Annual report

NORWEGIAN PROPERTY

Lille Grensen 7, Oslo

2022

NORWEGIAN PROPERTY ASA

Content

Business concept, vision and values

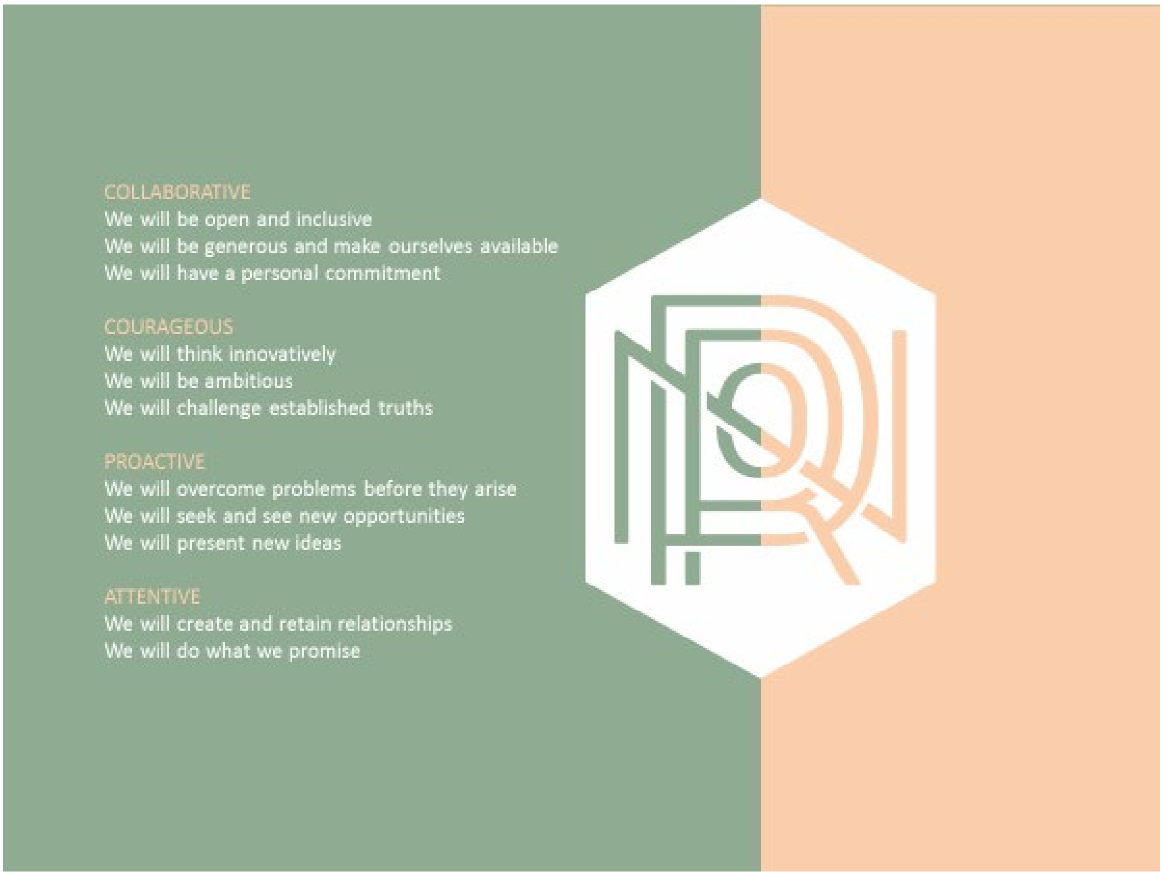
BUSINESS CONCEPT

Norwegian Property will create sustainable growth in value through managing, developing and investing in property located in central growth areas where we have a comparative advantage. The tenant portfolio will have a good mix, contributing to the creation of meeting places and relationships which encourage engagement.

VISION

We will create meeting places and relationships which encourage engagement

VALUES



The property portfolio

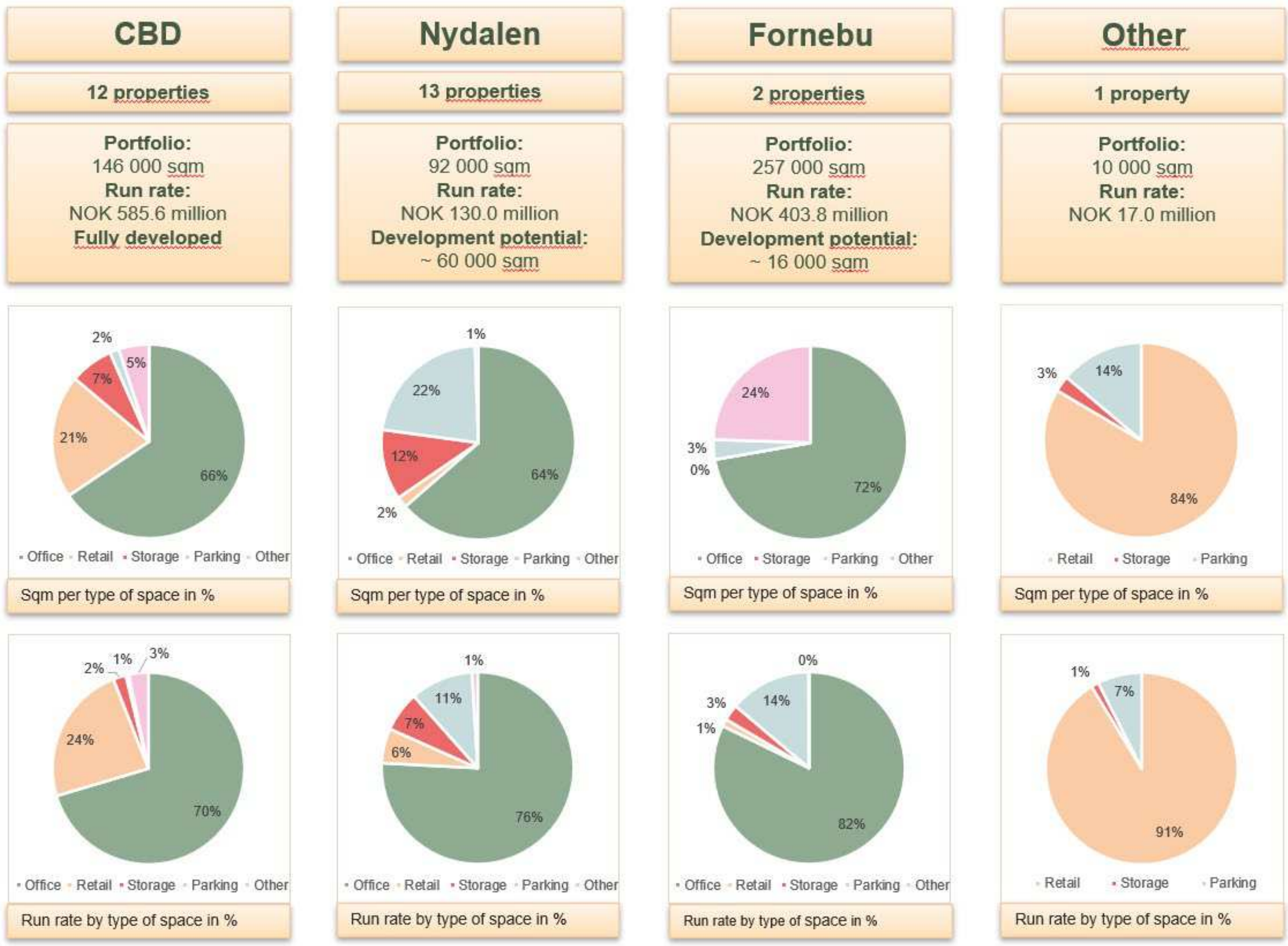
Norwegian Property is a property group with its head office in Oslo.

We are a focused and fully integrated real estate specialist, with holdings located primarily in the Oslo area, and we own, develop and manage our properties. We concentrate on developing attractive environments with a mix of offices, retail outlets, services and culture.

Our philosophy and base values are founded on a passion for the property business. To us, this is about creating meeting places which encourage engagement and provide fertile soil for growth and relationships between people and their surroundings.

We have identified four drivers for long-term value creation: marketing and letting, property development, operation and management, and transactions and finance.

Our property portfolio breaks down into three areas: Oslo’s central business district (CBD), the Nydalen district and Fornebu. In addition, the property portfolio includes one retail property at Hasle (Other).



The group also has a major investment related to a 42.5 per cent share in the residential development company Nordr, with a land bank of approx. 14,500 units and 1,881 units under development on a 100 per cent basis (2,350 units including tenant owned units). In Stavanger, the group has a joint venture with Base Bolig for a development project of 250 residential units and approx. 3,000 gross lettable area (GLA) on a 100 per cent basis.

CEO summary

After what seems like endless months of covid restrictions, 2022 was the year we intended to open society again. Oslo was still shut down at the beginning of the year, but restrictions were withdrawn by the end of February. Even then, dark clouds hung over parts of Europe, and regrettably the attack on Ukraine became a fact. The world showed us once again that we should not take anything for granted. We are learning to deal with lots of uncertainty every day, and business affairs need to adapt to these un-certainties. Interest rates have risen for much of 2022. Inflation figures have been very high – even by Norwegian standards – and the central banks also began to raise their interest rates. Uncertainty in the credit market has also resulted in higher credit margins. These apparently drive up financing costs, which also gradually affect property values. Our company has a low loan-to-value ratio and a long, fixed interest rate, so we are well-equipped for the changes. We also have a good rapport with several relationship banks in the Norwegian market that provide us with good refinancing terms in an otherwise challenging market. In 2022, NOK 1,889 million was due for payment on bond loans, and NOK 2,130 million in bank loans and credit facilities. This was refinanced with new credit facilities amounting to NOK 1,890 million, new bank loans of NOK 935 million and a roll-over of existing facilities amounting to NOK 1,130 million. However, this does not mean we do not need to face these changes blindly. We believe uncertainty and unrest will continue in 2023. Our company must adapt to the times ahead, and we are well underway with that.

At the beginning of 2022, we said that we had further ambitions for company growth. We never managed to buy more property that year. We were unable to find projects that matched our ambitions for growth at prices we were willing to pay. Growth therefore took place through more focus on operations. We have a very efficient organization with hands-on employees who are in touch with our tenants, our building custodians and property managers who maintain, install and adapt technology in our buildings every single day and work with tenants to find potential for improvement. We also expanded our project and development department last year, which almost always shows immediate results. We acquired the 3 properties at Gjerdrums vei 1-5 in Nydalen in 2020 and 2021. A rezoning of these properties into offices was a great start. We aim to bring a potential new 15,000 GFA of floor space to the market when the zoning changes are completed. Our portfolio in Nydalen then grew to about 100,000 GFA, strengthening our office cluster in Nydalen.

The strong rental market reported in various analysis reports has also been reflected in our activity and rental income. We signed new leases worth more than NOK 200 million during the year. Our total revenues for 2022 again surpassed NOK 1 billion, up from NOK 920 million in 2021. Last year also gave us our first major government tenant at Fornebu. Interest in Fornebu has increased throughout 2022 and continues in 2023. Tenants are tempted by good office space in rural and seaside areas with good public transport and adequate parking facilities.

We have continued working with Breeam or Breeam-In-Use certification for our real estate portfolio. We aim to have 100 per cent of our portfolio certified as "very good" or better by the end of 2025, and we are well on track with that work. We also held meetings in all our departments last year where we got input into further work on our sustainability strategy. The focus has been on double materiality, and both aspects were discussed in detail. Norwegian Property’s stakeholder and materiality analyses were revised as part of that work. The Board adopted the updated guidelines for employees and ethical guidelines for our suppliers with an emphasis on compliance with human rights and decent working conditions in line with the Transparency Act. Guidelines and new routines have subsequently been implemented at our organization, such as due diligence and measures vis-à-vis suppliers.

CBD turnover has returned to 2019 levels despite strict restrictions at the beginning of the year. We find that both our office users, residents and visitors value activity in the central business district, just as our vision of creating attractive meeting places that engage our customers adds to that goal. This vision applies to Nydalen and Fornebu as well, and we have come a long way in planning how to realise this. Our vision is achieved as always with our core values: Interaction, Brave, Enterprising and Listening. I am deeply impressed by our staff. We are a small organization with a strong work ethic, and everyone likes to have fun at work. There are lots of initiatives for professional development, improvements and social gatherings. In this year's customer satisfaction survey, Norwegian Property was named the company with the highest CSI growth in the last 12 months. When our financial key figures also express this, I look forward to continuing our work in these areas. I think 2023 will be an exciting year for us.

Bent Oustad
CEO

Directors' report

Highlights in 2022

Norwegian Property's rental income is growing significantly and the group continues to deliver strong results from its operations

- *Rental income increased by 10 per cent compared with last year and exceeded NOK 1 billion in 2022.*
- *Total annual rental income (run rate) from the company's property portfolio increased by 7.4 per cent during the year.*
- *Profit before income tax, value adjustments and joint ventures improved by 12 per cent.*
- *Nordr is expected to realise the large income potential in the land bank for the coming years.*
- *Norwegian Property's financial position is sound, with a high equity ratio and a relatively low loan-to-value ratio.*
- *Several refinancing activities were successfully completed in 2022.*
- *Dividends totalling NOK 514.9 million were paid out in 2022 (NOK 0.80 per share).*

Norwegian Property will continue its efforts to further expand and develop the business

- *The property portfolio has been significantly expanded through acquisitions in recent years.*
- *Norwegian Property will continue its efforts to expand and develop its business through additional acquisitions and by pursuing long-term development opportunities in the existing portfolio.*

About Norwegian Property

The commercial real estate company Norwegian Property ASA owned 29 commercial properties in Norway as at 31 December 2022. All of them are located in the Oslo region.

The market value of the group's property portfolio was NOK 25.2 billion as at 31 December. These properties primarily comprise office premises with associated warehousing and car parks as well as retail and restaurant space. The group has a major investment in the residential development company Nordr. Norwegian Property also has a joint venture with Base Bolig which is related to a development project in Stavanger.

The business is organised in the parent company Norwegian Property ASA with subsidiaries. With its head office at Aker Brygge in Oslo, the group had 62 employees as at 31 December 2022. Of the employees, 36 are employed in the commercial real estate business and 26 are caretakers and other operational staff at the properties.

Norwegian Property's business purpose article states: "The Company operates in management, acquisitions, sales and development of real estate and infrastructure, including participation in other companies and through trading and investment in interest/units and securities as well as businesses which are related to such."

The business in 2022

Market and letting

LETTING MARKET

Office vacancy
Office vacancy in the Oslo market was 5.9 per cent overall at the start of the year, 9.1 per cent in Nydalen and 4.3 per cent in the city centre. There has been an increase in the number of office employees in Oslo throughout the year and a low supply of new office space. Office vacancy in Oslo at the end of the year was 5.5 per cent overall, 11.1 per cent in Nydalen and 4 per cent in the city centre.

The decline in overall vacant space is expected to slow down going forward. The supply of office space is expected to be limited in 2023 and 2024, but significantly new office space will be added during the next few years.

Office vacancy at Fornebu has been reduced from 15.4 per cent to 9.4 per cent in 2022.

Office rents
Office rents have increased in 2022 for all areas where Norwegian Property operates. The main drivers for the increase are limited access to office space, growth for office-intensive businesses and high inflation levels.

Retail
Over time, physical retail has faced challenges related to e-commerce, from both domestic and international platforms. Norwegian Property's destination at Aker Brygge in Oslo has a significant element of restaurants (half of the ground floor run-rate) in addition to retail and has had a more positive development than the general retail market. Turnover based rent related to the company's retail and restaurant tenants at Aker Brygge was increasing pre-COVID-19, driven first and foremost by restaurant revenues. The positive development for these segments has continued post-COVID-19. At the end of 2022, the retail and restaurant industry faces new challenges from increased interest rates, high energy costs and inflation as well as expectations of generally reduced consumer consumption.

The retail and restaurant businesses at Hasle has been established during the COVID-19 period. The turnover shows significant growth.

LETTING ACTIVITY
The net letting for 2022 was at a record of NOK 171 million. New leases with a total annual rental income of NOK 67 million (NOK 78 million) were signed in 2022, while the existing leases totalling NOK 145 million (NOK 49 million) were extended. Expired leases totalled 41 million (NOK 38 million). Therefore, the net increase for the year in annual rents from leases was NOK 171 million (NOK 89 million).

New and renegotiated lease agreements in the year have in addition to the KPI adjustments resulted in a substantial revenue uplift. Total annual rental income (run rate) from the company's property portfolio increased during the year, and was NOK 1.136 billion by the end of the year (NOK 1.058 billion).

Reported rental income has increased from year to year in recent years and the increase from last year amounts to 10 per cent.

Overall financial vacancy in the property portfolio totalled 5.9 per cent as at 31 December 2022 (5.5 per cent), which was largely related to the properties at Snarøyveien in Fornebu and Sandakerveien 138/140 in Nydalen. Norwegian Property signed its first major public tenant at Fornebu (Snarøyveien 36) in 2022. The premises are now being refurbished, and will be finalised in 2024. Additional tenants are now contemplating to move to Fornebu, and this might further reduce the overall vacancy. The weighted average remaining duration of the leases was 4.9 years (5.1 years).

Financing

FINANCING MARKET
The liquidity in the bond market is very limited for property companies at the end of 2022. On this basis, most companies choose the bank market for financing. Liquidity is available, but most banks are much more restrictive on volumes in 2022 compared to previous years.

The 10-year swap interest rate went from 1.9 per cent at the beginning of the year to 3.3 per cent at the end of the year. Inflation is high, and the central banks have hiked interest rates, both in European countries and in the US. The energy costs have also been very high in 2022.

FINANCING ACTIVITIES
The group's net LTV ratio related to the fair value of investment properties and investments in joint ventures is 43.4 per cent (42.1 per cent). Bonds accounted for 50 per cent (66 per cent) of its borrowings at 31 December 2022. This was in addition to 29 per cent related to bilateral loans (30 per cent) and 21 per cent related to bank facilities (4 per cent).

A number of financing activities have been carried out in 2022. The NOK 1,030 million bond loan (NPRO 11), which matured in November, was refinanced with withdrawals on the existing facilities in banks. Norwegian Property has entered into a number of new bank facilities and several facilities have been prolonged during 2022.

Floating interest rates have increased in 2022 and there is also upward pressure on interest margins. Average interest rates increased from 2.81 per cent to 3.48 per cent and average margins increased from 1.33 per cent to 1.36 per cent during the year. As at 31 December 2022, 70.1 per cent (71.2 per cent) of the group's interest-bearing debt was covered by interest-rate hedges with an average term of 5.6 years (6.3 years).

Interest-bearing debt in the balance sheet totalled NOK 12,185.7 million as at 31 December 2022 (NOK 12,004.8 million), with non-current interest-bearing debt accounting for NOK 10,351.6 million and current interest-bearing debt for NOK 1,834.1 million. Current interest-bearing debt as at 31 December 2022 relates to facilities up for refinancing during 2023.

The company is listed on the Oslo Stock Exchange for a NOK 6 billion portfolio of bonds.

Property transactions

TRANSACTION MARKET

The level of activity in the transaction market has been high over several years, with many property deals in various segments at sharp yield levels. In the second half of 2022, geopolitical tension, high inflation and increasing interest rates has slowed down the property transaction market, after a more active first half of 2022.

The prime yield for the Oslo CBD at the end of 2022 is by various analysts estimated to be in the interval from 3.75 per cent to 4 per cent.

TRANSACTIONS CONDUCTED

Norwegian Property has a strategy to strengthen the portfolio of properties in its main priority areas in the Oslo region, both by the acquisition of additional properties and by further developing the existing property portfolio.

The strategy to strengthen the portfolio is flexible to adapt to market opportunities as they arise. In 2022, Norwegian Property has not completed any property transactions. As the yield levels are increasing, Norwegian Property waits to carry out transactions until the market has adapted to new yield levels.

Investment in Nordr

Norwegian Property owns Nordr as a joint venture together with Fredensborg and Union Real Estate Fund III. At the end of 2022, Nordr had 1,881 flats under construction (2,358 including tenant owned units) and a land bank of about 14,500 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. Nordr's business consists of both wholly owned and partly owned plots and projects.

The large income potential in the land bank is expected to be realised in the coming years. Norwegian Property's share of the net profit relating to Nordr was NOK 35.2 million for 2022.

