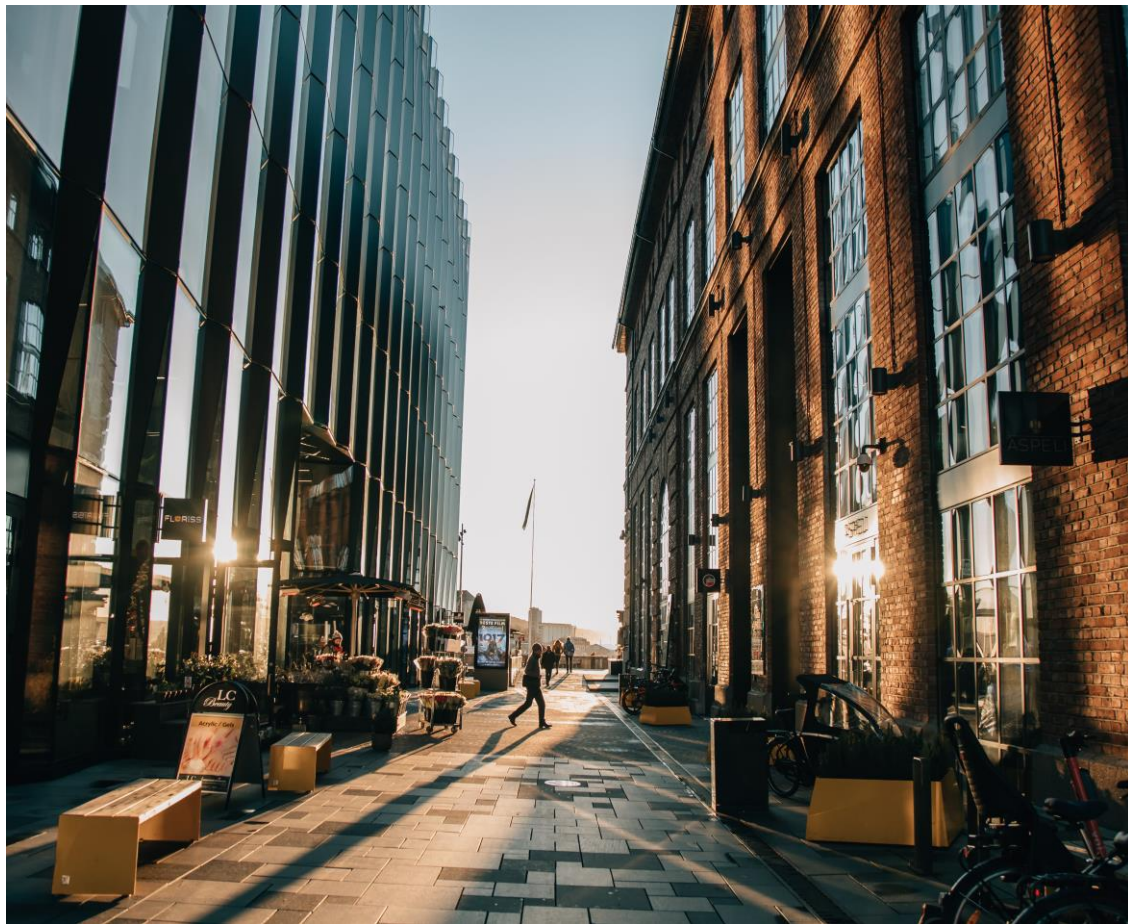


# Interim report

## First quarter 2021



Aker Brygge, Oslo

31.03.2021

NORWEGIAN PROPERTY ASA

## Highlights in the first quarter of 2021

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### Net profit of NOK 334.6 million and EPS of NOK 0.52

Net profit for the first quarter was NOK 334.6 million after positive fair-value adjustments for investment properties and financial derivatives. This resulted in first-quarter earnings per share (EPS) of NOK 0.52. The book value of equity per share as at 31 March 2021 was NOK 18.38.

### Revenues and new leases

Following the acquisition of Snarøyveien 30 in December 2020, the overall rental income for the first quarter of 2021 showed significant growth compared with the same period last year. The rental income amounted to NOK 225.7 million for the first quarter, up from NOK 167.7 million in the corresponding period of 2020.

Net new leases for the quarter was NOK 17.5 million. New leases with a total annual rental income of NOK 32.7 million were signed or extended in the first quarter, while expired leases totalled NOK 15.2 million.

Total annual rental income (run rate) was NOK 976 million as at 1 April 2021.

### Change in the market value of investment properties and financial derivatives

The positive value trend for investment property has continued in the first quarter of 2021. The positive fair-value adjustment of investment property was NOK 210.4 million in the quarter. The positive change

related to yield compression for some of the company's properties, a number of new and improved leases and expectations for higher market rents in certain areas.

Long-term market interest rates increased during the quarter, which resulted in a positive fair-value adjustment of NOK 96.3 million for financial derivatives.

### Share in Nordr Eiendom

Norwegian Property has a 40.6 per cent share (joint venture) in the residential development company Nordr Eiendom. A total of 143 residential units were delivered in the first quarter. A total of 741 units are expected to be delivered over the next five quarters in both wholly and partly owned projects in Norway and Sweden. Norwegian Property's share of profit from Nordr Eiendom in the first quarter was NOK 8.4 million.

### Property transactions and development projects

Norwegian Property bought a plot of land with a smaller building at Gjerdrums vei 1 in Nydalen in the first quarter for NOK 18 million. Norwegian Property has previously purchased the neighbouring properties in Gjerdrums vei 3 and 5. Planning work has been initiated to further develop the area for commercial property purposes. An architectural competition will be held for the development of the area.

### Dividend

The board has resolved to pay a dividend of NOK 0.10 per share for the first quarter of 2021.

## Key figures

The table below presents the key financial figures<sup>1</sup> for the group.

Profit and loss		1Q-21	1Q-20	31.12.20
Revenues	NOK mill.	225.7	564.9	1,564.5
Operating profit before admin expenses	NOK mill.	194.4	529.9	1,457.8
Operating profit before value adjustments	NOK mill.	190.5	145.1	610.3
Profit before income tax and value adjustments	NOK mill.	108.7	78.4	349.7
Profit before income tax	NOK mill.	415.4	(100.3)	2,075.6
Profit after income tax	NOK mill.	334.6	(100.8)	1,675.9
Balance sheet		1Q-21	1Q-20	31.12.20
Market value of property portfolio	NOK mill.	23,726.4	16,647.5	23,450.0
Total equity	NOK mill.	11,831.6	8,100.5	11,560.9
Interest-bearing debt	NOK mill.	11,598.1	7,838.2	12,097.1
Equity ratio	Per cent	46.9	46.5	45.5
Pre-tax return on equity	Per cent	14.2	(4.9)	21.0
Cash flow		1Q-21	1Q-20	31.12.20
Net cash flow from operating activities	NOK mill.	178.5	382.9	1,007.8
Cash and cash equivalents	NOK mill.	222.7	196.6	665.8
Key figures; per share		1Q-21	1Q-20	31.12.20
Number of shares outstanding, end of the period	Mill. shares	643.6	493.6	643.6
Average number of shares in the period	Mill. shares	643.6	493.6	619.9
Profit before income tax	NOK	0.65	(0.20)	3.35
Earnings per share (EPS)	NOK	0.52	(0.20)	2.70
Net cash flow from operating activities	NOK	0.28	0.78	1.63
Interest-bearing debt	NOK	18.02	15.88	18.80
NAV, book value	NOK	18.38	16.41	17.96
Deferred property tax	NOK	1.92	1.68	1.86
Fair value of fin. derivative instruments	NOK	0.10	0.42	0.21
Revaluation of investments in joint ventures	NOK	1.44	-	1.44
NAV, adjusted	NOK	21.84	18.51	21.48
Fair value of deferred tax	NOK	(1.28)	(0.96)	(1.30)
Fair value of fin. derivative instruments	NOK	(0.11)	(0.49)	(0.25)
Fair value of debt	NOK	(0.04)	(0.05)	(0.04)
NNNAV	NOK	20.41	17.01	19.89

<sup>1</sup> Figures which do not derive directly from the financial statements are explained in the overview of definitions at the end of the report. When calculating the key figures per share, the figures related to profit and cash flow have been divided by the average number of shares for the period, and those related to the balance sheet by the number of shares at the end of the period. The number of shares excludes treasury shares.

