



NORWEGIAN
PROPERTY

4th quarter 2016

Oslo, 10 February 2017



Agenda

Highlights

Financial update

Markets and operations

Closing remarks

Q&A session

Q4 in short:

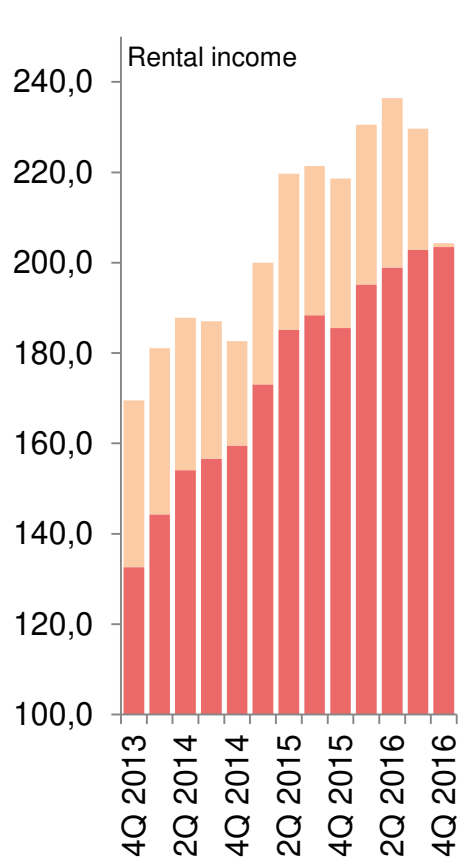
- **Revenues NOK 204.3 million**
- **Earnings per share (EPS), NOK 0.33**
- **Dividend of NOK 0.12 per share for Q3/Q4**
- **Mandatory bid from Geveran Trading Co Ltd.**
- **Concluded several processes**
 - Sale of Stortingsgata 6
 - Refinancing and change of control processes
 - Lease contract for Drammensveien 60



Agenda

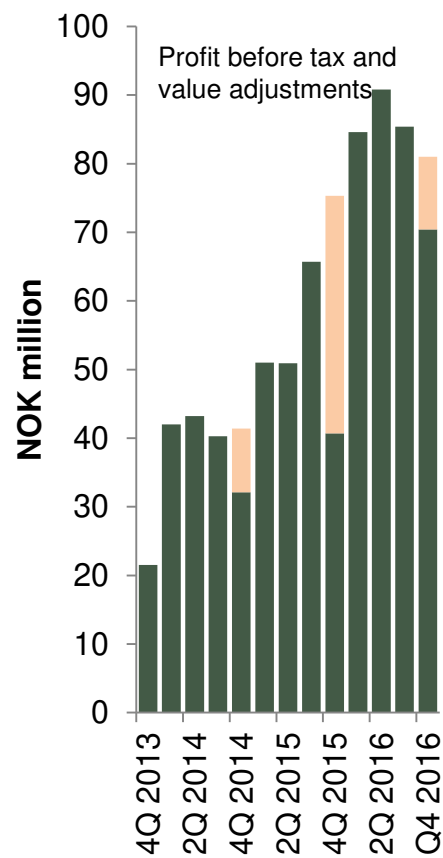
- Highlights
- **Financial update**
- Markets and operations
- Closing remarks
- Q&A session

Financial highlights



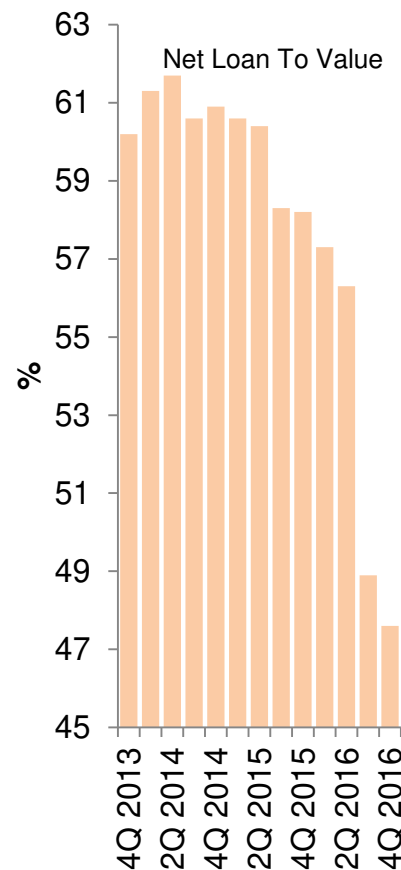
■ Sold assets *)

■ Quarterly rental income

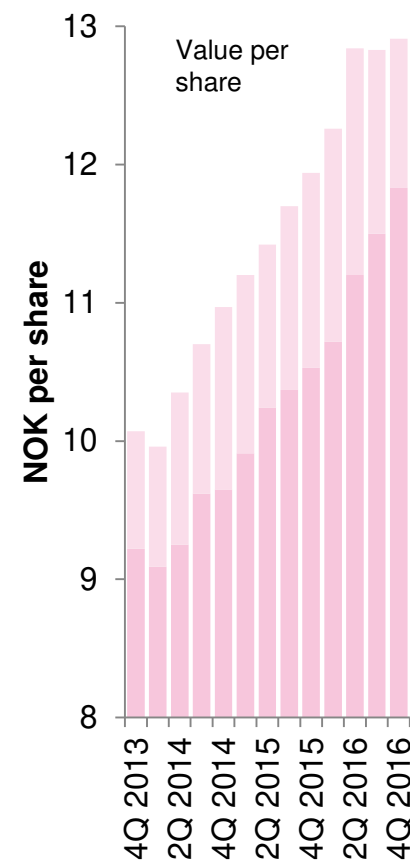


■ One-off

■ Profit before tax and value adj.