During 2022, sales agreements were entered into regarding 688 residential units. The construction started on 1,002 units, and a total of 956 units were delivered. A total of 1,004 residential units are expected to be completed during 2023.

Norwegian Property's share of net assets in the balance sheet as at 31 December 2022 was NOK 1,061.7 million. Independent appraisers have valued all the plots in the portfolio of Nordr, and there has been a substantial increase in the values compared to the values at the time of the acquisition in 2020. The NOK 1.1 billion value uplift increases the EPRA NAV metrics for Norwegian Property, but does not affect the book value of the investment.

Strategic goals

Competitive return with balanced risk

Norwegian Property has a goal of paying 30-50 per cent of its ordinary profit after tax, but before fair-value adjustments, as a dividend to its shareholders. Before a dividend is determined, an assessment will be made of the group's financial position and prospects, including the possible increased capital requirements when investing in properties and changes to the income base when properties are sold.

High tenant satisfaction
Norwegian Property's vision is to create meeting places which encourage engagement and provide favourable conditions for developing interpersonal relationships. The group works to ensure a high level of tenant satisfaction, which contributes in turn to a good reputation and which is important for retaining existing tenants and attracting new ones.

Environmental improvements in line with the best in the industry
Corporate environmental and social responsibility is broadly defined and includes clearly defined targets for measures to protect the environment as well as high aesthetic standards for buildings and outside areas in the local environment. The group's strategy and goals are outlined in the report on corporate social responsibility.

Investment strategy
Norwegian Property has an investment strategy with the emphasis placed on the following main parameters:

- leading player for office and associated commercial property in selected areas of the Oslo region
- prioritise properties close to public transport hubs, and seek to create natural property clusters in the group's priority areas
- seek to have 5 to 15 per cent of the portfolio's area under development over time
- active management of the portfolio through transactions, including the purchase of properties with value development potential.

Financing strategy
Norwegian Property's ambition is to deliver a competitive return over time with a balanced financial risk profile. The main parameters of its financial strategy are:

- a goal that the LTV ratio will be a maximum of 45-55 per cent of the total value of the group's investment properties over time
- to base borrowing on long-term relationships with banks and other players pursuing a long-term strategy in the Norwegian property market
- to seek to diversify funding sources and the maturity structure to reduce refinancing risk
- an ambition to achieve a stable development in cash flow which requires a relatively high level of interest-rate hedging, where such hedging will be a minimum of 50 per cent of the group's interest-bearing debt, with the term of the hedging weighted against the term of the leases while also being spread over the period to avoid excessive exposure at specific points in time.

Risk and risk management

Through its activities, Norwegian Property manages major financial assets which are exposed to substantial risk factors, such as development projects, interest rates and the letting market. The management model is based on an appropriate delegation of responsibility for profits, clearly defined operational parameters and internal control.

Overall targets are established and further refined through the continuous updating of the group's strategy. On the basis of this strategy, the values and the ethical guidelines, an overall management instruction has been established with the specification of authorities for delegating responsibility to defined roles in the organisation. Guidelines have, furthermore, been established for managing and handling risk in the most important risk areas, such as operations and finance. Based on these overall guidelines, governing processes and routines have been established for the day-to-day management of the group. The board regularly reviews the group's formal documents.

The administration prepares periodic reports which are reviewed at board meetings. These reports are based on the management reviews of the various parts of the business, and they contain an update of the status in relation to targets, important operational conditions, financial conditions and a description of the status of risk areas. Quarterly financial reports are also prepared and then reviewed by the audit committee ahead of the board meeting. In connection with the presentation of the interim and annual financial statements, the executive management prepares estimates and makes assumptions about the future. The accounting estimates are subject to uncertainty. Estimates and assumptions with the greatest potential effect on book values in future periods are related to investment property.

The group has taken out insurance with an insurance company for the directors and officers of all group companies for their possible liability to the company and third parties. The sum insured amounts to NOK 100 million per claim and in total during the year.

Norwegian Property assesses risk on an ongoing basis as part of the daily operations. A comprehensive annual review of the risks associated with the group is carried out in collaboration with all the relevant levels of the organisation. Each risk factor is described and presented with possible negative outcomes. The analysis of the risk factors includes the following main groups of risks.

Financial risks
The group’s financial risks primarily relate to changes in equity as a result of adjustments to the value of the property portfolio, the effect of interest-rate changes on profits and liquidity, liquidity risk and profit effects when refinancing debt and implementing major projects.

Efforts are made to manage the effect of interest-rate changes on profits and liquidity through hedging. As at 31 December 2022, 70.1 per cent (71.2 per cent) of the group’s interest-bearing debt was covered by interest-rate hedges with an average term of 5.6 years (6.3 years). Fluctuations in short- and long-term market interest rates will, therefore, have a limited impact on the group’s interest expenses before changes in the value of derivatives. All the group’s interest-rate swaps are used as economic hedges. Hedge accounting is not applied.

The group’s credit facilities incorporate financial covenants related to the interest cover ratio and the LTV ratio. Norwegian Property was in compliance with these and other conditions in the credit agreements related to its liabilities as at 31 December 2022.

Market risk
Norwegian Property is exposed to changes in market rents, vacancy in the portfolio, turnover-based rents and the rate of inflation. The group has a significant proportion of long-term leases. The commercial property leases provide fixed revenues over their term. The majority of the leases are fully adjusted for changes in the consumer price index (CPI).

Increases in market interest rates can lead to increased yield levels for the group’s properties, which in turn can affect the valuations of the properties.

Project risk
Generally speaking, major construction projects may involve risk relating to such aspects as the future letting ratio and level of rents for converted areas, cost overruns on procurement and planning, delays, delivery shortfalls and market developments.

Credit risk
Norwegian Property’s portfolio of office properties is characterised by high quality, central locations and a financially sound and diversified set of tenants. Bad debts have been limited in recent years. Tenants of the group’s office properties normally pay rent quarterly in advance. In addition, most leases require security for rent payments in the form of either a deposit account containing a sum equivalent to three to six months of rent or a bank guarantee. The group checks the credit rating and history of new tenants. As a result, the risk of direct losses from defaults or payment problems is limited and primarily relates to the re-letting of premises.

Liquidity risk
The group’s goal is to have sufficient liquidity and drawing rights to meet its obligations, including existing development projects. It also seeks to maintain a sensible level of liquidity to meet unexpected commitments. The financing strategy aims to maintain flexibility in the market and to cope with fluctuations in rental income. Liquidity should be secured by unused revolving credits and overdraft facilities rather than bank deposits.

Norwegian Property has a high level of hedging against fluctuations in market interest rates, which reduces the need for liquidity to meet unexpected commitments in these areas. Other liquidity risk relates first and foremost to servicing instalments on and redemption of loans. The group generates a positive cash flow from operations.

As at 31 December, the group had an interest-bearing debt of NOK 12,185.7 million (NOK 12,004.8 million). The remaining term of the debt was 3.8 years (4.4 years). Debt maturing and instalments due during 2023 are recognised as current liabilities in the consolidated balance sheet as at 31 December 2022. At the same date, the group had a liquidity reserve including undrawn borrowing facilities of NOK 1,157 million (NOK 1,800 million).

The group seeks at all times to maintain a liquidity buffer tailored to the redemption profile of its debt and the ongoing short-term fluctuations in its requirements for working capital as well as the requirements which follow from current and planned projects being pursued by the group at any given time.

Social and governance risk
Social and governance risks are related to the risks related to human rights, decent working-conditions, equality and non-discrimination among employees, non-discrimination of people with disabilities in properties and outdoor areas and corruption.

The group has worked to uncover risks within the social and governance areas of sustainability. These are described in more detail in the corporate governance report and the sustainability report.

Climate risk
Physical climate risk is, for example, related to increased precipitation and higher sea levels. Climate transition risk is related to the demand for environmentally-friendly premises, environmental requirements from investors/banks, insurance, technological risk, reputational risk and increased CO_2 taxes.

Climate risks are described in more detail in the sustainability report and the risk and risk management overview.

Risk associated with ongoing crises and events
In addition to the main risk areas discussed hereinabove, risks can also arise from ongoing crises and events such as the effects of the COVID-19 pandemic and the war in Ukraine.

Group accounts

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), and consistent accounting principles are applied to all the periods presented.

Going concern assumption
Pursuant to the requirements of the Norwegian Accounting Act, the board confirms that the going concern assumption is realistic. The financial statements for 2022 have been prepared on that basis.

Income statement

Revenues
Total rental income amounted to NOK 1,014.4 million for 2022, which is up from NOK 919.6 million in 2021.

Operating expenses
Property-related operational expenses totalled NOK 73.8 million (NOK 64.3 million). Other property-related expenses came to NOK 68.8 million (NOK 60.1 million). Administrative owner expenses were NOK 62.1 million (NOK 59.2 million).

No costs related to research and development activities were recognised in the financial statements for either 2022 or 2021.

Share of profit in joint ventures
The share of profit from joint ventures was positive at NOK 33.8 million (NOK 74.9 million), mainly related to Norwegian Property's share of the net profit for Nordr.

Operating profit before fair-value adjustments
Operating profit before fair-value adjustments was NOK 843.5 million (NOK 810.8 million).

Net realised financial items
Financial income, which consists largely of interest income, totalled NOK 17.2 million (NOK 15 million). Financial expenses, primarily interest expenses and other costs related to the group's financing, were NOK 375.6 million (NOK 346 million).

Profit before income tax and value adjustments
Profit before tax and fair-value changes came to NOK 485.1 million compared with NOK 479.7 million for 2021.

Fair-value changes of investment property and interest-rate derivatives
Negative fair-value changes to the group's property portfolio of 0.6 per cent totalled NOK 154.7 million in 2022 (positive change of NOK 1,365 million), related to increased yield levels for the company's properties. The negative changes are somewhat offset by improved market rents as well as new and improved leases.

Long-term market interest rates increased in 2022, and the fair-value adjustment for interest-rate derivatives showed a positive change of NOK 172.2 million (NOK 150.2 million).

Net profit
Profit before tax was NOK 502.5 million (NOK 1,994.9 million). NOK 206.6 million in tax expense (NOK 421.8 million) is recognised in the 2022 accounts. As a result, net profit for the year was NOK 295.9 million (NOK 1,573.1 million).

Cash flow
Net cash flow from operating activities was NOK 457.4 million (NOK 447.1 million). Operating profit before tax and fair-value adjustments came to NOK 485.1 million in 2022. The difference compared with net cash flow from operating activities relates to the profit from joint ventures and to changes to working capital items.

Net cash flow from investing activities was negative at NOK 258.9 million (NOK 409.7 million). The capital spendings in 2022 related to the tenant adaptations for new and renegotiated leases as well as ongoing operational investments.

Net cash flow from financial activities in 2022 was negative at NOK 327 million (NOK 389.7 million). The net increase of interest-bearing debt came to NOK 187.9 million. Dividend payments totalled NOK 514.9 million.

The net reduction in cash and cash equivalents was NOK 128.5 million (NOK 352.3 million).

Balance sheet and liquidity
The carrying amount of the group's total assets in the balance sheet was NOK 26,910.8 million (NOK 26,780.7 million), with investment property accounting for NOK 24,859.1 million (NOK 24,801.3 million) and properties used by the owner for NOK 108.8 million (NOK 106.7 million). Non-current receivables amounted to NOK 233.1 million (NOK 234.9 million), related to the rental guarantee provided by the seller of the property at Snarøyveien 30. Investment in joint ventures was NOK 1,061.7 million (NOK 1,084.8 million).

The group held NOK 185.1 million (NOK 313.5 million) in cash and cash equivalents. In addition, the group had unused drawing rights of NOK 1,157 million (NOK 1,800 million).

Total interest-bearing liabilities in the balance sheet came to NOK 12,185.7 million (NOK 12,004.8 million), with non-current interest-bearing liabilities totalling NOK 10,351.6 million (NOK 9,583 million) and current interest-bearing liabilities amounting to NOK 1,834.1 million (NOK 2,421.7 million). Current interest-bearing debt as at 31 December 2022 related to facilities maturing in 2023.

The average interest rate for the group's loans (including payments for interest-rate derivatives) amounted to 3.48 per cent as at 31 December 2022 (2.81 per cent), while the interest-rate margin averaged 1.36 per cent (1.33 per cent). The remaining term to maturity for interest-bearing debt was 3.8 years (4.4 years). Financial derivatives related to interest hedging accounted for a net asset item of NOK 145.3 million (net liability of NOK 26.9 million). The remaining term to maturity for the derivatives was 5.6 years (6.3 years).

Equity as at 31 December totalled NOK 12,562.1 million (NOK 11,836.6 million), representing an equity ratio of 46.7 per cent (47.9 per cent).

Carried equity per share was NOK 19.52 (NOK 19.95).

Valuation of the properties
The group's valuation process is based on quarterly external valuations, supplemented by internal analyses where the group makes an assessment and determines whether the external valuations provide an accurate picture of the fair value of the investment properties. Based on this process, all the properties were valued on 31 December 2022 by two independent professional specialists. Cushman & Wakefield and Akershus Eiendom have each prepared a valuation of all the properties. An average of these valuations is used as the basis for recognising the investment properties at fair value as at 31 December 2022. The valuation models used for these assessments are based on discounting cash flows related to existing leases and the value of market rents after the expiry of existing leases. Individual assessments of current expenses, upgrading costs and the risk of vacancy are made on a property-by-property basis.

The executive management and the board have made independent assessments of parameters which affect the value of the group's properties, including developments in interest rates, market rents, occupancy, the yield level on property transactions and the quality of the properties. The conclusion is that the external valuations can be used as a basis for assessing the fair value of the properties. Total market value of the group's property portfolio was NOK 25,201 million as at 31 December 2022 (NOK 25,143 million).

Events after the balance sheet date

In accordance with the mandate from the AGM in 2022, the board resolved on 2 February 2023 that a dividend of NOK 0.125 per share will be paid on the basis of the accounts as at 31 December 2022.

No other significant incidents since 31 December 2022 provide information concerning the conditions which existed at the balance sheet date.

Parent company accounts and allocation of net profit

The parent company, Norwegian Property ASA, made a net profit of NOK 144.7 million in 2022 (net loss of NOK 52.9 million).

The board proposes that the net profit of NOK 144.7 million and the provision of NOK 80.4 million for the dividend are allocated to and from the share premium respectively as presented in the annual accounts.

Corporate social responsibility and corporate governance

The group has prepared a sustainability report pursuant to section 3-3c of the Norwegian Accounting Act. The presentation appears on page 83 of this annual report, and it also includes reporting duties pursuant to Norway's Gender Equality and Discrimination Act as well as the Transparency Act.

The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. A new Act on Sustainable Finance was introduced with effect from 1 January 2023. Expected effects of the EU taxonomy and the new legislation is also commented on in the sustainability report.

A separate presentation on corporate governance has also been prepared to cover the group's principles and practice in this area, pursuant to section 3-3b of the Accounting Act. The presentation appears on page 75 of this annual report.

The 2022 AGM

The annual general meeting was held on 22 April 2022. All resolutions were adopted as proposed in the notice of the meeting. The AGM elected Bjørn Henningsen as the chair of the board. Kathrine Astrup Fredriksen, Cecilie Astrup Fredriksen, Lars Erich Nilsen and Lars Buin were elected as directors. All of them were elected for two years until the AGM in 2024.

The auditor rotation requirements have been introduced in Norway and EY was elected as the new auditor for the company. PwC has held the position of auditor for the previous 10 years.

Shareholders

As of 31 December 2022, 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. Norwegian Property ASA owns 6,250,000 treasury shares. Geveran Trading Co. Ltd. owns the remaining 643,575,596 shares in the company.

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 three clusters for commercial properties - Oslo CBD, Nydalen and Fornebu - in addition to the investment in the residential developer Nordr.

Norwegian Property has a strategy for growth in its core commercial property business as well as an ambition to consider opportunities in other property segments. 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.

Property values have risen significantly in recent years, which have been characterised by low interest rates, high demand for office space and rising rent levels. The property values in the second half year of 2022 show a negative development in a more troubled market with rising interest rates, high energy costs and a worrying international geopolitical development. There is a risk of further negative development in property values going forward.

Norwegian Property's financial position is sound, with a high equity ratio and a relatively low loan-to-value ratio. The company has a highly diversified portfolio of tenants in both the public sector and various private business segments. This contributes to the company being well positioned in order to handle the uncertainty and challenges ahead with a continued focus on the strategy of expanding and developing the business.

Oslo, 23 March 2023

Norwegian Property ASA

Bjørn Henningsen
Chair

Kathrine Astrup Fredriksen
Director

Cecilie Astrup Fredriksen
Director

Lars Erich Nilsen
Director

Lars Buin
Director

Bent Oustad
CEO

Annual group accounts

Consolidated income statement 1 Jan-31 Dec

(Amounts in NOK million)	Note	2022	2021
Rental income for commercial property	15, 16	1,014.4	919.6
Revenues		1,014.4	919.6
Property-related operational expenses	18	(73.8)	(64.3)
Other property-related expenses	18	(68.8)	(60.1)
Total property-related expenses		(142.6)	(124.4)
Administrative expenses	18, 19	(62.1)	(59.2)
Total operating expenses		(204.7)	(183.7)
Share of profit in joint ventures	8	33.8	74.9
Operating profit before value adjustments		843.5	810.8
Change in fair value of investment property and rental guarantee	6	(154.7)	1,365.0
Operating profit		688.8	2,175.8
Financial income	9, 17	17.2	15.0
Financial expenses	9, 17	(375.6)	(346.0)
Net financial items		(358.4)	(331.1)
Change in fair value of interest derivatives	9, 10	172.2	150.2
Net financial items		(186.2)	(180.9)
Profit before income tax		502.5	1,994.9
Income tax	14	(206.6)	(421.8)
Profit for the year		295.9	1,573.1
Profit attributable to non-controlling interests		-	-
Profit attributable to shareholders of the parent company		295.9	1,573.1
Basic earnings per share attributable to parent company shareholders (amounts in NOK)	21	0.46	2.44
Diluted earnings per share attributable to parent company shareholders (amounts in NOK)	21	0.46	2.43

Notes 1 to 28 are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income 1 Jan-31 Dec

(Amounts in NOK million)		2022	2021
Profit for the year		295.9	1,573.1
Value adjustment of owner-occupied property	6	3.4	10.4
Income tax related to value adjustment and depreciation of owner-occupied property	14	(0.7)	(2.3)
Other comprehensive income that will not be reclassified to profit or loss, net of tax		2.7	8.1
Share of foreign currency translation reserve in joint ventures	8	(58.3)	(28.1)
Other comprehensive inc. that subsequently may be reclassified to profit or loss, net of tax		(58.3)	(28.1)
Total other comprehensive income for the year		(55.6)	(20.0)
Total comprehensive income for the year		240.3	1,553.1
Total comprehensive income attributable to shareholders of the parent company		240.3	1,553.1
Total comprehensive income attributable to non-controlling interests		-	-

Notes 1 to 28 are an integral part of the consolidated financial statements.

Consolidated balance sheet as at 31 Dec

(Amounts in NOK million)	Note	2022	2021
Financial derivative instruments	3, 9, 10	161.6	16.5
Investment property	6	24,859.1	24,801.3
Owner-occupied property	6	108.8	106.7
Other fixed assets	7	31.5	35.4
Investment in joint ventures	8	1,061.7	1,084.8
Receivables	11	233.1	234.9
Total non-current assets		26,455.8	26,279.6
Financial derivative instruments	3, 9, 10	1.9	0.8
Receivables	9, 11	268.0	186.7
Cash and cash equivalents	3, 9	185.1	313.5
Total current assets		455.0	501.1
TOTAL ASSETS		26,910.8	26,780.7
Share capital	20	324.9	324.9
Treasury shares	20	(3.1)	(3.1)
Share premium		3,280.0	3,280.0
Other paid-in equity		7,563.3	7,563.3
Retained earnings		1,397.1	1,671.7
Total equity		12,562.1	12,836.6
Deferred tax	14	1,893.3	1,685.8
Financial derivative instruments	3, 9, 10	18.2	36.2
Interest-bearing debt	9, 13	10,351.6	9,583.0
Other liabilities	9, 12	2.0	2.7
Non-current liabilities		12,265.1	11,307.8
Financial derivative instruments	3, 9, 10	-	7.9
Interest-bearing debt	9, 13	1,834.1	2,421.7
Other liabilities	9, 12	249.5	206.6
Total current liabilities		2,083.6	2,636.2
Total liabilities		14,348.7	13,944.1
TOTAL EQUITY AND LIABILITIES		26,910.8	26,780.7

Notes 1 to 28 are an integral part of the consolidated financial statements.