The market value of the property portfolio is the sum of the carrying amount in the balance sheet excluding the carrying amount of any joint venture, which is accounted for using the equity method.

## Financial developments

### Results

#### Operating revenue

Rental income from commercial properties amounted to NOK 225.7 million in the first quarter (NOK 167.7 million<sup>2</sup>). Adjusted for new and divested properties (like-for-like revenue), this represented a reduction of NOK 5.4 million from the same period of 2020. The revenue reduction related mainly to the expiry of the Telia lease agreement at Gullhaugveien 9-13.

Retail and restaurant turnover at Aker Brygge in Oslo was down by 43 per cent for the first quarter from the same period of 2020. These reductions were related to the effects of the COVID-19 pandemic.

#### Operating costs

Property-related operational expenses totalled NOK 16.3 million (NOK 14.4 million) for the first quarter. Other property-related expenses came to NOK 15.1 million (NOK 20.6 million) for the quarter. Administrative expenses were NOK 12 million (NOK 13.2 million) for the quarter.

#### Share of profit and loss from joint ventures

The table below presents a summary of Norwegian Property's share of profit and loss from joint ventures.

Amounts in NOK million	1Q-21	1Q-20	31.12.20
Nordr Eiendom	8.4	-	(4.9)
Forusbeen 35	(0.3)	-	-
Badehusgata 33-39	-	-	4.5
Total share of profit	8.1	-	(0.4)

#### Nordr Eiendom

Norwegian Property's share of the net profit/loss relating to Nordr Eiendom was NOK 8.4 million for the first quarter and its share of net assets in the balance sheet at 31 March was NOK 1,016.7 million. In accordance with the IFRS, income recognition from the sale of residential units is based on the completed contract method.

At 31 March, Nordr Eiendom had 1,657 flats under construction and a land bank of about 14,900 units in Norway and Sweden. The land bank is mainly located in

the largest Norwegian and Swedish cities, with an emphasis on eastern Norway and the extended Stockholm capital region in Sweden.

During the first quarter, sales agreements were entered into related to 330 residential units. Construction started on 206 units in the quarter. A total of 143 units were delivered, with 69 in Norway and 74 in Sweden.

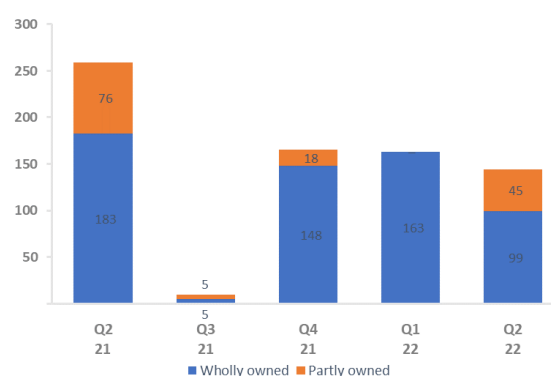
The table below presents the quarterly development of the project portfolio for Nordr Eiendom over the past five quarters.

Project portfolio Nordr Eiendom	1Q-20	2Q-20	3Q-20	4Q-20	1Q-21
Units sold	214	179	237	452	330
Construction starts	149	338	52	520	206
Units completed	358	215	43	204	135
Units delivered <sup>1</sup>	358	215	69	212	143
Units under construction	1,366	1,489	1,270	1,586	1,657
Sales ratio, units under construction (per cent)	77	71	72	74	80
Completed unsold units	39	33	21	19	11
Sales value, units sold in the period	1,126	849	1,272	2,740	1,915
Sales value, units under constr. (NOK mill.)	8,537	8,693	8,522	10,866	10,176

<sup>1</sup> Of which 20 of the 69 units delivered in total during the third quarter were delivered after the takeover in September 2020.

The figure below shows expected completions during the next five quarters, based on the best estimate for the timing of projects. A total of 741 residential units are expected to be completed during the next five quarters in both wholly and partly owned projects in Norway and Sweden.

Expected deliveries next five quarters



Independent appraisers have valued all the plots in the company's portfolio at the start of 2021, and there was a substantial increase in the values compared to the values at the time of the acquisition. The increase in

<sup>2</sup> The figures in brackets refer to the corresponding period of the year before.

values increased the adjusted NAV and NNNAV for Norwegian Property but does not affect the book value of the investment.

#### *Forusbeen 35*

A joint venture for the property at Forusbeen 35 in Stavanger was established in cooperation with the local residential developer Base Bolig as at 31 December 2020. The property has been rezoned from a commercial building to a combined residential and commercial property. The residential units are expected to be put on sale in 2021.

Norwegian Property's share of the net profit/loss relating to Forusbeen 35 was negative at NOK 0.3 million for the first quarter.

#### **Operating profit before fair-value adjustments**

Operating profit before fair-value adjustments amounted to NOK 190.5 million (NOK 145.1 million) for the first quarter.

#### **Fair-value adjustments for investment property**

Valuation of the property portfolio yielded a positive unrealised fair-value adjustment of NOK 210.4 million (NOK 13.5 million) for the first quarter. The positive change related to yield compression for several of the company's attractive properties, a number of new and improved leases as well as expectations for higher market rents in certain areas. The total market value of the property portfolio as at 31 March 2021 amounted to NOK 23,726.4 million.

#### **Net financial items**

Net realised financial expenses came to NOK 81.8 million (NOK 66.7 million) for the first quarter.

Long-term market interest rates increased in the first quarter, which resulted in a positive fair-value adjustment of NOK 96.3 million for interest-rate derivatives (negative at NOK 192.2 million).

#### **Profit for the period**

Pre-tax profit was NOK 415.4 million (negative at NOK 100.3 million) for the first quarter. The increase in non-payable deferred tax was NOK 80.8 million (NOK 0.5 million). Net profit was thereby NOK 334.6 million (negative at NOK 100.8 million).

## **Balance sheet**

Total assets in the balance sheet were NOK 25,213.8 million (NOK 17,410.3 million), with investment properties accounting for NOK 23,315 million (NOK 16,557 million) and properties used by the owner for NOK 105.3 million (NOK 90.5 million). Non-current receivables amounted to NOK 306.1 million, related to the rental guarantee provided by the seller of the property at Snarøyveien 30.

Investment in joint ventures was NOK 1,016.7 million as at 31 March 2021.

Norwegian Property held NOK 222.7 million (NOK 196.6 million) in cash and cash equivalents as at 31 March.

Total interest-bearing liabilities in the balance sheet came to 11,598.1 million (NOK 7,838.2 million), with non-current interest-bearing liabilities totalling NOK 10,701.3 million (NOK 5,672.6 million) and current interest-bearing liabilities amounting to NOK 896.8 million (NOK 2,165.5 million).

Financial derivatives accounted for a net liability item of NOK 80.8 million (NOK 267.7 million), with NOK 102.9 million (NOK 298.5 million) classified as liabilities and NOK 22.2 million (NOK 30.8 million) as assets.

Equity as at 31 March totalled NOK 11,831.6 million (NOK 8,100.5 million), representing an equity ratio of 46.9 per cent (46.5 per cent). The book value of equity per share was NOK 18.38 (NOK 16.41). Outstanding shares as at 31 March totalled 649,825,596 (499,875,596). Treasury shares totalled 6,250,000, and 643,575,596 shares were held by external shareholders.

## **Cash flow**

Net operational cash flow was NOK 178.5 million (NOK 382.9 million). Cash earnings in the quarter amounted to NOK 102.9 million. The positive change in other short-term items amounted to NOK 75.6 million.

Investment in fixed assets came to NOK 56.2 million (NOK 110.1 million), where NOK 17.7 million related to the acquisition of the property at Gjerdrums vei 1 and NOK 38.5 million related to the adjustments for lessees associated with new and renegotiated leases and ongoing operational investments.