■ Net LTV



■ EPRA NAV

■ Net asset value (NAV)

Income statement – Q4 2016

NOK million	Q4 2016	Q4 2015
Gross rental income ¹⁾	204.3	217.9
Maintenance and property related cost	-10.6	-15.9
Other property costs	-14.4	-23.4
Administrative and group expenses	-15.9	-38.1
Operating result before value adjustments	163.4	140.6
Change in market value of investment property	30.7	86.2
Operating result	194.2	226.8
Net financial items excluding derivatives ²⁾	-93.0	-99.9
Change in market value of financial derivatives	76.6	17.0
Net financial items including derivatives	-16.4	-82.9
Profit before income tax	177.7	143.9
Income tax (not payable)	2.5	-53.9
Profit for the period	180.2	90.0
Earnings per share (NOK)	0.33	0.16
Profit before tax and value adjustments	70.4	40.7

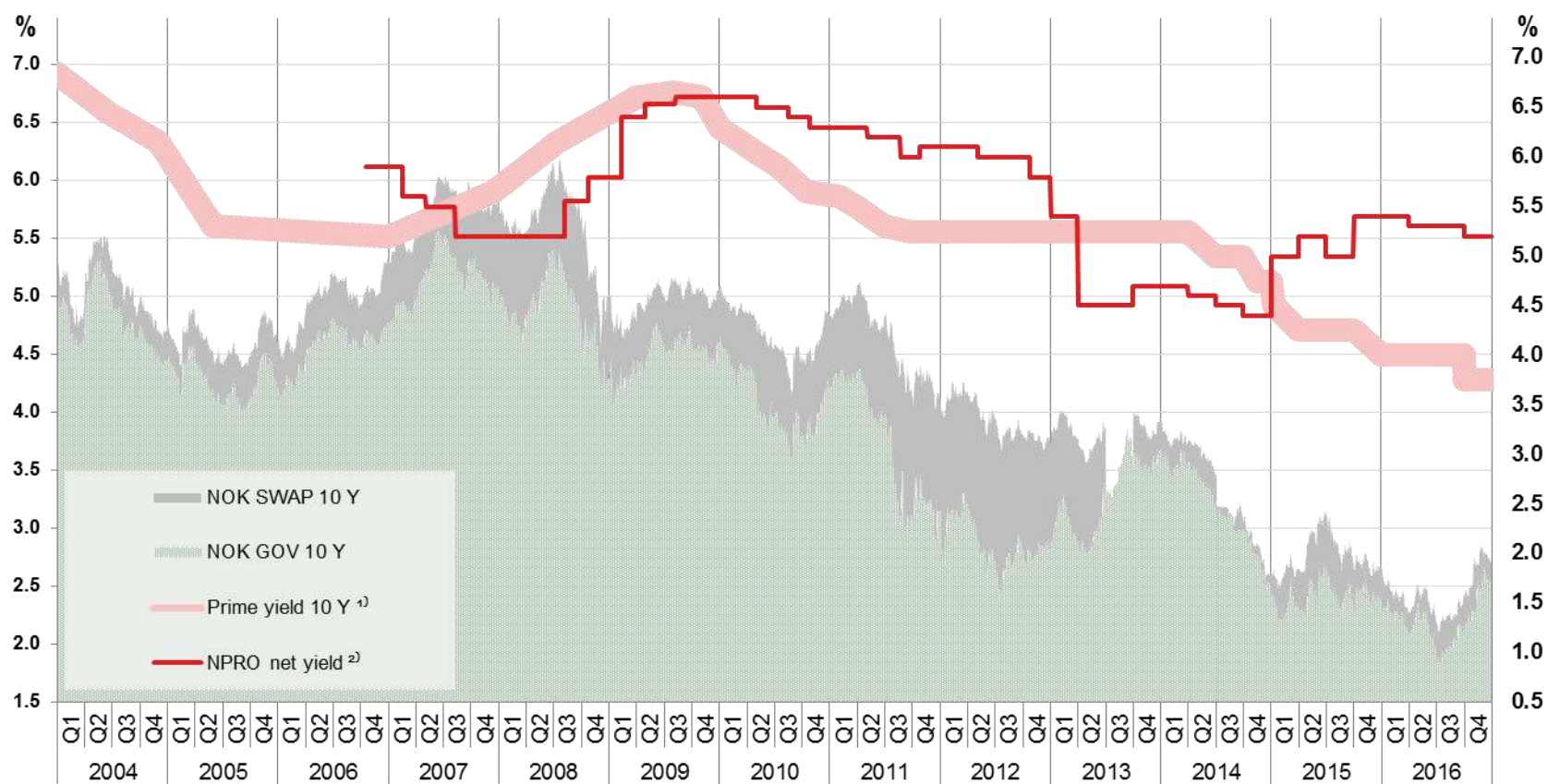
- 1) Increase of NOK 16.6 million adjusted for properties sold (Skøyen-properties, Stortingsgata 6 and Strandsvingen 10) and properties bought (retail space in Fondbygget at Aker Brygge)
- 2) Including NOK 10.6 million expensed in Q4 2016 related to the processes for securing acceptance of the change in ownership with regard to the group's credit facilities

Income statement – Year 2016

NOK million	Year 2016	Year 2015
Gross rental income ¹⁾	900.9	858.3
Maintenance and property related cost	-54.2	-64.8
Other property costs	-56.6	-77.5
Administrative and group expenses	-57.3	-79.2
Operating result before value adjustments	732.8	636.8
Change in market value of investment property	475.1	387.4
Operating result	1 207.9	1 024.2
Net financial items excluding derivatives ²⁾	-401.6	-428.5
Change in market value of financial derivatives	171.0	73.3
Net financial items including derivatives	-230.5	-355.2
Profit before income tax	977.4	669.0
Income tax (not payable)	-212.9	-188.8
Profit for the period	764.5	480.2
Earnings per share (NOK)	1.39	0.88
Profit before tax and value adjustments	331.3	208.3

- 1) Increase of NOK 103.2 million adjusted for properties sold (Skøyen-properties, Stortingsgata 6 and Strandsvingen 10) and properties bought (retail space in Fondbygget at Aker Brygge)
- 2) Including NOK 10.6 million expensed in Q4 2016 related to the processes for securing acceptance of the change in ownership with regard to the group's credit facilities

Yield spread



1) Source: Akershus Eiendom

2) NPRO net yield as summarised in slide; with Portfolio valuation by area Q4-2016

Portfolio valuation by area Q4-2016

- **External valuation conducted by DTZ RealCapital and Akershus Eiendom**
 - Positive fair value adjustment of NOK 30.7 million (0.2 per cent of portfolio value)
 - NOK 141.3 million: negative effect from properties with short term contracts or vacancies
 - NOK 172.0 million: positive effect on other properties, primarily from reduced discount factors

Area		Total space (m ²)	Duration (years)	Valuation		Gross rent per year		Net yield ¹⁾ (%)	Space not generating revenue (%) ³⁾
				NOK mill.	NOK/m ²	NOK mill.	NOK/m ²		
Oslo	CBD	128 338	6.2	9 729.3	75 810	415.5	3 238	3.9	6.6 (Q3: 3.9)
	Skøyen ²⁾	41 606	2.2	968.0	23 266	97.9	2 353	9.3	0.0 (Q3: 0.0)
	Nydalen	89 563	4.0	1 720.6	19 211	121.1	1 352	6.5	2.7 (Q3: 1.7)
	Other	79 090	2.6	1 012.6	12 803	125.9	1 592	11.4	0.0 (Q3: 0.0)
Total Oslo Portfolio		338 597	5.3	13 430.5	39 665	760.5	2 246	5.2	3.4 (Q3: 2.1)
Stavanger		92 959	2.3	681.6	7 332	33.8	364	4.6	74.0 (Q3: 52.0)
Total office portfolio		431 556	5.1	14 112.1	32 701	794.3	1 841	5.2	20.3 (Q3: 13.8)

