



NORWEGIAN
PROPERTY

2nd quarter 2020

Oslo, July 10th 2020

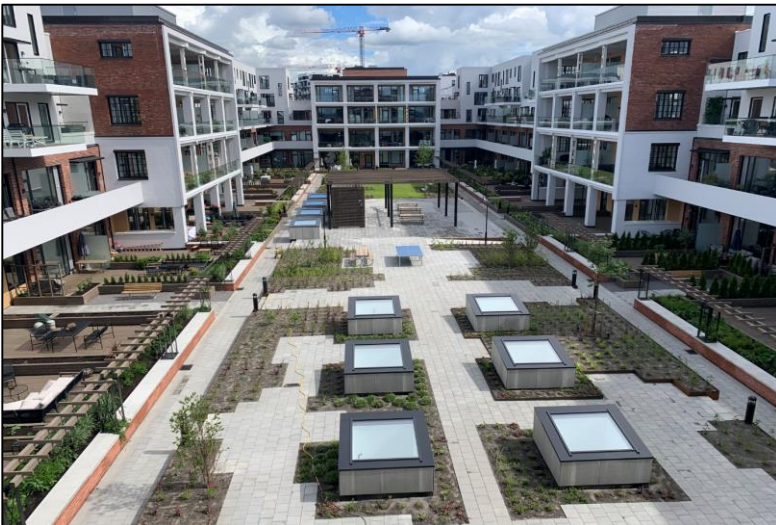


Agenda

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

Q2 in short:

- **Revenues NOK 630.0 million**
 - Fuelled by delivery of flats at Hasle
- **Profit before value adjustments NOK 95 million**
- **Earnings per share (EPS) negative NOK 0.34**
- **No dividend for Q2 due to Covid-19 pandemic and investment in Veidekke Eiendom**
 - Acquisition of Veidekke Eiendom signed in Q2 and settlement will be in Q3
- **Call for EGM**
 - Propose for power of authority to increase the share capital up to 20%



:: RESIDENTIAL VINSLOTTET. HASLE. OSLO:



:: VERKSTEDHALLEN. AKER BRYGGE. OSLO:



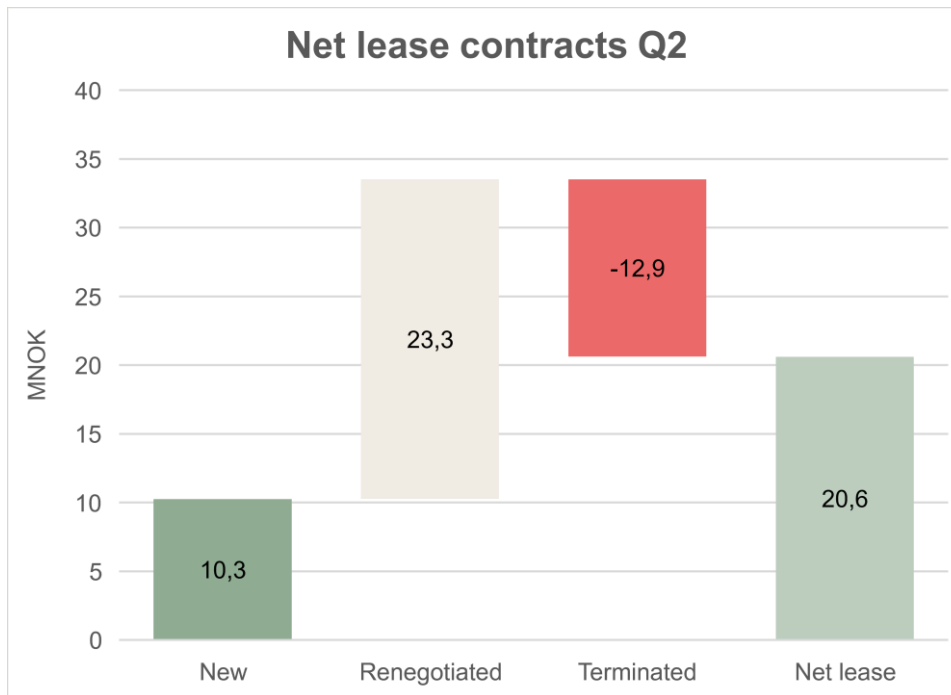
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Rental update

Rental contracts in Q2-2020

- Fairly good activity in the quarter signing new contracts



New leases

- Several new tenants in Business Village

Renegotiated

- Several leases with Oslo Universitet Sykehus, 5 500 sqm, 3-5 year contracts

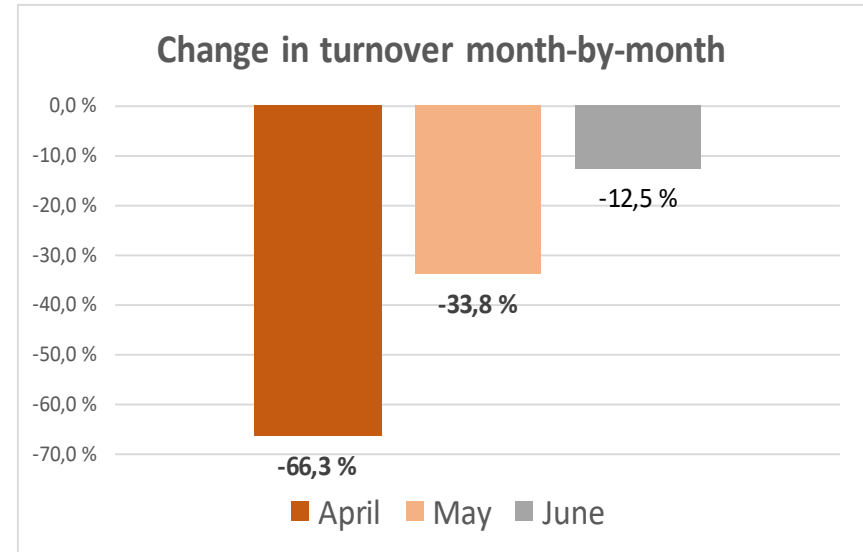
Retail update

Turnover at Aker Brygge effected by covid-19 lock-down

- Q2 2020 NOK 352 mill (-33%)
- 1H 2020 NOK 660 mill (-26%)

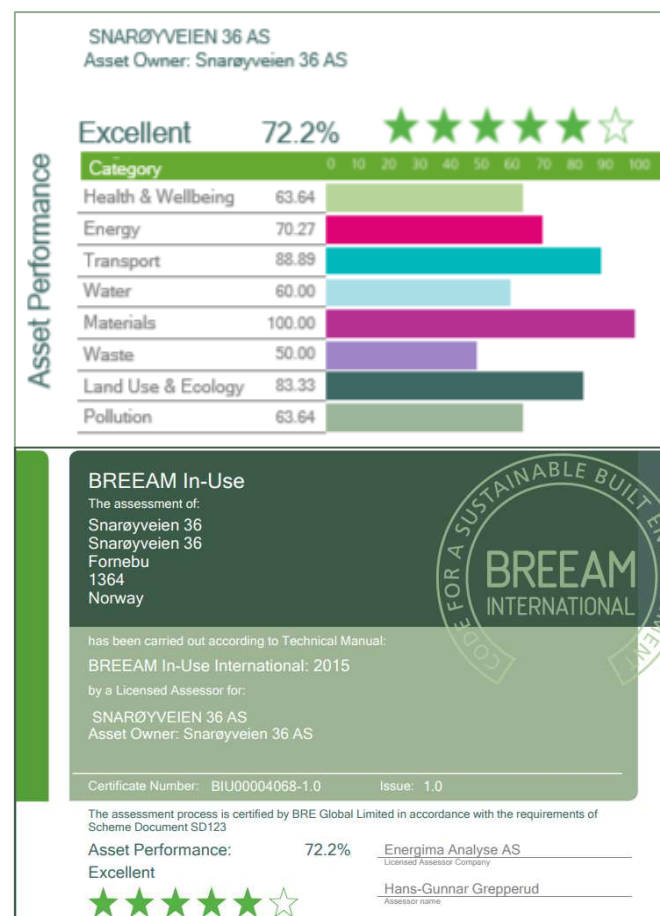
Main activities on the ground floor

- Reduced opening hours for bars and restaurants during the quarter
- New opening of “Raw 2 Go” and “Winther”
- Summer campaign marketing our restaurants, shops and offers at the seaside
 - *Marina* - *Sup*
 - *Electric boats* - *Sauna*