Net cash flow from financing activities was negative at NOK 565.4 million (negative at NOK 358 million), following a reduction of NOK 500.4 million in interest-

bearing debt, NOK 64.4 million in dividend and NOK 0.7 million in cost related to capital increases carried out in 2020.

Cash and cash equivalents showed a reduction of NOK 443.2 million (NOK 85.2 million).

## Financing

### Key figures

The table below presents the key figures related to interest-bearing debt and hedges as at 31 March 2021.

Interest bearing debt and hedging		31.03.21	31.03.20	31.12.20
Interest-bearing debt <sup>1</sup>	NOK mill.	11,598.1	7,477.3	12,097.1
Cash and cash equivalents	NOK mill.	222.7	196.6	665.8
Interest-bearing receivables <sup>2</sup>	NOK mill.	99.9	13.0	99.9
Interest-hedging ratio	Per cent	73.6	76.3	75.5
Unutilised credit facilities	NOK mill.	1,410.0	750.0	910.0
Remaining time to maturity for interest hedge agreements	Years	7.0	5.0	6.7
Average interest rate	Per cent	2.81	3.48	2.94
Average interest margin	Per cent	1.39	1.20	1.39
Remaining time to maturity for interest-bearing debt	Years	4.8	2.6	4.7
Market value of property portfolio	NOK mill.	23,726.4	16,647.5	23,450.0
Gross debt to asset ratio (gross LTV)	Per cent	48.9	44.9	51.6
Net debt to asset ratio (net LTV) <sup>3</sup>	Per cent	47.5	43.7	48.3

<sup>1</sup> Excluding construction loan financing for the residential project at Hasle in Oslo, amounting to NOK 360.9 million as at 31 March 2020.

<sup>2</sup> Interest-bearing receivables as at 31 March 2021 are related to short-term seller credits of NOK 86.9 million to the joint venture for Forusbeen 35 and a seller credit of NOK 13 million related to the sale of Badehusgata 33-39.

<sup>3</sup> Interest-bearing debt excluding construction loan financing for the residential project at Hasle less the liquid assets and interest-bearing receivables in relation to the market value of the property portfolio. The residential project was recognised as inventory.

### Interest-bearing liabilities

Interest-bearing liabilities totalled NOK 11,598.1 million (NOK 7,838.2 million) as at 31 March. In addition, the company had undrawn credit and overdraft facilities of NOK 1,410 million (NOK 750 million).

### Interest hedges

The table below presents the maturity structure of interest-rate hedges for the company's interest-bearing debt as at 31 March 2021.

Maturity profile of interest hedges	Amount (NOK mill.)	Interest <sup>1</sup> (per cent)	Share of total liabilities (per cent)
< 1 year	3,351	0.6	29
1 > 2 year	650	3.4	6
2 > 3 year	600	2.1	5
3 > 4 year	1,105	1.8	10
4 > 5 year	200	2.5	2
> 5 year	5,692	1.4	49
<b>Total</b>	<b>11,598</b>	<b>1.4</b>	<b>100</b>

<sup>1</sup> Average base interest rate for the matured amount.

## Market and operations

### Commercial property market

Norwegian Property estimate the office vacancy in Oslo at 6 per cent overall and 4 per cent in the city centre. Moderate vacancy rates in the past few years have contributed to positive trends for rents. Office vacancy at Fornebu is 8 per cent. The level of activity in the transaction market has been high for several years, with many properties changing hands in various segments at strong yield levels. Prime yield for the Oslo CBD is estimated to be about 3.25 per cent.

Access to financing has improved steadily since the first lockdown due to COVID-19 one year ago. Loan margins in the bond market seem to be back to pre-COVID levels, and liquidity has been good for issuers of bonds.

During the quarter, the 10-year swap interest rate varied between 1.22 and 1.88 per cent. There are still risks concerning the long-term effects of the pandemic, largely depending on how quickly the vaccines are distributed.

### Effects of the COVID-19 pandemic

Norway has experienced increasing infection rates during the first quarter of 2021 as a result of the outbreaks of more contagious mutated COVID-19 viruses. The Government has introduced new national and local infection control measures, which have again in particular affected retailers, restaurants and service providers. Similar to last year, Norwegian Property does not expect to receive any significant turnover-based rent beyond the minimum rents from such tenants in 2021.

The progress of the vaccination process has so far been somewhat behind schedule in Norway due to delays in the delivery of vaccines and the suspension of the AstraZeneca vaccine to clarify the possible side effects. This has led to delays in relation to the original plan to complete the vaccination by July 2021.

### The property portfolio

#### Key figures

Norwegian Property owned 29 investment properties as at 31 March 2021. These are primarily located in central areas of the Oslo region. The company's properties mainly comprise office premises as well as retail and restaurant space along with the associated warehousing and parking for the office areas.

Total ongoing annual rental income (run rate) from the company's whole property portfolio was NOK 976 million as at 1 April 2021. That represented a reduction of NOK 7 million since 1 January 2021. NOK 83 million is related to the rental guarantee provided by the seller of the property at Snarøyveien 30. Overall financial vacancy in the property portfolio totalled 8 per cent, which is primarily related to Snarøyveien 36. The weighted average remaining duration of the leases was 5.7 years, and the average rent adjustment factor for the consumer price index was 98.5 per cent for the total portfolio.

The key figures above do not include space under construction as at 31 March. Ongoing projects at the end of the quarter are specified in the table below.

Area	Property	Tenant	Area (sqm)	Completion date
Aker Brygge, Oslo	Dokkbygget	Sats HiYoga	1,100	Q3-21
Aker Brygge, Oslo	Various properties	Various tenants	2,000	Q2-Q4-21
Aker Brygge, Oslo	Verkstedhallene	EconPartner	800	Q3-21
CBD, Oslo	Lille Grensen 7	Palmer Group	550	Q4-21

#### New leases

New leases with a total annual rental income of NOK 19.1 million were awarded in the first quarter, while existing leases totalling NOK 13.6 million were extended. Expired leases totalled NOK 15.2 million. The net increase in annual rents from leases during the quarter was therefore NOK 17.5 million.

#### Property transactions and development projects

Norwegian Property bought a plot of land with a smaller building at Gjerdrums vei 1 in Nydalen in the first quarter for NOK 17.7 million. Norwegian Property has previously purchased the neighbouring properties in Gjerdrums vei 3 and 5, and planning work has been initiated to further develop the area for commercial property purposes. Among other things, an architectural competition will be held for the development of the area.

#### Valuation of the property portfolio

Two independent appraisers have valued all the properties in the company's portfolio, based on the same methods and principles applied in previous periods. The accounting valuation as at 31 March 2021 is based on an average of the two valuations.

As at 31 March, the company's portfolio of investment properties was valued at NOK 23,726.4 million (NOK 16,647.5 million). The rent guarantee receivables and properties used by the owner were carried separately

on the balance sheet at NOK 306.1 million and NOK 105.3 million respectively, and recognised at fair value. Fair-value adjustments recognised in profit and loss for the investment properties were positive at NOK 210.4 million for the first quarter. This represents a 0.9 per cent change from the value as at 31 December 2020 and the cost of investments for the period.

## Environmental and corporate social responsibility (CSR)

The climate report of Norwegian Property for 2020 shows that the consumption of energy in the buildings was lowered by 15 per cent from 2019 to 2020, measured in kWh/sqm. It is unclear how much of this reduction was a result of the COVID-19 lockdown, and what was a result of energy efficiency measures. The target is an annual reduction of 5 per cent.

Consumption of electricity is the most important source of carbon emissions, while waste represents the second most important source. The third most important source of emissions is consumption of gas, mainly in the restaurants at Aker Brygge.

One of the prioritised projects for energy reduction last year was implementing a heat pump solution in Snarøyveien 36. The goal is a reduction of energy consumption of 1.1 million kWh. Already in first quarter 2021 the reduction was calculated at 285,300 kWh.

## AGM held

The annual general meeting was held on 16 April 2021. All resolutions were adopted as proposed in the notice of the meeting. The AGM re-elected Merete Haugli as chair of the board and Bjørn Henningsen as deputy chair. Kathrine Astrup Fredriksen, Cecilie Astrup Fredriksen, Anders Buchardt, Lars Erich Nilsen and Carl Erik Krefting were re-elected as directors. All were elected until the next AGM in 2022.