1) For illustration; based on rents as of 31 December 2016 and estimated property expenses of 8 per cent; including effect of property tax

2) Skøyen include Hovfaret 11 and Nedre Skøyenvei 24 and 26, properties agreed sold with take over in June 2019

3) Space not generating revenue comprise light areas (office, retail etc)

Largest shareholders as of 31 Dec 2016

#	Name	Share (%)	Number of shares	Account type	Nationality
1	GEVERAN TRADING CO LTD	57.6	315 969 937		CYP
2	FOLKETRY GDFONDET	13.4	73 701 642		NOR
3	NIAM V PROSJEKT AS c/o Langham Hall UK	12.3	67 437 425		NOR
4	The Bank of New York c/o BNYMSANV RE SANV	4.3	23 730 241	NOM	NLD
5	State Street Bank an A/C WEST NON-TREATY	1.0	5 230 788	NOM	USA
6	CEK HOLDING AS	0.6	3 255 807		NOR
7	State Street Bank an A/C CLIENT OMNIBUS F	0.5	2 650 029	NOM	USA
8	STATE STREET BANK & SSB, : ISHARES EUROP	0.4	2 261 143	NOM	IRL
9	J.P. Morgan Chase Ba A/C VANGUARD BBH LEN	0.4	1 921 295	NOM	USA
10	KLP AKSJENORGE INDEK	0.3	1 767 321		NOR
11	BNP Paribas Securiti S/A TR PROPERTY INVE	0.3	1 641 484	NOM	GBR
12	J.P. Morgan Bank Lux JPML SA RE CLT ASSET	0.3	1 584 380	NOM	LUX
13	NIKI AS	0.3	1 500 000		NOR
14	KAS BANK N.V. S/A CLIENT ACC TREAT	0.3	1 490 620	NOM	NLD
15	MATHIAS HOLDING AS	0.3	1 400 000		NOR
16	Skandinaviska Enskil SEB AB, UCITS V - FI	0.2	1 194 261	NOM	FIN
17	J.P. Morgan Securiti A/C CUSTOMER SAFE KE	0.2	1 158 000	NOM	USA
18	State Street Bank an SSBTC A/C UK LO. BR.	0.2	1 102 898	NOM	USA
19	SANDEN A/S	0.2	1 000 000		NOR
20	KOLBERG MOTORS AS	0.2	900 504		NOR
Total 20 largest shareholders		93.2	510 897 775		8/20 NOR

- Mandatory bid launched 22 September
- Offer period ended 3 November 2016
- Geveran currently controls 57.6 per cent of the shares in Norwegian Property

Financial position

Interest bearing debt and hedging		31.12.2016	31.09.2016	31.12.2015
Total interest bearing debt	NOK million	6 767.2	7 414.2	9 519.7
Property value	NOK million	14 112.1	14 529.9	16 256.2
Net Loan to value ¹⁾	Per cent	47.6	48.9	58.2
Cash and cash equivalents	NOK million	46.2	316.3	55.8
Unused committed credit facilities	NOK million	1 058.0	1 058.0	308.0
Average remaining duration, hedging	Years	4.1	3.8	4.3
Average interest rate (including margin)	Per cent	4.20	4.52	4.33
Average margin	Per cent	1.64	1.59	1.40
Average remaining duration, borrowing	Years	2.3	1.7	1.7
Hedging ratio	Per cent	63.3	66.8	60.9

- **Bank financing (NOK 5.1 bn)**
 - DNB/Danske Bank facility refinanced in Q4-2016
 - Change of control approval obtained for all debt
- **Bond financing (NOK 1.7 bn, excluding holding of own bonds as of 31 December 2016)**
 - Sale of holding of own bonds in January 2017;
 - NPRO 02 MNOK 126 corresponding to 72 basis points margin (appr. 1 year duration)
 - NPRO 05 MNOK 291 corresponding to 106 basis points margin (appr. 2.75 years duration)

Balance sheet

NOK million	31.12.2016	31.12.2015
Investment properties	14 112.1	16 256.2
Property, plant and equipment	48.8	45.8
Receivables	115.9	181.6
Cash and cash equivalents	46.2	55.8
Equity	6 488.9	5 777.5
Deferred tax	472.1	258.7
Long term interest bearing debt	6 755.8	4 612.7
Short term interest bearing debt	11.4	4 906.9
Market value financial derivatives (net)	336.4	666.1
Net other debt	258.6	317.4
Equity ratio (%)	45.3	34.9
NAV per share, book value of equity (NOK)	11.83	10.53
EPRA NAV per share (NOK)	12.91	11.94
EPRA NNNNAV per share (NOK)	12.56	11.16

Cash flow – Q4 2016

NOK million	Q4 2016	Q4 2015
Cash flow from operating activities ¹⁾	-89.9	9.1
Cash received from sale of assets	496.3	-0.1
Purchase of tangible assets	-46.2	-123.2
Cash flow from investment activities	450.1	-123.3
Net change in interest bearing debt	-630.3	159.1
Net cash flow from financing activities	-630.3	159.1
Net change in cash	-270.1	44.9
Net cash at end of period	46.2	55.8

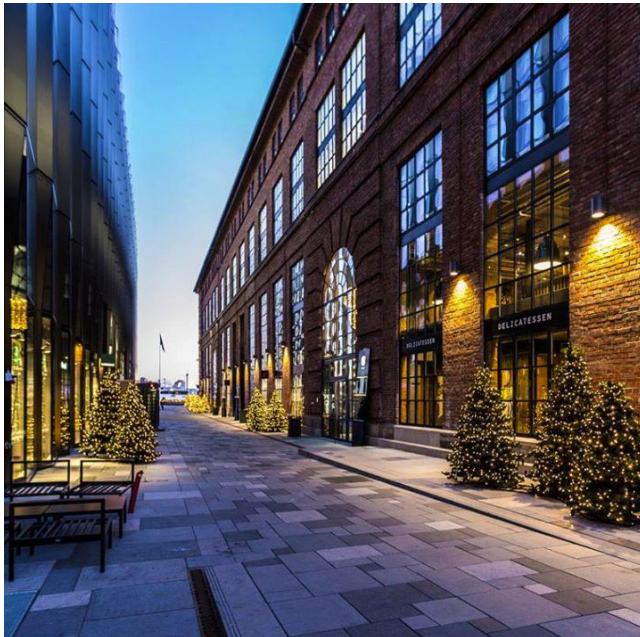
1) Includes NOK 90.2 million in payments on termination of interest-rate derivatives and accrual effects of NOK 71.8 million related to working capital in Q4 2016