Breeam In-Use certification of Snarøyveien 36

- Rating of "Excellent"
 - Fulfills our strategic target of Breeam In-use certification of minimum Very Good
- Performance score in Energy above 70% reflects reduced energy consumption after refurbishments in 2019/2020 by approx. 1.500.000 kWh per year
 - Upgraded HVAC-system
 - Adjusted run time for ventilation-system
 - LED lighting
- Paves the path towards green bond framework and potential green financing



Acquisition in Q2 2020

Acquisition of Veidekke Eiendom with partners

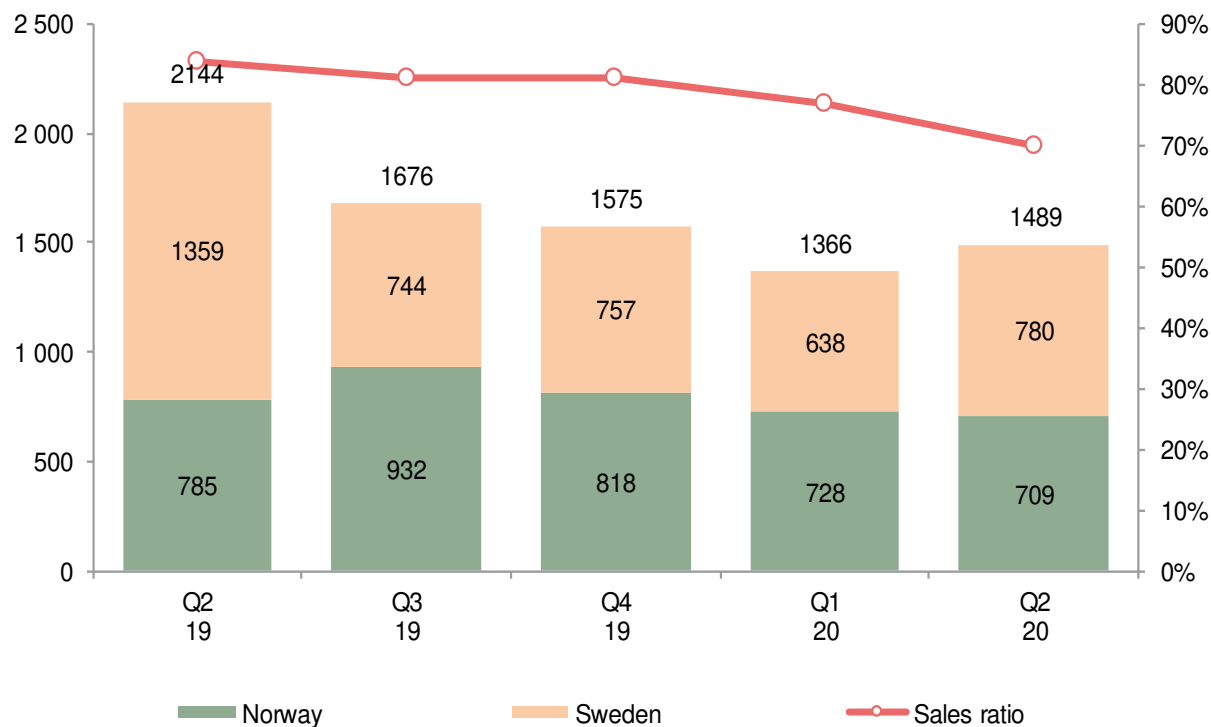
- NPRO and Fredensborg will be equal partners with 42.5% each, and Union Fund III 15%
- The Investor Group will fund NOK 2.6 billion in new equity, and Veidekke Eiendom will be financed with 5.7 billion of debt. The transaction is expected to be completed during September 2020
- The investment will going forward be presented in accordance with the equity method in the income and the balance sheet
- NPRO will have access to a large land bank in both Norway and Sweden and many well-qualified employees with high competence in housing development. Baard Schumann is intended for the role of CEO of the company.
- Call for EGM August 10, 2020 to propose for power of authority to increase the share capital up to 20%, to remain full flexibility for financing of the acquisition

“We have managed to maintain the planned sales activities and starts of construction and, unlike previous crises, we can now see that activity levels have remained high in most of our priority areas.”

*Jørgen Wiese Porsmyr, EVP of Veidekke
(Press release July 7, 2020)*

Veidekke Eiendom

- Development units under construction



- Units under construction up from Q1
- Sales ratio of ~70% as of Q2 2020
- Good pipeline for further development

Market trends



:: STRANDEN. AKER BRYGGE:

Rental market Oslo

- Limited number of new leases signed during Q2, but market picked up towards the end of quarter
- Prices flattish in CBD and marginally down in greater Oslo

Transaction market

- Few transactions during the quarter
- Investors are interested in increasing their exposure to the office market
- Margins in the bond market have substantially tightened during the quarter
- Banks are open for business



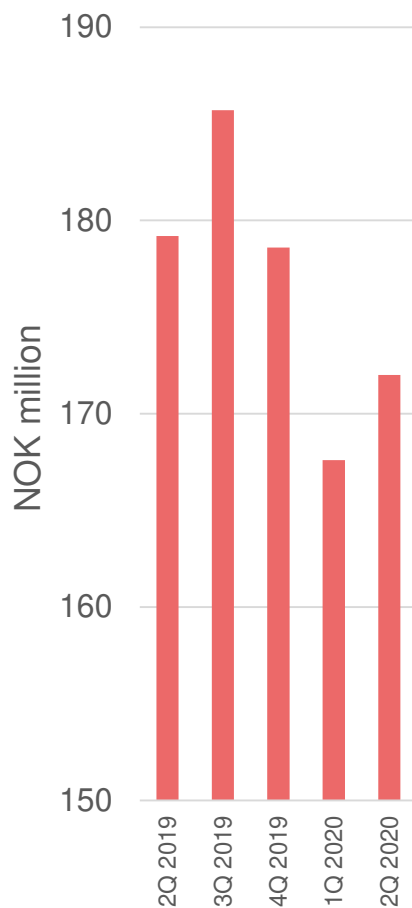
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- **Financial update**
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- Q&A session