Oslo, 23 March 2023

Norwegian Property ASA

Bjørn Henningsen Chair	Kathrine Astrup Fredriksen Director	Cecilie Astrup Fredriksen Director	Lars Erich Nilsen Director	Lars Buin Director	Bent Oustad CEO

Changes in the group's equity

(Amounts in NOK million)	Note	Share capital	Treasury shares	Share premium	Other paid-in equity	Retained earnings	Total equity
Total equity 31 December 2020		324.9	(3.1)	3,280.7	7,562.5	395.9	11,560.9
Profit for the year	20	-	-	-	-	1,573.1	1,573.1
Other comprehensive income for the year	20	-	-	-	-	(20.0)	(20.0)
Total comprehensive income for the year		-	-	-	-	1,553.1	1,553.1
Paid dividend	22	-	-	-	-	(273.5)	(273.5)
Share issue	20	-	-	(0.7)	-	-	(0.7)
Employee share-option scheme	20	-	-	-	0.7	-	0.7
Exercised share-option schemes	20	-	-	-	-	(3.8)	(3.8)
Total contributions by and distributions to owners of the parent		-	-	(0.7)	0.7	(277.3)	(277.3)
Total equity 31 December 2021		324.9	(3.1)	3,280.0	7,563.3	1,671.7	12,836.6
Profit for the year	20	-	-	-	-	295.9	295.9
Other comprehensive income for the year	20	-	-	-	-	(55.6)	(55.6)
Total comprehensive income for the year		-	-	-	-	240.3	240.3
Paid dividend	22	-	-	-	-	(514.9)	(514.9)
Total contributions by and distributions to owners of the parent		-	-	-	-	(514.9)	(514.9)
Total equity 31 December 2022		324.9	(3.1)	3,280.0	7,563.3	1,397.1	12,562.1

Notes 1 to 28 are an integral part of the consolidated financial statements.

Consolidated cash flow statement 1 Jan-31 Dec

(Amounts in NOK million)	Note	2022	2021
Profit before income tax		502.5	1,994.9
Paid taxes	14	(0.1)	(6.3)
Net financial items	9, 17	186.2	180.9
Interest received	17	17.2	15.0
Interest paid	13, 17	(356.9)	(339.6)
Interest income on guarantee receivables		(7.7)	-
Depreciation of tangible assets	6, 7	6.5	5.4
Change in fair value of investment property	6	154.7	(1,365.0)
Profit from joint ventures	8	(33.8)	(74.9)
Change in rental guarantee receivables	6	60.5	85.9
Change in current items		(71.8)	(49.1)
Net cash flow from operational activities		457.4	447.1
Payment for investment in investment property	6	(257.6)	(383.1)
Payment for investment in other fixed assets	7	(1.3)	(2.8)
Payment for investment in joint ventures	8	-	(23.8)
Net cash flow from investing activities		(258.9)	(409.7)
Repayment of interest-bearing debt	13	(1,890.6)	(1,812.5)
New interest-bearing debt	13	2,078.5	1,697.0
Share issues		-	(0.7)
Paid dividend	22	(514.9)	(273.5)
Net cash flow from financial activities		(327.0)	(389.7)
Net change in cash and cash equivalents		(128.5)	(352.3)
Cash and cash equivalents at 1 January	3	313.5	665.8
Cash and cash equivalents at 31 December	3	185.1	313.5

Notes 1 to 28 are an integral part of the consolidated financial statements.

Notes and other explanatory information

NOTE 1: General information

The Norwegian Property ASA property group primarily owns commercial properties in the Oslo region. Norwegian Property also owns a share (joint venture) in the residential development company Nordr. Nordr's business consists of both wholly owned and partly owned plots and projects. Calculated on the basis of the ownership share in the projects, Nordr has 1,881 residential units under construction (2,358 including tenant owned units) and a land bank of approx. 14,500 units in the largest Norwegian and Swedish cities, with an emphasis on eastern Norway and the extended Stockholm capital region in Sweden. Norwegian Property also has a joint venture with Base Bolig related to a development project at Forusbeen 35 in Stavanger.

The holding company, Norwegian Property ASA, is a public limited company with its headquarters at Bryggegata 3, Oslo (Norway).

The financial statements were adopted by the board on 23 March 2023 for final approval by the AGM in 2023.

NOTE 2: Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 - Basis of preparation
The consolidated financial statements of Norwegian Property ASA have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and effective as at 31 December 2022, and additional requirements pursuant to the Norwegian Accounting Act as at 31 December 2022.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property measured at fair value (see note 4).

Preparation of financial statements in accordance with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgements in the process of applying the group's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant for the financial statements, are disclosed in note 5.

No significant changes have been made to accounting policies compared with the principles used in the preparation of the financial statements for 2021.

No new or amended standards effective as of 1 January 2022 have had a material impact on the Group. The group has not carried out the early adoption of any standard, interpretation or amendment that has been issued but that has not yet been made effective. The Group is currently in the process of determining the impact of the amendments to IAS 1 and IFRS Practice Statement 2 regarding the disclosure of accounting policies that become effective on 1 January 2023. No other new or amended standards not yet effective are expected to have a material impact.

2.2 - Consolidation policies

A) BUSINESSES
Businesses are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Businesses are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Purchases of single-purpose entities owning only property, with no employees, management or recorded procedure descriptions, are not considered as the acquisition of business (IFRS 3 Business Combinations is not applicable). The cost of such purchases is capitalised as part of the acquisition price.

The acquisition method of accounting is used to account for the acquisition of businesses by the group. The acquisition cost is measured as the fair value of assets used as consideration; equity instruments issued as well as the liabilities incurred at the transfer of control. Direct costs related to the acquisition are expensed in the income statement at the date of acquisition. Identifiable assets acquired as well as liabilities and contingent liabilities are recognised at fair value at the date of acquisition, irrespective of any minority interest. The excess cost of acquisition over the fair value of identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement on the date of acquisition.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are eliminated, but they are assessed as an impairment indicator in relation to the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

B) JOINT ARRANGEMENTS

The group's share of the joint venture's net profit is presented in accordance with the equity method on a separate line in the consolidated income statement, and the investment is similarly recognised on a separate line under fixed assets in the balance sheet. The group's share of gain and loss from the transactions with the joint venture are eliminated. Accounting policies in the joint venture are changed when necessary to achieve conformity with the accounting policies applied by the group.

2.3 - Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, responsible for allocating resources and assessing the performance of the operating segments, has been identified as corporate management. See note 15.

2.4 - Foreign currency translation

(A) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in NOK, which is the parent company's functional and presentation currency.

(B) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into NOK using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.5 - Classification of balance-sheet items

Current assets and liabilities generally comprise items which mature in less than one year from the balance-sheet date. Other items are classified as non-current assets/liabilities.

Financial assets and liabilities are offset and the net amount is recognised in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.6 Investment property

Property which is held for long-term rental yields or for capital appreciation, or both, is classified as investment property. Investment property is initially measured at acquisition cost, including the related transaction costs. After the initial recognition, investment property is carried at fair value pursuant to IAS 40. The fair value of investment property reflects, among other things, the rental income from current leases and the assumptions about rental income from future leases in the light of current market conditions.

Changes in fair value are recorded in the income statement under change in fair value of investment property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred. Costs related to the termination of leases are capitalised if the main purpose of the termination is linked to a further development of the property and are expensed if the main purpose of the termination is purely a change of tenant.

Assets under construction for future use as investment property are recognised in the construction phase as investment property at fair value at the completion date minus the remaining construction costs.

Tax compensation related to the acquisition of investment properties (single-purpose entities) is recognised in the period after the acquisition as a value adjustment to investment property.

Classification as an investment property held for sale assumes the anticipated realisation within one year from the balance-sheet date. Investment properties held for sale are recognised at fair value as other investment properties.

2.7 - Property, plant and equipment and owner-occupied property

(A) PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are stated at historical cost less depreciation and write-downs. Historical cost includes expenditure directly attributable to the acquisition of the item.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(B) OWNER-OCCUPIED PROPERTY

If an investment property is used by the group, it is reclassified as owner-occupied property unless the internal use is insignificant. Fair value at the date of reclassification is the property's acquisition cost. An owner-occupied property is accounted for at revalued value less accumulated depreciation and amortisation. An evaluation of fair value for such properties is carried out in the same manner as described for investment properties. An increase in the value of owner-occupied property is not recognised in the income statement, but it is recognised as a change of the revaluation reserve in comprehensive income. A reduction of the value is recognised against the revaluation reserve, related to the revaluation of the specific building. If a reduction exceeds the revaluation reserve, the remainder is recognised against the income statement.

2.8 - Impairment of non-financial assets

Assets which have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets which are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised with the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less the selling costs and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2.9 - Financial instruments

(A) GENERAL PRINCIPLES AND DEFINITIONS

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has substantially transferred all the risks and rewards of ownership.

On the initial recognition of a financial asset or liability, it is measured at fair value with the exception of trade receivables, which are measured at the transaction price with a provision for expected bad debts on the initial recognition to the extent that such bad debts have arisen from the letting business, and where no significant financing element is included in the transaction price.

Classification

The group classifies financial instruments in the categories at fair value through profit and loss and at amortised cost. The classification depends on the purpose of the instrument, and the group assesses the classification of financial instruments on their acquisition.

(B) FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial instruments at fair value through profit and loss include derivatives unless they are part of hedging. See note 2.10 related to interest-rate swaps and forward exchange contracts.

The group's financial instruments at fair value through profit and loss also include non-current receivables related to rental guarantees provided by the seller of a property, where the seller guarantees an agreed level for rent and common cost coverage of vacant premises for an agreed period. The value of the receivable is calculated as the discounted value of expected payments under the rental guarantee. Payments under the guarantee are accounted for against the receivable and the receivable will be updated with any changes of the initial estimate.

(C) FINANCIAL INSTRUMENTS AT AMORTISED COST

The group's financial instruments at amortised cost primarily comprise borrowings and bank deposits as well as receivables and payables arising from regular operation.

Borrowings

Borrowings are recognised initially at fair value, net of the transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any differences between the proceeds (net of transaction costs) and the redemption value are recognised in the income statement over the duration of the borrowings.

Cash and cash equivalents

Cash and cash equivalents are classified at amortised cost. They include cash on hand, bank deposits and other current highly liquid investments with original maturities of three months or less. Bank overdrafts are included in borrowings in the balance sheet under current liabilities.

Trade receivables and other financial assets

Trade receivables and other financial assets are classified as financial assets measured at amortised cost. Interest is ignored if it is insignificant. The group applies the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit losses. A provision for bad debt is determined by estimating the expected credit losses with reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. Any subsequent payments received against accounts for which a provision has previously been made are recognised in the income statement. Trade receivables and other financial assets are classified as current assets, unless they are due more than twelve months after the balance sheet date. If so, they are classified as non-current assets.

Trade payables and other non-interest-bearing liabilities

Trade payables and other non-interest bearing liabilities are classified as financial liabilities at amortised cost, and are measured at fair value upon initial recognition, and subsequently at amortised cost using the effective interest rate method. Interest is ignored if it is insignificant.

2.10 - Derivatives and hedging

All the group's interest-rate swaps are used as economic hedges. Hedge accounting is not applied.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently recognised continuously at their fair value.

Change in fair value of interest derivatives are recognised in the income statement under change in fair value of interest derivatives.

2.11 - Inventory (residential property)

The inventory related to homes under construction is valued at the lower of acquisition cost and net realisable value. Acquisition cost includes all expenditures for purchase and construction as well as other expenses incurred to bring the inventory to its present condition. Construction costs include direct expenditures on the construction of the property as well as the indirect fixed and variable costs incurred during development and construction. Borrowing costs are included in the acquisition cost until the properties are ready for sale. Capitalisation of borrowing costs begins when the property has received planning permission. Capitalisation of other directly attributable costs begins when it is more likely than not that a project will be realised. The net realisable value is the estimated sales price in the ordinary way of business, based on the market price at the reporting date and discounted for the time value of money, less the estimated costs for completion and sales. When properties are sold, the carrying amount is recognised as a project cost in the profit and loss account for the same period as the associated revenue is realised.

2.12 - Share capital, treasury shares, share premium and share options

Shares are classified as equity when there is no obligation to transfer cash or other assets. Costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Treasury shares are deducted from the share capital in the financial statements.

Employee options represent rights for employees to subscribe for shares in the group at a future time at a predetermined subscription price (subscription right). Exercise requires continued employment. The fair value of employee benefits received in exchange for the granting of options is calculated as an expense. The total amount to be expensed over the vesting period reflects the fair value of the options granted measured at the grant date. On the balance-sheet date, the group revises the estimates of the number of options expected to be utilised and changes in estimates are recognised in the income statement over the remaining vesting period with a corresponding adjustment of equity. The strike price after the deduction of possible transaction costs is credited to share capital and the share premium when the option is exercised. Employer's tax is accrued on the balance sheet date as an expense in the accounts on the basis of the market value of the options (i.e. the difference between the market value and the strike value of the shares).

2.13 - Deferred income tax

Deferred income tax is calculated in full on all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination which at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and tax laws which have been enacted or substantially enacted as at the balance-sheet date, and which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on the temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary differences will not reverse soon.

Pursuant to the exception in IAS 12, deferred tax is not recognised when buying a company which is not a business. A provision for deferred tax is made after subsequent increases in the value beyond the initial cost, while a fall in value below the initial cost will only reverse previous provisions for deferred tax. Furthermore, an increase in the temporary differences related to tax depreciation will give grounds for a recognition of deferred tax.

2.14 - Revenue recognition

Revenue consists of rental income and other income related to operations. A gain on the sale of investment property is included under change in fair value of investment property in the income statement.

Operating income encompasses the fair value of the consideration received for services in the ordinary business. Revenues are presented net of VAT, discounts and rebates.

The lease agreements include certain services offered to tenants including common area maintenance services as well as other support services. The consideration charged to tenants for these services mainly includes fees charged based on total costs incurred in relation to the percentage of the rented space. These services are specified in the lease agreements and separately invoiced. The group arranges for third parties to provide for a significant part of these services to its tenants. The group does not act as a principal in relation to these services as it does not control the specified services before transferring them to the customer. The group records revenue on a net basis. Therefore, the operating revenues do not include service charges invoiced to tenants. Accrued service charges are recognised in the balance sheet together with payments on account from tenants and, therefore, do not affect profit beyond an administrative mark-up recognised as income. The settlement of service charges is made after the balance-sheet date.

(A) RENTAL INCOME

The group earns rental income through operating leases. Rental income is recognised on a linear basis over the rental period. Lease incentives in the form of rent rebates, compensation payments or the like are distributed over the duration of the lease so that the income is recognised on a linear basis. The accrued amount is presented under other receivables in the balance sheet. Upon a tenant's termination, the renegotiated remaining cash flows are recognised over the remaining period until the premises are vacated.

Norwegian Property's rent related to retail and restaurant leases are partly revenue-based. Such lease agreements typically contain a minimum rent and a turnover-based rent. The minimum rent is recognised on a linear basis over the rental period. Turnover-based rent is recognised as income on the basis of the tenant's reported turnover for the period. Estimates are used as a basis for the revenue recognition when the reporting is received subsequent to year-end.

Other variable revenue related to the marina business, outdoor areas and the energy centre at Aker Brygge is recognised when the goods or services are transferred to the customer, at the transaction price.

(B) OTHER OPERATING INCOME

Other income is recognised as it is earned. Income is earned when the product or service is delivered. The income is often earned at the same time as the transaction. Recognition is delayed for income not earned at the same time as the transaction, and that is brought forward for income earned before the time of the transaction.

2.15 - Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

2.16 - Interest expense
Interest expenses on borrowings are recognised under financial costs in the income statement using the effective interest-rate method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets which necessarily take a substantial period to complete for their intended use, are added to the cost of those assets until the assets are substantially ready for their intended use.

2.17 - Pensions
Norwegian Property ASA operates a defined contribution plan for all employees. A defined contribution pension scheme is an arrangement whereby the group pays fixed (defined) amounts to a separate legal entity. The group has no legal or other obligations to pay further amounts. Contributions are recognised as an employee benefit expense when they fall due. Prepaid contributions are capitalised as an asset to the extent that cash refunds or reductions in future payments are available.

2.18 - Operating expenses
Property-related expenses include administrative costs related to the management of the properties as well as operating and maintenance costs.

Other property expenses include income-related costs associated with leasing, marketing and so forth of the properties, the owner's share of service charges for the properties and project-related property costs.

Administrative expenses relate to costs not directly related to the operation and letting of properties, and include costs related to overall ownership and corporate functions.

NOTE 3: Financial risk management

The group's activities imply exposure to a variety of financial risks: market (including foreign exchange, interest rate and price), credit and liquidity. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the group's profit/loss and equity. The group uses hedging instruments designed to mitigate certain risks. Hedge accounting is not applied.

Risk management for the group is managed by a corporate treasury department in accordance with guidelines approved by the board. Management identifies, evaluates and hedges financial risks in close cooperation with the group's operational units. The board provides written policies for overall risk management and written guidelines for specific areas, such as foreign exchange and interest-rate risk.

3.1 – Market risk

FOREIGN EXCHANGE RISK
The group has no lease agreements with tenants in foreign currencies, and all the operational costs are, in practice, in NOK.

In 2020, Norwegian Property acquired a share (joint venture) in the residential development company Nordr. Nordr has operations in both Norway and Sweden. The investment is accounted for in accordance with the equity method on a single line in the income statement and balance sheet. The book value in the balance sheet as at 31 December 2022 amounts to NOK 1,061.7 million (NOK 1,084.8 million). The group's share of Nordr is partly exposed to SEK, and its share of translation differences recognised under the equity method is presented within other comprehensive income.

PRICE RISK
Rental income is exposed to changes in market rents, revenue-based rent and changes in the consumer price index (CPI). The group prefers long-term leases. The weighted average duration of rental contracts as at 31 December 2022 was 4.9 years (5.9 years).

Rental agreements for the commercial properties primarily give a fixed revenue during the lease term. Most leases (99 per cent) have a full CPI adjustment clause allowing the group to adjust rents in line with CPI changes. The group seeks to incorporate clauses providing for such regulation in all new leases. CPI regulation in 2022 was 7.5 per cent for leases regulated in October and 6.5 per cent for leases regulated in November, which increased the annual rental income as at 31 December 2022 by NOK 76 million. Rent related to the shopping centre at Aker Brygge and Hasle in Oslo is partly revenue-based.

INTEREST-RATE RISK

The group is subject to interest-rate risk related to floating rate loans. Norwegian Property's overall guidance pursuant to current loan agreements is a hedging ratio of at least 60 per cent related to outstanding floating-rate loans. As at 31 December 2022, 70.1 per cent (71.2 per cent) of such loans were hedged (see note 13).

To manage interest-rate risk, the group had entered into interest-rate swap agreements totalling NOK 4 billion as at 31 December (NOK 5.2 billion). The average credit margin on floating-rate borrowings as at 31 December 2022 was 136 basis points (133 basis points). The average basis rate of the loan portfolio as at 31 December 2022 was 3.48 per cent (2.81 per cent). The average remaining maturity of hedging agreements was 5.6 years (6.3 years). Notional principal amounts and the maturity structure for the group's total portfolio of interest-rate hedges as at 31 December are specified in NOK million in the table below (see also note 10).

Year	2022	2021
< 1 year	(500.0)	(1,220.0)
1-2 years	(1,050.0)	(500.0)
3-5 years	(600.0)	(1,650.0)
Over 5 years	(1,800.0)	(1,800.0)
Notional principal amount	(3,950.0)	(5,170.0)

According to the specifications in note 13, the company's average interest rate was changed by approx. 0.70 per cent in 2022 and 0.10 per cent in 2021. Based on this, a sensitivity analysis has been prepared. If the average interest rate for the group had been 70 (10) basis points higher/lower as at 31 December and all other variables were constant, this would have constituted a change in annual interest expense on the unsecured lending portfolio and a change in the value of interest-rate swaps as follows.