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Market trends



:: AKER BRYGGE, OSLO:
VERKSTEDHALLENE::

Rental market Oslo

- Space vacancy 7.25 per cent
- Limited new office space supply near term
- Higher level of lease expiries in 2016-2018
- Strong residential markets – and continued conversion of offices to residential
- Reduced vacancy - positive rental outlook

Rental market Stavanger

- Rental markets continue to be challenging
- Early signs of recovery

Transaction market still strong

- Strong transaction markets, but few assets available
- Prime yield 3,75%
- Swap-rates increasing
- Still tight bank market; but bond market easing
- International investors continue to be active, alongside pension funds and private structures in search of yield

Highlights from Q4

- **Sale of Stortingsgata 6 completed**
 - Gross property value NOK 506.5 million
 - Run rate gross rent as of Q3-2016, NOK 21.1 million
- **Drammensveien 60 – lease contract signed**
 - The Norwegian Labour and Welfare Administration have entered into a 10 year lease contract for entire property, appr. 11 000 sqm
- **Contracts in Q4-2016**
 - Entered a total of 13 contracts with annual gross rent of NOK 38.9 million



:: STORTINGSGATA 6:
BUYER DEKA IMMOBILIEN HOLDING



:: DRAMMENSVEIEN 60:
LEASE CONTRACT ENTERED



Retail Aker Brygge

Growth y/y from 2015 : + 11.8 %



- **Retail revenues full year 2016**

- Retailer's total revenue on Aker Brygge

- Full year - 2015	NOK 1 405 mill.
- Full year - 2016	NOK 1 570 mill.
- Growth y/y from 2015	+ 11.8 %
- Increase in visitors	+ 6,7 %

(Increasing purchase conversion)

- **Compared to +3.4 per cent; average of 60 largest shopping malls in Norway¹⁾**





Aker Brygge - urban area with an international touch – coming soon



*Ling Ling by Hakkasan opening at Onda
In April 2017*



*Jamie Italian replacing Jacob Aall
On Stranden in May 2017*



*Akers Mek
at Bryggetorget
May 2017*



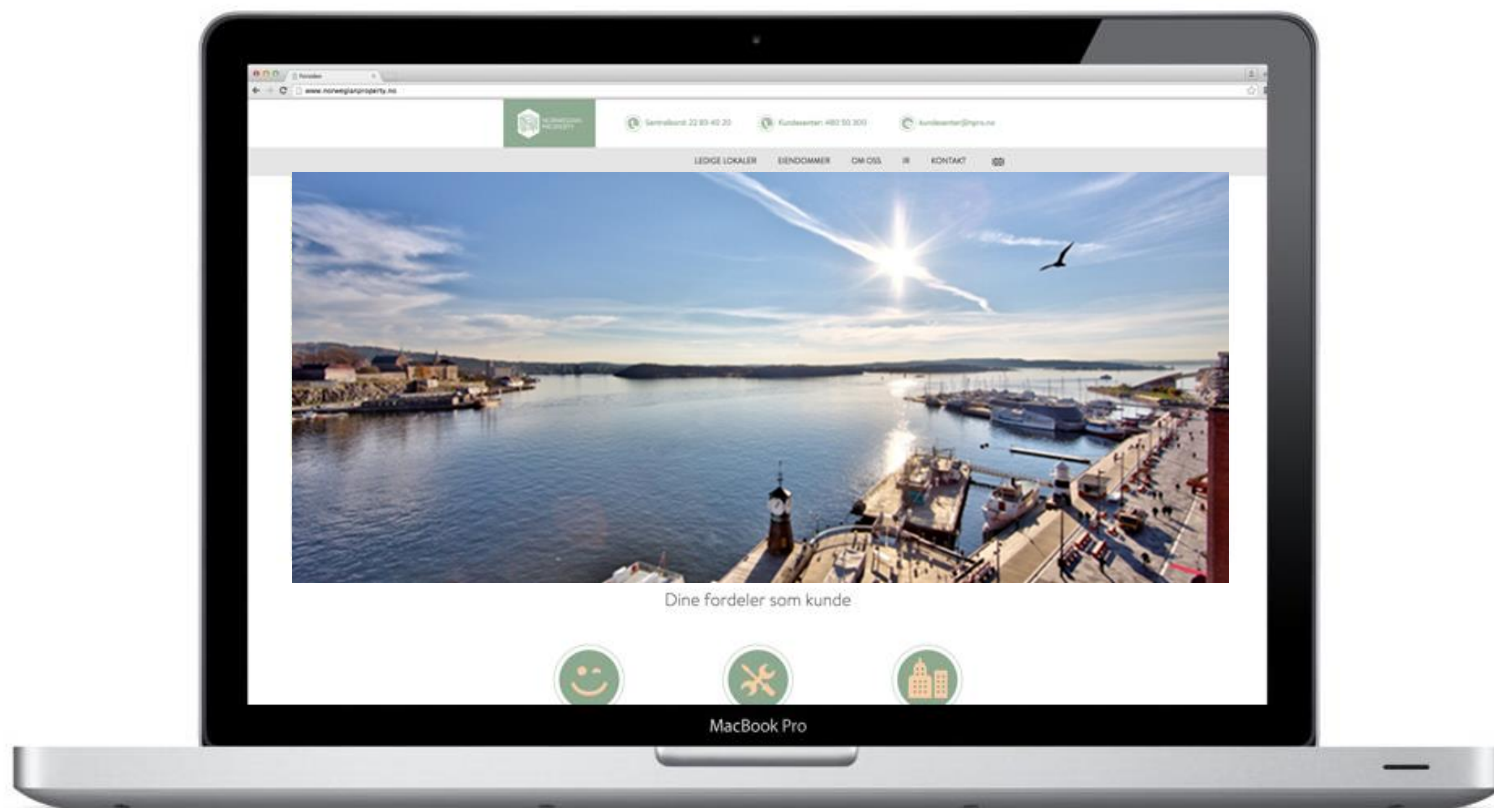
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Summary

- Positive fundamentals in rental market
- Current and future vacancies are key priorities
- Focus on strengthening position in current key clusters and exploiting long term potential in properties
- Dividend of NOK 0.12 for H2-2016