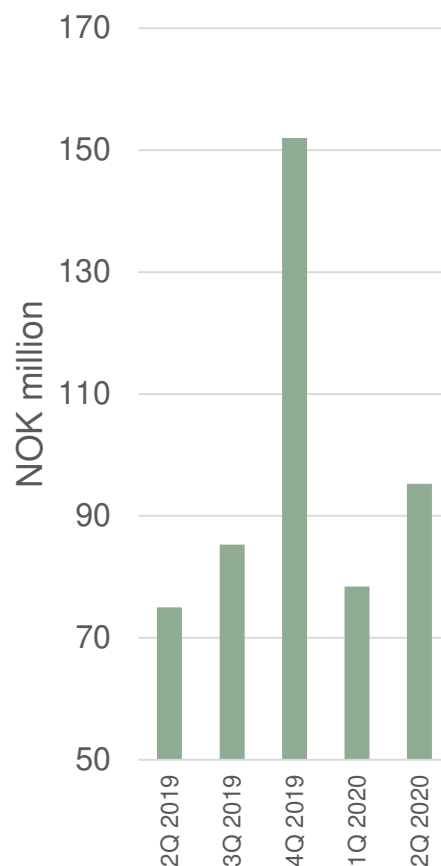
Financial highlights

RENTAL INCOME

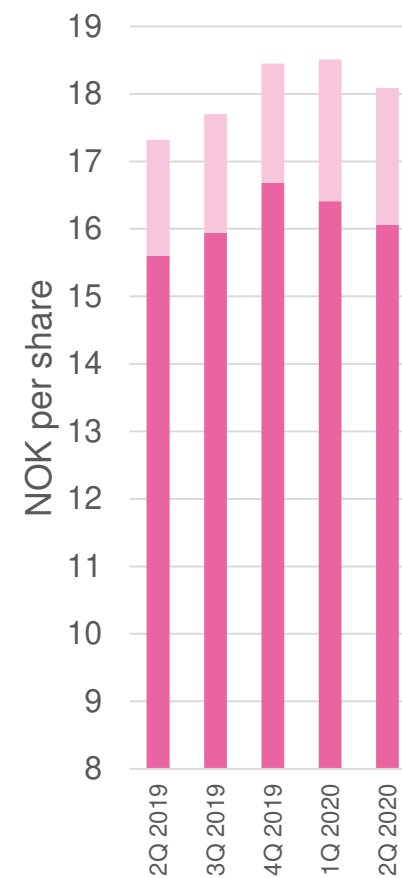


■ Quarterly rental income
(Excl income from sale of properties)

PROFIT BEFORE TAX AND VALUE ADJ.



VALUE PER SHARE



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

Income statement – Q2 and YTD 2020

NOK million	Q2 2020	Q2 2019	YTD Q2 2020	YTD Q2 2019
Rental income	172.0	179.2	339.7	370.7
Income from sale of residential units ¹	458.0	-	855.2	-
Revenues	630.0	179.2	1 194.8	370.7
Property-related operational expenses	(14.6)	(16.3)	(29.0)	(32.0)
Other property-related expenses	(15.9)	(13.1)	(36.4)	(27.1)
Project cost from sale of residential units ¹	(430.6)	-	(802.3)	-
Administrative expenses	(9.7)	(12.2)	(22.9)	(26.6)
Share of profit in joint ventures ²	-	2.7	-	4.3
Operating profit before value adjustments	159.2	140.2	304.3	289.3
Change in market value of investment property	(261.6)	230.4	(248.1)	355.1
Operating profit	(102.4)	370.6	56.2	644.4
Realised financial items	(63.9)	(65.2)	(130.6)	(129.1)
Change in market value of financial instruments	(14.7)	(0.7)	(206.9)	9.7
Net financial items	(78.6)	(65.9)	(337.5)	(119.4)
Profit before income tax	(181.0)	304.7	(281.3)	525.0
Income tax (not payable)	10.9	(64.4)	10.4	(115.4)
Profit for the period	(170.1)	240.3	(270.9)	409.6
Earnings per share (NOK)	(0.34)	0.45	(0.55)	0.76
Profit before income tax and value adjustments	95.3	75.0	173.7	160.2

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

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

Portfolio valuation by area Q2-2020

- External valuation conducted by Cushman & Wakefield and Akershus Eiendom
- Negative fair value adjustment of NOK 261.6 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 (%)	Net yield fully let (%)
			NOK mill.	NOK/m ²	NOK mill.	NOK/m ²			
CBD	140 416	5,1	12 955,6	92 266	480,7	3 423	3,4	6,5	3,7
Nydalen	91 483	3,2	2 250,3	24 598	140,7	1 538	5,8	4,3	6,0
Other ³	90 307	4,7	1 215,3	13 457	44,9	497	3,4	44,1	6,1
Total Portfolio	322 205	4,7	16 421,2	130 322	666,2	2 068	3,7	10,2	4,2

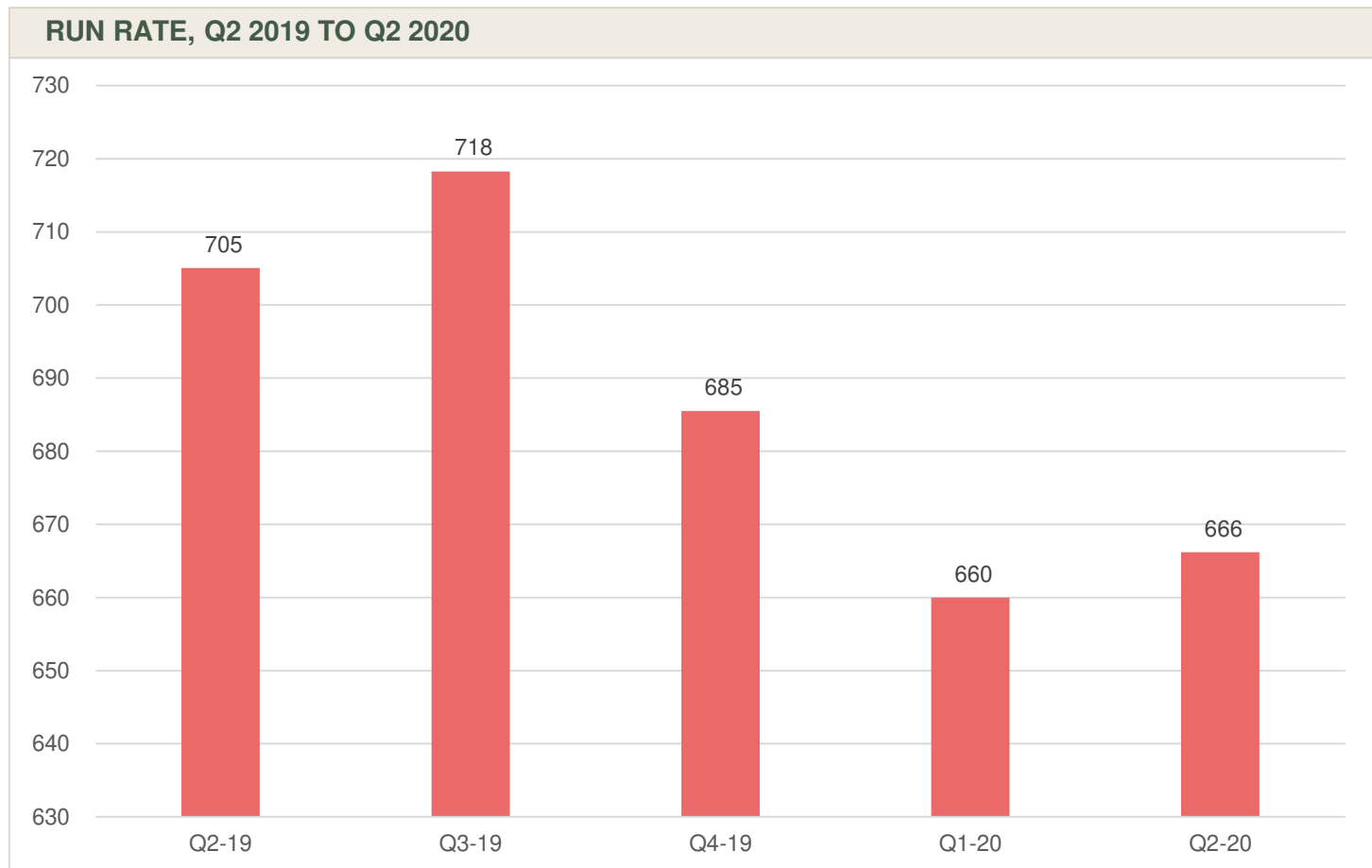
¹ For illustration; based on rents as of June 30, 2020 and estimated long term property expenses of 8 per cent

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.