## Shareholder information

Norwegian Property had 1,623 registered shareholders as at 31 March, unchanged since 31 December.

Non-Norwegian shareholders held 82 per cent of the share capital as at 31 March, unchanged since 31 December.

The number of shares traded during the first quarter averaged 35,557 per day. The corresponding daily turnover in 2020 was 47,410 shares.

The largest shareholders registered with the Norwegian Central Securities Depository (VPS) as at 31 March 2021 are presented below.

Shareholder	Type of acc.	Natio- nality	Number of shares	Share
GEVERAN TRADING CO				
LTD	ORD	CYP	521,840,723	80.30
FOLKETRYGDFONDET	ORD	NOR	95,766,570	14.74
NORWEGIAN PROPERTY				
ASA	ORD	NOR	6,250,000	0.96
DANSKE BANK AS	ORD	DNK	4,257,801	0.66
BANAN II AS	ORD	NOR	1,596,000	0.25
SANDEN AS	ORD	NOR	1,584,078	0.24
PACTUM AS	ORD	NOR	1,081,780	0.17
SKANDINAVISKA				
ENSKILDA BANKEN AB	NOM	FIN	884,883	0.14
CACEIS BANK	NOM	NLD	811,156	0.12
MORGAN STANLEY & CO. INTERNATIONAL				
SKANDINAVISKA	ORD	GBR	793,901	0.12
ENSKILDA BANKEN AB	NOM	FIN	697,296	0.11
SELSA AS	ORD	NOR	467,254	0.07
CARUCEL INVEST AS	ORD	NOR	356,664	0.05
MATTIS AS	ORD	NOR	346,691	0.05
ECKHOFF HOLDING AS	ORD	NOR	346,090	0.05
BANQUE DE LUXEMBOURG S.A.				
LUXEMBOURG S.A.	NOM	LUX	342,203	0.05
SURFSIDE HOLDING AS	ORD	NOR	300,000	0.05
FUNDER	ORD	NOR	296,000	0.05
J.P. MORGAN BANK				
LUXEMBOURG S.A.	NOM	SWE	284,244	0.04
CAMVECTI HOLDING AS	ORD	NOR	275,686	0.04
OTHER			11,246,576	1.73
Total number of shares			649,825,596	100.00



## Outlook

Norwegian Property manages modern and flexible properties located in attractive clusters near public transport hubs. The company has delivered strong and stable results from its operations and from fair value changes for its properties over a long period.

The company has a strategy for growth in its core commercial property business as well as an ambition to consider opportunities in other property segments. In line with these ambitions, Norwegian Property acquired a large and attractive commercial property at Fornebu outside of central Oslo in 2020. The acquisition significantly increases and strengthens Norwegian Property's commercial property portfolio. It

also builds and fulfils Fornebu as Norwegian Property's third cluster for commercial properties, in addition to the CBD and Nydalen. Norwegian Property also acquired Nordr Eiendom together with partners in 2020. Nordr Eiendom has flats under construction and a large land bank in Norway and Sweden. The transaction was considered as an attractive opportunity to develop the business in collaboration with industrial and financial partners to share the development risk.

Norwegian Property will continue its efforts to expand and develop its business through additional acquisitions and by pursuing several interesting long-term development opportunities in the existing property portfolio.

## Interim accounts

### Consolidated condensed income statement and statement of comprehensive income

Amounts in NOK million	Note	1Q-21	1Q-20	31.12.20
Rental income	3	225.7	167.7	708.6
Income from sale of residential units	3	-	397.2	855.9
<b>Revenues</b>		<b>225.7</b>	<b>564.9</b>	<b>1,564.5</b>
Property-related operational expenses		(16.3)	(14.4)	(51.6)
Other property-related expenses		(15.1)	(20.6)	(55.1)
<b>Total property-related expenses</b>		<b>(31.3)</b>	<b>(34.9)</b>	<b>(106.7)</b>
Project cost from sale of residential units	5	-	(371.7)	(800.4)
Administrative expenses		(12.0)	(13.2)	(46.8)
<b>Total operating expenses</b>		<b>(43.4)</b>	<b>(419.8)</b>	<b>(953.8)</b>
Share of profit in joint ventures	6	8.1	-	(0.4)
<b>Operating profit before fair-value adjustments</b>		<b>190.5</b>	<b>145.1</b>	<b>610.3</b>
Change in market value of investment property and rental guarantee	4	210.4	13.5	1,827.5
<b>Operating profit</b>		<b>400.9</b>	<b>158.6</b>	<b>2,437.8</b>
Financial income	10	3.5	1.4	4.2
Financial cost	10	(85.3)	(68.1)	(264.8)
<b>Realised net financial items</b>		<b>(81.8)</b>	<b>(66.7)</b>	<b>(260.6)</b>
Change in market value of financial derivative instruments	7, 10	96.3	(192.2)	(101.6)
<b>Net financial items</b>		<b>14.5</b>	<b>(258.9)</b>	<b>(362.2)</b>
<b>Profit before income tax</b>		<b>415.4</b>	<b>(100.3)</b>	<b>2,075.6</b>
Income tax	11	(80.8)	(0.5)	(399.7)
<b>Profit for the period</b>		<b>334.6</b>	<b>(100.8)</b>	<b>1,675.9</b>
Profit attributable to non-controlling interests		-	-	-
<b>Profit attributable to shareholders of the parent company</b>		<b>334.6</b>	<b>(100.8)</b>	<b>1,675.9</b>

Amounts in NOK million	Note	1Q-21	1Q-20	31.03.20
Value adjustment of owner-occupied property, net of tax	4	6.2	1.5	7.8
<b>Other comprehensive income that will not be reclassified to profit or loss, net of tax</b>		<b>6.2</b>	<b>1.5</b>	<b>7.8</b>
Currency changes on translation of foreign joint venture operations	6	(5.3)	-	(1.6)
<b>Other comprehensive income that subsequently may be reclassified to profit or loss, net of tax</b>		<b>(5.3)</b>	<b>-</b>	<b>(1.6)</b>
<b>Total comprehensive income</b>		<b>335.5</b>	<b>(99.3)</b>	<b>1,682.1</b>
<b>Total comprehensive income attributable to shareholders of the parent company</b>		<b>335.5</b>	<b>(99.3)</b>	<b>1,682.1</b>
<b>Total comprehensive income attributable to non-controlling interests</b>		<b>-</b>	<b>-</b>	<b>-</b>

## Consolidated condensed balance sheet

Amounts in NOK million	Note	31.03.2021	31.03.2020	31.12.2020
Financial derivative instruments	7	22.2	30.8	25.5
Investment property	4	23,315.0	16,557.0	23,087.6
Owner-occupied property	4	105.3	90.5	97.6
Other fixed assets	4	36.9	39.9	37.8
Investment in joint ventures	6	1,016.7	-	1,013.6
Rental guarantee receivables	4	306.1	-	264.8
Other receivables		-	13.0	-
<b>Total non-current assets</b>		<b>24,802.2</b>	<b>16,731.2</b>	<b>24,527.0</b>
Receivables	9	188.9	88.0	195.8
Property related inventory	5	-	394.6	-
Cash and cash equivalents	9	222.7	196.6	665.8
<b>Total current assets</b>		<b>411.5</b>	<b>679.2</b>	<b>861.7</b>
<b>Total assets</b>		<b>25,213.8</b>	<b>17,410.3</b>	<b>25,388.6</b>
Share capital		321.8	246.8	321.8
Share premium		3,280.1	1,678.1	3,280.7
Other paid in equity		7,562.6	7,561.1	7,562.5
Retained earnings		667.1	(1,385.4)	395.9
<b>Total equity</b>		<b>11,831.6</b>	<b>8,100.5</b>	<b>11,560.9</b>
Deferred tax	11	1,350.6	867.0	1,268.0
Financial derivative instruments	7	101.7	279.6	199.8
Interest bearing liabilities	9	10,701.3	5,672.6	10,700.6
Other liabilities		4.3	5.0	4.4
<b>Total non-current liabilities</b>		<b>12,157.9</b>	<b>6,824.3</b>	<b>12,172.8</b>
Financial derivative instruments	7	1.2	18.9	2.8
Interest bearing liabilities	9	896.8	2,165.5	1,396.4
Other liabilities		326.3	301.2	255.6
<b>Total current liabilities</b>		<b>1,224.3</b>	<b>2,485.6</b>	<b>1,654.9</b>
<b>Total liabilities</b>		<b>13,382.2</b>	<b>9,309.9</b>	<b>13,827.7</b>
<b>Total equity and liabilities</b>		<b>25,213.8</b>	<b>17,410.3</b>	<b>25,388.6</b>