Q & A

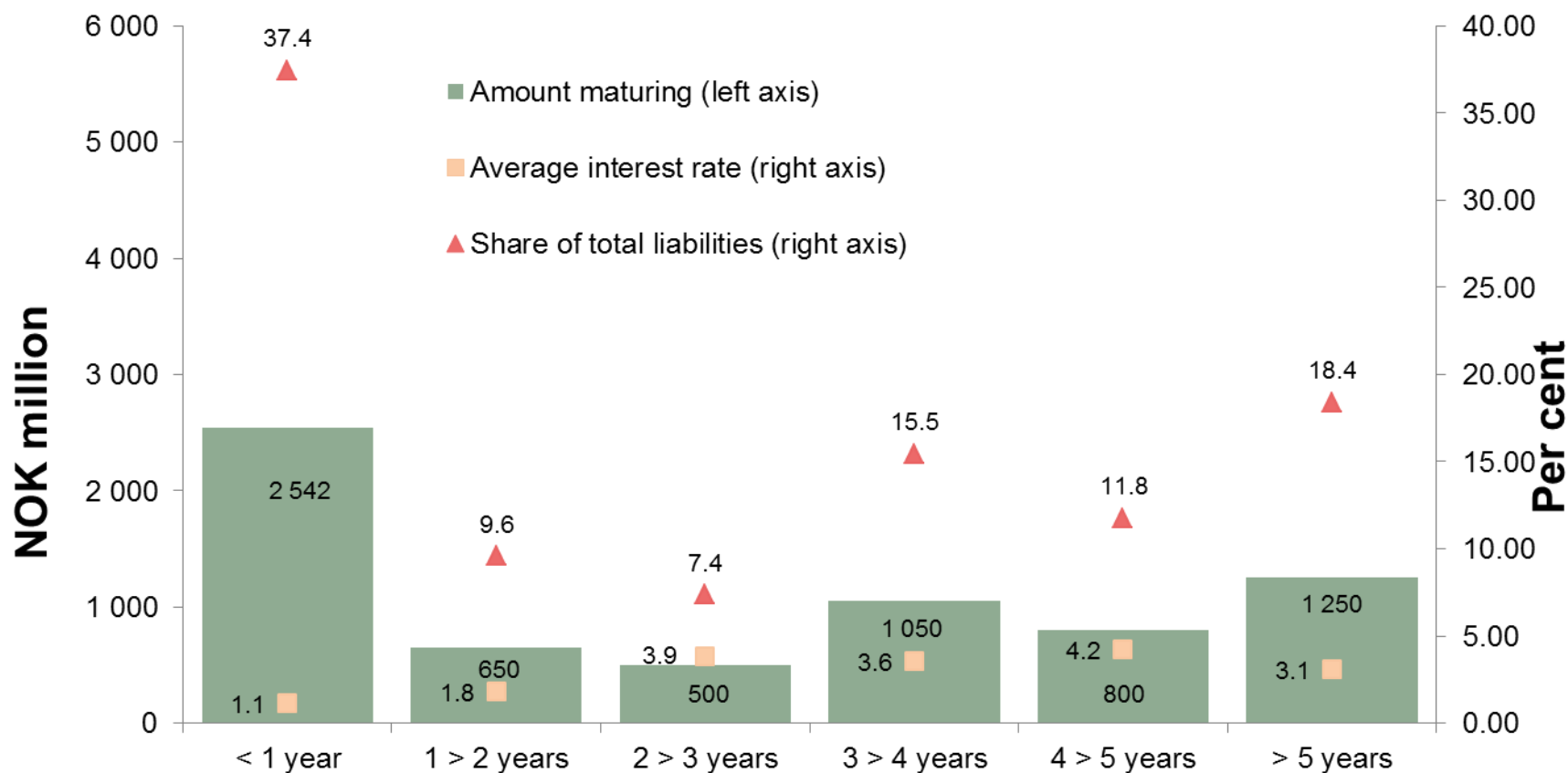




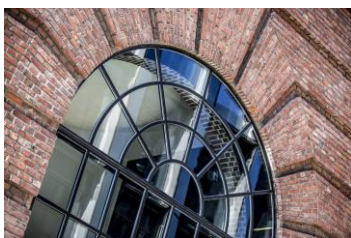
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Maturity profile interest hedges Q4-2016

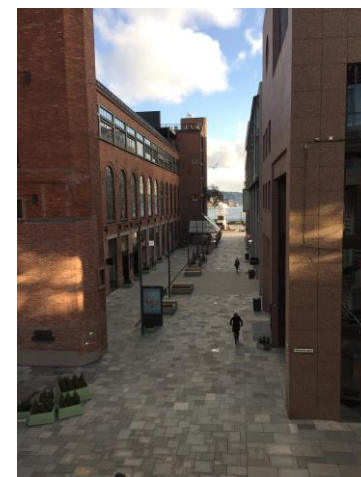
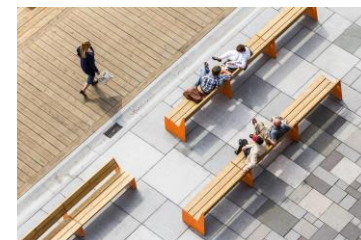