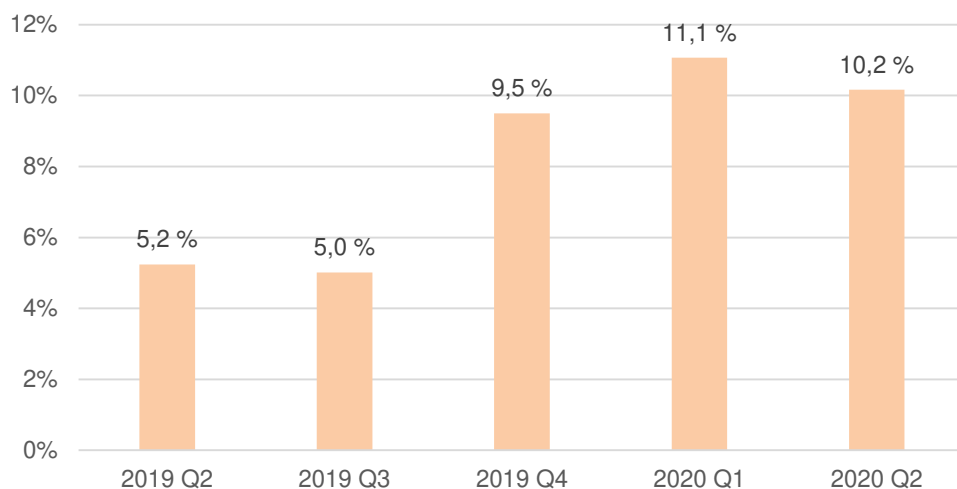


Run rate last 5 quarters

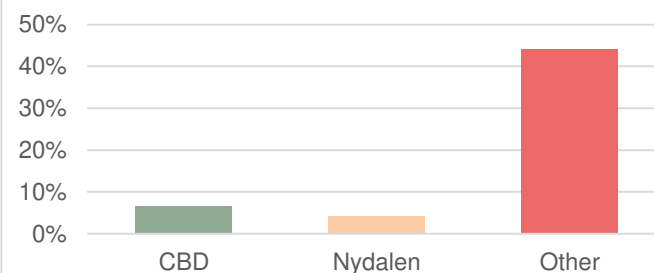


Vacancy based on market rent

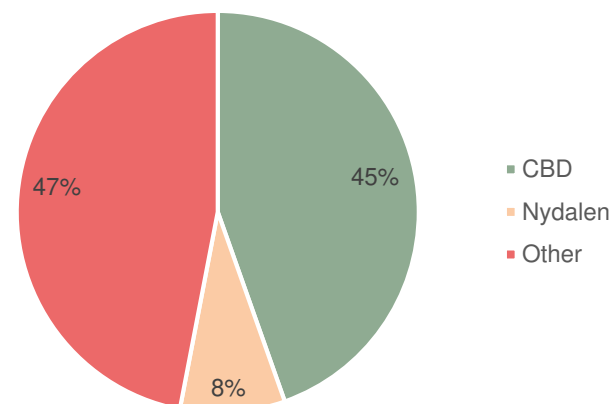
MARKET RENT VACANCY, LAST 5 QUARTERS



MARKET RENT VACANCY FOR EACH AREA



VACANCY FOR EACH AREA IN % OF TOTAL VACANCY



Financial position

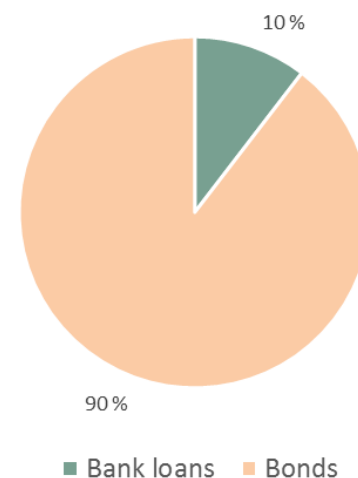
Interest bearing debt and hedging		30.06.2020
Total interest bearing debt	NOK million	7 478
Property value	NOK million	16 421
Net Loan to value ¹	Per cent	44.3
Cash and cash equivalents	NOK million	205
Unused committed credit facilities ²	NOK million	1 460
Average remaining duration. Hedging	Years	4.8
Average interest rate (including margin)	Per cent	3.25
Average margin	Per cent	1.20
Average remaining duration. Borrowing	Years	2.4
Hedging ratio ³	Per cent	77.6
WAULT	Years	4.7

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

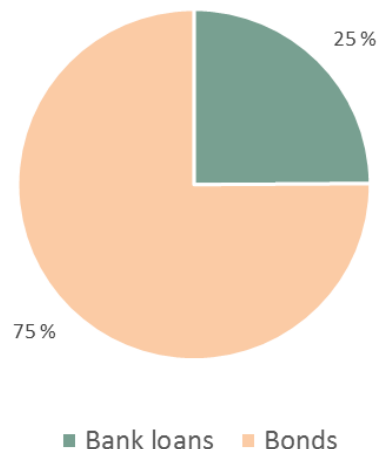
² As per 30 June. NPRO 06 was refinanced on July 6th, reducing the unused committed credit facilities to NOK 210 million

³ Calculated as the amount of interest hedging / total interest bearing debt

FUNDING SOURCES 30.06.2020



FUNDING SOURCES 06.07.2020



Refinancing activities

Q2 2020 – NPRO 06 AGREED REFINANCING

New RCF with SEB:

- MNOK 510, 1 year
- Signing 25th June 2020

New RCF with DNB:

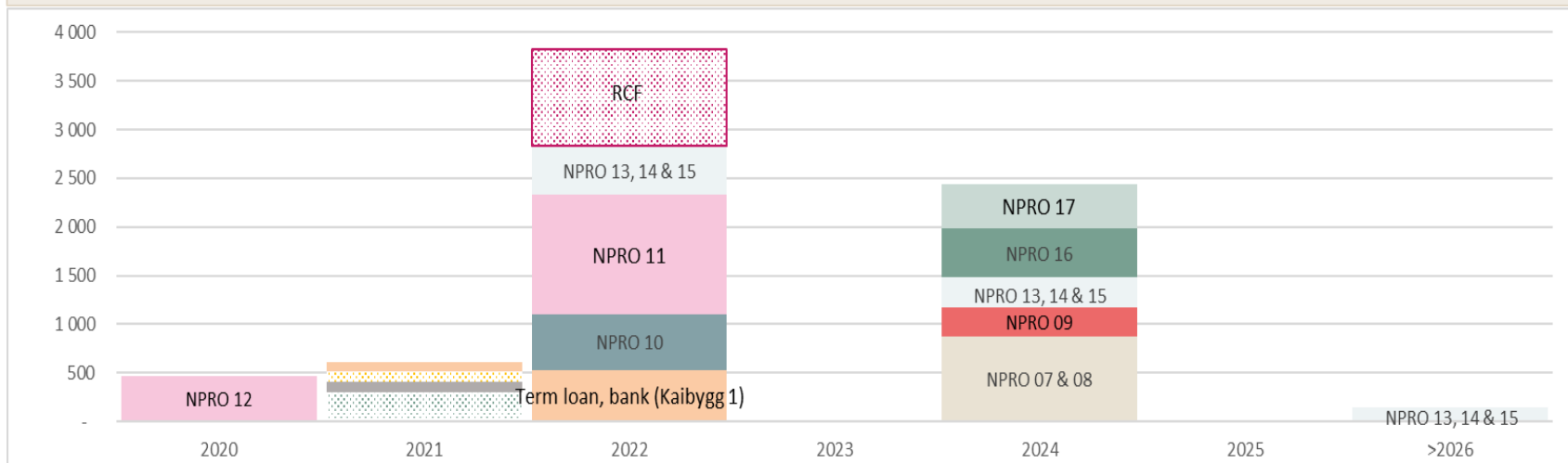
- MNOK 200, 364 days
- Signing 29th June 2020