## Consolidated condensed statement of changes in equity

Amounts in NOK million		Share capital	Treasury shares <sup>1</sup>	Share premium	Other paid in equity	Retained earnings	Total equity
Total equity	31.12.19	249.9	(3.1)	1,678.1	7,560.7	(1,251.6)	8,233.9
Total comprehensive income		-	-	-	-	(99.3)	(99.3)
Employee share-option scheme		-	-	-	0.4	-	0.4
Paid dividend		-	-	-	-	(34.6)	(34.6)
Total equity	31.03.20	249.9	(3.1)	1,678.1	7,561.1	(1,385.4)	8,100.5
Total comprehensive income		-	-	-	-	1,781.4	1,781.4
Employee share-option scheme		-	-	-	1.4	-	1.4
Share issue <sup>2</sup>		75.0	-	1,602.7	-	-	1,677.7
Total equity	31.12.20	324.9	(3.1)	3,280.7	7,562.5	395.9	11,560.9
Total comprehensive income		-	-	-	-	335.5	335.5
Employee share-option scheme		-	-	-	0.1	-	0.1
Share issue <sup>2</sup>		-	-	(0.7)	-	-	(0.7)
Paid dividend		-	-	-	-	(64.4)	(64.4)
Total equity	31.03.21	324.9	(3.1)	3,280.1	7,562.6	667.1	11,831.6

<sup>1</sup> The company own 6,250,000 treasury shares.

<sup>2</sup> Issues of new equity in 2020 added a total net proceeds of NOK 1,677.7 million related to 149,950,000 new shares, each with a nominal value of NOK 0.50. Following the equity issues in 2020, the company has a share capital of NOK 324,912,798 divided into 649,825,596 shares, each with a par value of NOK 0.5. In 2021, the NOK 0.7 million change is related to accrued costs.

## Consolidated condensed statement of cash flow

Amounts in NOK million	Note	1Q-21	1Q-20	31.12.20
Profit before income tax		415.4	(100.3)	2,075.6
Depreciation of tangible assets		1.3	1.2	5.6
Fair value adj. of investment property and rental guarantee	3	(210.4)	(13.5)	(1,827.5)
Fair value adjustment of financial derivative instruments	4	(96.3)	192.2	101.6
Profit for joint venture	6	(8.1)	-	1.6
Change in property related inventory/net working capital	5	-	270.5	600.0
Change in short-term items		76.6	32.8	50.9
Net cash flow from operating activities		178.5	382.9	1,007.8
Payments for purchase of inv. property and other fixed assets		(56.2)	(110.1)	(5,197.4)
Other investment activities		-	-	(1,020.1)
Net cash flow from investing activities		(56.2)	(110.1)	(6,217.5)
Net change in interest-bearing debt	6	(500.4)	(323.4)	3,950.6
Capital increase		(0.7)	-	1,677.7
Paid dividend		(64.4)	(34.6)	(34.6)
Net cash flow from financial activities		(565.4)	(358.0)	5,593.7
Net change in cash and cash equivalents		(443.2)	(85.2)	384.0
Cash and cash equivalents at the beginning of the period		665.8	281.8	281.8
Cash and cash equivalents at the end of the period		222.7	196.6	665.8

## Notes to the condensed financial statements

### NOTE 1: General information

The Norwegian Property ASA real estate group primarily owns commercial properties in the Oslo region. Norwegian Property also owns a share (joint venture) in the residential development company Nordr Eiendom. Nordr Eiendom has residential units under construction and a land bank in the largest Norwegian and Swedish cities. In Stavanger, Norwegian Property has a joint venture for the development of a property with a combined residential and commercial purpose.

The holding company, Norwegian Property ASA, is a public limited company with its headquarters at Støperigata 2, Oslo (Norway). The company's shares are listed on the Oslo Stock Exchange under the ticker NPRO.

The interim report of Norwegian Property ASA was approved at a board meeting on 28 April 2021. The report has not been audited.

In accordance with the requirements of the section 3, sub-section 3 of the Norwegian Accounting Act, Norwegian Property presents annual statements on corporate governance and social responsibility. The latest disclosures are contained in the annual report for 2020.

### NOTE 2: Accounting policies

The financial statements include Norwegian Property ASA and subsidiaries. Sold properties are included in the accounts until the completion of the transactions. Acquired properties are included in the financial statements from the date of acquisition.

Management makes estimates and assumptions concerning the future. The accounting estimates will by definition seldom be fully in accordance with the final outcome. Estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate primarily to the valuation of investment property.

This interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are prepared in accordance with applicable IFRS standards and interpretations. The accounting policies used in preparing the interim report accord with the principles applied in preparing the annual accounts for 2020. The interim report presents condensed financial statements, and does not contain all the information required for full annual financial statements. The report should therefore be read in conjunction with the financial statements for 2020.

No significant changes have been made to accounting policies compared with the principles used in the preparation of the financial statements for 2020. Norwegian Property has not implemented any new standards or changes of standards in the 2021 interim financial statement. There are no material new standards and interpretations not yet implemented.

### NOTE 3: Segment information

#### Commercial properties

Norwegian Property's primary business is the ownership and management of commercial properties in the Oslo region.

#### Residential properties

From 2018, the company had a portfolio of residential units under construction at Hasle in Oslo. The project was completed in 2020. In the third quarter of 2020 the company made an investment in the residential development company Nordr Eiendom. In Stavanger, Norwegian Property has a joint venture for the development of a property with a combined residential and commercial purpose.

#### Financial segment information

The segmentation of operating profit, excluding administrative owner costs, reflects the division into commercial property and residential property segments. A similar division has also been made for all balance sheet items apart from those related to group functions, financing of the group and tax positions.

Segment information relating to income statement items in the first quarter of 2021 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Revenue	225.7	-	-	225.7
Total property-related expenses	(31.3)	-	-	(31.3)
Administrative expenses	-	-	(12.0)	(12.0)
Share of profit in joint ventures	(0.2)	8.3	-	8.1
Change in market value of investment property	210.4	-	-	210.4
Operating profit	404.6	8.3	(12.0)	400.9
Net financial items			14.5	14.5
Profit before income tax			2.5	415.4
Income tax			(80.8)	(80.8)
Profit for the period			(78.3)	334.6

Segment information relating to income statement items in the first quarter of 2020 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Revenue	167.7	397.2	-	564.9
Project cost from sale of residential units	-	(371.7)	-	(371.7)
Total property-related expenses	(34.8)	(0.1)	-	(34.9)
Administrative expenses	-	-	(13.2)	(13.2)
Change in market value of investment property	13.5	-	-	13.5
Operating profit	146.4	25.4	(13.2)	158.6
Net financial items			(258.9)	(258.9)
Profit before income tax			(272.1)	(100.3)
Income tax			(0.5)	(0.5)
Profit for the period			(272.6)	(100.8)

Segment information relating to income statement items for the full year 2020 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Revenue	708.6	855.9	-	1,564.5
Project cost from sale of residential units	-	(800.4)	-	(800.4)
Total property-related expenses	(107.2)	0.5	-	(106.7)
Administrative expenses	-	-	(46.8)	(46.8)
Share of profit in joint ventures	4.5	(4.9)	-	(0.4)
Change in market value of investment property	1,827.5	-	-	1,827.5
Operating profit	2,433.4	51.2	(46.8)	2,437.8
Net financial items			(362.2)	(362.2)
Profit before income tax			(409.0)	2,075.6
Income tax			(399.7)	(399.7)
Profit for the period			(808.7)	1,675.9