Overview and key figures



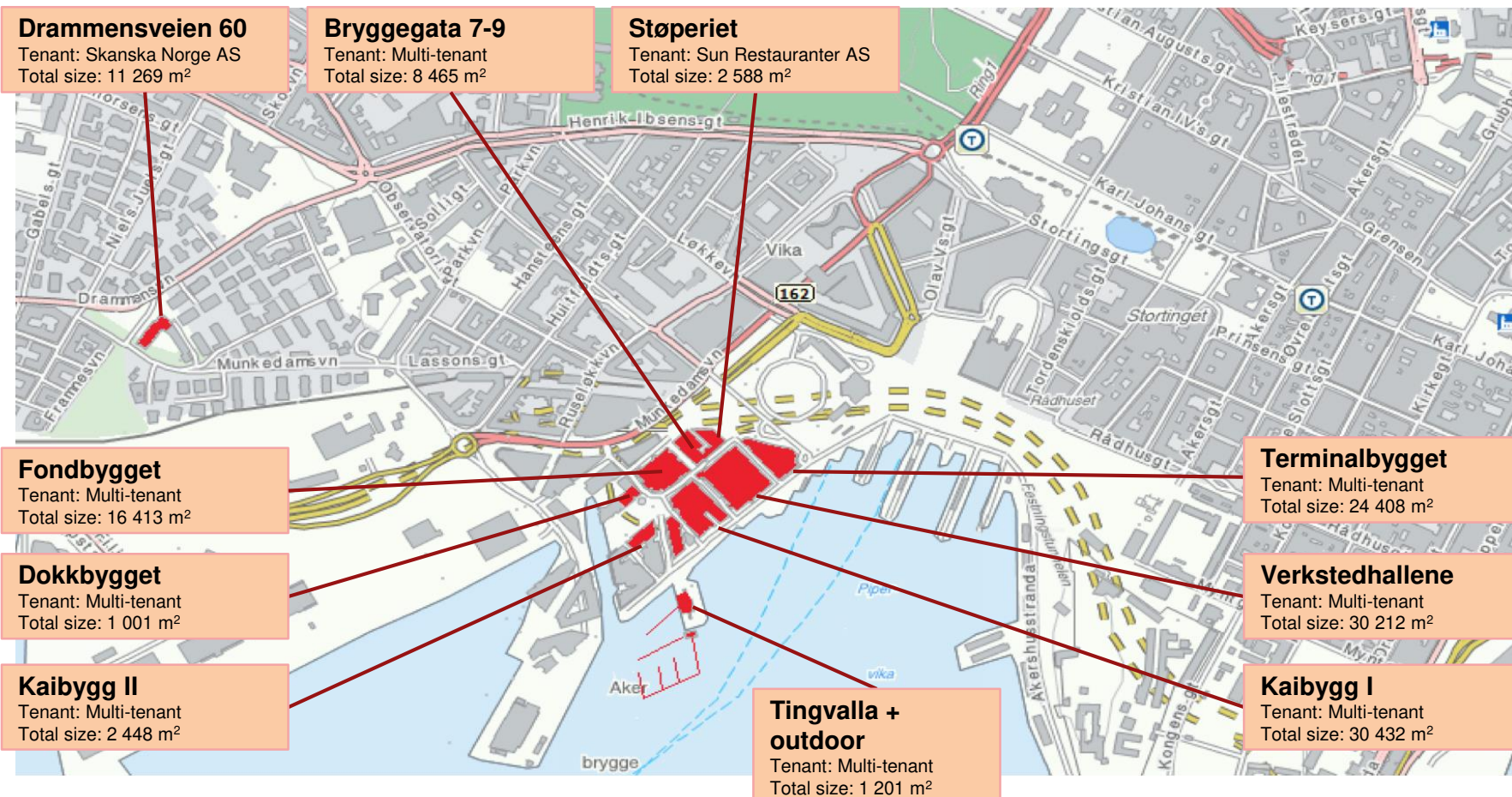
Key figures as of 31 December 2016

Properties	no	32
Portfolio size (ex. new space in redev. Projects)	m ²	431 556
Average size per property	m ²	13 486
Gross rent per year (run rate)	NOK mill.	794
Operational expenses per year ¹⁾	NOK mill.	64
Net rent per year (run rate)	NOK mill.	731
Average gross rent per m ² per year	NOK	1 841
Gross market value	NOK mill.	14 112
Average value per property	NOK mill.	441
Average value per m ²	NOK	32 701
Gross yield, actual	%	5.6
Net yield, actual	%	5.2
Duration	Years	5.1
CPI adjustment per 1 Jan 2016	%	99.8
Vacancy (space including strategic vacancy)	%	20.3