(Amounts in NOK million)	2022	2021
Average interest rate increase (per cent)	0.70	0.10
Change in financial expense	(25.2)	(2.8)
Change in fair value of interest derivatives	78.4	14.4
Change in profit before income tax	53.2	11.6
Average interest rate decrease (per cent)	(0.70)	(0.10)
Change in financial expense	25.2	2.8
Change in fair value of interest derivatives	(78.4)	(14.4)
Change in profit before income tax	(53.2)	(11.6)

Increases in market interest rates can lead to increased yield levels for the group's properties, which in turn can affect the valuations of the properties.

3.2 - Credit risk

The majority of the group's rental revenues come from solid tenants. Tenants are preferably large, solid companies and public institutions, which reduces the risk related to leases. New tenants are checked with credit rating agencies for an acceptable credit history. Most tenants have provided bank guarantees or made deposits of sums equivalent to three months of rent. Rents are generally invoiced quarterly in advance. Credit loss has historically been limited. The group's trade receivables at the balance-sheet date are entirely in NOK.

3.3 - Liquidity risk

The group aims to ensure that liquidity/credit facilities are sufficient to meet its foreseeable obligations. In addition, it will have a reasonable capacity to meet unforeseen obligations. The funding strategy aims to maintain flexibility and withstand fluctuations in rental income. One goal is that the liquidity reserve should consist as far as possible of available revolving credit and overdraft facilities, rather than cash and cash equivalents. The group's liquidity reserve as at 31 December is specified in the table below.

(Amounts in NOK million)	2022	2021
Cash and cash equivalents	185.1	313.5
- of which restricted cash and cash equivalents	(6.5)	(3.3)
Available cash and cash equivalents	178.6	310.3
Unused credit and overdraft facilities	1,157.0	1,800.0
Liquidity reserve	1,335.6	2,110.3

As described hereinabove, the group has a high level of hedging against changes in market interest rates, reducing the need for liquidity reserves to meet unforeseen obligations related to these areas. The group has generated positive cash flows from operational activities in both 2022 (NOK 457.4 million) and 2021 (NOK 447.1 million). Additional liquidity risks primarily relate to servicing instalments and the maturity of liabilities. The maturity structure of liabilities for the group is specified in the tables below. The classification is based on the maturity specified in the contracts. The figures in the tables specify the timing of repayment of the principal amounts as well as the annual interest payments.

2022[1]:

(Amounts in NOK million)	Interest-bearing debt	Other liabilities at amortised cost
< 1 year	2,226.9	209.1
1-2 years	2,929.9	-
3-5 years	4,689.3	-
Over 5 years	3,850.2	-
Expected cash flow	13,696.3	209.1
Book value	12,185.7	209.1

2021[1]:

(Amounts in NOK million)	Interest-bearing debt	Other liabilities at amortised cost
< 1 year	2,737.9	167.5
1-2 years	676.4	-
3-5 years	6,163.9	-
Over 5 years	3,906.5	-
Expected cash flow	13,484.7	167.5
Book value	12,004.8	167.5

[1] The difference between the carrying amount and expected cash flow for interest-bearing debt reflects capitalised costs and estimated interest costs based on the average interest rate as at 31 December.

A number of financing activities have been carried out in 2022. The NOK 1,030 million bond loan (NPRO 11), which matured in November, was refinanced with withdrawals on the existing facilities in banks. Norwegian Property has entered into a number of new bank facilities and several facilities have been prolonged during 2022. The share of bank facilities has increased from 4 per cent at the beginning of the year to 21 per cent at the end of the year.

Interest-bearing debt in the balance sheet totalled NOK 12,185.7 million as at 31 December 2022, with non-current interest-bearing debt accounting for NOK 10,351.6 million and current interest-bearing debt for NOK 1,834.1 million. Current interest-bearing debt as at 31 December 2022 relates to facilities maturing in 2023, which will be refinanced during the year.

3.4 - Capital risk management

The group's objectives relating to capital management are to ensure continued operation in order to provide returns for shareholders and benefits for other stakeholders. To achieve this, the aim is to maintain a capital structure which helps to reduce the cost of capital.

Norwegian Property's goal is to pay a dividend to its shareholders amounting to 30-50 per cent of its ordinary profit after tax payable but before fair-value adjustments. The dividend can be higher in times with good cash flow. Before a dividend is determined, an assessment is made of the group's financial position and prospects, including the availability of attractive investment opportunities.

Capital management seeks to maintain a good balance between debt and equity. The group must have a satisfactory equity ratio, but where the main focus relates to the loan-to-value (LTV) ratio. The latter is calculated as gross debt less cash and interest-bearing receivables divided by the gross property value. The group's goal is to have an LTV ratio of 45-55 per cent. The LTV ratio as at 31 December is specified in the table below. A condition of the group's overdraft facilities is that the LTV ratio should not exceed 75 per cent. Agreed requirements related to the LTV ratio in the loan agreements were met with a good margin as at 31 December and at the interim reporting dates for 2022 and 2021. To change the capital structure, the group may adjust the level of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to redeem debt.

(Amounts in NOK million)	2022	2021
Long-term interest-bearing liabilities	10,351.6	9,583.0
Short-term interest-bearing liabilities	1,834.1	2,421.7
Interest-bearing receivables	(110.2)	(109.6)
Cash and cash equivalents	(185.1)	(313.5)
Net interest-bearing liabilities	11,890.5	11,581.7
Market value of property portfolio	25,201.0	25,143.0
Market value of investment in joint ventures[1]	2,181.0	2,342.8
Market value of property portfolio and investment in joint ventures	27,382.0	27,485.7
Net loan to value (per cent)	43.4	42.1

[1] Applies to the book value of the investment in Nordr (joint venture), adjusted for the EPRA-revaluation of the investment.

NOTE 4: Assessment of fair value

The consolidated financial statements have been prepared on a historical cost basis except for investment property and some financial assets and financial liabilities (including derivative instruments), which are recognised at fair value through profit and loss.

4.1 - Investment property

According to the group's valuation process, the finance and investment department is responsible for the preparation of valuations of investment property for use in the financial statements. The department is responsible for a quarterly valuation of the group's investment properties at fair value. The group's valuation process is based on external valuations, supplemented by internal analysis where the group makes an assessment and determines whether the external valuations give an accurate picture of the fair value of the investment properties. Inspections and technical reviews of all the properties are performed regularly. The valuations are reviewed quarterly as a key part of the audit committee's quality assurance of the interim and annual accounts. Based on this valuation process, all properties were valued by two independent professional appraisers as at 31 December 2022. Cushman & Wakefield and Akershus Eiendom have prepared a valuation of all the properties. The group has concluded that an average of the valuations may be used as the basis for the accounting of investment properties at fair value as at 31 December 2022. See also note 5 for critical accounting estimates and judgements.

4.2 - Financial instruments and derivatives

The estimated fair value of the group's financial instruments is based on market prices and valuation methods as described below.

INTEREST-BEARING LIABILITIES

The group recognises interest-bearing liabilities at amortised cost. Notes to the financial statements (see note 13) provide information on the estimated fair value of interest-bearing liabilities. Bonds are valued at the market price as at 31 December and bank loans at the estimated fair value where account is taken of the estimated difference between the current margin and market conditions.

TRADE RECEIVABLES/OTHER RECEIVABLES AND TRADE PAYABLES/OTHER LIABILITIES

In principle, these items are recognised initially at fair value and measured at amortised cost in subsequent periods. However, discounting is not normally assumed to have a significant effect on this type of receivable and liability.

DERIVATIVES

The fair value of financial derivatives, including interest-rate swaps and currency forward exchange contracts/swaps, is determined by the net present value of future cash flows, calculated using quoted interest-rate curves and exchange rates at the balance-sheet date. The technical calculations are generally performed by the group's banks. The group has checked these valuations and tested them for reasonableness.

RENTAL GUARANTEE RECEIVABLES

Rental guarantee receivables relate to rental guarantees provided by the seller of properties, where the seller guarantees an agreed level for rent and the common costs of vacant premises for an agreed period. The valuation is based on an internal assessment. The value of the receivable is calculated as the discounted value of expected payments under the rental guarantee. Payments under the guarantee are accounted for against the receivable, and the receivable will be updated with any changes to the initial estimate.

NOTE 5: Critical accounting estimates and judgements

Estimates and judgements are continually evaluated, and are based on historical experience and other factors, including expectations about future events which are believed to be reasonable under current circumstances.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual figures. The estimates and assumptions which involve the greatest risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are outlined below.

5.1 - Fair value of investment properties

Investment property is valued at its fair value based on a quarterly valuation update. Procedures for determining fair value for investment properties are described in note 4. In line with these policies, the portfolio of commercial properties is valued every quarter on the basis of external valuations.

Properties are valued by discounting future cash flows. Both contractual and expected cash flows are included in the calculations. Therefore, the fair-value assessment of investment properties largely depends on assumptions related to market rents, discount rates and CPI adjustments. Market rents are based on individual assessments of each property and on segmentations of different areas within the properties if relevant. To the extent that a specific development potential is associated with a property, an assessment is made of whether this supports or influences fair value. Updated macroeconomic assumptions for interest-rate levels, inflation expectations and so forth are applied in the calculations. Inflation expectations are based on consensus views from banks and public statistical agencies. Based on an assessment of the properties, tenants and macroeconomic conditions as at the balance-sheet date, cash flows are discounted using discount rates based on individual assessments of each property.

Observed ranges for key variables in the individual property valuations from the external valuations are as follows, related to both investment property and owner-occupied property.

Class of Property	Fair Value 2022	Fair Value 2021
Investment property (NOK mill.)	24,859.1	24,801.3
Owner-occupied prop. (NOK mill.)	108.8	106.7
Variables	Range 2022	Range 2021
Exit yield (per cent)[1]	3.8 - 6.0	3.3 - 5.9
Discount rate (per cent)[1]	4.0 - 8.0	3.5 - 7.5
Operating costs (NOK per sqm)[2]	100 - 300	100 - 300
Market rent (NOK per sqm)[2]	1,700 - 5,900	1,400 - 5,200

[1] Variables used as a basis in the valuation of the individual properties by the two appraisers.
[2] Average amounts from the two valuations based on total cost and market rent for the individual property in relation to the total number of sqm for the property.

The sensitivity of the fair-value assessment of investment properties depends on assumptions related to yield, interest rates, market rents and operating costs for the properties. The table[1] below presents examples of how changes related to each of these variables influenced property values as at 31 December 2022, assuming all other variables remained constant (amounts in NOK million).

Variables	Changes of variables	Value change
Exit yield	+ 0.25 per cent	(846)
Discount rate	+ 0.25 per cent	(744)
Operating costs	+ NOK 25 per sqm	(969)
Market rent	+ 10 per cent	2,386

[1] The calculations have been performed by Cushman & Wakefield in connection with the valuations at 31 December 2022.

5.2 - Fair value of financial derivatives

The group's financial derivatives include interest-rate swap contracts and currency forward/swap contracts. The procedures for valuation are described in note 4. The calculations are performed by the group's banks. The group has checked these valuations and tested them for reasonableness. The valuations involve a small degree of discretionary assessments, and the company's internal assessments deviate to a very small extent from the external valuations.

5.3 - Fair value of rental guarantee receivables
Rental guarantee receivables relate to rental guarantees provided by the seller of properties. The procedures for valuation are described in note 4. The valuation is based on internal assessments. The value of the receivable is calculated as the discounted value of expected future payments under the rental guarantee. Therefore, the fair-value assessment largely depends on the assumptions related to future rentals, discount rates and CPI adjustments. Management's rental expectations are the basis for the assessments, together with a discount rate of three per cent and comparable inflation expectations as used in the valuation of investment properties.

5.4 - Climate risk in the accounts
Climate risk can represent financial risk that must be reflected in the accounts.

Further information on climate risk is provided in the declaration of corporate social responsibility as well as in the table in the risk and risk management section of the annual report.

Climate risk is linked to both the impact of climate change on the company and the impact the company's activities has on the climate. Both of these factors can be financially significant for the company, and the materiality assessments are often referred to as double materiality. Climate risk can be linked to physical risk where there is a risk of assets being damaged or shortened in life as well as to transitional risk due to changes in the market and regulatory conditions.

Climate risk can affect future cash flows and thus the valuation of assets and liabilities in the accounts. The most important assessment for Norwegian Property is how climate risk affects the valuation of investment property.

VALUATION OF INVESTMENT PROPERTY
Physical risk associated with the properties is first and foremost related to the extent to which conditions such as warmer climates, increased water levels, more extreme weather, etc. affect the properties.

Transition risks are divided into market and regulatory components.

Market risk includes the risk for increased demand for more environmentally-friendly premises, more demanding environmental standards from investors and banks, increased insurance premiums if damage from climate change becomes extensive, technology risk related to new energy solutions and building standards and reputational risk as climate-related awareness spreads.

Examples of regulatory risk are government requirements and permits in such areas as building standards, traffic and infrastructure. Taxes could rise in line with increased public spending.

Norwegian Property has had a scenario analysis carried out by external experts (CEMAsys) in the field to analyse the risk elements related to the company's real estate portfolio. No critical factors have been identified that obviously have a material impact on the market value of the properties.

In preparing the external valuations of the company's properties, it has been assessed with the valuers to what extent climate risk affects the valuation. The assessment is that so far there are no significant factors related to climate risk that affect the market's pricing of the property portfolio. It is assumed that this assessment will change over time as the risk elements to a greater extent may affect future cash flows for the properties, including the following examples of relevant risk areas:

- Increased demand for more environmentally-friendly premises can affect rental income.
- Environmental measures on the properties could lead to greater development and adaptation costs. Keeping abreast of technical developments for energy solutions and building standards will be important. Opportunities also exist for more energy-efficient solutions with new technology.

- Environmental standards from banks and investors will become stricter. At the same time, however, green loans offer opportunities for lower margins and a larger investor base.
- Government requirements and permits in such areas as building standards, traffic and infrastructure are expected to become stricter, and taxes could rise in line with increased public spending.
- Insurance premiums can increase if damage from climate change becomes extensive.

NOTE 6: Investment property, owner-occupied property and guarantee receivables

6.1 – Development in carrying amounts
Changes to the balance-sheet items of investment property, owner-occupied property and guarantee receivables are specified in the table below. Changes in the market value of investment property and guarantee receivables are recognised on a separate line in the profit and loss statement.

2022:

(Amounts in NOK million)	Invest-ment property	Owner-occupied property	Guarantee receiva-bles	Total
Book value at 1 January	24,801.3	106.7	234.9	25,143.0
Disposals	-	-	-	-
Additions	263.4	-	-	263.4
Payments related to the rental guarantee	-	-	(60.5)	(60.5)
Fair value adjustment recognised in profit and loss	(205.6)	-	50.9	(154.7)
Interest income recognised in profit and loss	-	-	7.7	7.7
Fair value adjustment recognised against the revaluation reserve	-	3.4	-	3.4
Depreciation recognised in profit and loss	-	(1.3)	-	(1.3)
Book value at 31 December	24,859.1	108.8	233.1	25,201.0

2021:

(Amounts in NOK million)	Invest-ment property	Owner-occupied property	Guarantee receiva-bles	Total
Book value at 1 January	23,087.6	97.6	264.8	23,450.0
Disposals	(0.5)	-	-	(0.5)
Additions	397.3	-	-	397.3
Payments related to the rental guarantee	-	-	(85.9)	(85.9)
Fair value adjustment recognised in profit and loss	1,316.9	-	48.1	1,365.0
Interest income recognised in profit and loss	-	-	7.9	7.9
Fair value adjustment recognised against the revaluation reserve	-	10.4	-	10.4
Depreciation recognised in profit and loss		(1.3)		(1.3)
Book value at 31 December	24,801.3	106.7	234.9	25,143.0

Rental income and property expenses related to investment properties are stated in the income statement. The maturity structure for non-cancellable leases related to investment property is specified in note 16.

As at 31 December 2022, financial vacancy for the investment properties was 5.9 per cent. Operating expenses for vacant space and the owner's share of service charge expenses totalled NOK 35.5 million for 2022 (NOK 32.1 million).

Apart from covenants in loan agreements, no restrictions apply to the timing of the realisation of investment properties or how the revenue from any sale can be used.

Apart from adjustments for lessees and ongoing operational investments, the group had no significant contractual obligations for construction contracts related to investment properties as at 31 December in 2022 or 2021.

6.2 - Fair-value assessment

The following table shows the fair-value assessment of properties when using different types of inputs.

2022[1]:

(Amounts in NOK million)	Investment property	Owner-occupied property	Guarantee receivables
Given market value for corresponding assets and liabilities (level 1)	-	-	-
Other significant observable input (level 2)	-	-	-
Other significant non-observable input (level 3)	24,859.1	108.8	233.1
Total estimated fair value	24,859.1	108.8	233.1

2021[1]:

(Amounts in NOK million)	Investment property	Owner-occupied property	Guarantee receivables
Given market value for corresponding assets and liabilities (level 1)	-	-	-
Other significant observable input (level 2)	-	-	-
Other significant non-observable input (level 3)	24,801.3	106.7	234.9
Total estimated fair value	24,801.3	106.7	234.9

[1] Level 1: valuation based on quoted prices in active markets for identical assets. Level 2: valuation based on observable market information not covered by level 1. Level 3: valuation based on information not observable under level 2.

The group's policy is to recognise transfers into and out of fair-value hierarchy levels at the date of the event or change in circumstances which caused the transfer. There were no transfers between the levels during 2022 or 2021.

NOTE 7: Other fixed assets

Changes in other fixed assets are specified in the table below.

(Amounts in NOK million)	Other fixed assets	Energy distri-bution system (Aker Brygge)	Total
Acquisition costs:			
At 31 December 2020	51.2	43.1	94.3
Additions 2021	0.3	1.3	1.6
At 31 December 2021	51.5	44.4	95.9
Additions 2022	0.7	0.6	1.3
At 31 December 2022	52.2	45.0	97.2
Accumulated depreciation:			
At 31 December 2020	43.4	13.0	56.4
Additions 2021	1.9	2.2	4.1
At 31 December 2021	45.3	15.2	60.5
Additions 2022	3.0	2.2	5.2
At 31 December 2022	48.3	17.4	65.7
Book value:			
At 31 December 2021	6.1	29.3	35.4
At 31 December 2022	3.8	27.7	31.5

The group uses linear depreciation. The economic life of the assets is set at four years for IT equipment, five years for licences, cars and furnishings and seven years for other equipment. It is set at 20 years for the energy centre at Aker Brygge.

NOTE 8: Joint ventures

In 2020, Norwegian Property acquired Nordr together with Fredensborg and Union Real Estate Fund III. While Norwegian Property and Fredensborg are equal partners, each holding 42.5 per cent of the preferred shares (A-shares), Union owns 15 per cent of the preferred shares (B-shares). Only preferred A-shares have voting rights in the general meeting of the company. The preferred A and B shares have a pre-emptive right to payments from the company. C-shares are entitled to payments from the company only after a certain return on invested capital has been achieved. C-shares are earmarked for senior executives in Nordr, and at the end of 2022 represent an ownership interest of 0.3 per cent.

Norwegian Property owns 42.4 per cent of all shares in the company.

Norwegian Property has shared control in Nordr through contractual arrangements. The joint venture is regulated by a shareholder agreement which reflects joint control in all areas related to the management of the business. Norwegian Property and Fredensborg own an equal share of preferred shares with voting rights. There are five board members in the holding company of Nordr. The two main owners have two representatives each and the position as chair is rotated between the two of them every two years.

Nordr has residential units 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. Nordr's business consists of both wholly owned and partly owned plots and projects. Entities over which Nordr has control are fully consolidated in the accounts for the Nordr group. Nordr's share of joint venture's net profit and net equity is presented in accordance with the equity method in the accounts for the Nordr group.

At the year end of 2020, the property at Forusbeen 35 in Stavanger had been reregulated 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 owned the project as a joint venture from 31 December 2020.

The changes for the year in the balance-sheet item on net investment in joint ventures are specified in the table below.

(Amounts in NOK million)	2022	2021
Book value 1 January	1,084.8	1,013.6
Acquisition of joint ventures	-	23.8
Share of profit and loss	33.8	74.9
Currency changes [1]	(58.3)	(28.1)
Profit for intercompany transactions	(3.1)	-
Reduction in receivables	4.5	0.6
Book value 31 December	1,061.7	1,084.8

[1] Currency risk associated with Nordr's business in Sweden is not hedged.

The group's share of income in joint ventures is specified in the table below.

