for business

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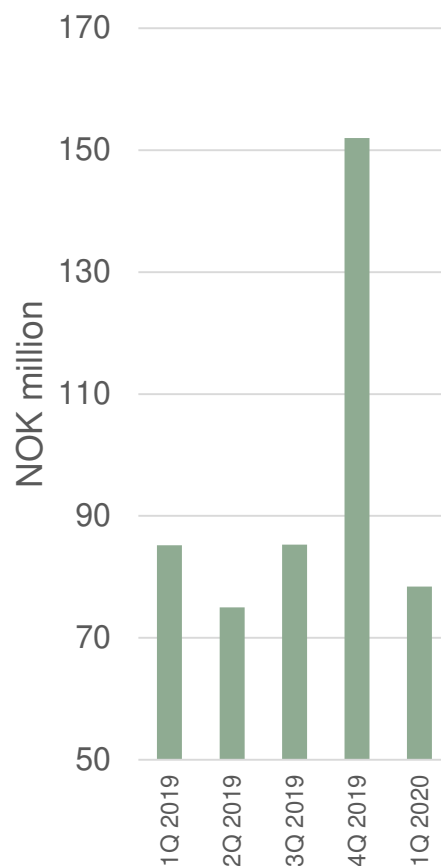
Financial highlights

RENTAL INCOME

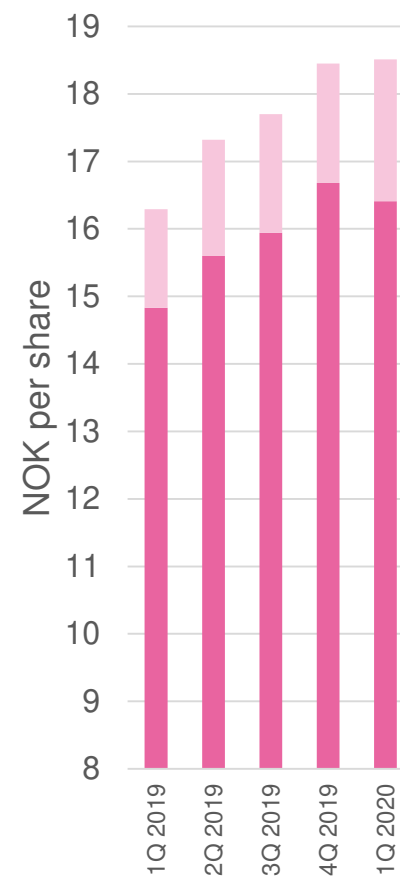


■ Quarterly rental income
(Excl income from sale of properties)

PROFIT BEFORE TAX AND VALUE ADJ.



VALUE PER SHARE



■ NAV adjusted
■ Net asset value (NAV)
(1) Reduced number of shares 2Q 2019

Income statement – Q1 2020

NOK million	Q1 2020	Q1 2019
Rental income	167.7	191.6
Income from sale of residential units ¹	397.2	-
Revenues	564.9	191.6
Property-related operational expenses	(14.4)	(15.7)
Other property-related expenses	(20.6)	(14.0)
Project cost from sale of residential units ¹	(371.7)	-
Administrative expenses	(13.2)	(14.4)
Share of profit in joint ventures ²	-	1.6
Operating profit before value adjustments	145.1	149.1
Change in market value of investment property	13.5	124.7
Operating profit	158.6	273.8
Realised financial items	(66.7)	(63.9)
Change in market value of financial instruments	(192.2)	10.3
Net financial items	(258.9)	(53.6)
Profit before income tax	(100.3)	220.3
Income tax (not payable) ³	(0.5)	(51.0)
Profit for the period	(100.8)	169.3
Earnings per share (NOK)	(0.20)	0.31
Profit before income tax and value adjustments	78.4	85.2

¹ Related to the sale of residential units in the project at Hasle in Oslo.

² Related to gain from sale and profit after tax in 2019 for the property Badehusgata 33-39 in Stavanger.

³ In 2019, amendments were made to the rules on limiting interest deductions under tax legislations, see Q1-report note 11.

Portfolio valuation by area Q1-2020

- External valuation conducted by Cushman & Wakefield and Akershus Eiendom
- Positive fair value adjustment of NOK 13 million for properties owned 100%

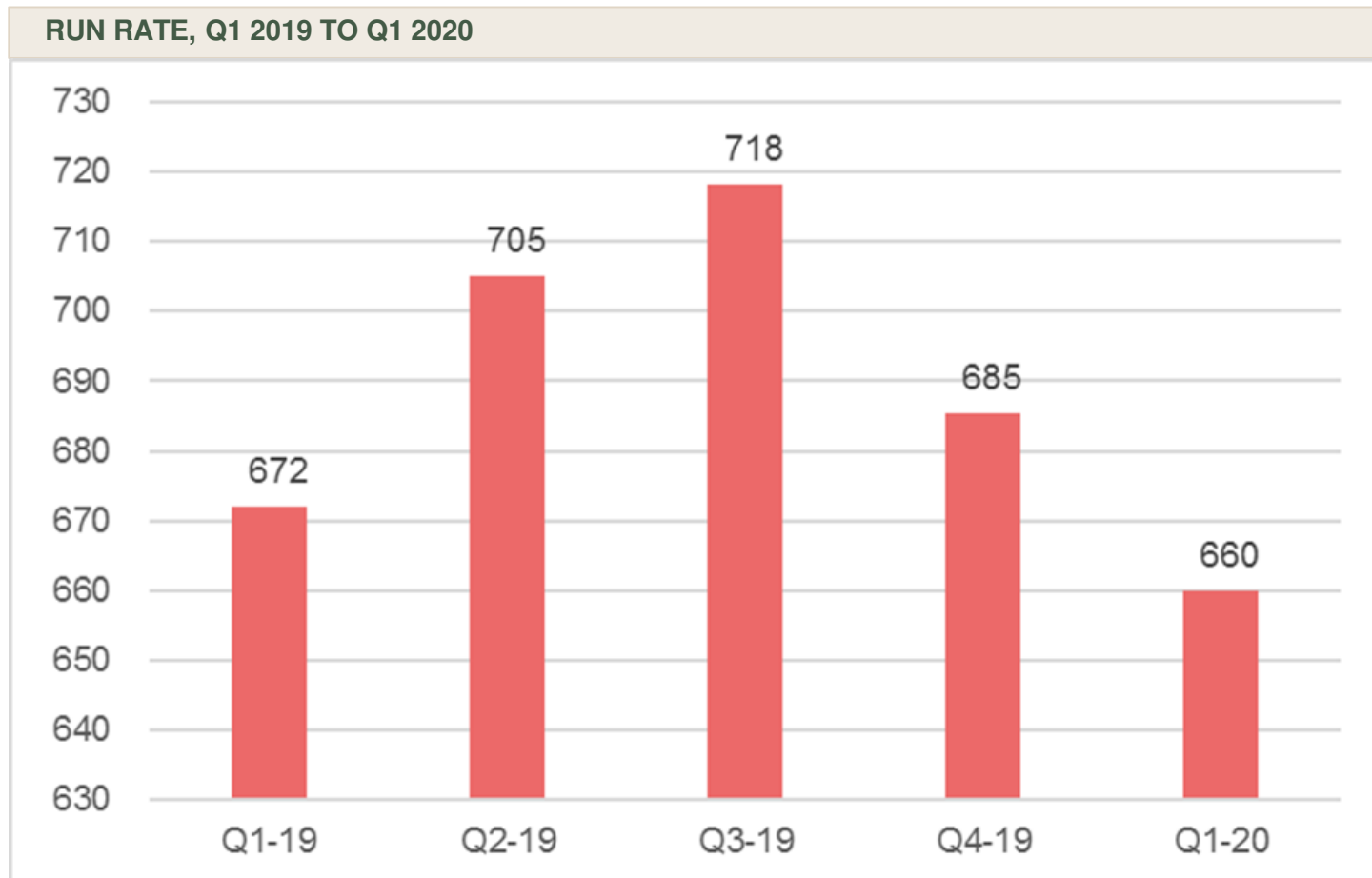
Area	Total space (m ²)	WAULT (years)	Valuation		Gross rent per year		Net yield ¹ (%)	Vacancy based on market rent ² (%)
			NOK mill.	NOK/m ²	NOK mill.	NOK/m ²		
CBD	140 652	5.6	13 122.2	93 296	476.6	3 388	3.3	7.5
Nydalen	91 187	2.9	2 268.5	24 877	141.1	1 547	5.7	4.4
Other ³	90 274	4.7	1 256.8	13 922	42.3	468	3.1	46.7
Total Portfolio	322 113	4.9	16 647.5	132 095	659.9	2 049	3.6	11.1