Segment information related to balance sheet items at 31 March 2021 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Investment property	23,420.3	-	-	23,420.3
Other fixed assets	35.0	-	1.9	36.9
Investment in joint ventures	-	1,016.7	-	1,016.7
Receivables	495.0	-	-	495.0
Cash and cash equivalents	-	-	222.7	222.7
Deferred tax	-	-	(1,350.6)	(1,350.6)
Financial derivative instruments	-	-	(80.7)	(80.7)
Interest bearing liabilities	-	-	(11,598.1)	(11,598.1)
Other liabilities	(233.2)	-	(97.4)	(330.6)
Total equity			(11,831.6)	(11,831.6)

Segment information related to balance sheet items at 31 March 2020 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Investment property	16,647.5	-	-	16,647.5
Other fixed assets	38.6	-	1.3	39.9
Receivables	86.2	1.8	-	88.0
Property related inventory	-	394.6	-	394.6
Cash and cash equivalents	-	-	196.6	196.6
Deferred tax	-	-	(867.0)	(867.0)
Financial derivative instruments	-	-	(267.7)	(267.7)
Interest bearing liabilities	-	-	(7,838.2)	(7,838.2)
Other liabilities	(144.0)	(67.9)	(94.3)	(306.1)
Total equity			(8,100.5)	(8,100.5)

Segment information related to balance sheet items at 31 December 2020 is specified in the table below.

Amounts in NOK million	Commercial properties	Residential properties	Group	Total
Investment property	23,185.2	-	-	23,185.2
Other fixed assets	35.8	-	2.0	37.8
Investment in joint ventures	-	1,013.6	-	1,013.6
Receivables	458.8	-	1.9	460.6
Cash and cash equivalents	-	-	665.8	665.8
Deferred tax	-	-	(1,268.0)	(1,268.0)
Financial derivative instruments	-	-	(177.0)	(177.0)
Interest bearing liabilities	-	-	(12,097.1)	(12,097.1)
Other liabilities	(169.6)	(1.0)	(89.5)	(260.0)
Total equity			(11,560.9)	(11,560.9)

**NOTE 4: Investment property, rental guarantees and other fixed assets****Investment property and rental guarantees**

Changes in the carrying amount of investment property and rental guarantees are specified in the table below.

Amounts in NOK million	Note	1Q-21	1Q-20	31.12.20
Total value of investment property and rental guarantees, opening balance		23,450.0	16,558.3	16,558.3
Fair value adjustments of investment property		171.4	13.5	1,827.5
Fair value adjustments of rental guarantees	1	39.0	-	-
Total fair value adjustments of investment property and rental guarantees		210.4	13.5	1,827.5
Fair value adjustments of owner-occupied investment property, recognised in other comprehensive income		7.6	1.6	8.7
Interest income on rental guarantee receivables	1	2.3	-	0.7
Investment in properties	2	56.2	74.0	5,141.6
Sale/transfer of investment property at book value	3	-	-	(86.9)
Total value of investment property and rental guarantees, closing balance		23,726.4	16,647.5	23,450.0
Of which is book value of investment property		23,315.0	16,557.0	23,087.6
Of which is book value of owner-occupied inv. property	4	105.3	90.5	97.6
Of which is book value of rental guarantee receivables	1	306.1	-	264.8

<sup>1</sup> An estimated value related to the rental guarantee provided by the seller of the property at Snarøyveien 30 is presented as a receivable in the balance sheet. The seller guarantees an agreed level for rent and common costs of vacant premises from the takeover in 2020 and until mid-2027.

<sup>2</sup> Includes the large purchase of the property at Snarøyveien 30 in 2020. The acquisition is for accounting purposes not treated as a business combination, but as an ordinary purchase of an investment property.

<sup>3</sup> Applies to the sale of Forusbeen 35 at year-end 2020 to a joint venture where Norwegian Property owns 50 per cent.

<sup>4</sup> Owner-occupied property is accounted for at fair value and revaluation is included in other comprehensive income.

Investment property and rental guarantees at fair value through profit or loss is specified in the following table broken down by valuation method.

Amounts in NOK million	Level 1 <sup>1</sup>	Total
	31.03.21	
Investment property	-	23,315.0
Owner-occupied property	-	105.3
Rental guarantee receivables	-	306.1
Total	-	23,726.4
	31.03.20	
Investment property	-	16,557.0
Owner-occupied property	-	90.5
Total	-	16,647.5
	31.12.20	
Investment property	-	23,087.6
Owner-occupied property	-	97.6
Rental guarantee receivables	-	264.8
Total	-	23,450.0

<sup>1</sup> Level 1: Observable market value for similar assets or liabilities, Level 2: Significant other observable inputs for similar assets, Level 3: Significant other unobservable inputs

The company's policy is to make transfers between levels at the time of the incident or circumstance which caused the transfer. No movements between levels have occurred in 2020 and 2021.



**Other fixed assets**

Other tangible fixed assets in the balance sheet are specified in the table below.

Amounts in NOK million	31.03.21	31.03.20	31.12.20
Energy production and distribution system at Aker Brygge in Oslo	30.1	31.2	30.1
Other assets	6.8	8.7	7.7
Other fixed assets	36.9	39.9	37.8

**NOTE 5: Inventory**

The change in the balance sheet item for inventories is in its entirety related to a project which was previously under development at Hasle, as specified in the table below. All units are sold and delivered on to end users in 2019 and 2020.

Amounts in NOK million	31.03.21	31.03.20	31.12.20
Book value, opening balance	-	708.5	708.5
Accrued cost during the period	-	57.7	91.8
Cost from sale of residential units	-	(371.7)	(800.4)
Book value, closing balance	-	394.6	-

**NOTE 6: Joint ventures****Nordr Eiendom**

In 2020, Norwegian Property acquired Nordr Eiendom together with Fredensborg and Union Real Estate Fund III. While Norwegian Property and Fredensborg are equal partners with a share of 42.5 per cent of preference shares each Union own 15 per cent. Norwegian Property owns 40.6 percent of all shares in the company. Nordr Eiendom has flats under construction and a substantial land bank in Norway and Sweden. The land bank is largely located in the largest Norwegian and Swedish cities, with an emphasis on eastern Norway and the extended Stockholm capital region in Sweden.

**Forusbeen 35**

In 2020 the property at Forusbeen 35 in Stavanger underwent a re-regulation from a commercial building to a property with a combined residential and commercial purpose. Norwegian Property sold a 50 per cent share in the project to Base Bolig, and thus owns the project as a joint venture from the end of 2020.

**Other joint ventures**

In 2019, Norwegian Property owned a 50 per cent stake in the property at Badehusgata 33-39 in Stavanger. In December 2019, the ownership interest in the property was sold. The final settlement of the transaction was made in 2020.

The change in the carrying amount of investments in joint ventures are specified in the table below.

Amounts in NOK million	Nordr Eiendom	Forusbeen 35	Total 31.03.21	Total 31.03.20	Total 31.12.20
Book value, opening balance	1,013.6	-	1,013.6	-	-
Share of profit for the period	8.4	(0.3)	8.1	-	(4.9)
Currency changes <sup>1</sup>	(5.3)	-	(5.3)	-	(1.5)
Acquisition of joint ventures	-	-	-	-	1,020.1
Reduction in receivables	-	0.3	0.3	-	-
Book value, closing balance	1,016.7	-	1,016.7	-	1,013.6

<sup>1</sup> The currency risk associated with Nordr Eiendom business in Sweden is not hedged.

Norwegian Property's share of profit in joint ventures is specified in the table below.