2022:

(Amounts in NOK million)	Nordr	Forus-been 35	Total
Revenues	3,270.6	1.5	3,272.0
Project cost from sale of residential units	(3,246.8)	-	(3,246.8)
Other operating expenses	(253.7)	(5.1)	(258.9)
Share of profit in joint ventures	354.0	-	354.0
Operating profit	124.1	(3.7)	120.4
Net financial items	(85.4)	-	(85.4)
Profit before income tax	38.7	(3.7)	35.0
Income tax	44.4	0.8	45.2
Profit for the period	83.1	(2.9)	80.2
The group's share of profit for the period	35.2	(1.4)	33.8
The group's share of gain from sale for the period	-	-	-
The group's share of profit and gain from sale for the period	35.2	(1.4)	33.8
The group's share of other comprehensive income for the period	(58.3)	-	(58.3)
The group's share of total comprehensive income for the period	(23.1)	(1.4)	(24.5)

2021:

(Amounts in NOK million)	Nordr	Forus-been 35	Total
Revenues	3,058.1	1.8	3,059.9
Project cost from sale of residential units	(2,669.9)	-	(2,669.9)
Other operating expenses	(355.2)	(3.3)	(358.5)
Share of profit in joint ventures	183.0	-	183.0
Operating profit	216.1	(1.5)	214.6
Net financial items	(11.5)	-	(11.5)
Profit before income tax	204.5	(1.5)	203.0
Income tax	(14.7)	0.3	(14.4)
Profit for the period	189.8	(1.2)	188.6
The group's share of profit for the period	75.5	(0.6)	74.9
The group's share of gain from sale for the period	-	-	-
The group's share of profit and gain from sale for the period	75.5	(0.6)	74.9
The group's share of other comprehensive income for the period	(28.1)	-	(28.1)
The group's share of total comprehensive income for the period	47.4	(0.6)	46.8

The group's share of equity in joint ventures is specified in the table below.

2022:

(Amounts in NOK million)	Nordr	Forus-been 35	Total
Investment property	-	20.7	20.7
Other fixed assets	30.2	-	30.2
Investment in joint ventures	1,537.1	-	1,537.1
Land bank and residential projects	9,054.2	100.2	9,154.4
Receivables	587.1	0.1	587.2
Cash and cash equivalents	600.4	0.3	600.6
Deferred tax	(403.5)	1.1	(402.4)
Interest bearing liabilities	(7,127.9)	-	(7,127.9)
Shareholder debt [1]	-	(126.0)	(126.0)
Other liabilities	(1,785.3)	(0.5)	(1,785.9)
Equity	(2,492.1)	4.0	(2,488.1)
The group's share of equity	(1,061.7)	-	(1,061.7)

2021:

(Amounts in NOK million)	Nordr	Forus-been 35	Total
Investment property	-	17.3	17.3
Other fixed assets	31.2	-	31.2
Investment in joint ventures	1,373.6	-	1,373.6
Land bank and residential projects	8,690.8	92.0	8,782.8
Receivables	935.3	0.9	936.1
Cash and cash equivalents	1,005.9	0.2	1,006.1
Deferred tax	(396.7)	0.3	(396.4)
Interest bearing liabilities	(6,340.7)	-	(6,340.7)
Shareholder debt [1]	-	(108.4)	(108.4)
Other liabilities	(2,752.8)	(3.5)	(2,756.3)
Equity	(2,546.6)	1.1	(2,545.4)
The group's share of equity	(1,084.8)	-	(1,084.8)

NOTE 9: Financial instruments

Financial assets represent contractual rights for the group to receive cash or other financial assets in the future. Financial liabilities correspondingly represent contractual obligations for the group to make future payments. Financial instruments are included in several accounting lines in the group's balance sheet and income statement, and they are classified in different categories in accordance with their accounting treatment.

The carrying amount of financial instruments in the group's balance sheet is considered to provide a reasonable expression of their fair value, with the exception of interest-bearing debt. The fair value of interest-bearing debt is described in note 13.

A specification of the group's financial instruments is presented below.

2022[1]:

(Amounts in NOK million)	Financial instruments at fair value through profit or loss	Amortised cost	Non-financial assets and liabilities	Total
Financial assets:				
Non-current derivatives	161.6	-	-	161.6
Non-current receivables	233.1	-	-	233.1
Current receivables	-	131.4	136.6	268.0
Current derivatives	1.9	-	-	1.9
Cash and cash equivalents	-	185.1	-	185.1
Financial liabilities:				
Non-current derivatives	18.2	-	-	18.2
Non-current interest-bearing liabilities	-	10,351.6	-	10,351.6
Other non-current liabilities	-	-	2.0	2.0
Current derivatives	-	-	-	-
Current interest-bearing liabilities	-	1,834.1	-	1,834.1
Other current liabilities	-	209.1	40.4	249.5
Profit/loss related to financial instruments:				
Financial income	-	17.2	-	17.2
Financial cost	-	(375.6)	-	(375.6)
Change in market value of financial instruments	172.2	-	-	172.2
Gain/loss recognised in comprehensive income:				
Recognised in comprehensive income	-	-	-	-

2021[1]:

(Amounts in NOK million)	Financial instruments at fair value through profit or loss	Amortised cost	Non-financial assets and liabilities	Total
Financial assets:				
Non-current derivatives	16.5	-	-	16.5
Non-current receivables	234.9	-	-	234.9
Current receivables	-	107.0	79.7	186.7
Current derivatives	0.8	-	-	0.8
Cash and cash equivalents	-	313.5	-	313.5
Financial liabilities:				
Non-current derivatives	36.2	-	-	36.2
Non-current interest-bearing liabilities	-	9,583.0	-	9,583.0
Other non-current liabilities	-	-	2.7	2.7
Current derivatives	7.9	-	-	7.9
Current interest-bearing liabilities	-	2,421.7	-	2,421.7
Other current liabilities	-	167.5	39.1	206.5
Profit/loss related to financial instruments:				
Financial income	-	15.0	-	15.0
Financial cost	-	(346.0)	-	(346.0)
Change in market value of financial instruments	150.2	-	-	150.2
Gain/loss recognised in comprehensive income:				
Recognised in comprehensive income	-	-	-	-

[1] *Accounting items not specified in the table above, but included in the group's financial statements, do not contain financial instruments.*

NOTE 10: Derivatives

10.1 - Specification of derivatives in the financial statements

The group is subject to interest-rate risk related to floating rate loans. The general policy in accordance with the applicable loan agreements is that at least 60 per cent of the group's interest-bearing debt at any time will be hedged.

Derivatives are carried at fair value. A specification of the derivatives in the balance sheet as at 31 December is shown in the following.

2022:

(Amounts in NOK million)	Assets	Liabilities
Interest rate hedging contracts	161.6	18.2
Exchange rate hedging contracts	-	-
Derivatives, non-current assets/liabilities	161.6	18.2
Interest rate hedging contracts	1.9	-
Exchange rate hedging contracts	-	-
Derivatives, current assets/liabilities	1.9	-
Total derivatives	163.5	18.2
Net financial derivatives in the balance sheet		145.3

2021:

(Amounts in NOK million)	Assets	Liabilities
Interest rate hedging contracts	16.5	36.2
Exchange rate hedging contracts	-	-
Derivatives, non-current assets/liabilities	16.5	36.2
Interest rate hedging contracts	0.8	7.9
Exchange rate hedging contracts	-	-
Derivatives, current assets/liabilities	0.8	7.9
Total derivatives	17.3	44.2
Net financial derivatives in the balance sheet		(26.9)

Changes for the year to net derivatives in the balance sheet are specified in the table below.

(Amounts in NOK million)	2022	2021
Net book value of derivatives, 1 January	(26.9)	(177.1)
Net fair value adjustments of derivatives during the year	172.2	150.2
Net book value of derivatives, 31 December	145.3	(26.9)

10.2 - Interest-rate derivatives

A specification of principal amounts per currency for the group's interest-rate derivatives as at 31 December is presented below. The maturity structure for the derivatives is specified in note 3.

	Currency	2022	2021
Notional principal amount	NOK	3,950.0	6,070.0

The floating interest rate is three-months Nibor for all contracts.

Gains and losses for hedge accounting contracts are recognised in other comprehensive income until the underlying hedged loan is repaid.

10.3 - Fair value of derivatives

Fair value is established on the basis of the following methods:

- Level 1: valuation based on quoted prices in active markets for identical assets.
- Level 2: valuation based on observable market information not covered by level 1.
- Level 3: valuation based on information not observable under level 2.

All financial derivatives in the balance sheet relate to interest-rate swap agreements, where fair value is determined in accordance with level 2.

The group's policy is to recognise transfers into and out of fair-value hierarchy levels at the date of the event or change in circumstances which caused the transfer. No transfers were made between the levels in 2022 or 2021.

NOTE 11: Receivables

11.1 - Current receivables

Current receivables in the balance sheet as at 31 December are specified in the table below.

(Amounts in NOK million)	2022	2021
Accounts receivable	31.2	17.9
Provision for impairment of receivables	(10.0)	(7.5)
Net accounts receivable	21.2	10.4
Loans to joint ventures and deferred settlement on sale of properties[1]	110.2	96.6
Public duties	5.0	13.6
Other current receivables	131.7	66.1
Total other current receivables	246.8	176.3
Total current receivables	268.0	186.7

[1] Entirely related to the receivable on the joint venture for the property at Forusbeen 35.

11.2 - Non-current receivables

Non-current receivables as at 31 December are specified in the table below.

(Amounts in NOK million)	2022	2021
Rent guarantee receivables (see note 6)	233.1	234.9
Total non-current receivables	233.1	234.9

NOTE 12: Other liabilities

12.1 - Other current liabilities

Other current liabilities as at 31 December are specified in the table below.

(Amounts in NOK million)	2022	2021
Trade payables	50.5	39.2
Public duties	11.0	6.4
Accrued salaries	6.9	7.0
Accrued interest	96.9	72.6
Lease liability (see note 7)	0.7	1.6
Prepaid income	22.5	25.7
Accrued cost and other debts	61.0	54.0
Total other current liabilities	249.5	206.6

12.2 - Other non-current liabilities

Other non-current liabilities as at 31 December are specified in the table below.

(Amounts in NOK million)	2022	2021
Lease liability (see note 7)	0.1	0.7
Pension liabilities (see note 19)	1.9	2.0
Total other non-current liabilities	2.0	2.7

NOTE 13: Interest-bearing debt

The table below presents an overview as at 31 December of the group's interest-bearing debt, including share of the interest exposure hedged, average interest rate and remaining duration.

	2022	2021
Total interest-bearing debt (NOK million)	12,185.7	12,004.8
Of which hedged (NOK million)[1]	8,547.0	8,547.0
Share of the interest exposure hedged (per cent)	70.1	71.2
Cash and cash equivalents (NOK million)	185.1	313.5
Interest bearing receivables (NOK million)	110.2	96.6
Unutilised credit facilities (NOK million)	1,157.0	1,800.0
Average interest rate (per cent)	3.48	2.81
Average interest margin (per cent)	1.36	1.33
Remaining time to maturity for interest-bearing debt (years)	3.8	4.4
Remaining time to maturity for interest hedge agreements (years)	5.6	6.3

[1] All interest-rate swaps and loans with fixed rate which had commenced at the balance-sheet date.

Group interest-bearing non-current and current debt as at 31 December is specified in accordance with the type of debt in the table below.

2022:

(Amounts in NOK million)	Long-term	Short-term	Total
Bonds	5,640.0	400.0	6,040.0
Bilateral loan	3,542.0	-	3,542.0
Bank borrowings (loan facilities)	1,174.5	1,434.5	2,609.0
Total interest-bearing debt	10,356.5	1,834.5	12,191.0
Accrued financial items	(4.9)	(0.5)	(5.3)
Total book value interest-bearing debt	10,351.6	1,834.1	12,185.7
Fair value of bonds[1]	5,640.7	403.2	6,043.9
Fair value of bank borrowings[1]	1,166.3	1,430.9	2,597.2

2021:

(Amounts in NOK million)	Long-term	Short-term	Total
Bonds	6,040.0	1,889.0	7,929.0
Bilateral loan	3,542.0	-	3,542.0
Bank borrowings (loan facilities)	0.6	531.6	532.2
Total interest-bearing debt	9,582.6	2,420.6	12,003.2
Accrued financial items	0.5	1.2	1.6
Total book value interest-bearing debt	9,583.1	2,421.8	12,004.8
Fair value of bonds[1]	6,044.2	1,914.5	7,958.7
Fair value of bank borrowings[1]	0.6	531.4	532.0

[1] The fair value of bonds is based on given market values for corresponding assets and liabilities (level 1). The fair value of bank borrowings are based on other significant non-observable input (level 3). Level 1: valuation based on quoted prices in active markets for identical assets. Level 2: valuation based on observable market information not covered by level 1. Level 3: valuation based on information not observable under level 2.
The group's policy is to recognise transfers into and out of fair value hierarchy levels at the date of the event or change in circumstances which caused the transfer. There were no transfers between the levels during 2022 or 2021.

The total fair value of interest-bearing debt consists of bonds valued at their market price as at 31 December and bank loans at estimated fair value, where account is taken of the estimated difference between the current margin and market conditions.

Changes for the year to interest-bearing debt in the balance sheet are specified in the table below.

2022:

(Amounts in NOK million)	Long-term	Short-term	Total
Interest-bearing debt as of 1 January	9,582.6	2,420.6	12,003.2
New debt	2,078.5	-	2,078.5
Repayment of debt	-	(1,890.6)	(1,890.6)
Reclassification of debt	(1,304.6)	1,304.6	-
Interest-bearing debt as of 31 December	10,356.5	1,834.6	12,191.0
Accrued financial items	(4.9)	(0.5)	(5.3)
Book value of interest-bearing debt	10,351.6	1,834.1	12,185.7

2021:

(Amounts in NOK million)	Long-term	Short-term	Total
Interest-bearing debt as of 1 January	10,717.2	1,401.5	12,118.7
New debt	1,697.0	-	1,697.0
Repayment of debt	(411.0)	(1,401.5)	(1,812.5)
Reclassification of debt	(2,420.6)	2,420.6	-
Interest-bearing debt as of 31 December	9,582.6	2,420.6	12,003.2
Accrued financial items	0.5	1.2	1.6
Book value of interest-bearing debt	9,583.0	2,421.8	12,004.8

The maturity structure of the group’s long-term interest-bearing debt as at 31 December is specified in the table below (short-term interest-bearing debt falls due within one year from the balance-sheet date).

(Amounts in NOK million)	2022	2021
Due in 2023 (2022)	1,834.6	2,420.6
Due in 2024 (2023)	2,615.0	400.6
Due in 2025, 2026 and 2027 (2024, 2025 and 2026)	4,199.5	5,640.0
Due after 2027 (after 2026)	3,542.0	3,542.0
Total	12,191.0	12,003.2

The carrying amount of group assets pledged as security as at 31 December is specified in the table below.

(Amounts in NOK million)	2022	2021
Investment property[1]	24,936.0	24,909.2
Total	24,936.0	24,909.2
Liabilities secured	12,191.0	12,003.2

[1] *Properties with a carrying amount of NOK 265 million as at 31 December 2022 were not pledged for interest-bearing debt (NOK 263.6 million).*

A portfolio of bonds totalling NOK 6 billion are secured by properties and listed on the Oslo Stock Exchange. A bilateral loan of NOK 3,5 billion is not listed. None of the bonds have running terms related to financial covenants. All the bonds have change of control clauses, and the requirement of a maximum of 65 per cent LTV on the mortgaged building at the time of borrowing.

The security for bank facilities is shared with the bondholders. The bank facilities are subject to annual renewal. The most important terms for all these facilities are a minimum interest-rate hedge ratio of 50 per cent, interest cover of at least 1.4 and a maximum LTV of 75 per cent. Agreed requirements in the loan agreements were met at year-end 2022 and 2021 as well as all quarterly interim reporting dates in 2022 and 2021.

The group's loan facilities as of 31 December 2022 are specified in the table below.

(Amounts in NOK million)	Security (property)	Due (year)	Drawn amount	Short-term loan	Long-term loan	Undrawn amount
Bond NPRO07	Fondbygget	2024	500.0	-	500.0	-
Bond NPRO08	Fondbygget	2024	450.0	-	450.0	-
Bond NPRO09	Drammensveien 60	2024	400.0	-	400.0	-
Bond NPRO14	Kaibygning I	2026	350.0	-	350.0	-
Bond NPRO15	Kaibygning I	2024	300.0	-	300.0	-
Bond NPRO16	Bryggegata 9/Støperiet	2024	505.0	-	505.0	-
Bond NPRO17	Lille Grensen 7	2024	460.0	-	460.0	-
Bond NPRO18	Verkstedhallene	2023	400.0	400.0	-	-
Bond NPRO19	Verkstedhallene	2025	975.0	-	975.0	-
Bond NPRO20	Terminalbygget	2025	700.0	-	700.0	-
Bond NPRO21	Snarøyveien 36	2026	650.0	-	650.0	-
Bond NPRO22	Kaibygning I	2026	200.0	-	200.0	-
Bond NPRO23	Terminalbygget	2026	150.0	-	150.0	-
Bilateral loan	Smarøyveien 30	2030	3,542.0	-	3,542.0	-
RCF SEB	Property portfolio 1	2025	579.2	-	579.2	14.0
RCF Swdbank	Property portfolio 2	2025	595.3	-	595.3	-
RCF DNB	Property portfolio 3	2023	654.0	654.0	-	-
RCF DNB/SEB	Verkstedhallene	2023	250.0	250.0	-	208.0
Term loan SEB	Kaibygning I	2023	530.0	530.0	-	-
Term loan SEB	Kaibygning I	2026	-	-	-	500.0
Term loan Swedbank/SR-Bank	Sandakerveien 138/140	2026	-	-	-	435.0
Other		2023	0.5	0.5	-	-
Total interest-bearing debt, 31 December 2022			12,191.0	1,834.5	10,356.5	1,157.0
Accrued financial items			(5.3)	(0.5)	(4.9)	
Book value of interest-bearing debt, 31 December 2022			12,185.7	1,834.1	10,351.6	

NOTE 14: Deferred tax and income tax

Changes for the year to deferred tax appear as follows:

(Amounts in NOK million)	Investment property[1]	Gain and loss account	Carry forward losses	Carry forward interest deductions	Financial derivatives	Other	Total[2]
Total at 1 January 2021	1,707.7	27.8	(426.7)	(380.3)	(38.9)	(1.9)	887.7
Not capitalised at 1 January 2021[3]	-	-	-	380.3	-	-	380.3
Book value at 1 January 2021	1,707.7	27.8	(426.7)	-	(38.9)	(1.9)	1,268.0
Recognised through profit and loss in 2021	373.2	(3.6)	12.5	-	33.0	0.4	415.5
Recognised through comprehensive income in 2021	2.3	-	-	-	-	-	2.3
Change of calculated deferred tax in 2021	375.5	(3.6)	12.5	-	33.0	0.4	417.8
Total at 31 December 2021	2,083.2	24.2	(414.2)	(380.3)	(5.9)	(1.5)	1,305.5
Not capitalised at 31 December 2021[3]	-	-	-	380.3	-	-	380.3
Book value at 31 December 2021	2,083.2	24.2	(414.2)	-	(5.9)	(1.5)	1,685.8
Recognised through profit and loss in 2022	(39.0)	(3.0)	213.5	-	37.9	(2.7)	206.8
Recognised through comprehensive income in 2022	0.7	-	-	-	-	-	0.7
Change of calculated deferred tax in 2022	(38.2)	(3.0)	213.5	-	37.9	(2.7)	207.5
Total at 31 December 2022	2,045.0	21.2	(200.8)	(380.3)	32.0	(4.2)	1,513.0
Not capitalised at 31 December 2022[3]	-	-	-	380.3	-	-	380.3
Book value at 31 December 2022	2,045.0	21.2	(200.8)	-	32.0	(4.2)	1,893.3

[1] The tax value totalled NOK 8.6 billion as at 31 December 2022. Theoretical deferred tax in the event that all the properties are sold at fair value amounts to about NOK 3.7 billion. The difference from estimated deferred tax for investment property reflects the recognition exception in IAS 12.15 for the purchase of assets.
[2] Deferred tax assets and liabilities are presented net when the group has a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. All group limited companies are included in the tax group and registered in Norway.
[3] With effect from 2019, amendments were made to the rules on limiting interest deductions under Norwegian tax legislation. The limitation has been extended to include external interest payments for taxpayers in a group. The change affects Norwegian Property, which has a foreign controlling shareholder.