¹ For illustration; based on rents as of March 31, 2020 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

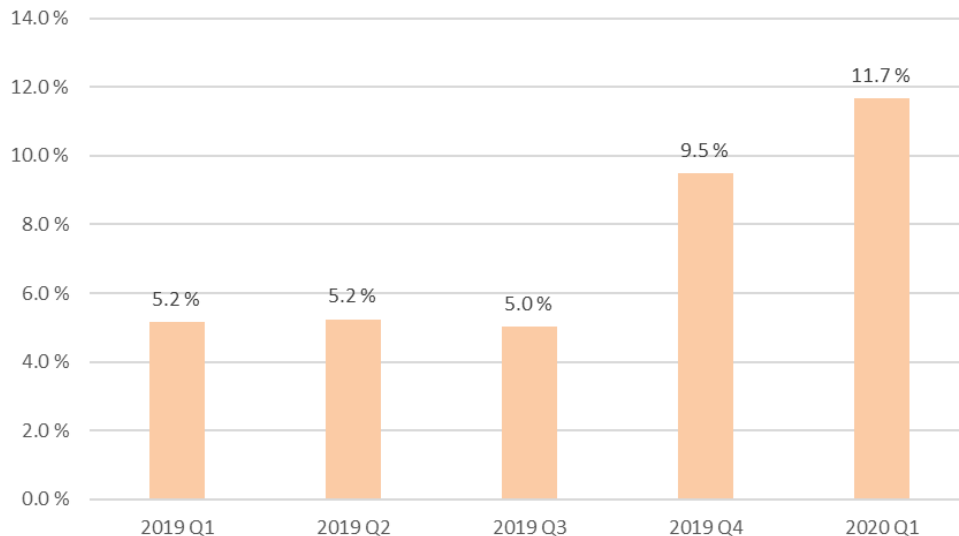
³ Hasle retail property, Snarøyveien 36 and Forusbeen are included in "Other". Vacancy is calculated excluding Forusbeen 35 where a zoning process for conversion is initiated.