Q3 AND Q4 2020

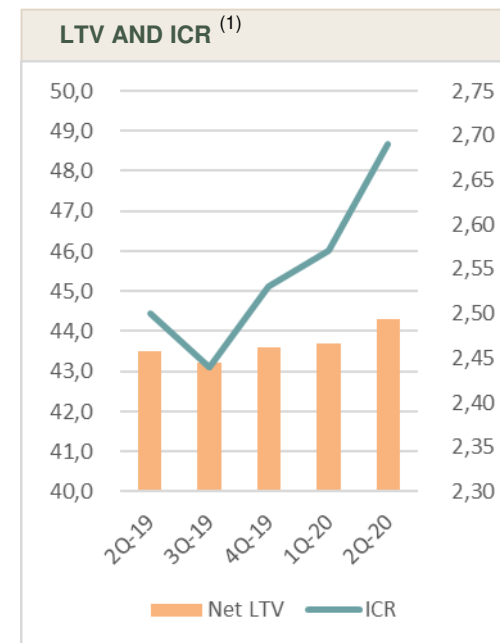
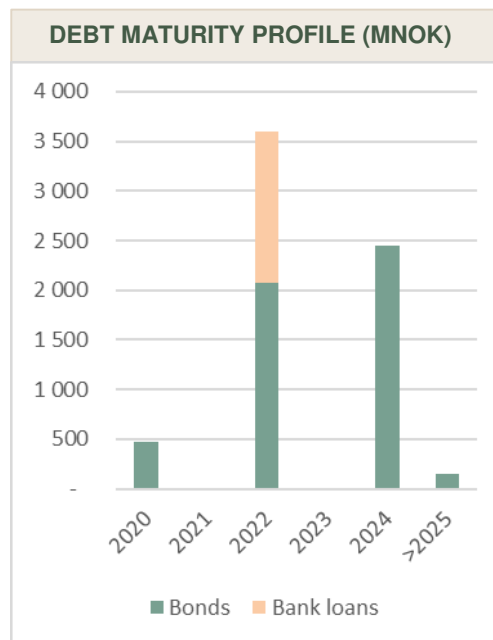
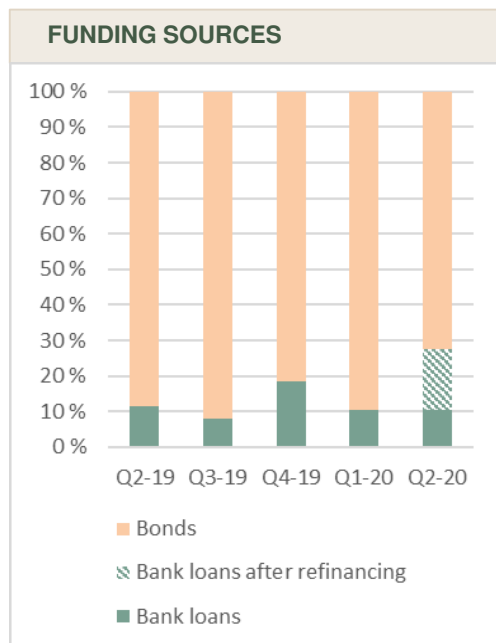
NPRO 12: NOK 471 mill matures on 9 Nov 2020

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

MATURITY PROFILE 06.07.2020



Financing



- **Diversified sources of funding**

- 6.7 bn in bonds Q2 2020, changing to 5.4 bn after refinancing NPRO 06.

- **Diversified maturity profile**

- Average remaining time to maturity Q2 2020 is 2.6 years (after refinancing of NPRO 06).

- **LTV below long time target**

- Net LTV 44.3% as of Q2 2020

Refurbishments in 2020

Refurbishment

Area	Property	Tenant	SQM	Quarter finalized
Aker Brygge	Verkstedhallen	Business Village	2 700	Q1 2020
Aker Brygge	Fondbygget	BNP Paribas	2 700	Q2 2020
Fornebu	Fornebu WORKS	Ericsson	1 530	Q2 2020
Aker Brygge	Stranden	Adv Berngård	700	Q2 2020
Aker Brygge	Stranden	Adv Berngård	700	Q3 2020

Delivery of flats at Vinslottet

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



:: SNARØYVEIEN 36. FORNEBU:



:: VINSLOTTET. HASLE:



Agenda

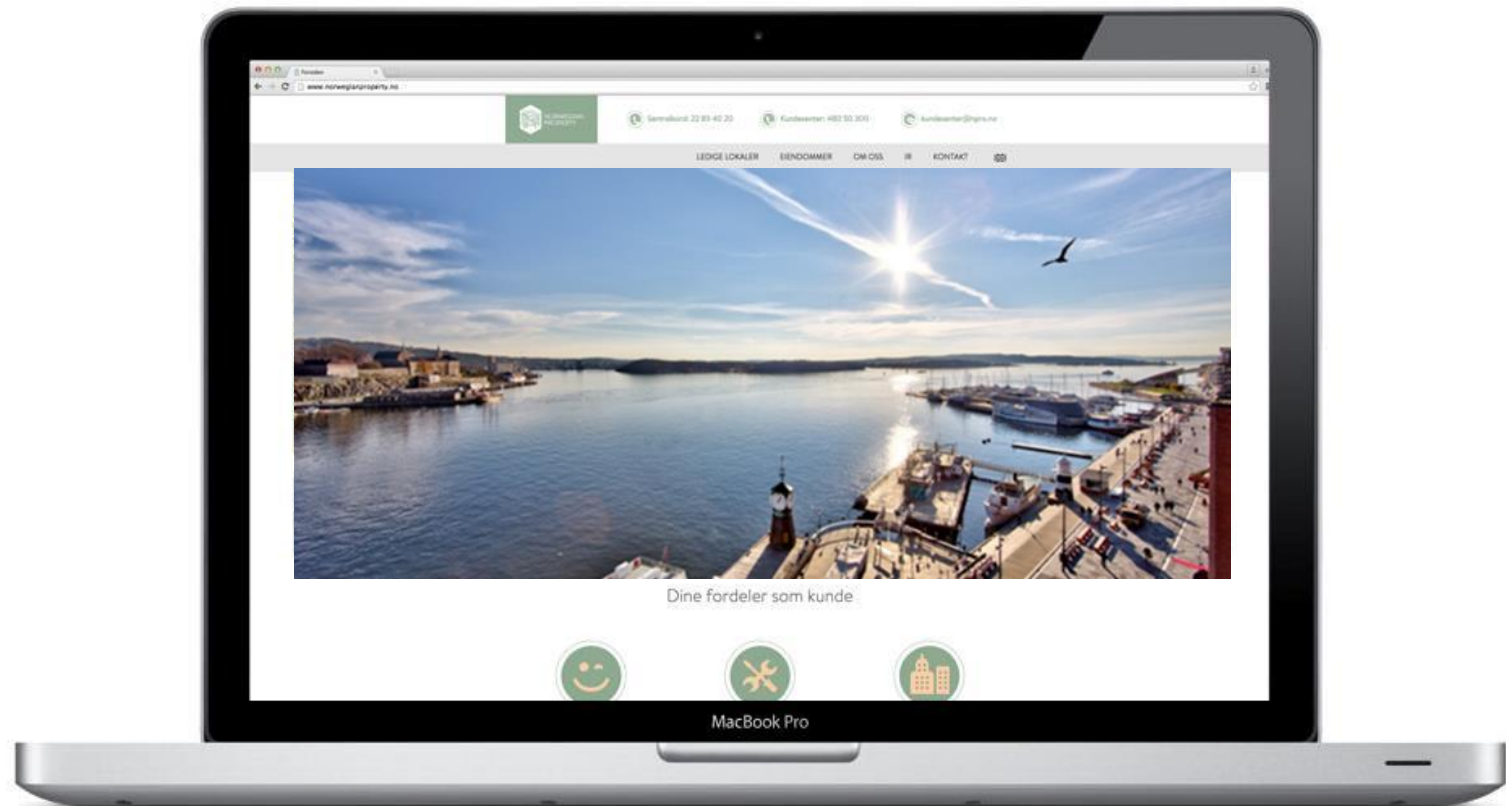
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Summary