1) For illustration; based on estimated 8 per cent of gross rent

CBD

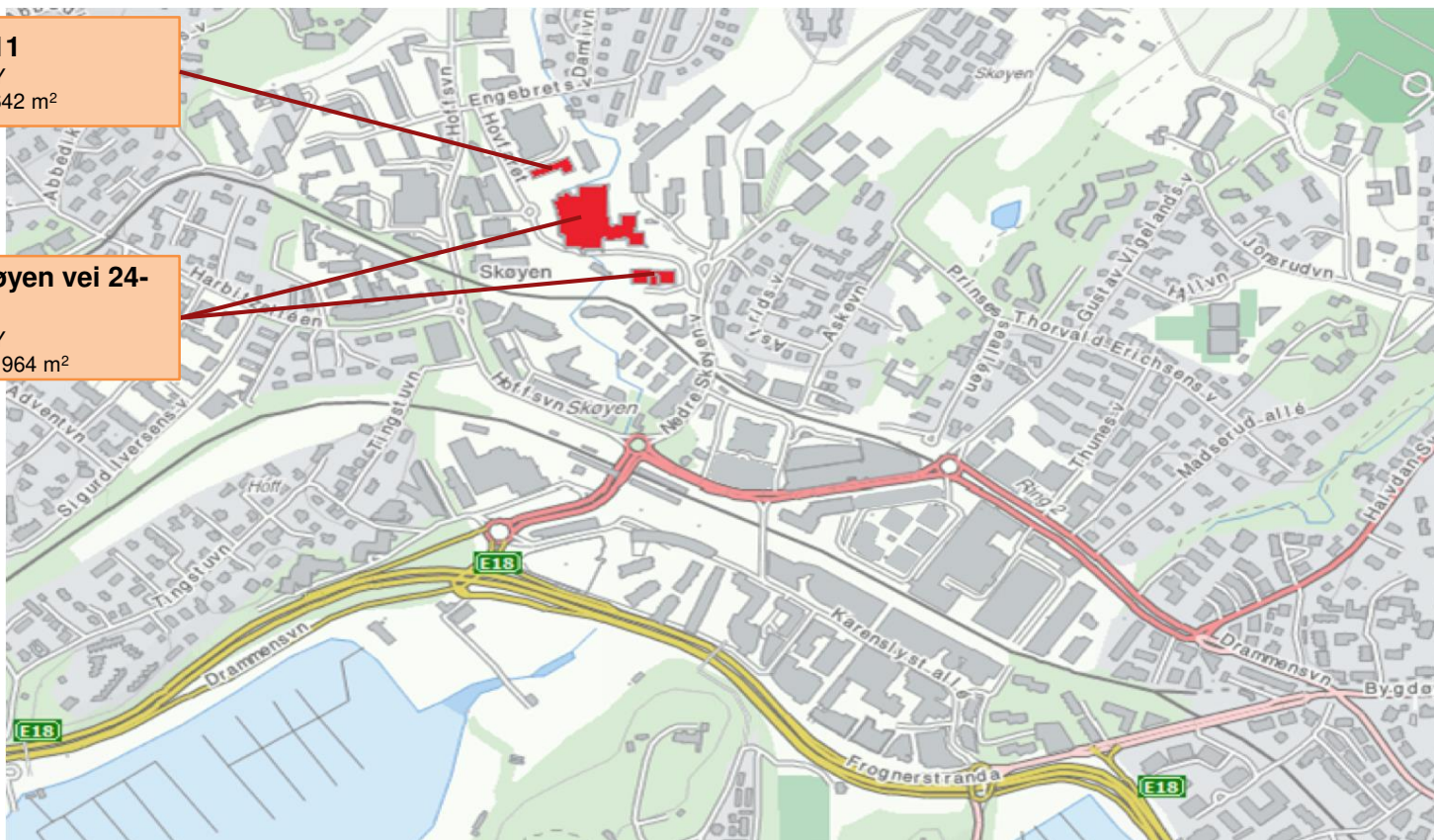


Hovfaret 11

Tenant: EVRY
Total size: 5 642 m²

Nedre Skøyen vei 24-26

Tenant: EVRY
Total size: 35 964 m²



Nydalen

Gjerdrums vei 14 +16 + P

Tenant: Multi-tenant
Total size: 8 604 m²

Gjerdrums vei 8

Tenant: Multi-tenant
Total size: 9 521 m²

Gjerdrums vei 10 D

Tenant: Multi-tenant
Total size: 2 314 m²

Gullhaug Torg 3

Tenant: TV2 AS, Oslo
Universitetssykehus HF
Total size: 8 035 m²

Nydalsveien 15-17

Tenant: Studentenes Hus AS,
Huset Høyer AS
Total size: 5 498 m²

Gjerdrums vei 17

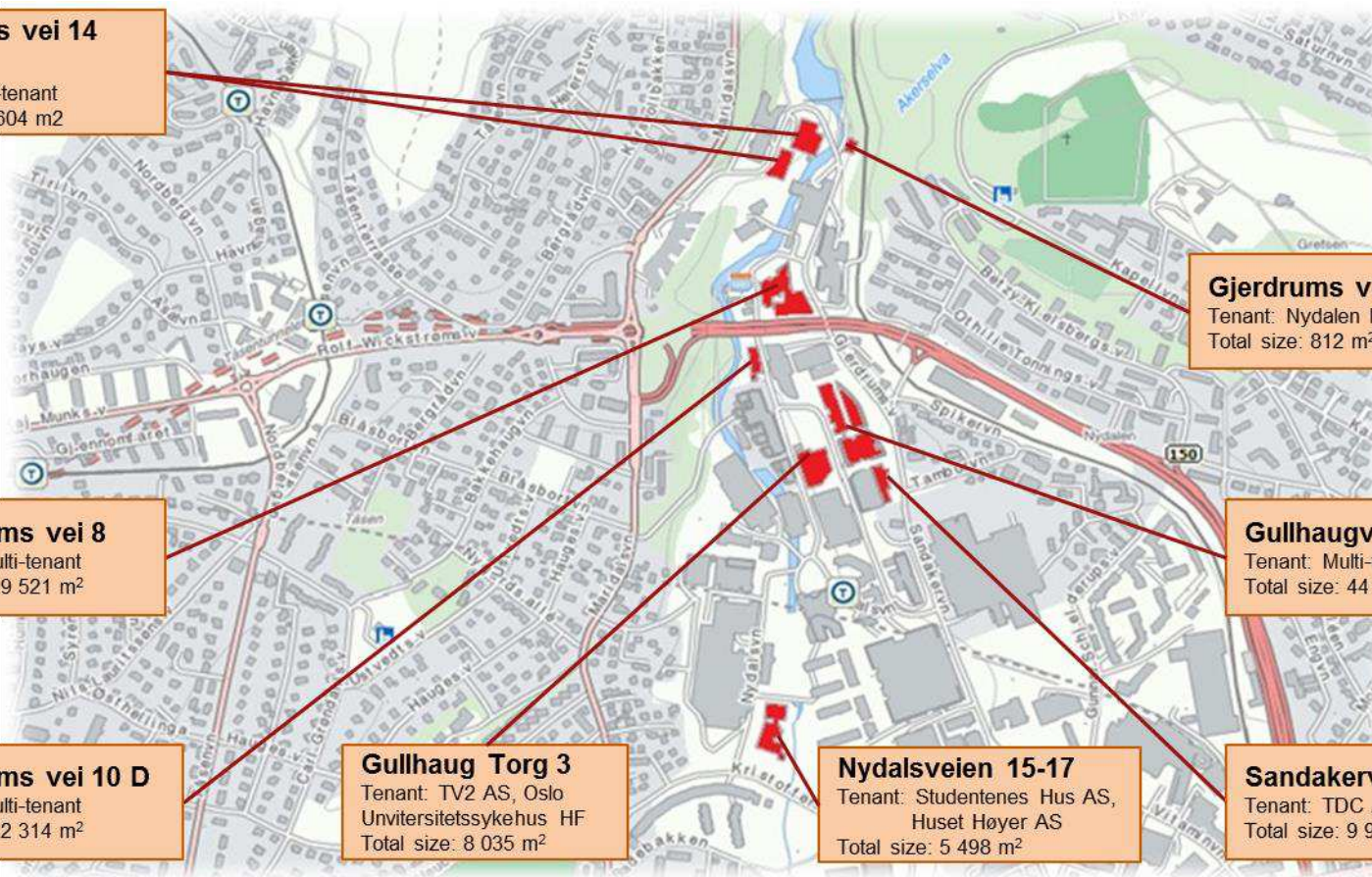
Tenant: Nydalen Kunstscole AS
Total size: 812 m²