Run rate last 5 quarters

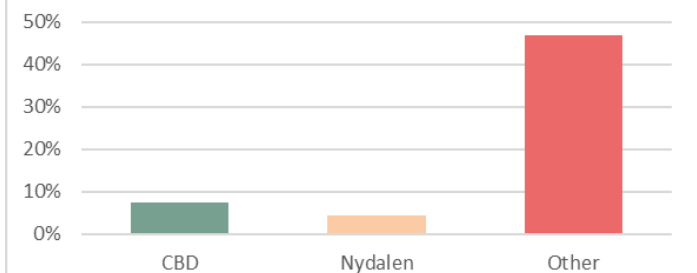


Vacancy based on market rent

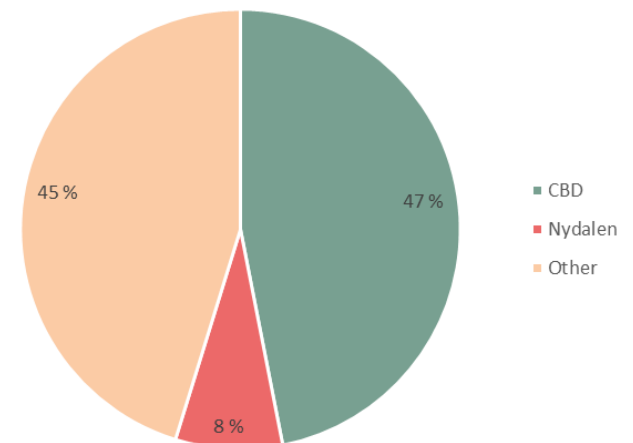
MARKET RENT VACANCY, LAST 5 QUARTERS



MARKET RENT VACANCY FOR EACH AREA

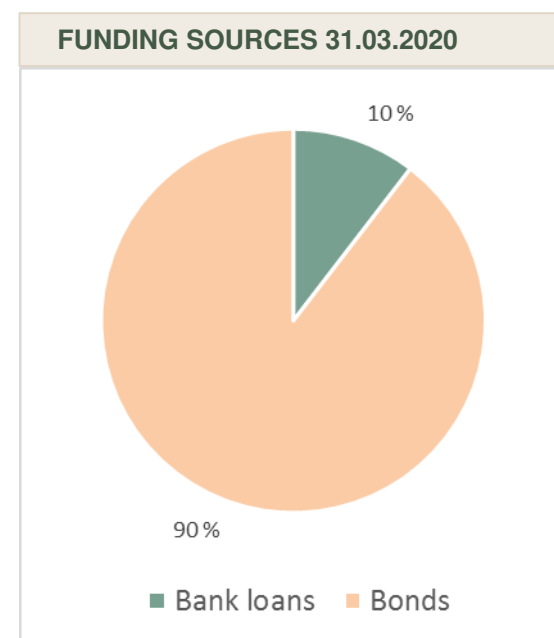


VACANCY FOR EACH AREA IN % OF TOTAL VACANCY



Financial position

Interest bearing debt and hedging		31.03.2020
Total interest bearing debt ¹	NOK million	7 477.3
Property value ²	NOK million	16 647.5
Net Loan to value ³	Per cent	43.7
Cash and cash equivalents	NOK million	196.6
Unused committed credit facilities	NOK million	750.0
Average remaining duration. Hedging	Years	5.0
Average interest rate (including margin) ¹	Per cent	3.48
Average margin ¹	Per cent	1.20
Average remaining duration. Borrowing ⁴	Years	2.6
Hedging ratio ⁵	Per cent	76.3
WAULT	Years	4.9



¹ Not including NOK 360.9 million project financing at Hasle

² Including value of Hasle Retail, not including residential project at Hasle

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

⁴ Not including NOK 360.9 million project financing at Hasle.

⁵ Calculated as the amount of interest hedging / total interest bearing debt

Refinancing activities

Q1 2020

New Bond loan:

- MNOK 460, 5 years FRN (margin 0.98%)
- Settlement January 2020

Tap issue:

- MNOK 119, 4.3 years FRN (margin 0.73%)
- Settlement February 2020

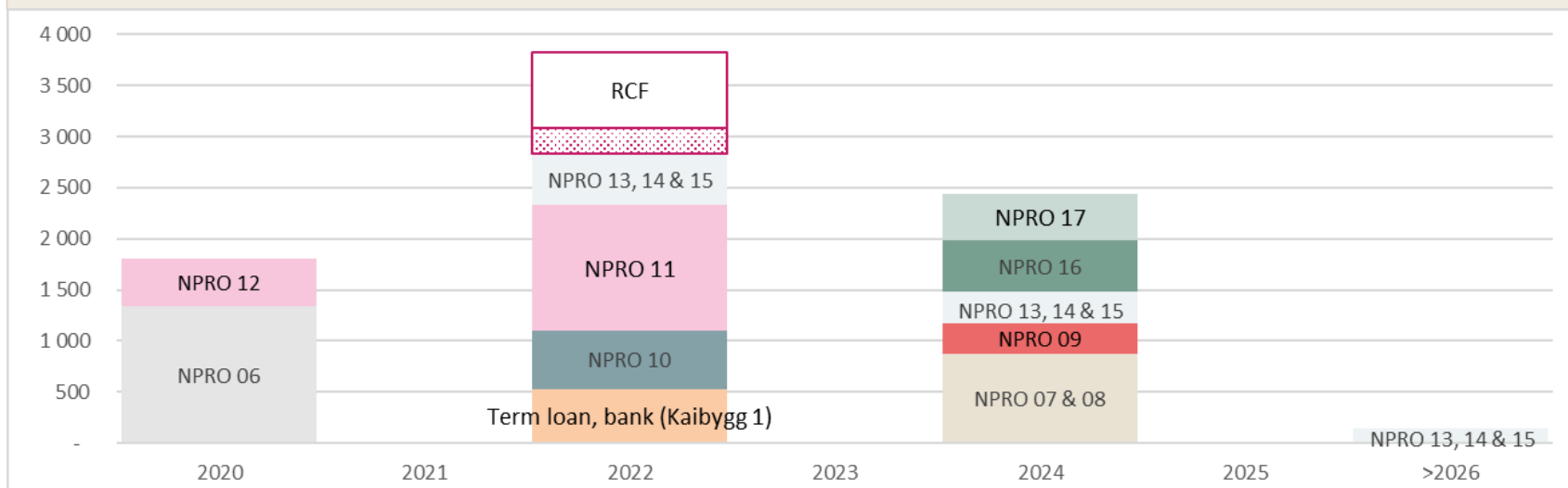
Q3 AND Q4 2020

NPRO 06: NOK 1 335 mill matures on 6 July 2020

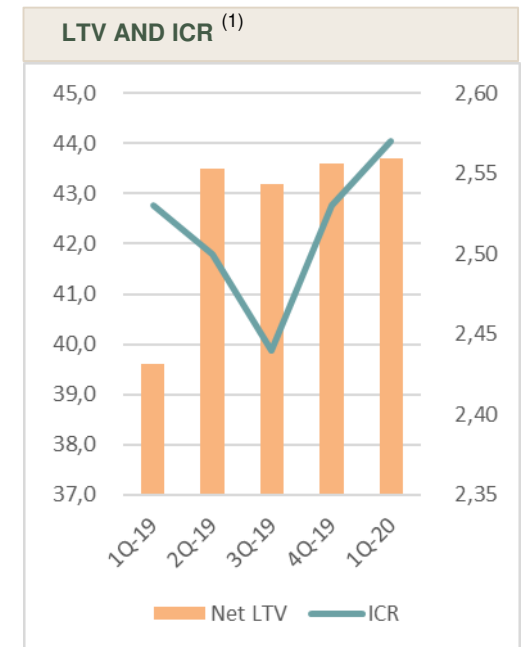
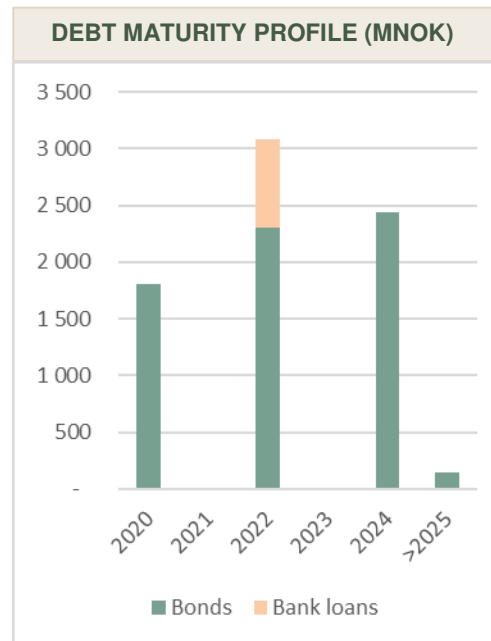
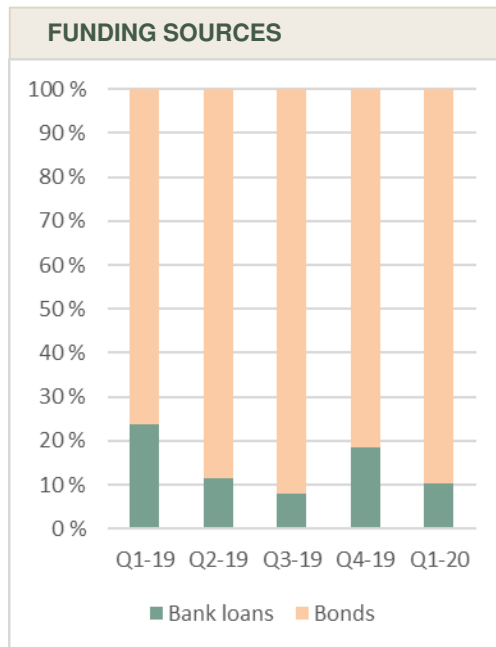
NPRO 12: NOK 491 mill matures on 9 Nov 2020