The table below specifies the income tax for the group on payable and deferred taxes, respectively, and the calculation of income tax expense based on income before tax.

(Amounts in NOK million)	2022	2021
Payable tax	(0.1)	6.3
Deferred tax	206.8	415.5
Income tax	206.6	421.8
Profit before income tax:	502.5	1,994.9
Income tax calculated at 22 per cent	110.6	438.9
Other differences[1]	96.2	(23.4)
Deferred tax	206.8	415.5
Payable tax	(0.1)	6.3
Income tax	206.6	421.8

[1] Applies primarily to deferred tax assets related to investment property, which is not recognised in the balance sheet when the fair value is greater than the taxable value but lower than the cost for the group.

Changes for the year to net deferred tax are specified as follows.

(Amounts in NOK million)	2022	2021
At 1 January	1,685.8	1,268.0
Recognised through profit and loss	206.8	415.5
Tax charged to comprehensive income	0.7	2.3
At 31 December	1,893.3	1,685.8

NOTE 15: Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker CODM). The CODM, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the senior management team.

Norwegian Property's primary business is the ownership and management of commercial properties in the Oslo region. In the third quarter of 2020, the company made an investment in 42.5 per cent of the preferred shares in the residential development company Nordr. The Forusbeen 35 property at Forus in Stavanger was reregulated from a commercial building to a property with a combined residential and commercial purpose in 2020. Norwegian Property owned the project as a joint venture from 31 December 2020.

The segmentation of operating profit, excluding the 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.

For investment property, discrete financial information is provided on a property-by-property basis to members of executive management, who collectively comprise the CODM. The information provided is on a net rental basis (including gross rent and property expenses), valuations gains/losses, profit/loss on disposal of investment property and share of profit from the joint ventures. Group administrative costs, finance revenue, finance costs and income taxes are not reported to the members of the executive management team on a segment basis. There are no sales between segments.

Segment information related to the income statement items for 2022 is specified in the table below.

(Amounts in NOK million)	Commercial properties	Residential properties	Group	Total
Revenue[1]	1,014.4	-	-	1,014.4
Total property-related expenses[2]	(140.4)	-	-	(140.4)
Administrative expenses[2]	-	-	(59.9)	(59.9)
Depreciation	(2.2)	-	(2.2)	(4.4)
Share of profit in joint ventures	(1.1)	34.8	-	33.8
Change in fair value of investment property and rental guarantee	(154.7)	-	-	(154.7)
Operating profit	716.0	34.8	(62.1)	688.8
Financial income			17.2	17.2
Financial expenses			(375.6)	(375.6)
Change in fair value of interest derivatives			172.2	172.2
Profit before income tax			(248.3)	502.5
Income tax			(206.6)	(206.6)
Profit for the period			(454.9)	295.9

Segment information related to income statement items for 2021 is specified in the table below.

(Amounts in NOK million)	Commercial properties	Residential properties	Group	Total
Revenue[1]	919.6	-	-	919.6
Total property-related expenses[2]	(122.2)	-	-	(122.2)
Administrative expenses[2]	-	-	(57.2)	(57.2)
Depreciation	(2.2)	-	(2.1)	(4.3)
Share of profit in joint ventures	(0.4)	75.3	-	74.9
Change in fair value of investment property and rental guarantee	1,365.0	-	-	1,365.0
Operating profit	2,159.7	75.3	(59.2)	2,175.8
Financial income			15.0	15.0
Financial expenses			(346.0)	(346.0)
Change in fair value of interest derivatives			150.2	150.2
Profit before income tax			(240.1)	1,994.9
Income tax			(421.8)	(421.8)
Profit for the period			(661.9)	1,573.1

[1] The largest customer for the commercial property business is Telenor Real Estate AS, which is a tenant of the property at Snarøyveien 30 and annual rental income amounts to NOK 169.7 million for 2022 (NOK 171 million). No rental income from other individual customers constitutes more than 10 per cent of total revenue.
[2] Excluding depreciation which is specified separately.

Segment information related to balance-sheet items as at 31 December 2022 is specified in the table below.

(Amounts in NOK million)	Commercial properties	Residential properties	Group	Total
Investment property	24,967.9	-	-	24,967.9
Other fixed assets	29.3	-	2.1	31.5
Investment in joint ventures	-	1,061.7	-	1,061.7
Receivables	501.1	-	-	501.1
Cash and cash equivalents	-	-	185.1	185.1
Deferred tax	-	-	(1,893.3)	(1,893.3)
Financial derivative instruments	-	-	145.3	145.3
Interest bearing liabilities	-	-	(12,185.7)	(12,185.7)
Other liabilities	(115.3)	-	(136.1)	(251.4)
Total equity			(12,562.1)	(12,562.1)

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

(Amounts in NOK million)	Commercial properties	Residential properties	Group	Total
Investment property	24,908.0	-	-	24,908.0
Other fixed assets	32.6	-	2.8	35.4
Investment in joint ventures	-	1,084.8	-	1,084.8
Receivables	421.7	-	-	421.7
Cash and cash equivalents	-	-	313.5	313.5
Deferred tax	-	-	(1,685.8)	(1,685.8)
Financial derivative instruments	-	-	(26.9)	(26.9)
Interest bearing liabilities	-	-	(12,004.8)	(12,004.8)
Other liabilities	(110.9)	-	(98.4)	(209.3)
Total equity			(12,836.6)	(12,836.6)

NOTE 16: Contractual rental income

Norwegian Property's operating income in 2021 totalled NOK 1,014.4 million (NOK 919.6 million).

The group's commercial properties are located in the Oslo region. They primarily consist of office premises with associated warehousing and parking space. Some of the properties include space for letting as retail outlets and restaurants. Offices account for the bulk of all the larger properties. At Aker Brygge in central Oslo, the properties are located by the sea with a small associated marina business, outdoor areas and an energy centre which uses seawater for the heating/cooling of the properties.

Total revenue is distributed as follows in the various areas described hereinabove.

(Amounts in NOK million)	2022	2021
Income relating to fixed lease payments for commercial properties	963.4	881.3
Income relating to variable lease payments from retail and restaurant customers for commercial properties	11.0	5.0
Other variable income retalted to the marina, outdoor areas and energy centre at Aker Brygge in Oslo	40.0	33.3
Total revenues	1,014.4	919.6

Tenants comprise commercial companies and public-sector institutions of different types and sizes. Rental income is based on leases of varying lengths, where income based on the leases is recognised on a linear basis over the duration of the lease. Rental income is generally invoiced quarterly in advance with 30 days to pay. Income from the marina relates to rental charges by the season, by the day, for events etc. Income for the energy centre is invoiced to the tenants who are connected to it.

The group's lease-based rental income is distributed as follows, where the figures are given as lease values without index adjustment for leases entered into as at 31 December.

(Amounts in NOK million)	2022	2021
Within 1 year	1,097.0	1,034.9
Between 1 and 2 years	1,046.6	956.6
Between 2 and 3 years	802.2	861.9
Between 3 and 4 years	647.9	625.8
Between 4 and 5 years	521.1	510.1
Later than 5 years	2,758.6	2,518.1
Total	6,873.3	6,507.4

Service charges are recognised net as an agent of the tenant. Therefore, the operating revenues do not include service charges invoiced to the tenants. Accrued service charges are recognised in the balance sheet together with payments on account from tenants-, and, therefore, do not affect profit beyond an administrative mark-up recognised as income. The settlement of service charges is made after the balance-sheet date. Service charges invoiced to tenants in 2022 amounted to NOK 178 million (NOK 124 million), and the administrative mark-up recognised as income amounted to NOK 8.9 million (NOK 6.2 million).

NOTE 17: Net realised financial items

The table below presents a specification of the income statement item on realised net financial items.

(Amounts in NOK million)	2022	2021
Interest income on bank deposits and receivables	9.5	7.1
Interest income on guarantee receivables (see note 6)	7.7	7.9
Total financial income	17.2	15.0
Interest expense on borrowings	(375.6)	(346.0)
Total financial expenses	(375.6)	(346.0)
Net financial items	(358.4)	(331.1)

NOTE 18: Operating expenses

A specification of the operating expenses in the income statement is provided below.

18.1 - Property-related operational expenses

Property-related expenses include the administrative costs related to the management of the properties as well as the operating and maintenance costs.

(Amounts in NOK million)	2022	2021
Administrative management costs	12.2	11.4
Operating and maintenance costs	61.6	52.9
Total property-related operational expenses	73.8	64.3

18.2 - Other property-related expenses

Other property-related expenses include income-related costs related to leasing, marketing etc., the owner's share of service charges, project-related property costs and depreciation related to the properties.

(Amounts in NOK million)	2022	2021
Rental, market and other income-related expenses	33.4	28.0
Owner's share of service charge expenses	35.5	32.1
Total other property-related expenses	68.8	60.1

18.3 - Administrative owner expenses

Administrative expenses relate to costs which are not directly related to the operation and leasing of properties, and include the costs related to the overall ownership and corporate functions.

(Amounts in NOK million)	2022	2021
Payroll expenses (see note 21)	88.5	81.2
Depreciation	2.2	2.1
Other operating expenses	20.4	22.7
Costs allocated to property costs	(49.0)	(46.7)
Total administrative expenses	62.1	59.2

NOTE 19: Payroll costs and remuneration of executive officers and auditor

The tables below present a breakdown of payroll costs and remuneration of directors, senior executives and auditors.

19.1 - Payroll costs

Payroll costs for the year are as follows.

(Amounts in NOK million)	2022	2021
Salaries and remuneration	73.3	72.6
Employee share-option scheme (see note 22.4)	-	0.7
Social security costs	20.5	12.9
Pension costs for defined contribution plans	3.2	2.7
Other employee expenses	1.8	1.6
Total payroll cost	98.8	90.5
Number of employees at 31 December	62	61
Number of full-time equivalent positions in the financial year	62	61
Average number of employees in the financial year	62	56

Pursuant to the Norwegian Act on Mandatory Occupational Pensions, Norwegian Property ASA is required to operate certain pension plans. The group has plans which satisfy these requirements (defined contribution plan for all employees).

The group has a controlling interest in Bryggedrift AS (see note 24), which has an individual defined benefit pension obligation of NOK 1.9 million to a former employee funded from operations.

19.2 - Directors' fees

Fees to directors in 2022 are presented in the table below.

Name	Remune-ration[1]	Share based payment expense[2]
Bjørn Henningsen, chair 22.04-31.12 and deputy chair 01.01-22.04	637,500	-
Cecilie Astrup Fredriksen, director 01.01-31.12	250,000	-
Kathrine Astrup Fredriksen, director 01.01-31.12	250,000	-
Lars Erich Nilsen, director 01.01-31.12	250,000	-
Lars Buin, director 22.04-31.12	187,500	-
Merete Haugli, chair 01.01-22.04	175,000	-
Carl Erik Krefting, director 01.01-22.04	62,500	-
Anders Buchardt, director 01.01-22.04	62,500	-
Total	1,875,000	-

[1] Reported benefits paid in 2022 (amounts in NOK). In addition to that are the employer's National Insurance contributions (14.1 per cent).
[2] *Amount expensed in the accounts for 2022. No options have been exercised in 2022.*

Fees to directors in 2021 are presented in the table below.

Name	Remune-ration[1]	Share based payment expense[2]
Merete Haugli, chair 01.01-31.12	700,000	-
Bjørn Henningsen, deputy chair 01.01-31.12	450,000	-
Cecilie Astrup Fredriksen, director 01.01-31.12	250,000	-
Kathrine Astrup Fredriksen, director 01.01-31.12	250,000	-
Carl Erik Krefting, director 01.01-31.12	250,000	20,922
Lars Erich Nilsen, director 01.01-31.12	250,000	-
Anders Buchardt, director 01.01-31.12	250,000	-
Total	2,400,000	20,922

[1] Reported benefits paid in 2021 (amounts in NOK). In addition to that are the employer's National Insurance contributions (14.1 per cent).
[2] Amount expensed in the accounts for 2021. See note 20.4 for information about the options exercised in 2021.

19.3 - Auditor's fee

Fees paid to the company's elected auditor[1] are shown in the table below.

Type of fees	2022		2021
	EY	PwC	PwC
Statutory audit	832,500	932,375	1,441,000
Other certification services	-	-	42,000
Tax/VAT advice	-	996,572	508,000
Other services	-	-	3,873,000
Total	832,500	1,928,947	5,864,000

[1] Fees to PwC and affiliated companies as well as EY and affiliated companies. EY took over as auditor of all group companies from PwC on the AGM in 2022. The fees are net of VAT (amounts in NOK).

19.4 - Remuneration of senior management

Remuneration of senior management in 2022 is specified in the table below.

Name	Title	Salary[1]	Bonuses[1]	Share based payment expense[2]	Other benefits[1]	Pension/ insurance benefits[3]
Bent Oustad	CEO	4,097,999	2,700,000	3,826	14,391	104,182
Haavard Rønning	CFO	2,783,228	1,332,533	-	9,157	103,821
Bjørge Aarvold	EVP property management	2,097,241	576,100	-	130,392	116,172
Ellen Cathrine Kobro	EVP sales and marketing	2,225,361	647,000	-	10,838	104,155
Sindre Kornrud	EVP projects	1,882,687	548,400	-	4,392	102,544
Vidar Stokkeland[4]	EVP development	783,333	-	-	5,229	43,134
Thomas Weeden	EVP business development and strategy	2,001,718	400,000	-	4,392	101,569
Total		15,871,567	6,204,033	3,826	178,791	675,577

[1] Applies to salary for 2022 and bonus for 2021 paid in 2022 (amounts in NOK). In addition to that are the employer's National Insurance contributions (14.1 per cent).
[2] Amount expensed in the accounts for 2022. See note 20.4 for information about the options exercised in 2022.

[3] *Contribution paid to defined contribution pension plans and employee insurance in 2022 (amounts in NOK).*
[4] *Started 1 August 2022.*

Remuneration of senior management in 2021 is specified in the table below:

Name	Title	Salary[1]	Bonuses[1]	based payment expense[2]	Other benefits[1]	Pension/ insurance benefits[3]
Bent Oustad	CEO	3,915,188	2,625,000	703,344	4,392	94,128
Haavard Rønning	CFO	2,657,422	1,297,500	-	7,831	93,883
Bjørge Aarvold	EVP property management	1,916,644	561,000	-	124,392	104,165
Ellen Cathrine Kobro	EVP sales and marketing	2,132,951	630,000	-	7,392	93,198
Sindre Kornrud	EVP projects	1,775,167	534,000	-	4,392	92,757
Thomas Weeden[4]	EVP business development and strategy	487,500	-	-	1,098	24,464
Total		12,884,872	5,647,500	703,344	149,497	502,595

[1] *Applies to salary for 2021 and bonus for 2020 paid in 2021 (amounts in NOK) In addition to that are the employer's National Insurance contributions (14.1 per cent).*
[2] *Amount expensed in the accounts for 2021. See note 20.4 for information about the options exercised in 2021.*
[3] *Contribution paid to defined contribution pension plans and employee insurance in 2021 (amounts in NOK).*
[4] *Started 31 October 2021.*

NOTE 20: Share capital and shareholders

The table below specifies the average number of shares in the past two years, the group's largest shareholders and the shares owned by the directors and senior executives as at 31 December.

20.1 - Changes in share capital and average number of shares

	2022	2021
Average number of shares (1 000 shares)	649,826	649,826
Number of shares issued at 31 December (1 000 shares)	649,826	649,826

20.2 - The group's main shareholders as at 31 December

At year-end 2022 and 2021, the company has a share capital of NOK 324,912,798 divided into 649,825,596 shares, each with a par value of NOK 0.50. The company owns 6,250,000 treasury shares. Geveran Trading Co. Ltd. owned the remaining 643,575,596 shares in the company both at the end of 2022 and 2021.

20.3 - Shares held by senior executives and directors as at 31 December

The directors Cecilie Astrup Fredriksen, Kathrine Astrup Fredriksen and Lars Erich Nilsen are related to Geveran Trading Co Ltd, which is the company's sole proprietor at the end of 2022 and 2021.

20.4 - Share options

Share options are granted to the CEO. Each share option entitles the holder to subscribe for a share in Norwegian Property ASA. The option agreement with the CEO was entered into in 2017 and entitles him to subscribe to a total of 5,750,000 shares as follows.

Earliest exercise date	No. of shares	Subscr. price (NOK)
01.01.2019	1,000,000	10.00
01.01.2020	1,250,000	11.50
01.01.2021	1,500,000	12.50
01.01.2022	2,000,000	14.50

As an alternative to delivering shares, the board of Norwegian Property may opt to settle the profit in cash. The agreement otherwise contains normal conditions on such matters as continued employment and adjustment of share prices and so forth as a result of corporate events.

The total fair value of share options granted in 2017 was NOK 11.2 million (excluding the employer's National Insurance contribution). The fair value is calculated by external valuers based on the Black-Scholes model. In calculating fair value, volatility in the period was set at 27.43 per cent and the risk-free interest rate at 0.97 per cent. The share price at the grant date was NOK 10.45.

An option agreement with a director was entered into in 2018 and entitled him to subscribe for a total of 500,000 shares. The options were exercised in 2021. The NOK 3.8 million profit was settled in cash.

Outstanding options related to the CEO option agreement:

Employee options	Number of options	Weighted average excercise price (NOK)
Outstanding 1 January 2021	5,750,000	12.54
Awarded	-	-
Exercised	-	-
Terminated	-	-
Outstanding 31 December 2021	5,750,000	12.54
Earned 1 January 2022	5,750,000	12.54
Outstanding 1 January 2022	5,750,000	12.54
Awarded	-	-
Exercised[1]	-5,750,000	12.54
Terminated	-	-
Outstanding 31 December 2022	-	-
Earned 1 January 2023	-	-

[1] The options have been exercised in 2022 for settlement in accordance with the option agreement the following year.

20.5 - Revaluation reserve
A revaluation reserve of NOK 39 million (net profit) related to owner occupied property is included in retained earnings as at 31 December 2022 (NOK 37.2 million).

NOTE 21: Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders with the weighted average number of ordinary shares outstanding during the year.

	2022	2021
Net profit attributable to shareholders (NOK million)	295.9	1,573.1
Weighted average number of outstanding shares, exclusive treasury shares (million shares)[1]	643.6	643.6
Weighted average number of diluted outstanding shares, exclusive treasury shares (million shares)[2]	647.1	647.1
Basic earnings per share (NOK per share)	0.46	2.44
Diluted earnings per share (NOK per share)	0.46	2.43

[1] Both at the end of 2022 and 2021, the group owned 6,250,000 treasury shares.
[2] The diluted number of shares has been adjusted for options granted.

NOTE 22: Dividend per share and dividend policy

Norwegian Property's goal is to pay a dividend to its shareholders amounting to 30-50 per cent of its ordinary profit after tax payable but before fair-value adjustments. The dividend can be higher in times with good cash flow. Before a dividend is determined, an assessment is made of the group's financial position and prospects, including the availability of attractive investment opportunities.

The board has a mandate from the group's AGM to make quarterly dividend payments. A dividend of NOK 0.125 per share was approved by the board meeting on 2 February 2023.

NOTE 23: Related-party disclosures

Parties are related if one party can exercise significant influence over the group in making strategic or operating decisions. Significant influence is normally obtained by ownership, participation in decision-making bodies and management or by agreements.

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 relationships related to the board and senior management are described in notes 19 and 20.

A management fee of NOK 1.7 million has been expensed in 2022 from a company related to the shareholder Geveran Trading Co. Ltd.

No other agreements or significant transactions with related parties were carried out in 2022.

NOTE 24: Contingent liabilities and assets

The group has a liability if it is committed to giving up financial resources to another party at a future date. An uncertain liability is a liability of uncertain timing or amount. A contingent liability is a category of uncertain liabilities, where the possible obligation depends on whether some uncertain future events occur which the group cannot fully influence. Similarly, a contingent asset relates to the possible rights for the group to receive financial resources at a future date.

Guarantees relating to the sale of properties and companies
The seller normally issues guarantees relating to the sale of properties because of formal, physical and suchlike conditions related to the transferred properties and/or companies. The guarantees typically include conditions related to legal status, ownership of shares, validity of financial statements and tax issues, contractual issues, liens, environmental matters, insurance coverage, assessment of defects etc. The seller must typically cover the financial losses incurred by the buyer from any errors or omissions which may be linked to the guarantees.