- **No dividend for Q2-2020**
- **Strategic acquisition**
- **Operational focus**
 - Pursue opportunities
 - Adopt to development in governmental restrictions
 - Rental activities
- **Financing**
 - Seek to establish a green bond framework
 - Call for EGM August 10, 2020



Q & A

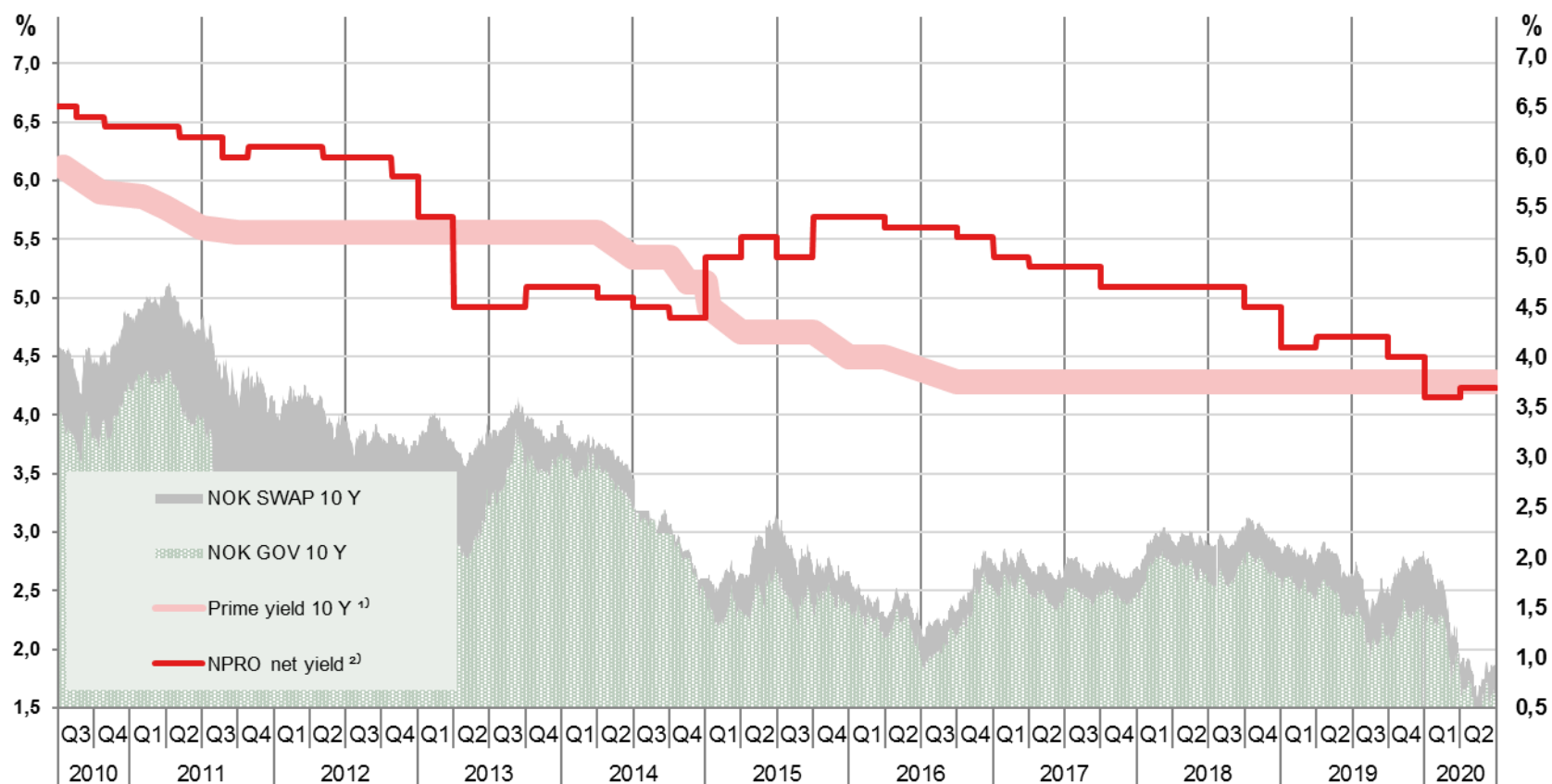




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- **Appendix**

Yield spread



¹ Source: Akershus Eiendom

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

Balance sheet – Q2 2020

NOK million	30.06.2020	31.12.2019
Investment property	16 332.6	16 469.3
Owner-occupied property	88.6	89.0
Property, plant and equipment	38.9	40.5
Inventory ¹	1.1	708.5
Receivables	89.8	128.8
Cash and cash equivalents	204.7	281.8
Equity	7 929.7	8 233.9
Deferred tax	855.8	866.1
Long term interest bearing debt	5 672.9	5 690.5
Short term interest bearing debt	1 805.1	2 466.8
Market value financial derivatives (net)	282.3	75.5
Net other debt	209.9	385.1
Equity ratio (%)	47.2	46.4
NAV per share, book value of equity (NOK)	16.06	16.68
NAV, adjusted per share (NOK)	18.09	18.45
NNNAV per share (NOK)	16.67	17.29

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

Cash flow – Q2 and YTD 2020

NOK million	Q2 2020	Q2 2019	YTD Q2 2020	YTD Q2 2019
Cash flow from profit and loss before fair-value adj.	97.0	76.7	176.6	163.5
Change in property-related inventory ¹	356.1	(100.2)	626.6	(167.3)
Change in short-term items	(23.8)	(33.7)	9.0	(39.6)
Cash flow from operating activities	429.3	(57.2)	812.2	(43.4)
Sale of tangible assets ²	-	-	-	823.0
Purchase of tangible assets	(60.1)	(74.6)	(170.1)	(99.2)
Other investment activities ³	-	-	-	354.0
Cash flow from investment activities	(60.1)	(74.6)	(170.1)	1 077.8
Net change in interest bearing debt	(361.2)	497.8	(684.6)	(308.7)
Paid dividend	-	(38.4)	(34.6)	(76.8)
Other financing activities ⁴	-	(644.5)	-	(644.5)
Net cash flow from financing activities	(361.2)	(185.1)	(719.2)	(1 030.0)
Net change in cash	8.1	(316.9)	(77.1)	4.4
Net cash at end of period	204.7	129.0	204.7	129.0

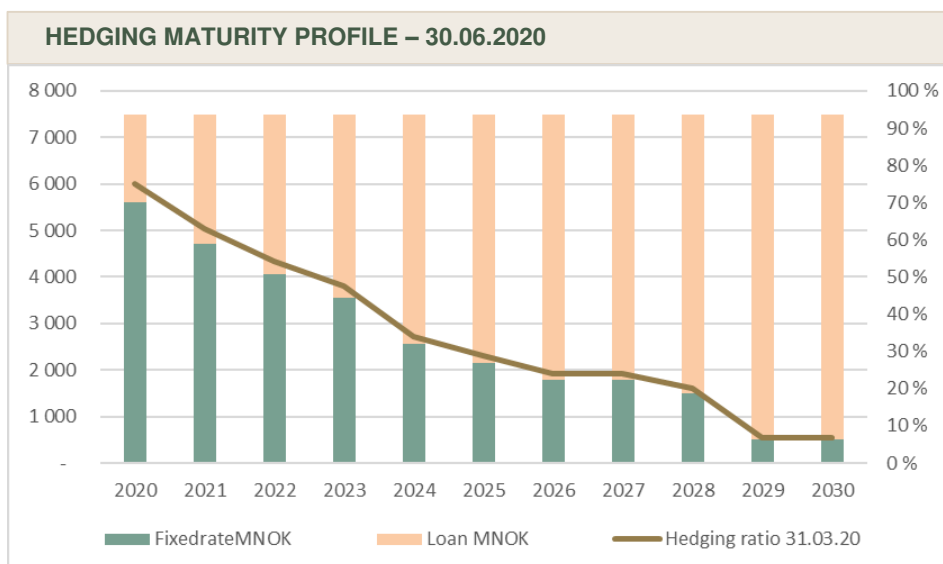
¹ Related to residential units under construction at Hasle in Oslo.