Amounts in NOK million	Nordr Eiendom	Forusbeen 35	Total 1Q-21 <sup>1</sup>	Total 1Q-20	Total 31.12.20 <sup>2</sup>
Revenue	517.7	0.6	518.4	-	1,483.5
Project cost from sale of residential units	(377.7)	-	(377.7)	-	(1,351.5)
Other operating expenses	(133.2)	(0.6)	(133.8)	-	(233.0)
Share of profit in joint ventures	23.3	-	23.3	-	116.0
Operating profit	30.2	0.1	30.3	-	15.1
Net financial items	(13.3)	(0.8)	(14.1)	-	(35.3)
Profit before income tax	16.9	(0.7)	16.2	-	(20.2)
Income tax	1.1	0.2	1.2	-	4.5
Profit for the period	17.9	(0.5)	17.4	-	(15.7)
Share of profit for the period	8.4	(0.3)	8.1	-	(4.9)
Share of gain from disposal for the period	-	-	-	-	4.5
The groups total share of profit for the period	8.4	(0.3)	8.1	-	(0.4)

<sup>1</sup> The groups share of profit for 2021 is related to Nordr Eiendom and Forusbeen 35.

<sup>2</sup> The groups share of profit before gain from disposal for 2020 is related to Nordr Eiendom, and the groups share of gain from disposal is related to Bادهusgata 33-39.

Norwegian Property's share of equity in joint ventures is specified in the table below.

Amounts in NOK million	Nordr Eiendom	Forusbeen 35	Total 31.03.21	Total 31.03.20	Total 31.12.20
Investment property	-	25.6	25.6	-	21.7
Other fixed assets	26.6	-	26.6	-	87.2
Investment in joint ventures	1,359.9	-	1,359.9	-	1,189.5
Property related inventory	6,852.6	75.5	6,928.2	-	7,139.1
Receivables	932.8	-	932.8	-	1,372.5
Cash and cash equivalents	1,554.1	0.4	1,554.5	-	951.6
Deferred tax	(168.7)	0.2	(168.5)	-	(97.6)
Interest bearing liabilities	(6,068.7)	-	(6,068.7)	-	(5,769.8)
Shareholder debt <sup>1</sup>	-	(88.8)	(88.8)	-	(86.9)
Other liabilities	(2,103.1)	(13.4)	(2,116.5)	-	(2,405.1)
Total equity	(2,385.5)	0.5	(2,385.0)	-	(2,402.2)
The groups share of total equity <sup>2</sup>	(1,016.7)	-	(1,016.7)	-	(1,013.6)

<sup>1</sup> Upon establishing the joint venture for the Forusbeen 35 property in cooperation with Base Bolig, Norwegian Property has granted a short-term interest-bearing seller credit to the joint venture corresponding to the agreed property value of NOK 86.9 million.

<sup>2</sup> The NOK 0.3 million share of negative equity for Forusbeen 35 is accounted for as a reduction of receivables.

## NOTE 7: Financial derivatives

Change in net derivatives in the balance sheet (interest-rate derivatives) is specified in the table below<sup>1</sup>.

Amounts in NOK million	1Q-21	1Q-20	31.12.20
Net book value of derivatives, opening balance	(177.1)	(75.5)	(75.5)
Fair value adjustments of derivatives	96.3	(192.2)	(101.6)
Net book value of derivatives, closing balance	(80.8)	(267.7)	(177.1)
Of which classified as non-current assets	22.2	30.8	25.5
Of which classified as non-current liabilities	(101.7)	(279.6)	(199.8)
Of which classified as current liabilities	(1.2)	(18.9)	(2.8)

<sup>1</sup> All interest-rate derivatives are cash flow hedges, and Norwegian Property does not use hedge accounting for these derivatives.

**NOTE 8: Financial instruments**

Book value and fair value of financial instruments are specified in the table below.

Amounts in NOK million	31.03.2021		31.03.2020		31.12.2020	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Non-current derivatives	22.2	22.2	30.8	30.8	25.5	25.5
Non-current receivables	306.1	306.1	13.0	13.0	264.8	264.8
Current receivables	116.6	116.6	14.9	14.9	116.3	116.3
Cash and cash equivalents	222.7	222.7	196.6	196.6	665.8	665.8
<b>Total financial assets</b>	<b>667.5</b>	<b>667.5</b>	<b>255.4</b>	<b>255.4</b>	<b>1,072.5</b>	<b>1,072.5</b>
Non-current derivatives	101.7	101.7	279.6	279.6	199.8	199.8
Non-current interest-bearing liabilities	10,701.3	10,731.1	5,672.6	5,684.2	10,700.6	10,729.8
Other non-current liabilities	2.1	2.1	2.2	2.2	2.1	2.1
Current derivatives	1.2	1.2	18.9	18.9	2.8	2.8
Current interest-bearing liabilities	896.8	896.2	2,165.5	2,182.3	1,396.4	1,395.8
Other current liabilities	176.0	176.0	161.2	161.2	214.4	214.4
<b>Total financial liabilities</b>	<b>11,879.2</b>	<b>11,908.4</b>	<b>8,300.1</b>	<b>8,328.4</b>	<b>12,516.1</b>	<b>12,544.7</b>

The estimated fair value of financial instruments is based on market prices and valuation methods. For cash and cash equivalents, fair value is assumed to be equal to the book value.

Interest-bearing receivables and liabilities are measured at the present value of future cash flows. Account is taken of the estimated difference between the current margin and market conditions (market value higher than the book value of debt in the listing indicates a negative equity effect when the applicable borrowing margin is less favourable than current market conditions).

The fair value of financial derivatives (interest-rate and currency derivatives), is the estimated present value of future cash flows, calculated by using quoted swap curves and exchange rates at the balance sheet date. The technical calculations are performed by the banks.

Other receivables and other current liabilities are carried principally at fair value and subsequently measured at amortised cost. However, discounting is not usually considered to have any significant effect on these types of assets and liabilities.

Financial instruments at fair value through profit or loss are specified in the table below, by valuation method.

Amounts in NOK million	Level 1 <sup>1</sup>	Level 2 <sup>1</sup>	Level 3 <sup>1</sup>	Total
	31.03.21			
Non-current derivatives (assets)	-	22.2	306.1	328.3
Non-current derivatives (liabilities)	-	(101.7)	-	(101.7)
Current derivatives (liabilities)	-	(1.2)	-	(1.2)
<b>Total</b>	<b>-</b>	<b>(80.7)</b>	<b>306.1</b>	<b>225.4</b>
31.03.20				
Non-current derivatives (assets)	-	30.8	-	30.8
Non-current derivatives (liabilities)	-	(279.6)	-	(279.6)
Current derivatives (liabilities)	-	(18.9)	-	(18.9)
<b>Total</b>	<b>-</b>	<b>(267.7)</b>	<b>-</b>	<b>(267.7)</b>
31.12.20				
Non-current derivatives (assets)	-	25.5	264.8	290.3
Non-current derivatives (liabilities)	-	(199.8)	-	(199.8)
Current derivatives (liabilities)	-	(2.8)	-	(2.8)
<b>Total</b>	<b>-</b>	<b>(177.0)</b>	<b>264.8</b>	<b>87.8</b>

<sup>1</sup> Level 1: Observable market value for similar assets or liabilities, Level 2: Significant other observable inputs for similar assets, Level 3: Significant other unobservable inputs

The company's policy is to make transfers between levels at the time of the incident or circumstance which caused the transfer. No movements between levels have occurred in 2020 and 2021.

**NOTE 9: Net interest-bearing position**

Change in the net interest-bearing position is specified in the table below.

Amounts in NOK million	Note	1Q-21	1Q-20	31.12.20
Loan facilities at par value, opening balance		12,118.7	8,168.1	8,168.1
Net change of loan facilities		(499.0)	(323.4)	3,950.7
Loan facilities at par value, closing balance	1	11,619.7	7,844.7	12,118.7
Capitalised borrowing cost		(21.6)	(6.5)	(21.6)
Book value of interest-bearing debt		11,598.1	7,838.2	12,097.1
Of which classified as non-current liabilities		10,701.3	5,672.6	10,700.6
Of which classified as current liabilities		896.8	2,165.5	1,396.4
Interest-bearing debt		(11,598.1)	(7,838.2)	(12,097.1)
Interest-bearing receivable	2	99.9	13.0	99.9
Cash and cash equivalents		222.7	196.6	665.8
Net interest-bearing position		(11,275.5)	(7,628.5)	(11,331.3)

<sup>1</sup> Unutilised credit facilities was NOK 1,410 million at 31 March 2021, NOK 910 million at 31 December 2020 and NOK 750 million at 31 March 2020.