- Close dialogue with banks to provide new facility
- Contemplating new bond issues and/or in combination with bank facility

MATURITY PROFILE 31.03.2020



Financing



- **Diversified sources of funding**
 - 6.7 bn in bonds Q1 2020.

- **Diversified maturity profile**
 - Average remaining time to maturity Q1 2020 is 2.6 years.

- **LTV below long time target**
 - Net LTV 43.7% as of Q1 2020
 - Not including Hasle residential development and project financing

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

Refurbishments in 2020

Refurbishment

Area	Property	Tenant	SQM	Quarter finalized
Aker Brygge	Fondbygget	BNP Paribas	2 700	Q2 2020
Aker Brygge	Stranden	Adv Berngård	693	Q2 / Q3 2020
Fornebu	Snarøyveien 36	Ericsson	1 500	Q2 2020
CBD	Lille Grensen 7	Accenture	500	Q2 2020

Delivery of flats at Vinslottet

- 69 flats were delivered in Q4 2019
- 73 flats were delivered in Q1 2020
- 81 flats planned to be delivered in Q2 2020



:: SANDAKERVEIEN 130. NYDALEN:



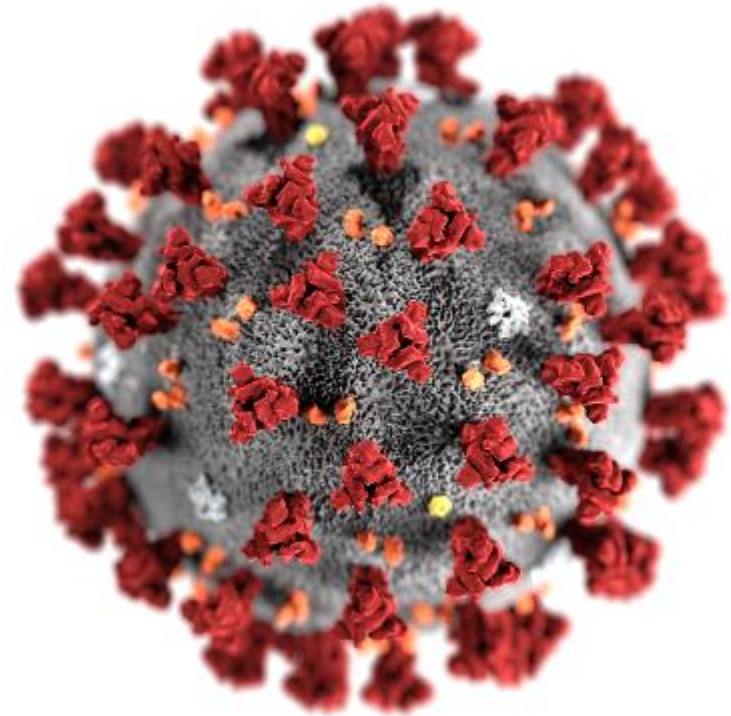
:: VERKSTEDHALLEN. BUSINESS VILLAGE :

Agenda

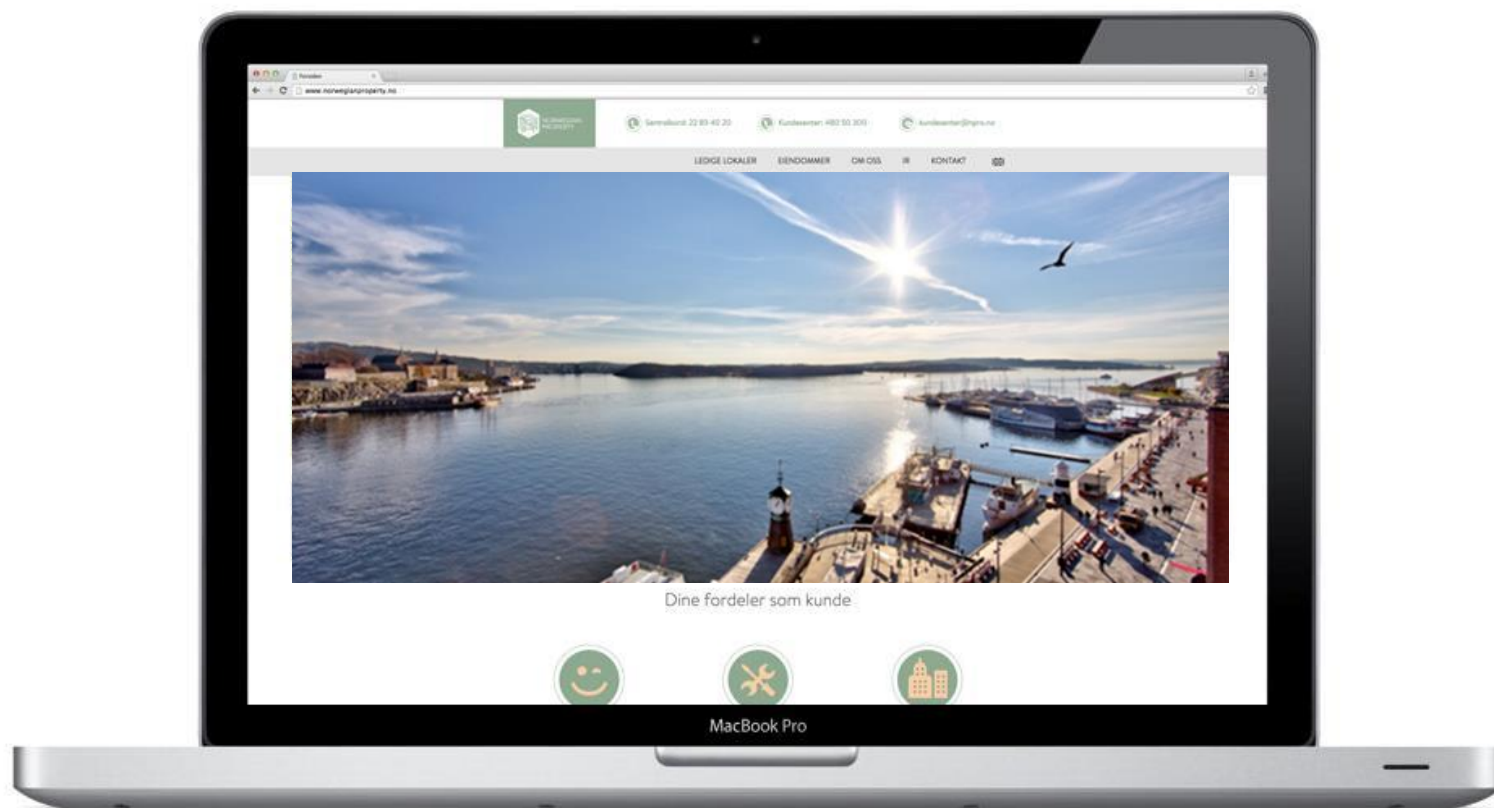
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Summary