Gullhaugveien 9-13

Tenant: Multi-tenant
Total size: 44 822 m²

Sandakerveien 130

Tenant: TDC AS
Total size: 9 957 m²



Stavanger

Maskinveien 32

- Office: 4 106 m²
- Total: 5 169 m²



Svanholmen 2

- Office: 2 693 m²
- Retail: 6 910 m²
- Total: 9 603 m²



Grenseveien 21

- Office: 27 966 m²
- Total: 27 966 m²



Badehusgaten 33-39

- Office: 19 253 m²
- Total: 21 471 m²



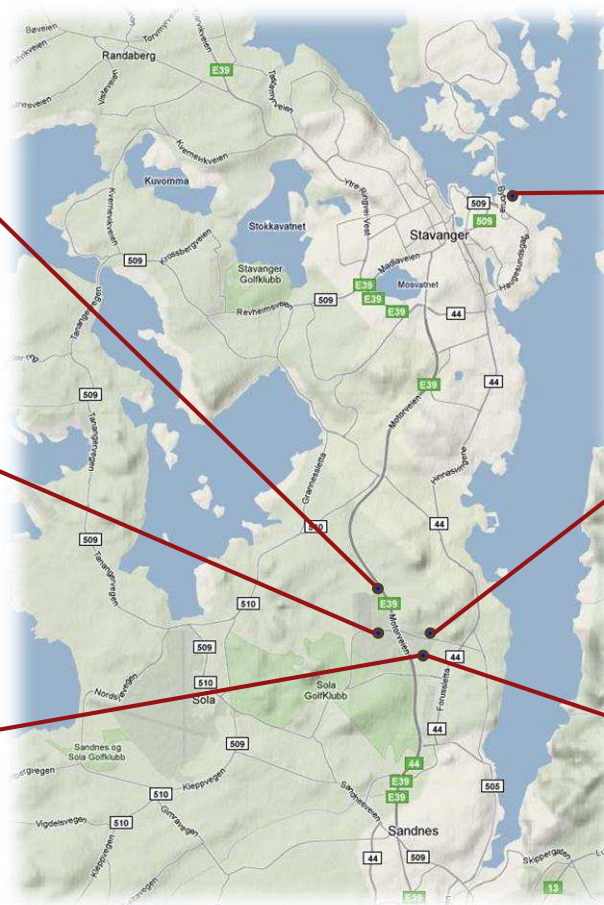
Forusbeen 35

- Office: 19 075 m²
- Total: 23 299 m²



Grenseveien 19

- Office: 5 451 m²
- Total: 5 451 m²





Property details Q4-2016

1/4

	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2	Space vacancy	CPI	Duration per Dec 2016	Run rate per Dec 2016
OSLO/AKERSHUS	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
CBD										
Bryggegate 7-9	6 378	2 088	0	0	0	8 466	9.0	97.0	7.2	26.7
Dokkbygningen	612	389	0	0	0	1 001	38.9	100.0	7.8	1.0
Drammensveien 60	8 089	757	1 949	463	11	11 269	0.0	100.0	10.7	28.6
Fondbygget	13 003	2 442	881	0	87	16 413	21.9	100.0	6.2	41.7
Kaibygning I (Stranden 5)	20 959	6 497	2 222	0	768	30 446	0.0	100.0	7.7	110.9
Kaibygning II	0	1 724	724	0	0	2 448	0.0	100.0	7.9	11.3
Støperiet	0	2 032	0	0	556	2 588	0.0	100.0	2.6	4.8
Terminalbygget (Stranden 1)	17 779	3 204	1 646	1 361	304	24 294	2.4	100.0	7.7	90.2
Tingvallautstikkeren, uteareal og marina *)	0	1 201	0	0	0	1 201	100.0	93.2	6.3	11.9
Verkstedhallene (Stranden 3)	19 211	7 973	2 181	0	847	30 212	5.1	100.0	5.6	88.4
Total CBD	86 031	28 307	9 603	1 824	2 573	128 338	6.6	99.6	7.2	415.5
*) Adjusted for normal seasonal short term contracts										



Property details Q4-2016

2/4

	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m ²	Space vacancy	CPI	Duration per Dec 2016	Run rate per Dec 2016
OSLO/AKERSHUS	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
Nydalen										
Gjerdrums vei 10 D	2 060	0	254	0	0	2 314	12.6	100.0	2.4	3.8
Gjerdrums vei 14, 16 and 16 P-house	5 363	0	976	2 265	0	8 604	0.0	98.0	3.3	9.5
Gjerdrums vei 17	812	0	0	0	0	812	0.0	100.0	5.2	1.1
Gjerdrums vei 8	7 726	0	633	1 162	0	9 521	0.0	100.0	4.6	15.6
Gullhaug Torg 3	7 981	0	54	0	0	8 035	0.0	100.0	4.3	15.7
Gullhaugveien 9 - 13	24 693	0	7 226	12 903	0	44 822	0.0	100.0	3.8	53.4
Nydalsveien 15	3 524	192	63	0	28	3 807	24.1	100.0	7.8	6.1
Nydalsveien 17	0	1 691	0	0	0	1 691	0.0	100.0	7.7	4.9
Sandakerveien 130	5 317	0	1 279	3 361	0	9 957	8.4	100.0	0.9	11.1
Total Nydalen	57 476	1 883	10 485	19 691	28	89 563	2.7	99.8	4.0	121.1



Property details Q4-2016

3/4

	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m ²	Space vacancy	CPI	Duration per Dec 2016	Run rate per Dec 2016
OSLO/AKERSHUS	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
Skøyen										
Hovfaret 11	4 377	0	569	0	696	5 642	0.0	100.0	2.2	13.6
Nedre Skøyen vei 24	3 630	0	1 215	0	0	4 845	0.0	100.0	2.2	14.7
Nedre Skøyen vei 26	20 211	0	696	4 631	5 581	31 119	0.0	100.0	2.2	69.5
Total Skøyen	28 218	0	2 480	4 631	6 277	41 606	0.0	100.0	2.2	97.9
Other										
Oslo Airport Gardermoen	0	0	0	0	20 976	20 976	0.0	100.0	3.0	29.5
Snarøyveien 36 (prev. Aker Hus) *	40 786	0	0	17 328	0	58 114	0.0	100.0	2.4	96.4
Total Other	40 786	0	0	17 328	20 976	79 090	0.0	100.0	2.5	125.9
TOTAL OSLO / AKERSHUS	212 511	30 190	22 568	43 474	29 854	338 597	3.4	99.8	5.3	760.5
* Tenant has option to terminate part of space as of November 2017										



Property details Q4-2016

4/4

	Property facts						Rent facts			
	Space split									
Property	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m ²	Space vacancy	CPI	Duration per Dec 2016	Run rate per Dec 2016
STAVANGER	m ²	m ²	m ²	m ²	m ²	m ²	%	%	Years	NOK million
CBD										
Badehusgata 33-39	19 253	0	256	1 962	0	21 471	55.3	100.0	3.1	12.8
Forus/Airport										
Forusbeen 35	19 075	0	0	4 224	0	23 299	100.0	NA	0.0	0.0
Grenseveien 19	5 451	0	0	0	0	5 451	100.0	NA	0.0	0.0
Grenseveien 21	27 966	0	0	0	0	27 966	100.0	NA	0.0	0.0
Maskinveien 32	4 106	0	405	658	0	5 169	0.0	100.0	1.1	8.9
Svanholmen 2	2 693	6 910	0	0	0	9 603	0.9	100.0	2.4	12.1
TOTAL STAVANGER	78 544	6 910	661	6 844	-	92 959	74.0	99.9	2.3	33.8
GROSS TOTAL	291 055	37 100	23 229	50 318	29 854	431 556	20.3	99.8	5.1	794.3

Disclaimer

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