Norwegian Property has issued this kind of guarantee to buyers in relation to the sale of properties/companies since the group was established. As at the end of 2022 and 2021, the assessment is that there are no circumstances which entail an obligation for Norwegian Property and a need to make provisions.

NOTE 25: Events after the balance-sheet date

Events after the balance-sheet date are events, favourable or unfavourable, which occur between the balance-sheet date and the date when the financial statements are authorised for issue. Such events can be events which provide information on the conditions existing at the balance-sheet date, thereby resulting in adjustments to the financial statements, or events which do not require such adjustments.

In accordance with the mandate from the AGM in 2022, the board decided on 2 February 2023 that a dividend of NOK 0.125 per share will be paid for 2022.

No other significant events have occurred after 31 December 2022 which provide information on the conditions existing as at the balance-sheet date.

NOTE 26: Group companies

The consolidated financial statements of Norwegian Property ASA comprise the following wholly-owned subsidiaries as at 31 December 2022:

Aker Brygge AS
Aker Brygge Business Village AS
Aker Brygge Energisentral AS
Aker Brygge Marina AS
Aker Brygge Marina Drift AS
Aker Brygge Uteareal AS
Bryggegata 9 AS
Bryggetorget Invest AS
Bryggetorget 3 AS
Bydel Aker Brygge Forvaltning AS
Dokkbygningen Aker Brygge AS
Drammensveien 60 AS
Fondbygget AS
Forusbeen 35 AS
Gardermoen Næringseiendom AS
Gardermoen Næringseiendom KS
Gjerdrums vei 10 G AS
Gjerdrums vei 5 AS
Gjerdrums vei 8 AS
Gjerdrums vei 14-16 AS
Gjerdrums vei 17 AS
Gjerdrums vei 3 AS
Grensen Investment AS
Gullhaug Torg 3 AS
Gullhaugveien 9-13 AS
Hasle Linje Bygg 01 AS
Nye Hasle Linje Bygg 01 Næring AS
Kaibygning 1 AS
Kaibygning 2 AS
Lille Grensen 7 Andel AS
Lille Grensen 7 ANS

Lille Grensen 7 AS
Norwegian Property ASA
Npro 1 AS
Npro 2 AS
NPRO Drift AS
NPRO Holding AS
NPRO Invest AS
Nydalsveien 15-17 AS
Sandakerveien 130 AS
Snarøyveien 30 AS
Snarøyveien 36 AS
Stranden AS
Støperiet AS
Terminalbygget Aker Brygge AS
Tingvalla AS
Verkstedhallene AS

All subsidiaries have the same business address as Norwegian Property ASA (Bryggegata 3, NO-0250 Oslo, Norway).

In addition to its wholly-owned subsidiaries, the Norwegian Property group has a controlling interest in Bryggedrift AS (business address Støperigata 1, NO-0250 Oslo, Norway), which is responsible for certain operating services and management of condominiums at Aker Brygge in Oslo. Bryggedrift AS is a facility management company without significant assets. All condominiums at Aker Brygge are shareholders in Bryggedrift AS, and Norwegian Property - as a participant in the condominiums - had a controlling interest in Bryggedrift AS at 31 December 2022 on the basis of the ownership structure of the condominiums. Norwegian Property is represented on the board of Bryggedrift AS by two of the five directors.

Norwegian Property owns Nordr together with Fredensborg and Union Real Estate Fund III. While Norwegian Property and Fredensborg are equal partners, each holding 42.5 per cent of the preferred shares, Union owns 15 per cent of the preferred shares (see note 8).

Norwegian Property also owns a 50 per cent share in the property at Forusbeen 35 together with Base Bolig (see note 8).

Annual accounts of the parent company

Income statement 1 Jan-31 Dec

(Amounts in NOK million)	Note	2022	2021
Management and service fee from group companies	3	53.3	50.9
Total operating revenue		53.3	50.9
Payroll costs	4	(92.8)	(81.2)
Depreciation	8	(0.9)	(0.8)
Other operating costs	4	(24.5)	(25.5)
Total operating costs		(118.2)	(107.5)
Operating profit		(64.9)	(56.6)
Financial income	5	892.7	460.8
Financial expenses	5	(648.8)	(369.7)
Net financial items		243.9	91.1
Profit before tax		179.1	34.5
Income tax expense	6	(34.4)	(87.4)
Profit for the year		144.7	(52.9)

Proposed allocations:			
Dividend distribution to shareholders		(80.4)	(273.5)
Transferred to/from other equity		-	(30.1)
Transferred to/from share premium		64.2	(296.3)

Balance sheet as at 31 Dec

(Amounts in NOK million)	Note	2022	2021
ASSETS			
Non-current assets:			
Deferred tax assets	12	166.8	423.1
Financial derivative instruments	7	161.6	16.5
Tangible assets	8	2.1	2.8
Investments in subsidiaries	9	6,200.2	4,986.8
Total non-current assets		6,530.8	5,429.1
Current assets:			
Financial derivative instruments	7	1.9	0.8
Intercompany balances	3	8,556.0	9,720.8
Other receivables		2.3	2.9
Cash and cash equivalents	12	159.7	290.9
Total current assets		8,719.9	10,015.4
TOTAL ASSETS		15,250.6	15,444.5
EQUITY AND LIABILITIES			
Equity:			
Share capital		321.8	321.8
Share premium		2,521.6	2,698.7
Other paid-in equity		0.0	0.0
Total equity	10	2,843.5	3,020.5
Non-current liabilities:			
Financial derivative instruments	7	18.2	36.2
Interest-bearing debt	11	10,350.7	9,582.5
Other long-term debt		0.1	0.2
Total non-current liabilities		10,369.0	9,618.9
Current liabilities:			
Financial derivative instruments	7	-	7.9
Interest-bearing debt	11	1,834.4	2,420.2
Provision for dividend	10	80.4	273.5
Other current liabilities	12	123.2	103.4
Total current liabilities		2,038.1	2,805.1
Total liabilities		12,407.2	12,423.9
TOTAL EQUITY AND LIABILITIES		15,250.6	15,444.5

Oslo, 23 March 2023

Norwegian Property ASA

Bjørn Henningsen Chair	Kathrine Astrup Fredriksen Director	Cecilie Astrup Fredriksen Director	Lars Erich Nilsen Director	Lars Buin Director	Bent Oustad CEO

Cash flow statement 1 Jan-31 Dec

(Amounts in NOK million)	Note	2022	2021
Ordinary profit before tax		179.1	34.5
Paid taxes	6	-	(3.2)
Net financial items	5	(243.9)	(91.1)
Interest received	5	720.5	310.6
Other financial income received	5	0.1	0.1
Interest paid	5	(626.6)	(343.4)
Other financial expenses paid	5	(10.4)	(19.9)
Depreciation of tangible assets	8	0.9	0.8
Changes in other current items		1.5	30.1
Net cash flow from operating activities		21.2	(81.5)
Purchase of tangible assets	8	(0.3)	(1.5)
Capital increase in subsidiaries	9	(8,000.0)	-
Repayment of intercompany balances	3	8,173.3	141.8
Net cash flow from investment activities		173.0	140.3
Repayment of interest-bearing debt	11	(1,889.0)	(1,811.0)
New interest-bearing debt	11	2,078.5	1,697.0
Dividends paid	10	(514.9)	(273.5)
Share issue	10	-	(0.1)
Other financing activities	10	-	(3.8)
Net cash flow from financing activities		(325.4)	(391.4)
Net change in cash and cash equivalents		(131.2)	(333.3)
Cash and cash equivalents 1 January	11	290.9	624.2
Cash and cash equivalents 31 December	11	159.7	290.9

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. 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 Bryggegata 3, Oslo (Norway).

The financial statements were adopted by the board on 23 March 2023 for final approval by the AGM in 2023.

NOTE 2: Summary of significant accounting policies

The financial statements are prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 - Classifications
Assets held for sale or for use in the ordinary business cycle, or owned mainly for trade, or expected to be realised within 12 months, or representing cash and cash equivalents are classified as current assets. All other assets are classified as non-current assets. Liabilities which are expected to be settled in the ordinary course of business, are mainly held for trade or are expected to be settled within 12 months are classified as current liabilities. All other liabilities are classified as non-current liabilities.

2.2 - Subsidiaries
The cost method is applied to investments in other companies. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. The received dividends are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. The dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividends from other companies are reflected as financial income when it has been approved.

2.3 - Tangible assets
Impairment tests are carried out if there is an indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and value in use (net present value of future use/ownership), the asset is written down to the highest of fair value less the cost to sell and the value in use.

2.4 - Trade receivables
Trade receivables and other receivables are recognised initially at par, less provision for impairment. Provision for the impairment of trade receivables is based on individual assessments of each receivable.

2.5 - Cash and cash equivalents
Cash and cash equivalents include cash on hand, bank deposits, other current highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown under borrowings in current liabilities in the balance sheet.

2.6 - Share capital, share premium and share options
Shares are classified as equity when there is no obligation to transfer cash or other assets. Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Treasury shares are recognised at par.

Employee options represent rights for employees to subscribe for shares in the company at a future time at a predetermined subscription price (subscription right). Drawing requires continued employment. The fair value of employee benefits received in exchange for the granting of options is recognised as an expense. The total amount to be expensed over the vesting period reflects the fair value of the options granted. On the balance-sheet date, the company revises the estimates of the number of options expected to be utilised and changes in estimates are recognised in the income statement over the remaining vesting period with a corresponding adjustment of equity. The value of allotted shares after the deduction of directly-linked transaction costs is credited to share capital and share premium reserve when exercisable options are exercised.

2.7 - Borrowings
Borrowings are initially recognised at fair value, net of the transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any differences between the proceeds (net of transaction costs) and the redemption value are recognised in the income statement over the duration of the borrowings.

2.8 - Interest expense
Interest expenses on borrowings are recognised under the financial costs in the income statement using the effective interest-rate method. This method is used to allocate amortised cost on financial assets and financial liabilities as well as the correct accrual of interest income and interest expense. The effective interest rate allocates future cash flows throughout the duration of the loan and indicates the real net value of the financial asset or liability.

When calculating the effective interest rate, the group estimates all contractual cash flows related to the financial instrument (such as terms of payment) but does not take future loss into account. When calculating the effective interest rate, all the fees are included and distributed over the relevant period (term to maturity).

2.9 - Management fees and other operating revenue
Management fees charged to subsidiaries relate to property management, managing customer centres and financial management. Management fees are recognised when they are earned.

2.10 - Derivatives
The group is exposed to interest-rate risk related to floating rate loans. The company uses forward rate agreements to reduce interest-rate risk. Unrealised profits/losses related to these contracts are recognised in the income statement.

2.11 - Pensions
Norwegian Property ASA operates a defined contribution plan for all employees. A defined contribution pension plan is a scheme where the group pays fixed (defined) amounts to a separate legal entity. The group has no legal or other obligations to pay further amounts if the entity has insufficient assets to make all the payments due to employees under rights earned in current or previous periods. Contributions are recognised as an employee benefit expense when they fall due. Prepaid contributions are recognised as an asset to the extent that cash refunds or reductions in future payments are available.

2.12 - Income tax
Tax in the income statement consists of tax payable and changes in deferred tax. Deferred income tax is calculated at the applicable rate based on the temporary differences between the tax bases of assets and liabilities as well as their carrying amounts in the consolidated financial statements and the tax loss carried forward as at 31 December. Tax increasing or reducing temporary differences which are reversed or can be reversed in the same period are offset. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.13 - Use of estimates
The preparation of the income statement in accordance with the generally accepted Norwegian accounting principles requires the use of estimates and assumptions which affect the income statement and the valuation of assets and liabilities as well as the information related to contingent assets and liabilities as at the balance-sheet date.

Contingent losses which are probable and quantifiable are recognised as they occur.

2.14 - Cash flow statement
The preparation of the cash flow statement is based on the indirect method.

NOTE 3: Related-party disclosures

All transactions, agreements and business relationships with related parties are made on normal commercial terms.

Financial relationships related to the board and senior management are described in notes 4 and 10.

A management fee of NOK 1.7 million has been expensed in 2022 from a company related to the shareholder Geveran Trading Co. Ltd.

Income-statement and balance-sheet items related to group companies are specified in the table below.

(Amounts in NOK million)	2022	2021
Income statement:		
Management and service fee, group companies	53.3	50.9
Rental cost, subsidiaries	(4.3)	(5.1)
Interest income from group companies (note 5)	104.1	156.4
Balance sheet:		
Investments in subsidiaries (note 9)	6,200.2	4,665.4
Current assets, intercompany balances	8,556.0	10,149.5

NOTE 4: Payroll costs and remuneration of executive officers and auditor

The payroll cost for the year is as follows.

(Amounts in NOK million)	2022	2021
Salaries and remuneration	69.2	65.4
Employee share option schemes	0.0	0.7
Social security costs	19.2	11.8
Pension costs (defined contribution plan)	2.8	2.4
Other employee expenses	1.6	0.9
Total payroll costs	92.8	81.2
Number of employees at 31 December	52	51
Number of full-time equivalent positions in the fiscal year	49	48
Average number of employees in the fiscal year	52	51

Pursuant to the Norwegian Act on Mandatory Occupational Pensions, Norwegian Property ASA is required to operate certain pension plans. The company has plans which satisfy these requirements (defined contribution plan for all employees).

Remuneration to the auditor is specified in the table below.[1]

Type of fees	2022		2021
	EY	PwC	PwC
Statutory audit	295,000	121,850	476,000
Tax/VAT advice	-	201,820	308,900
Total	295,000	323,670	784,900

[1] Fees to PwC and affiliated companies as well as EY and affiliated companies. EY took over as auditor of the company from PwC at the AGM in 2022. The fees are net of VAT (amounts in NOK).

Fees to directors in 2022 are presented in the table below.

Name	Remune-ration[1]	Share based payment expense[2]
Bjørn Henningsen, chair 22.04-31.12 and deputy chair 01.01-22.04	637,500	-
Cecilie Astrup Fredriksen, director 01.01-31.12	250,000	-
Kathrine Astrup Fredriksen, director 01.01-31.12	250,000	-
Lars Erich Nilsen, director 01.01-31.12	250,000	-
Lars Buin, director 22.04-31.12	187,500	-
Merete Haugli, chair 01.01-22.04	175,000	-
Carl Erik Krefting, director 01.01-22.04	62,500	-
Anders Buchardt, director 01.01-22.04	62,500	-
Total	1,875,000	-

[1] Reported benefits paid in 2022 (amounts in NOK). In addition to that are the employer's National Insurance contributions (14.1 per cent).
[2] Amount expensed in the accounts for 2022. No options have been exercised in 2022.

Fees to directors in 2021 are presented in the table below.

Name	Remune-ration[1]	Share based payment expense[2]
Merete Haugli, chair 01.01-31.12	700,000	-
Bjørn Henningsen, deputy chair 01.01-31.12	450,000	-
Cecilie Astrup Fredriksen, director 01.01-31.12	250,000	-
Kathrine Astrup Fredriksen, director 01.01-31.12	250,000	-
Carl Erik Krefting, director 01.01-31.12	250,000	20,922
Lars Erich Nilsen, director 01.01-31.12	250,000	-
Anders Buchardt, director 01.01-31.12	250,000	-
Total	2,400,000	20,922

[1] Reported benefits paid in 2021 (amounts in NOK). In addition to that are the employer's National Insurance contributions (14.1 per cent).
[2] Amount expensed in the accounts for 2021. See note 10.4 for information about options exercised in 2021.

Remuneration of senior management in 2022 is specified in the table below.

Name	Title	Salary[1]	Bonuses[1]	Share based payment expense[2]	Other benefits[1]	Pension/ insurance benefits[3]
Bent Oustad	CEO	4,097,999	2,700,000	3,826	14,391	104,182
Haavard Rønning	CFO	2,783,228	1,332,533	-	9,157	103,821
Bjørge Aarvold	EVP property management	2,097,241	576,100	-	130,392	116,172
Ellen Cathrine Kobro	EVP sales and marketing	2,225,361	647,000	-	10,838	104,155
Sindre Kornrud	EVP projects	1,882,687	548,400	-	4,392	102,544
Vidar Stokkeland[4]	EVP development	783,333	-	-	5,229	43,134
Thomas Weeden	EVP business development and strategy	2,001,718	400,000	-	4,392	101,569
Total		15,871,567	6,204,033	3,826	178,791	675,577

[1] Applies to salary for 2022 and bonus for 2021 paid in 2022 (amounts in NOK). In addition to that are the employer's National Insurance contributions (14.1 per cent).
[2] Amount expensed in the accounts for 2022. See note 10.4 for information about the options exercised in 2022.
[3] Contribution paid to defined contribution pension plans and employee insurance in 2022 (amounts in NOK).
[4] Started 1 August 2022.

Remuneration of senior management in 2021 is specified in the table below:

Name	Title	Salary[1]	Bonuses[1]	Share based payment expense[2]	Other benefits[1]	Pension/ insurance benefits[3]
Bent Oustad	CEO	3,915,188	2,625,000	703,344	4,392	94,128
Haavard Rønning	CFO	2,657,422	1,297,500	-	7,831	93,883
Bjørge Aarvold	EVP property management	1,916,644	561,000	-	124,392	104,165
Ellen Cathrine Kobro	EVP sales and marketing	2,132,951	630,000	-	7,392	93,198
Sindre Kornrud	EVP projects	1,775,167	534,000	-	4,392	92,757
Thomas Weeden[4]	EVP business development and strategy	487,500	-	-	1,098	24,464
Total		12,884,872	5,647,500	703,344	149,497	502,595

[1] Applies to salary for 2021 and bonus for 2020 paid in 2021 (amounts in NOK). In addition to that are the employer's National Insurance contributions (14.1 per cent).
[2] Amount expensed in the accounts for 2021. See note 10.4 for information about the options exercised in 2021.
[3] Contribution paid to defined contribution pension plans and employee insurance in 2021 (amounts in NOK).
[4] Started 31 October 2021.

NOTE 5: Net financial items

Net financial items for the year are as follows.

(Amounts in NOK million)	2022	2021
Financial income:		
Interest income from group companies	104.1	156.4
Other interest income	616.4	154.1
Changes in value of financial derivative instruments	172.2	150.2
Other financial income	0.1	0.1
Total financial income	892.7	460.8
Financial expenses:		
Interest cost on loans	(638.4)	(349.8)
Other financial expenses	(10.4)	(19.9)
Total financial expenses	(648.8)	(369.7)
Net financial items	243.9	91.1

NOTE 6: Deferred tax and income tax

The tax expense for the year in the income statement and deferred taxes in the balance sheet are as follows.

(Amounts in NOK million)	2022	2021
The tax expense for the year is distributed as follows:		
Tax payable	-	3.2
Changes in deferred tax	34.4	84.2
Income tax expense	34.4	87.4
Calculation of the tax base for the year:		
Profit before tax	179.1	34.5
Permanent differences	(22.8)	(3.4)
Changes in temporary differences	-	351.6
Group contribution	1,008.5	156.0
Tax base for the year	1,164.7	538.8
Specification of temporary differences and deferred tax:		
Tangible assets	(3.9)	(10.8)
Financial derivative instruments	145.3	(26.9)
Provisions	12.8	(2.2)
Tax loss and interests carried forward	(912.5)	(1,883.1)
Basis for deferred tax	(758.3)	(1,923.0)
Deferred tax in the balance sheet	166.8	423.1
Reconciliation of tax expense and calculated effective tax rate:		
Calculated tax expense on profit before tax (22 per cent)	39.4	7.6
Permanent differences	(5.0)	76.6
Tax payable	-	3.2
Income tax expense	34.4	87.4
Effective tax rate (per cent)	19.2	253.2

NOTE 7: Derivatives

7.1 - Derivatives in the annual accounts

The company is exposed to interest-rate risk related to loans with floating interest rates, and interest-rate hedge agreements have been entered into in order to reduce the interest-rate risk. Unrealised gains/losses associated with such agreements are recognised in the income statement.

The fair value of derivatives is determined by the net present value of future cash flows, calculated using quoted interest-rate curves and exchange rates as at the balance-sheet date. The technical calculations are generally prepared by the company's banks. The company checks and tests the valuation for reasonableness. The fair value of the company's derivatives as at 31 December is specified in the table below.