- No dividend for Q1-2020 due to the COVID-19 pandemic
- Strategic acquisition
- Operational focus
 - Complete BREEAM-in-use classification at Fornebu **WORKS**
 - Pursue opportunities
 - Adopt to development in governmental restrictions
- Financing



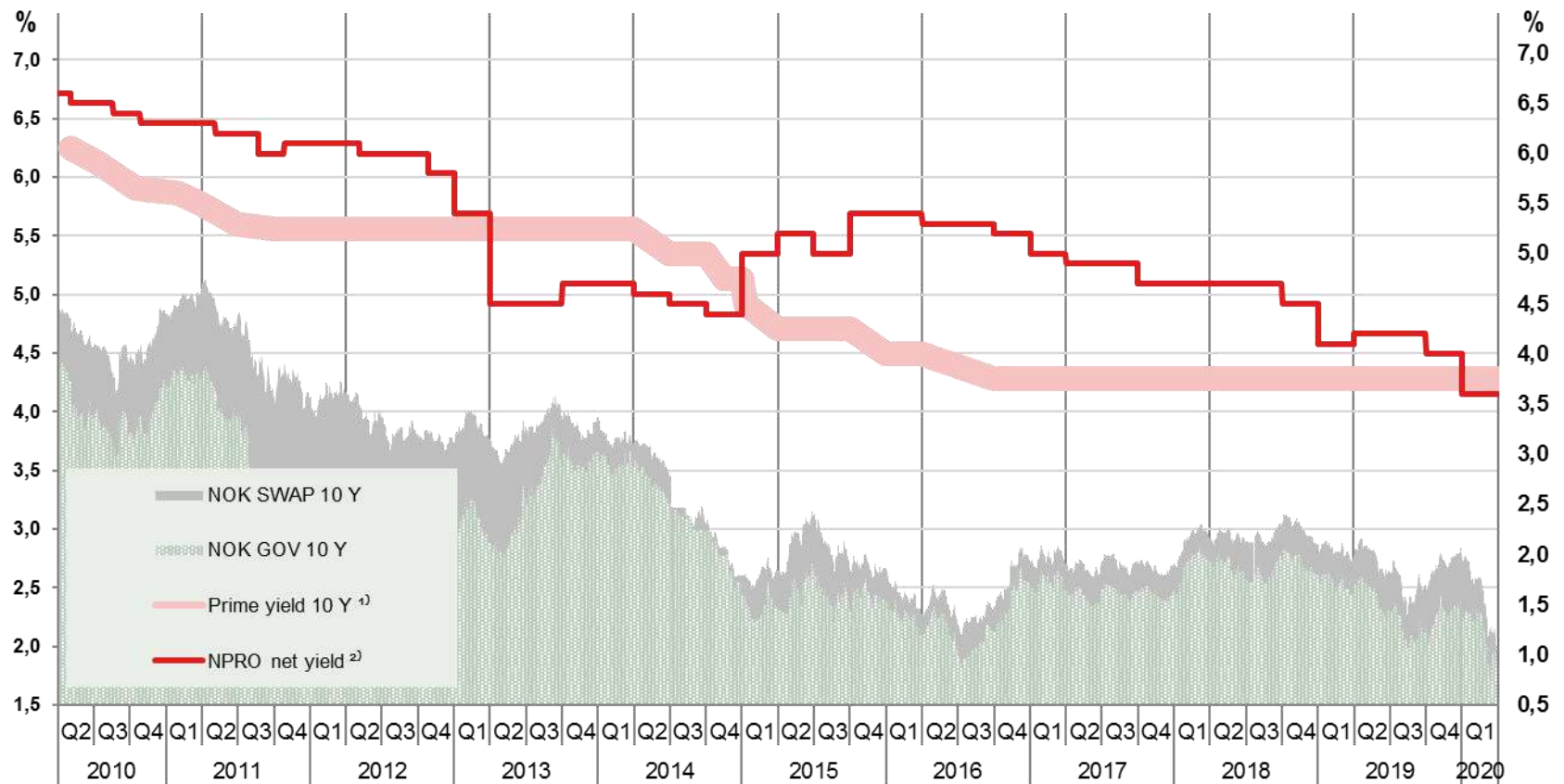
Q & A



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- **Appendix**

Yield spread



¹ Source: Akershus Eiendom

² NPRO net yield as summarised in slide; Portfolio valuation Q3-2019

Balance sheet – Q1 2020

NOK million	31.03.2020	31.12.2019
Investment property	16 557.0	16 469.3
Owner-occupied property	90.5	89.0
Property, plant and equipment	39.9	40.5
Inventory ¹	394.6	708.5
Receivables	101.0	128.8
Cash and cash equivalents	196.6	281.8
Equity	8 100.5	8 233.9
Deferred tax	867.0	866.1
Long term interest bearing debt	5 672.6	5 690.5
Short term interest bearing debt	2 165.5	2 466.8
Market value financial derivatives (net)	267.7	75.5
Net other debt	306.3	385.1
Equity ratio (%)	46.5	46.4
NAV per share, book value of equity (NOK)	16.41	16.68
NAV, adjusted per share (NOK)	18.51	18.45
NNNAV per share (NOK)	17.01	17.29

¹ Related to residential units under construction at Hasle in Oslo.