² Related to properties at Skøyen sold in 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.

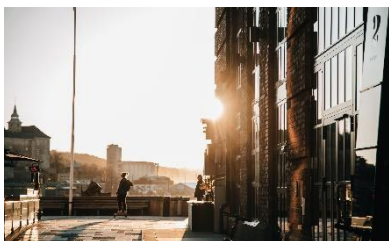
Interest rate hedging



Interest rate risk:

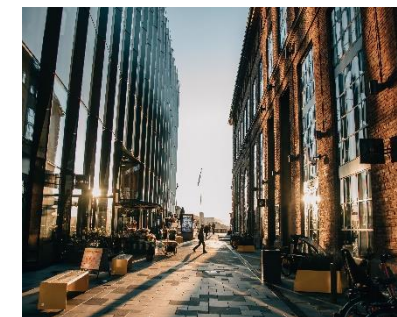
- 50-100% of the group's debt shall be hedged.
- Average remaining time to maturity shall be 3-6 years.
- Hedging ratio 30.06.2020 was 77.6 % and remaining average time to maturity was 4.8 years.
- Diversified maturity profile to avoid exposure to interest levels.

Overview and key figures



Key figures as of 30th June 2020

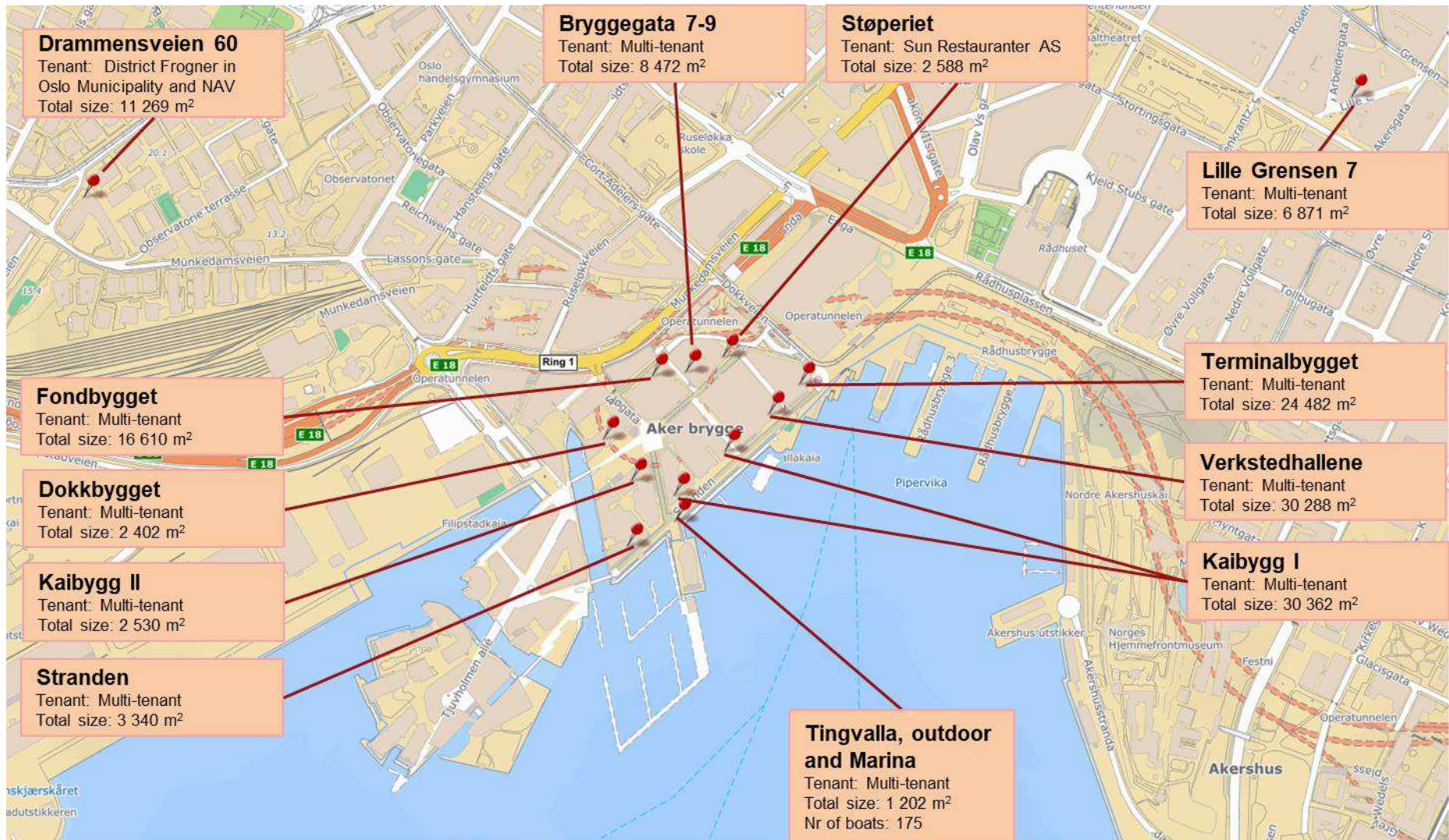
Properties	no	28
Portfolio size (ex. new space in redev. Projects)	m ²	322 205
Average size per property	m ²	11 507
Gross rent per year (run rate)	NOK mill.	666
Operational expenses per year ¹⁾	NOK mill.	53
Net rent per year (run rate)	NOK mill.	613
Average gross rent per m ² per year	NOK	2 068
Gross market value	NOK mill.	16 421
Average value per property	NOK mill.	586
Average value per m ²	NOK	50 965
Gross yield, actual	%	4,1
Net yield, actual	%	3,7
WAULT	Years	4,7
CPI adjustment	%	99,9
Vacancy, calculation based on market rate ²⁾	%	10,2