<sup>2</sup> Interest-bearing receivables at 31 March 2021 and 31 December 2020 are related to short-term seller credits to the joint venture for Forusbeen 35 of NOK 86.9 million and a seller credit related to the sale of Bادهusgata 33-39 of NOK 13 million.

Norwegian Property is exposed to interest rate risk on floating-rate borrowings. The general policy in accordance with the applicable loan agreements is that at least 60 per cent of the company's interest-bearing debt at any time will be hedged. At 31 March 2021, 73.6 per cent of such loans was secured (31 March 2020: 76.3 per cent). Remaining time to maturity for interest hedging agreements was 7 years (5 years).

The total average interest margin on loans was 139 basis points (120 basis points). The loan portfolio has an average interest rate of 2.81 per cent (3.48 per cent), and remaining time to maturity for interest-bearing debt was 4.8 years (2.6 years).

**NOTE 10: Net financial items**

A breakdown of net financial items in the income statement is presented below.

Amounts in NOK million	1Q-21	1Q-20	31.12.20
Interest income on bank deposits and receivables	1.2	1.4	3.5
Other financial income	2.3	-	0.7
Total financial income	3.5	1.4	4.2
Interest expense on borrowings	(85.3)	(68.1)	(264.8)
Total financial cost	(85.3)	(68.1)	(264.8)
Realised net financial items	(81.8)	(66.7)	(260.6)
Change in market value of financial derivative instruments	96.3	(192.2)	(101.6)
Net financial items	14.5	(258.9)	(362.2)

**NOTE 11: Deferred tax and income tax**

The change in deferred tax and tax expense is presented in the table below.

Amounts in NOK million	1Q-21	1Q-20	31.12.20
Profit before income tax	415.4	(100.3)	2,075.6
Income tax calculated at 22 per cent	91.4	(22.1)	456.6
Differences between financial accounts and tax accounts	(10.6)	22.6	(56.9)
Income tax	80.8	0.5	399.7
Deferred tax, opening balance	1,268.0	866.1	866.1
Recognised through profit and loss	80.8	0.5	399.7
Recognised through comprehensive income	1.7	0.4	2.2
Deferred tax, closing balance	1,350.6	867.0	1,268.0

**NOTE 12: Related-party disclosures**

No agreements or significant transactions with related parties have been carried out in 2021.

Intercompany balances and transactions with subsidiaries (which are related parties of Norwegian Property ASA) are eliminated in the consolidated financial statements and are not covered by the information given in this note. Financial matters related to directors and senior management are described in the annual financial statements (see note 21 and 22 to the financial statements for 2020).

**NOTE 13: Events after the balance sheet date**

In accordance with the mandate from the annual general meeting in 2021 the board decided on 28 April 2021 that a dividend of NOK 0.10 per share will be paid for the first quarter of 2021.

No other significant events have occurred after the balance sheet date at 31 March 2021.

## Definitions

Below is an explanation of figures and notions mentioned in the interim report, which are not derived directly from the accounts.

Run rate for annual rent	Contracted annualised rental income for the property portfolio at the balance sheet date.
Weighted remaining duration of leases	Remaining contractual rent of current leases at the balance sheet date divided by the total contractual rent for the entire lease term.
Space vacancy	Space which does not generate rent at the balance sheet date divided by total space.
Financial vacancy rate	Annualised market rent for space that, at the balance sheet date, do not generate rental income divided by total annualised rent for total space (contract rent for leased space and market rent for vacant space).
Gross yield	Gross yield on the balance sheet date for a property or portfolio of properties is calculated as contractual annualised rental income divided by market value.
Net yield	When calculating net yield, maintenance and property-related costs are deducted from contractual annualised rental income, which is then divided by the market value.
Prime yield	Yield for a fully leased property of best structural quality, with tenants in the best category and in the best location.
Property-related operational expenses	Property-related expenses include administrative costs related to the management of the properties as well as operating and maintenance costs.
Other property-related expenses	Other property-related expenses include income-related costs related to leasing, marketing and so forth, the owner's share of service charges, project-related property costs and depreciation related to the properties.
Administrative expenses	Administrative expenses relate to costs which are not directly related to the operation and leasing of properties, and include costs related to the overall ownership and corporate functions.
Operating profit before administrative expenses	Revenues net of property expenses.
Profit before income tax and value adjustments	Profit before tax, adjusted for fair value adjustments of investment properties and financial derivatives.
Like-by-like basis	Change in rental income from one period to another based on the same income generating property portfolio, with rental income adjusted for purchases and sales of properties.
Independent appraiser	Akershus Eiendom and Cushman & Wakefield.
Market value of property portfolio	The market value of all the company's properties regardless of accounting classification.
Interest-bearing debt	Book value totals for long-term and short-term interest-bearing debt, less holdings of own bonds.
Net interest-bearing debt	Interest-bearing debt, less holdings of bonds as well as cash and cash equivalents.
Equity ratio	Total equity divided by total equity and liabilities.
Pre-tax return on equity	Annualised pre-tax profit in the period divided by average total equity for the period in the balance sheet.
Unutilised credit facilities	The difference between total available credit facilities, based on the current loan agreements, and amounts at the balance sheet date which are deducted and accounted for as interest-bearing debt in the balance sheet.
Interest hedging ratio	The share of interest-bearing liabilities hedged at the balance sheet date.

Base interest rate	A weighted average of the fixed and floating average interest-rates at the balance sheet date. The fixed average interest rate is calculated as the weighted average of the fixed interest rate paid by the company in relation to outstanding interest-rate contracts and loans. The floating average interest-rate is calculated as the weighted average of the Nibor rate paid on interest-bearing debt. The interest-rate base does not include accrued finance charges or margin.
Average interest rate	Weighted average interest rate on interest-bearing debt and fixed-rate interest agreements at the balance sheet date.
Average interest margin	The weighted average of the interest margin on the outstanding interest-bearing debt at the balance sheet date.
Remaining time to maturity for interest-bearing debt	Weighted remaining period until maturity for interest-bearing debt at the balance sheet date.
Remaining time to maturity for interest hedge agreements	The weighted remaining period until maturity for interest hedge agreements at the balance sheet date.
LTV	Debt to asset ratio (loan to value).
Gross debt to asset ratio (gross LTV)	Interest-bearing debt divided by the fair market value of the property portfolio at the balance sheet date.
Net debt to asset ratio (net LTV)	Net interest-bearing debt divided by the fair market value of the property portfolio at the balance sheet date.
Earnings per share (EPS)	Net earnings for the period divided by the average number of shares during the period. Diluted earnings per share are identical to basic earnings per share, unless otherwise specified.
NAV, book value	Net asset value, the book value of total equity in the balance sheet.
NAV, adjusted	NAV from an ordinary long-term operational perspective of the business. Based on total equity in the balance sheet, adjustments are made for the carrying amount of deferred tax related to fair value adjustments of investment properties and for fair value of financial instruments after tax in the balance sheet.
NNNAV	In relation to the Adjusted NAV, NNNAV (triple net asset value) includes estimated realisable fair values at the balance sheet date for deferred taxes, financial instruments and liabilities.
Joint venture (JV)	A joint venture (JV) is an economic activity regulated by an agreement between two or more participants so that they have joint control over the business. The company's share of the company's profit after tax is presented according to the equity method on a separate line in the company's profit and loss account, and the investment is recognised on a separate line under fixed assets in the balance sheet.
Related party	A related party has significant influence on the company's strategy or operational choices. The ability to influence another party is normally achieved through ownership, through participation in decision-making bodies and management, or through agreements.
Events after the balance sheet date	Significant events after the balance sheet date which provide information on conditions which existed at the balance sheet date, resulting in adjustments to the financial statements, or events after the balance sheet date which do not require such adjustments.
Oslo CBD	Oslo Central Business District is considered the most attractive area for office space in Oslo. The area is usually limited to the districts of Aker Brygge, Tjuvholmen and Vika.

## Other information

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### Further information

For further information on Norwegian Property, including presentation material relating to this interim report and financial information, please visit [www.npro.no](http://www.npro.no).

### Disclaimer

*The information included in this Report 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 2019. 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.*