Cash flow – Q1

NOK million	Q1 2020	Q1 2019	Year 2019
Cash flow from profit and loss before fair-value adj.	79.6	86.9	336.9
Change in property-related inventory ¹	270.5	(67.2)	61.4
Change in short-term items	32.8	(5.9)	(43.4)
Cash flow from operating activities	382.9	13.8	354.9
Sale of tangible assets ²	-	823.0	957.9
Purchase of tangible assets	(110.1)	(24.6)	(1 040.2)
Other investment activities ³	-	354.0	354.0
Cash flow from investment activities	(110.1)	1 152.4	271.7
Net change in interest bearing debt	(323.4)	(806.5)	321.0
Paid dividend	(34.6)	(38.4)	(145.9)
Other financing activities ⁴	-	-	(644,5)
Net cash flow from financing activities	(358.0)	(844.9)	(469.4)
Net change in cash	(85.2)	321.4	157.2
Net cash at end of period	196.6	445.9	281.8

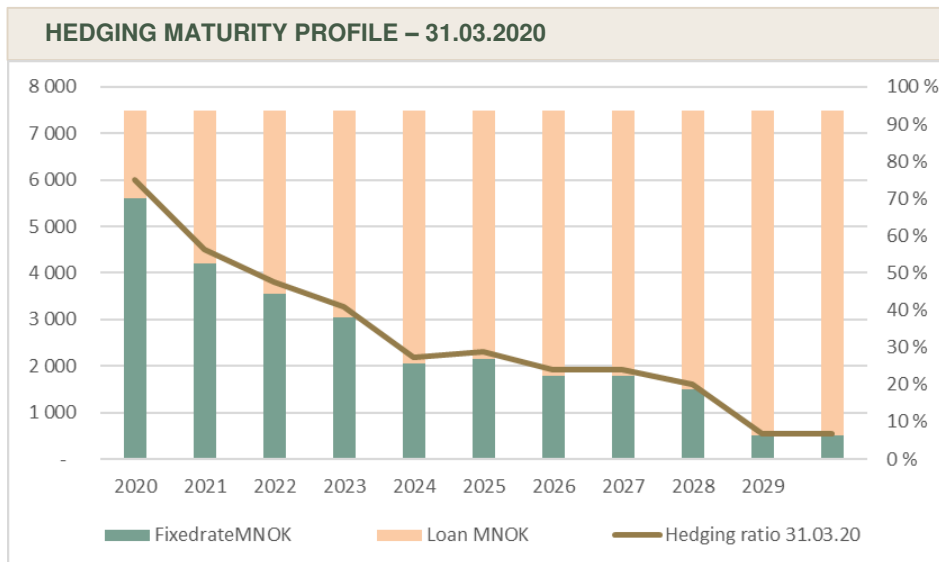
¹ Related to residential units under construction at Hasle in Oslo.

² Related to properties at Skøyen and Gardermoen sold in Q1 and Q4 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:

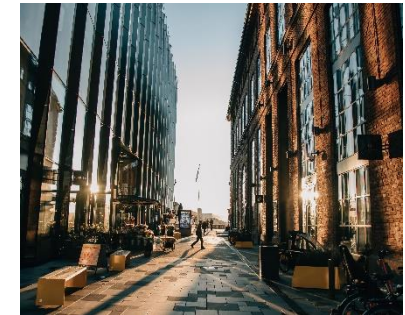
- 50-100% of the group's debt shall be hedged.
- Average remaining time to maturity shall be 3-6 years.
- Hedging ratio 31.03.2020 was 76.3 % and remaining average time to maturity was 5.0 years.
- Diversified maturity profile to avoid exposure to interest levels.
- Project financing at Hasle is excluded from the loan amount.