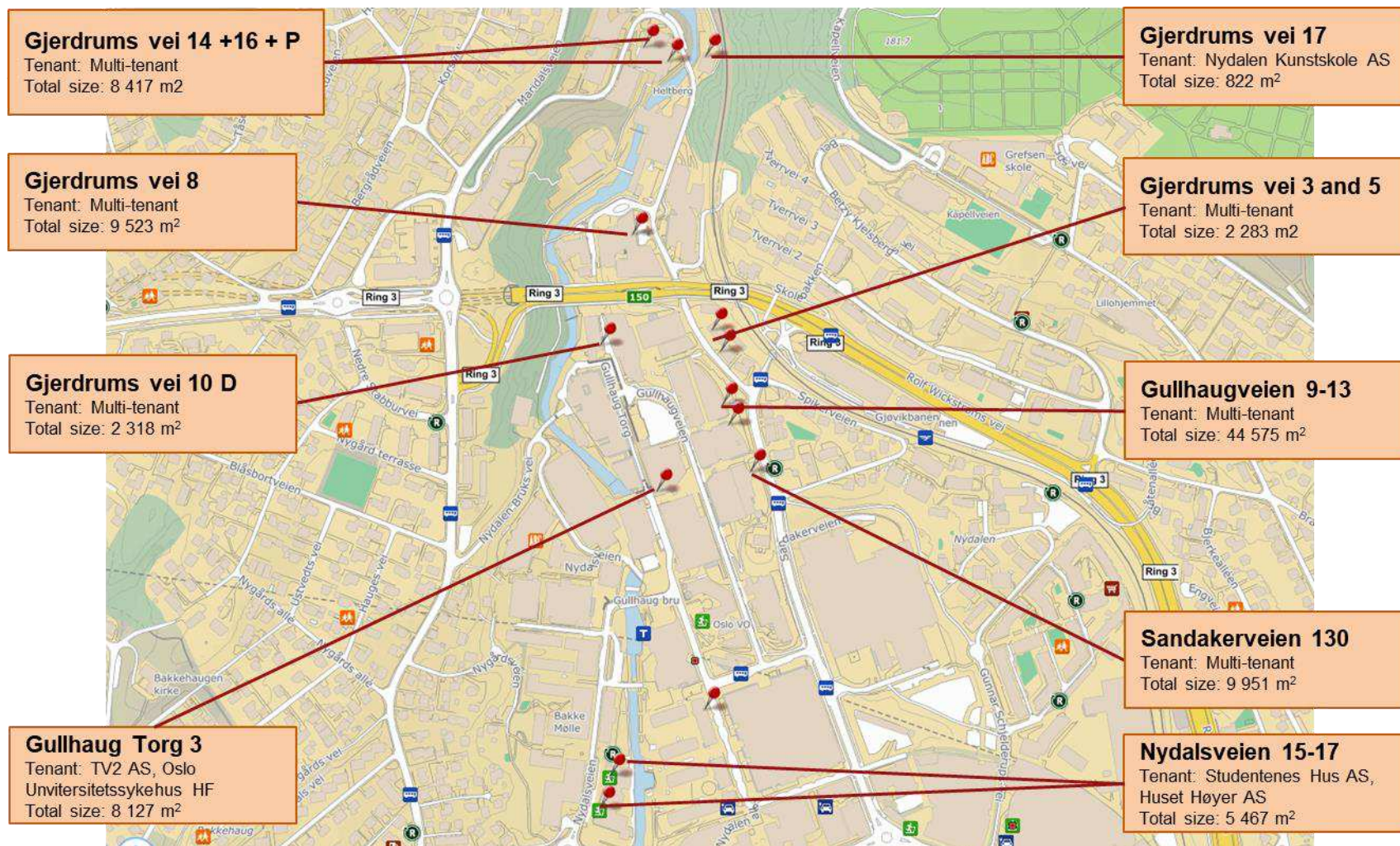
1 For illustration; based on estimated long term property expenses of 8 per cent of gross rent
2 Market rate as estimated by Cushman & Wakefield



CBD



Nydalen



Other



Vinslottet

- 8 810 sqm retail

Snarøyveien 36 / Fornebu WORKS

- 40 626 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 Q2-2020

1/3

	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	WAULT per Jun 2020	Run rate per Jun 2020
	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
CBD										
Bryggegate 7-9	6 384	2 088	0	0	0	8 472	7,1	98,0	3,9	24,2
Dokkbygningen	1 957	389	0	56	0	2 402	57,0	100,0	1,3	2,7
Drammensveien 60	8 975	0	1 890	404	0	11 269	0,0	100,0	9,0	28,2
Fondbygget	13 073	2 492	1 045	0	0	16 610	0,0	100,0	5,8	59,2
Lille Grensen 7	4 423	2 430	18	0	0	6 871	21,7	100,0	5,2	20,9
Kaibygning I (Stranden 5)	21 123	6 322	1 890	0	1 027	30 362	0,4	100,0	4,9	116,3
Kaibygning II	0	1 735	795	0	0	2 530	1,4	100,0	8,7	11,2
Stranden	2 086	724	56	474	0	3 340	8,3	100,0	8,4	8,3
Støperiet	0	2 588	0	0	0	2 588	0,0	100,0	4,1	5,5
Terminalbygget (Stranden 1)	17 784	3 227	1 663	1 387	421	24 482	0,2	100,0	5,0	95,0
Tingvallautstikkeren, uteareal og marina ¹	0	1 202	0	0	0	1 202	0,0	100,0	2,8	23,2
Verkstedhallene (Stranden 3)	19 131	7 961	2 377	0	819	30 288	21,6	100,0	4,2	86,2
Total CBD	94 936	31 158	9 735	2 321	2 267	140 416	6,5	99,9	5,1	480,7

¹ Adjusted for normal seasonal short term contracts



Property details Q2-2020

2/3

	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	WAULT per Jun 2020	Run rate per Jun 2020
	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
Nydalen										
Gjerdrums vei 10 D	2 140	0	178	0	0	2 318	0,7	100,0	4,5	4,4
Gjerdrums vei 14, 16 and 16 P-house	5 297	0	828	2 292	0	8 417	7,8	98,0	4,0	10,8
Gjerdrums vei 17	806	0	16	0	0	822	4,6	100,0	2,7	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	16,7	100,0	1,8	2,0
Gjerdrums vei 8	7 726	0	633	1 164	0	9 523	0,7	100,0	3,0	17,4
Gullhaug Torg 3	7 793	0	334	0	0	8 127	0,0	100,0	4,4	15,0
Gullhaugveien 9 - 13	24 773	0	7 626	12 176	0	44 575	4,3	100,0	1,3	61,4
Nydalsveien 15	3 711	0	65	0	0	3 776	0,8	100,0	5,9	8,3
Nydalsveien 17	0	1 691	0	0	0	1 691	0,0	100,0	4,6	4,9
Sandakerveien 130	5 542	0	1 047	3 362	0	9 951	11,2	100,0	7,5	14,3
Total Nydalen	59 510	1 691	10 825	18 994	463	91 483	4,3	99,8	3,2	140,7



Property details Q2-2020

3/3

	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Market rent vacancy	CPI	WAULT per Jun 2020	Run rate per Jun 2020
	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million

Other

Snarøyveien 36	40 659	0	326	17 213	0	58 198	52,5	100,0	3,5	30,4
Vinslottet	0	8 810	0	0	0	8 810	12,6	100,0	8,2	12,5
Forusbeen 35 ¹	19 075	0	0	4 224	0	23 299	NA	100,0	1,2	1,9
Total Other, incl Stavanger	59 734	8 810	326	21 437	0	90 307	44,1	100,0	4,7	44,9
GROSS TOTAL	214 179	41 659	20 885	42 752	2 730	322 205	10,2	99,9	4,7	666,2

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 2020

#	Name	Share (%)	Shares held	Acc Type	Nationality
1	GEVERAN TRADING CO LTD	79.85	399 155 839	Ordinary	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	DNK
5	J.P. Morgan Bank Luxembourg S.A.	0.20	1 019 717	NOM	LUX
6	SANDEN AS	0.20	1 000 000	ORD	NOR
7	BANAN II AS	0.20	1 000 000	ORD	NOR
8	Sijoitusrahasto UB Eurooppa REIT	0.15	763 640	ORD	FIN
9	Morgan Stanley & Co. International	0.15	726 286	ORD	GBR
10	Sijoitusrahasto UB Global REIT	0.12	607 777	ORD	FIN
11	KAS Bank N.V.	0.11	562 595	NOM	NLD
12	State Street Bank and Trust Comp	0.08	402 485	NOM	USA
13	Nordea Bank Abp	0.08	378 349	NOM	SWE
14	CLEARSTREAM BANKING S.A.	0.06	294 504	NOM	LUX
15	State Street Bank and Trust Comp	0.05	235 440	NOM	GBR
16	J.P. Morgan Bank Luxembourg S.A.	0.05	229 632	NOM	LUX
17	VIK	0.05	226 516	ORD	NOR
18	CAMVECTI HOLDING AS	0.04	211 556	ORD	NOR
19	VATNE	0.04	211 000	ORD	NOR
20	LGT BANK AG	0.04	200 000	NOM	LIE
Total top 20 shareholders		98.19	490 805 859		7/20 NOR

Disclaimer

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