Overview and key figures



Key figures as of 31 March 2020

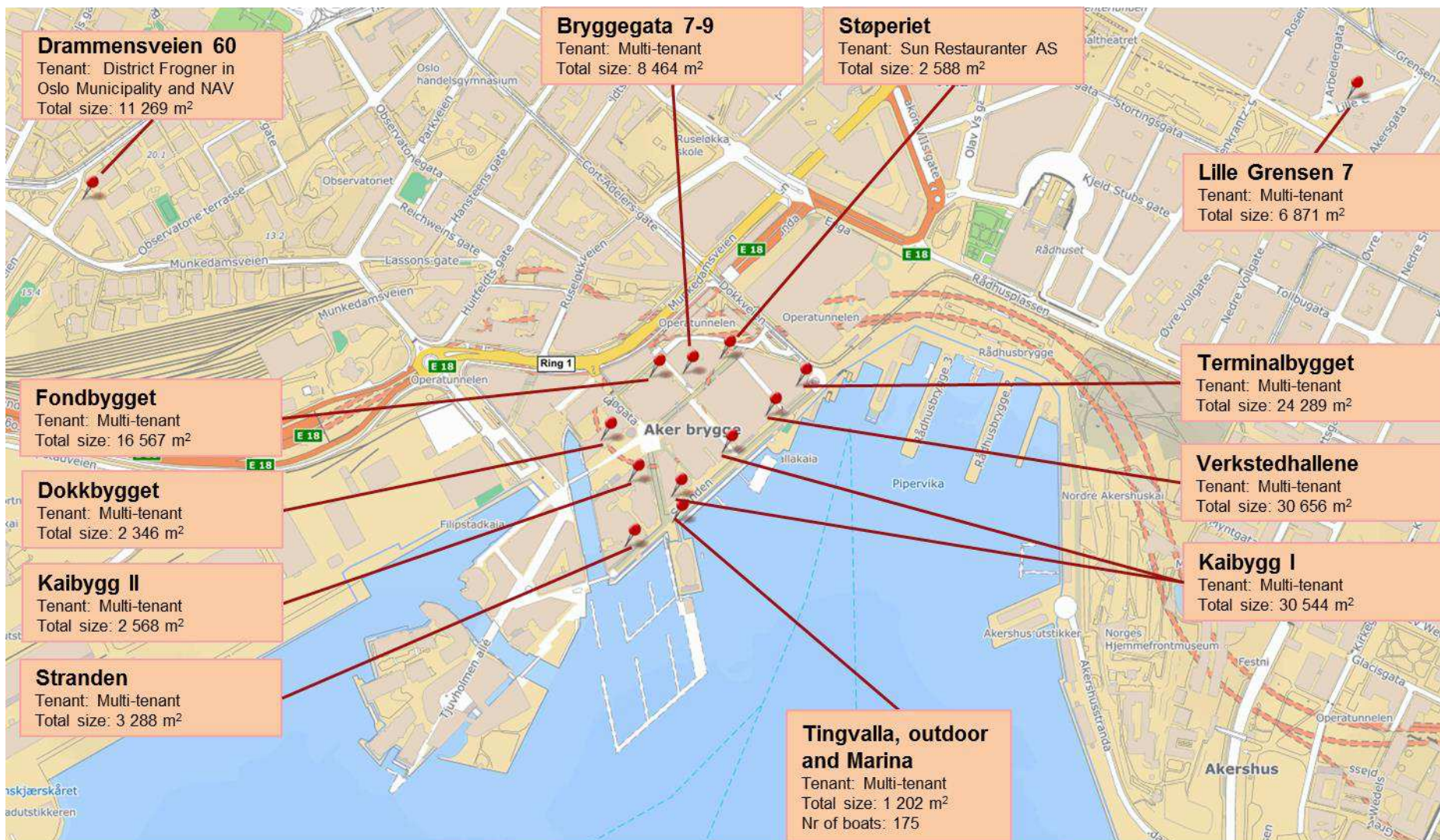
Properties	no	28
Portfolio size (ex. new space in redev. Projects)	m ²	322 113
Average size per property	m ²	11 504
Gross rent per year (run rate)	NOK mill.	660
Operational expenses per year ¹⁾	NOK mill.	53
Net rent per year (run rate)	NOK mill.	607
Average gross rent per m ² per year	NOK	2 049
Gross market value ²⁾	NOK mill.	16 648
Average value per property	NOK mill.	595
Average value per m ²	NOK	51 682
Gross yield, actual	%	4.0
Net yield, actual	%	3.6
WAULT	Years	4.9
CPI adjustment	%	99.9
Vacancy, calculation based on market rate ³⁾	%	11.1



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



CBD



Nydalen

Gjerdrums vei 14 +16 + P

Tenant: Multi-tenant
Total size: 8 391 m²

Gjerdrums vei 8

Tenant: Multi-tenant
Total size: 9 524 m²

Gjerdrums vei 10 D

Tenant: Multi-tenant
Total size: 2 383 m²

Gullhaug Torg 3

Tenant: TV2 AS, Oslo
Univtersitetssykehus HF
Total size: 8 127 m²

Gjerdrums vei 17

Tenant: Nydalen Kunstscole AS
Total size: 822 m²

Gjerdrums vei 3 and 5

Tenant: Multi-tenant
Total size: 2 283 m²

Gullhaugveien 9-13

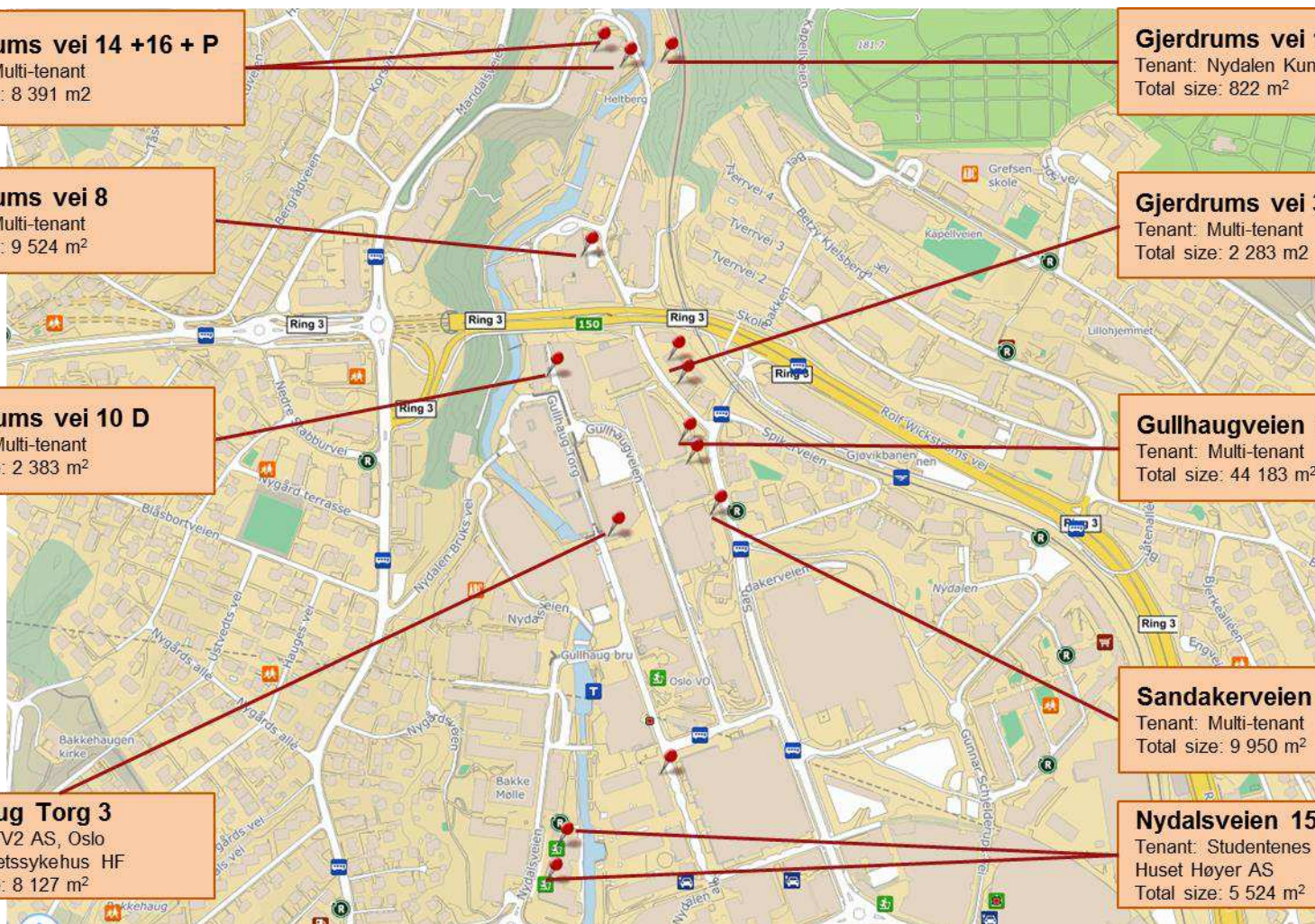
Tenant: Multi-tenant
Total size: 44 183 m²

Sandakerveien 130

Tenant: Multi-tenant
Total size: 9 950 m²

Nydalsveien 15-17

Tenant: Studentenes Hus AS,
Huset Høyer AS
Total size: 5 524 m²



Other



Vinslottet

- 8 810 sqm retail

Snarøyveien 36

- 40 952 sqm office
- 17 213 sqm parking

Project: Forusbeen 35

Approx. 40 000 sqm

- 20% office
- 80% residential

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





Property details Q1-2020

1/3

	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	WAULT per Mar 2020	Run rate per Mar 2020
	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
CBD										
Bryggegata 7-9	6 376	2 088	0	0	0	8 464	3.4	98.0	4.0	26.1
Dokkbygningen	1 957	389	0	0	0	2 346	78.9	100.0	2.3	1.3
Drammensveien 60	8 975	0	1 890	404	0	11 269	0.0	100.0	9.2	28.2
Fondbygget	13 073	2 492	915	0	87	16 567	0.0	100.0	7.9	47.1
Lille Grensen 7	4 423	2 430	18	0	0	6 871	29.5	100.0	6.5	17.3
Kaibygning I (Stranden 5)	20 933	6 503	2 310	0	798	30 544	0.0	100.0	5.2	116.9
Kaibygning II	0	1 775	793	0	0	2 568	1.9	100.0	9.4	11.9
Stranden	2 086	756	0	446	0	3 288	7.5	100.0	8.7	8.2
Støperiet	0	2 588	0	0	0	2 588	0.0	100.0	4.3	5.5
Terminalbygget (Stranden 1)	17 787	3 217	1 622	1 372	291	24 289	0.5	100.0	5.3	100.3
Tingvallautstikkeren, uteareal og marina ¹	0	1 202	0	0	0	1 202	0.0	100.0	3.1	23.2
Verkstedhallene (Stranden 3)	19 619	7 961	2 227	0	849	30 656	20.3	100.0	4.3	90.6
Total CBD	95 229	31 401	9 775	2 222	2 025	140 652	7.5	99.9	5.6	476.6

¹ Adjusted for normal seasonal short term contracts



Property details Q1-2020

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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 Mar 2020	Run rate per Mar 2020
	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	0.0	100.0	4.7	4.4
Gjerdrums vei 14, 16 and 16 P-house	5 353	0	986	2 052	0	8 391	7.2	98.0	2.9	11.2
Gjerdrums vei 17	806	0	16	0	0	822	10.9	100.0	2.9	1.2
Gjerdrums vei 3	0	0	0	0	463	463	17.5	100.0	0.7	1.0
Gjerdrums vei 5	1 722	0	98	0	0	1 820	13.9	100.0	1.9	1.9
Gjerdrums vei 8	7 727	0	634	1 163	0	9 524	3.1	100.0	2.1	17.5
Gullhaug Torg 3	7 699	0	428	0	0	8 127	0.0	100.0	3.2	15.0
Gullhaugveien 9 - 13	24 882	0	7 517	11 784	0	44 183	3.7	100.0	1.4	61.4
Nydalsveien 15	3 427	311	67	0	28	3 833	3.5	100.0	5.5	8.3
Nydalsveien 17	0	1 691	0	0	0	1 691	0.0	100.0	4.8	4.9
Sandakerveien 130	5 542	0	1 047	3 361	0	9 950	14.5	100.0	7.8	14.2
Total Nydalen	59 363	2 002	10 971	18 360	491	91 187	4.4	99.8	2.9	141.1



Property details Q1-2020

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	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m ²	Market rent vacancy	CPI	WAULT per Mar 2020	Run rate per Mar 2020
	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million

Other

Snarøyveien 36	40 626	0	326	17 213	0	58 165	45.1	100.0	4.1	30.0
Vinslottet	0	8 810	0	0	0	8 810	16.5	100.0	7.5	10.4
Forusbeen 35 ¹	19 075	0	0	4 224	0	23 299	NA	100.0	0.3	1.9
Total Other, incl Stavanger	59 701	8 810	326	21 437	0	90 274	46.7	100.0	4.7	42.3
GROSS TOTAL	214 293	42 213	21 072	42 019	2 516	322 113	11.1	99.9	4.9	659.9

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 2020

#	Name	Share (%)	Shares held	Acc Type	Nationality
1	GEVERAN TRADING CO LTD	79.79	398 855 580	ORD	CYP
2	FOLKETRYGDFONDET	14.79	73 951 642	ORD	NOR
3	NORWEGIAN PROPERTY ASA	1.25	6 250 000	ORD	NOR
4	DANSKE BANK AS	0.68	3 378 881	ORD	DEN
5	J.P. Morgan Bank Luxembourg S.A.	0.21	1 047 285	NOM	LUX
6	SANDEN AS	0.20	1 000 000	ORD	NOR
7	BANAN II AS	0.20	1 000 000	ORD	NOR
8	Sijotusrahasto UB Eurooppa REIT	0.15	763 640	ORD	FIN
9	Morgan Stanley & Co. International	0.14	718 010	ORD	GBR
10	KAS Bank N.V.	0.14	700 016	NOM	NLD
11	Sijotusrahasto UB Global REIT	0.12	607 777	ORD	FIN
12	State Street Bank and Trust Comp	0.10	500 569	NOM	USA
13	Nordea Bank Abp	0.08	378 349	NOM	SWE
14	CARNEGIE FASTIGHETSFOND NORDEN	0.06	300 000	ORD	SWE
15	CLEARSTREAM BANKING S.A.	0.06	296 280	NOM	LUX
16	State Street Bank and Trust Comp	0.05	235 440	NOM	GBR
17	JP MORGAN SECURITIES PLC	0.05	228 365	ORD	GBR
18	VIK	0.05	226 516	ORD	NOR
19	CAMVECTI HOLDING AS	0.04	211 556	ORD	NOR
20	J.P. Morgan Bank Luxembourg S.A.	0.04	209 959	NOM	SWE
Total top 20 shareholders		98.20	490 859 865		6/20 NOR

Disclaimer

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