2022:

(Amounts in NOK million)	Assets	Liabilities
Interest-rate contracts	163.5	18.2

2021:

(Amounts in NOK million)	Assets	Liabilities
Interest-rate contracts	17.3	44.2

7.2 - Interest-rate derivatives

The majority of Norwegian Property's floating-rate loans are hedged with interest-rate hedges. Norwegian Property has a policy of hedging a minimum of 70 per cent of the interest-bearing debt outstanding at any given time. Despite the hedging positions, the company's financial assets and cash flow will be exposed to fluctuations in the applicable market interest rate. Because of these fluctuations, the interest-rate cost will vary. Notional principal amounts for the company's interest-rate hedges as at 31 December are specified in the table below. The maturity dates are broken down in note 11.

	Currency	2022	2021
Notional principal amount	NOK	3,950.0	6,070.0

NOTE 8: Tangible assets

Changes in tangible assets are specified in the table below.

(Amounts in NOK million)	IT-systems and other intangible assets	Fixtures and equipment	Total
Acquisition cost:			
At 31 December 2020	2.6	1.5	4.1
Additions	0.9	0.6	1.5
At 31 December 2021	3.4	2.1	5.6
Additions	0.2	0.1	0.3
At 31 December 2022	3.6	2.3	5.9
Accumulated depreciation:			
At 31 December 2020	1.5	0.6	2.1
Depreciation and impairment for the year	0.3	0.5	0.8
At 31 December 2021	1.8	1.0	2.8
Depreciation and impairment for the year	0.4	0.5	0.9
At 31 December 2022	2.2	1.5	3.7
Book value:			
At 31 December 2021	1.7	1.1	2.8
At 31 December 2022	1.4	0.7	2.1

The company uses linear depreciation. The economic life of the assets is four years for IT equipment, five years for licences, cars and furnishings as well as seven years for fixtures.

NOTE 9: Investments in subsidiaries

Investments in subsidiaries as at 31 December 2022 are specified in the table below. The companies own the group's properties (single-purpose entities).

		NPRO Holding AS	NPRO Invest AS	Npro 1 AS
Acquired/established	Date	17.01.07	26.09.13	23.11.20
Business office	City	Oslo	Oslo	Oslo
Share[1]	Per cent	100.0	100.0	100.0
Book value	NOK mill.	6,199.9	0.1	0.1

[1] Voting ownership interest is identical to ordinary ownership.

Changes in the book value for the year are as follows.

(Amounts in NOK million)	2022	2021
Book value at 1 January	4,986.7	4,665.4
Investments in subsidiaries	8,000.0	-
Dividends	(6,000.0)	-
Group contribution recognised against shares in subsidiaries	(786.6)	321.3
Book value at 31 December	6,200.1	4,986.7

NOTE 10: Equity

10.1 - Change in equity

Changes in the balance-sheet items for equity are specified in the table below.

(Amounts in NOK million)	Share capital[1]	Own shares[2]	Share prem-ium	Other equity	Total equity
Equity at 31 December 2020	324.9	(3.1)	3,204.8	33.2	3,559.8
Paid dividend	-	-	(209.2)	-	(209.2)
Share issue	-	-	(0.7)	-	(0.7)
Employee share options	-	-	-	0.7	0.7
Settlement of share-option schemes	-	-	-	(3.8)	(3.8)
Dividend appropriation	-	-	(243.4)	(30.1)	(273.5)
Transactions with shareholders	-	-	(453.2)	(33.2)	(486.4)
Profit for the year	-	-	(52.9)	-	(52.9)
Profit for the year	-	-	(52.9)	-	(52.9)
Equity at 31 December 2021	324.9	(3.1)	2,698.7	0.0	3,020.5
Paid dividend	-	-	(241.3)	-	(241.3)
Dividend appropriation	-	-	(80.4)	-	(80.4)
Transactions with shareholders	-	-	(321.8)	-	(321.8)
Profit for the year	-	-	144.7	-	144.7
Loss for the year	-	-	144.7	-	144.7
Equity at 31 December 2022	324.9	(3.1)	2,521.6	0.0	2,843.5

[1] The share capital of NOK 324,912,798 consisted as at 31 December 2022 of 649,825,596 shares, each with a par value of NOK 0.50.
[2] The holding of treasury shares as at 31 December 2022 was 6,250,000 shares.

10.2 - The company's largest shareholders at 31 December

As year-end 2022 and 2021, the company has a share capital of NOK 324,912,798 divided into 649,825,596 shares, each with a par value of NOK 0.50. The company owns 6,250,000 treasury shares. Geveran Trading Co. Ltd. owned the remaining 643,575,596 shares in the company both at the end of 2022 and 2021.

10.3 - Shares held by senior executives and directors as at 31 December

The directors Cecilie Astrup Fredriksen, Kathrine Astrup Fredriksen and Lars Erich Nilsen are related to Geveran Trading Co Ltd, which is the company's sole proprietor at the end of 2022 and 2021.

10.4 - Share options

Share options are granted to the CEO. Each share option entitles the holder to subscribe for a share in Norwegian Property ASA. The option agreement with the CEO was entered into in 2017 and entitles him to subscribe for a total of 5,750,000 shares as follows.

Earliest exercise date	No. of shares	Subscr. price (NOK)
01.01.2019	1,000,000	10.00
01.01.2020	1,250,000	11.50
01.01.2021	1,500,000	12.50
01.01.2022	2,000,000	14.50

As an alternative to delivering shares, the board of Norwegian Property may opt to settle the profit in cash. The agreement otherwise contains normal conditions on such matters as continued employment and adjustment of share prices and so forth as a result of corporate events.

The total fair value of share options granted in 2017 was NOK 11.2 million (excluding the employer's National Insurance contribution). The fair value is calculated by external valuers based on the Black-Scholes model. In calculating fair value, volatility in the period was set at 27.43 per cent and the risk-free interest rate at 0.97 per cent. The share price at the grant date was NOK 10.45.

An option agreement with a director was entered into in 2018 and entitled him to subscribe for a total of 500,000 shares. The options were exercised in 2021. The NOK 3.8 million profit was settled in cash.

Outstanding options related to the CEO option agreement:

Employee options	Number of options	Weighted average excercise price (NOK)
Outstanding 1 January 2021	5,750,000	12.54
Awarded	-	-
Exercised	-	-
Terminated	-	-
Outstanding 31 December 2021	5,750,000	12.54
Earned 1 January 2022	5,750,000	12.54
Outstanding 1 January 2022	5,750,000	12.54
Awarded	-	-
Exercised[1]	-5,750,000	12.54
Terminated	-	-
Outstanding 31 December 2022	-	-
Earned 1 January 2023	-	-

[1] The options have been exercised in 2022 for settlement in accordance with the option agreement the following year.

NOTE 11: Interest-bearing debt and financial risk management

11.1 - Interest-bearing debt

The table below presents an overview as at 31 December of the company's interest-bearing debt, including hedging ratio, average interest rate and remaining term to maturity.

	2022	2021
Interest-bearing debt (NOK million)	12,185.2	12,002.6
- of which hedged (NOK million)[1]	8,547.0	8,547.0
Interest hedging ratio (per cent)	70.1	71.2
Cash and cash equivalents (NOK million)	159.7	290.9
Unutilised credit facilities (NOK million)	1,157.0	1,800.0
Average interest rate (per cent)	3.48	2.81
Average interest margin (per cent)	1.36	1.33
Remaining time to maturity for interest-bearing debt (years)	3.8	4.4
Remaining time to maturity for interest hedge agreements (years)	5.6	6.3

[1] All interest-rate swaps which had commenced at the balance-sheet date.

The company's interest-bearing non-current and current debt as at 31 December is specified in the tables below.

2022:

(Amounts in NOK million)	Long-term	Short-term	Total
Bonds	5,640.0	400.0	6,040.0
Bilateral loan	3,542.0	-	3,542.0
Bank borrowings (loan facilities)	1,174.5	1,434.0	2,608.5
Total interest-bearing debt	10,356.5	1,834.0	12,190.5
Capitalised borrowing cost	(5.8)	0.4	(5.3)
Total book value interest-bearing debt	10,350.7	1,834.4	12,185.2

2021:

(Amounts in NOK million)	Long-term	Short-term	Total
Bonds	6,040.0	1,889.0	7,929.0
Bilateral loan	3,542.0	-	3,542.0
Bank borrowings (loan facilities)	-	530.0	530.0
Total interest-bearing debt	9,582.0	2,419.0	12,001.0
Capitalised borrowing cost	0.5	1.2	1.6
Total book value interest-bearing debt	9,582.5	2,420.2	12,002.6

All bonds are secured by properties and a NOK 6 billion portfolio of bonds are listed on the Oslo Stock Exchange. None of the bonds have running terms related to financial covenants. All the bonds have change of control clauses, and the requirement of a maximum of 65 per cent LTV on the mortgaged building at the time of borrowing.

The security for bank facilities is shared with bondholders. The bank facilities are subject to annual renewal. The most important terms for all these facilities are a minimum interest-rate hedge ratio of 50 per cent, interest cover of at least 1.4 and a maximum LTV of 75 per cent. Agreed requirements in the loan agreements were met at year-end 2022 and 2021 as well as all quarterly interim reporting dates in 2022 and 2021.

Maturities for the company's non-current interest-bearing debt as at 31 December are broken down in the table below.

(Amounts in NOK million)	2022	2021
Due in 2024 and 2025 (2023 and 2024)	5,464.5	3,015.0
Due in 2026, 2027 and 2028 (2025, 2026 and 2027)	1,350.0	3,025.0
Due after 2028 (after 2027)	3,542.0	3,542.0
Total	10,356.5	9,582.0

The carrying amount of assets pledged as security for debt as at 31 December is as follows.

(Amounts in NOK million)	2022	2021
Investment in subsidiaries[1]	6,200.2	4,986.8
Total	6,200.2	4,986.8
Liabilities secured[2]	2,608.5	530.0

[1] Shares in property companies owned by other group entities are also pledged as security for the corporate facilities in Norwegian Property ASA. See also note 13 to the group's financial statements.
[2] Properties owned by the subsidiaries have been pledged as security for bonds.

11.2 - Financial risk management

The company's activities imply exposure to a variety of financial risks: market, credit and liquidity.

Market risk

Market risk for the company is primarily related to the interest-rate risk. The company's revenues relate entirely to management fees from subsidiaries.

The company is exposed to interest-rate risk related to floating rate loans. To manage interest-rate risk, the group has entered into interest-rate swap agreements. Notional principal amounts and the maturity structure for the company's overall portfolio of interest-rate hedges as at 31 December are specified in NOK million in the table below.

Year	2022	2021
< 1 year	(500.0)	(1,220.0)
1-2 years	(1,050.0)	(500.0)
3-5 years	(600.0)	(1,650.0)
Over 5 years	(1,800.0)	(1,800.0)
Notional principal amount	(3,950.0)	(5,170.0)

Credit risk

The company's receivables mainly relate to intercompany balances, where credit risk is considered low.

Liquidity risk

The company aims to ensure that liquidity/credit facilities are sufficient to meet its foreseeable obligations. In addition, it will have a reasonable capacity to meet unforeseen obligations. One goal is that the liquidity reserve should consist as far as possible of available revolving credit and overdraft facilities, rather than cash and cash equivalents. The company's liquidity reserve as at 31 December is specified in the table below.

(Amounts in NOK million)	2022	2021
The company's own accounts and net balance in the group accounts	4,583.7	6,355.0
Intercompany net balance in the group accounts[1]	(4,424.0)	(6,064.1)
Cash and cash equivalents	159.7	290.9
Restricted bank deposits	(5.6)	(2.7)
Available cash and cash equivalents	154.2	288.2
Unused credit and overdraft facilities	1,157.0	1,800.0
Liquidity reserve	1,311.2	2,088.2

[1] Subsidiaries' deposits in the parent company's group cash pool system are included as cash and cash equivalents in Norwegian Property ASA.

As described hereinabove, the company has a high level of hedging against changes in market interest rates, reducing the need for liquidity reserves to meet unforeseen obligations related to these areas. Liquidity risk primarily relates to servicing instalments on and maturity of liabilities.

The table below specifies the company's liabilities in accordance with the maturity structure. The classification is based on the timing of maturities specified in the contracts. The amounts in the table specify the timing of the repayments of notional principal amounts (NOK million).

2022[1]:

(Amounts in NOK million)	Interest-bearing debt	Other liabilities
< 1 year	2,226.3	123.2
1-2 year	2,929.9	
3-5 year	4,689.3	
Over 5 year	3,850.2	
Expected cash flow	13,695.7	123.2
Book value	12,185.2	123.2

2021[1]:

(Amounts in NOK million)	Interest-bearing debt	Other liabilities
< 1 year	2,736.3	103.4
1-2 year	675.8	
3-5 year	6,163.9	
Over 5 year	3,906.5	
Expected cash flow	13,482.5	103.4
Book value	12,002.6	103.4

[1] The difference between the carrying amount and expected cash flow reflects the capitalised and estimated interest cost based on the average interest rate as at 31 December. The difference between the carrying amount and expected cash flow for other liabilities relates to provision for hedge contracts.

NOTE 12: Other current liabilities

Other current liabilities as at 31 December are specified in the table below.

(Amounts in NOK million)	2022	2021
Public duties	8.4	4.6
Accrued salaries	6.2	6.3
Accrued interest	84.5	72.6
Trade payables	1.1	2.1
Other payables	23.1	17.8
Total other current liabilities	123.2	103.4

NOTE 13: Contingent liabilities

Norwegian Property ASA has no substantial contingent liabilities through guarantees or other circumstances arising in the ordinary course of business.

NOTE 14: Events after the balance-sheet date

Events after the balance-sheet date are events, favourable or unfavourable, which occur between the balance-sheet date and the date when the financial statements are authorised for issue. Such events can be events which provide information on conditions which existed at the balance-sheet date, resulting in adjustments to the financial statements or events which do not require such adjustments.

No significant events have occurred after 31 December 2022 which provide information on the conditions existing as at the balance-sheet date.

Declaration by the board of directors and the CEO

The board and the chief executive have considered and approved the directors' report and the annual consolidated and parent company financial statements for Norwegian Property ASA as at 31 December 2022. The consolidated financial statements for the year have been prepared in accordance with the IFRS as approved by the EU and associated interpretative statements as well as the additional Norwegian information requirements pursuant to the Norwegian Accounting Act and which were to be applied as at 31 December 2022. The parent company financial statements for the year have been prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting standards as at 31 December 2022. The directors' report for the group and the parent company accords with the requirements of the Accounting Act and good Norwegian accounting practice (NRS 16 directors' report) as at 31 December 2022.

To the best of our knowledge, we hereby confirm that:

- the consolidated and parent company financial statements for 2022 have been prepared in accordance with the applicable accounting standards.
- the information in the financial statements provides a true and fair picture of the overall assets, liabilities, financial position and financial results of the parent company and the group as at 31 December 2022.
- the directors' report for the group and the parent company provides a true and fair view of the development, financial results and position of the group and the parent company as well as of the most important risk factors and uncertainties facing the group and the parent company.

Oslo, 23 March 2023

Norwegian Property ASA

Bjørn Henningsen Chair	Kathrine Astrup Fredriksen Director	Cecilie Astrup Fredriksen Director	Lars Erich Nilsen Director	Lars Buin Director	Bent Oustad CEO

Independent auditors report

Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Norwegian Property ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Norwegian Property ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2022 and the income statement and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the consolidated balance sheet as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, consolidated cash flow statement and changes in the group's equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We are the auditor of the Company for first year from the election by the general meeting of the shareholders on 22 April 2022 for the accounting year 2022.

Other matters

The financial statements for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 24 March 2022.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of investment property

Basis for the key audit matter

Investment property represents a substantial part of the Group's total assets. Investment property, measured at fair value, requires use of estimates that are subject to judgement by management. The basis for management's estimate is external valuations, performed quarterly, by two independent valuation firms.

The key assumptions like discount rates and future cash flows are subject to uncertainty. Market transactions serve as important reference points for the external valuers and the level of transactions thus influence the level of uncertainty in the assumptions used by management in estimating the fair value.

Since the use of different assumptions could produce significant fair value adjustments affecting the Group's results for the year, the valuation of investment property was a key audit matter.

Our audit response

We obtained an understanding of management's process related to valuation of investment property and tested whether relevant internal control activities had been implemented.

We obtained, read and assessed the valuation reports and met with the two valuation firms independently of management. We obtained the valuation reports directly from the valuation firms and compared them to the reports we received from management.

We assessed the qualification, competence and objectivity of the valuation firms. Further, we compared the valuation methodologies used with generally accepted market practices.

We compared the assumptions used in the fair value model, such as discount rates, market rent, operating costs and CPI adjustments, with observable market data and our knowledge of the market.

For a sample of investment properties, we evaluated whether the property-specific details provided by management to the valuation firms, such as the lease terms, duration, development expenses and vacant areas, are consistent with underlying property information.

We refer to note 5 critical accounting estimates and judgements and note 6 investment property, owner-occupied property and guarantee receivables.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the managing director) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Norwegian Property ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 5967007LIEEXZXGQFS44-2022-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

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Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

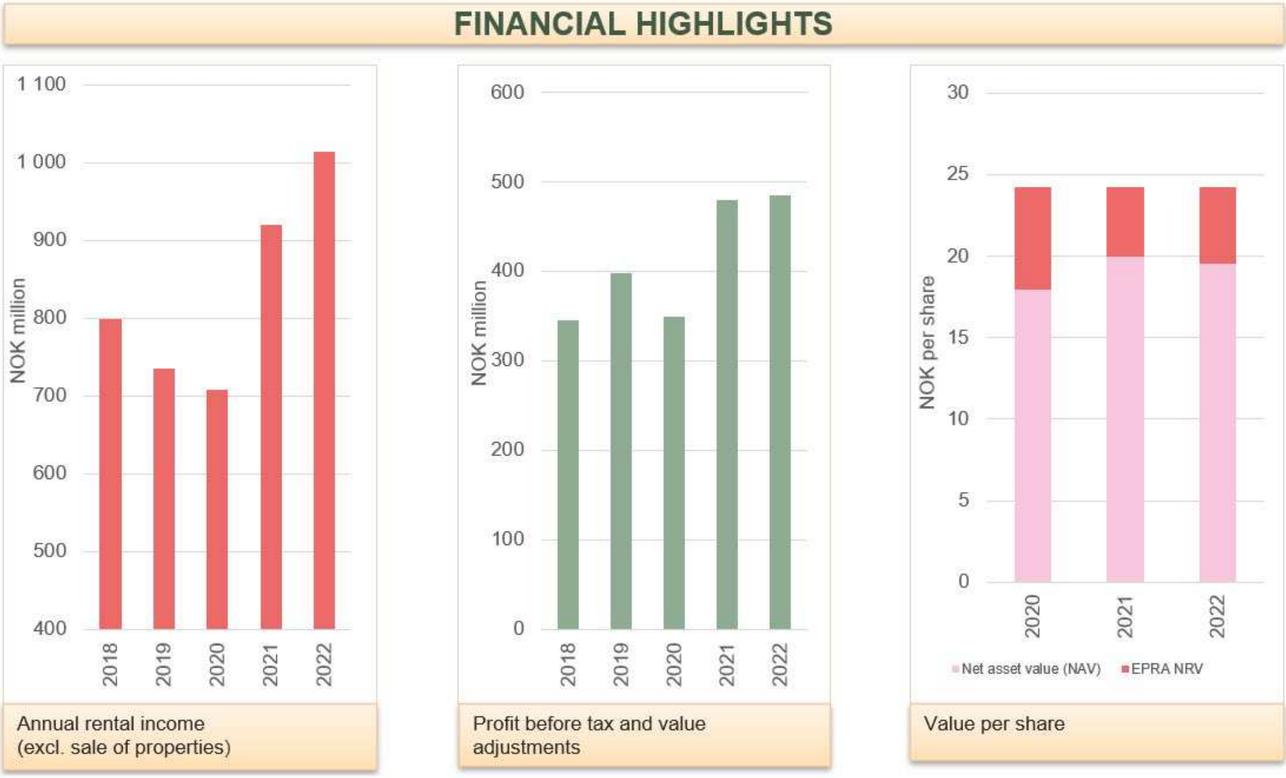
Oslo, 23 March 2023

ERNST & YOUNG AS

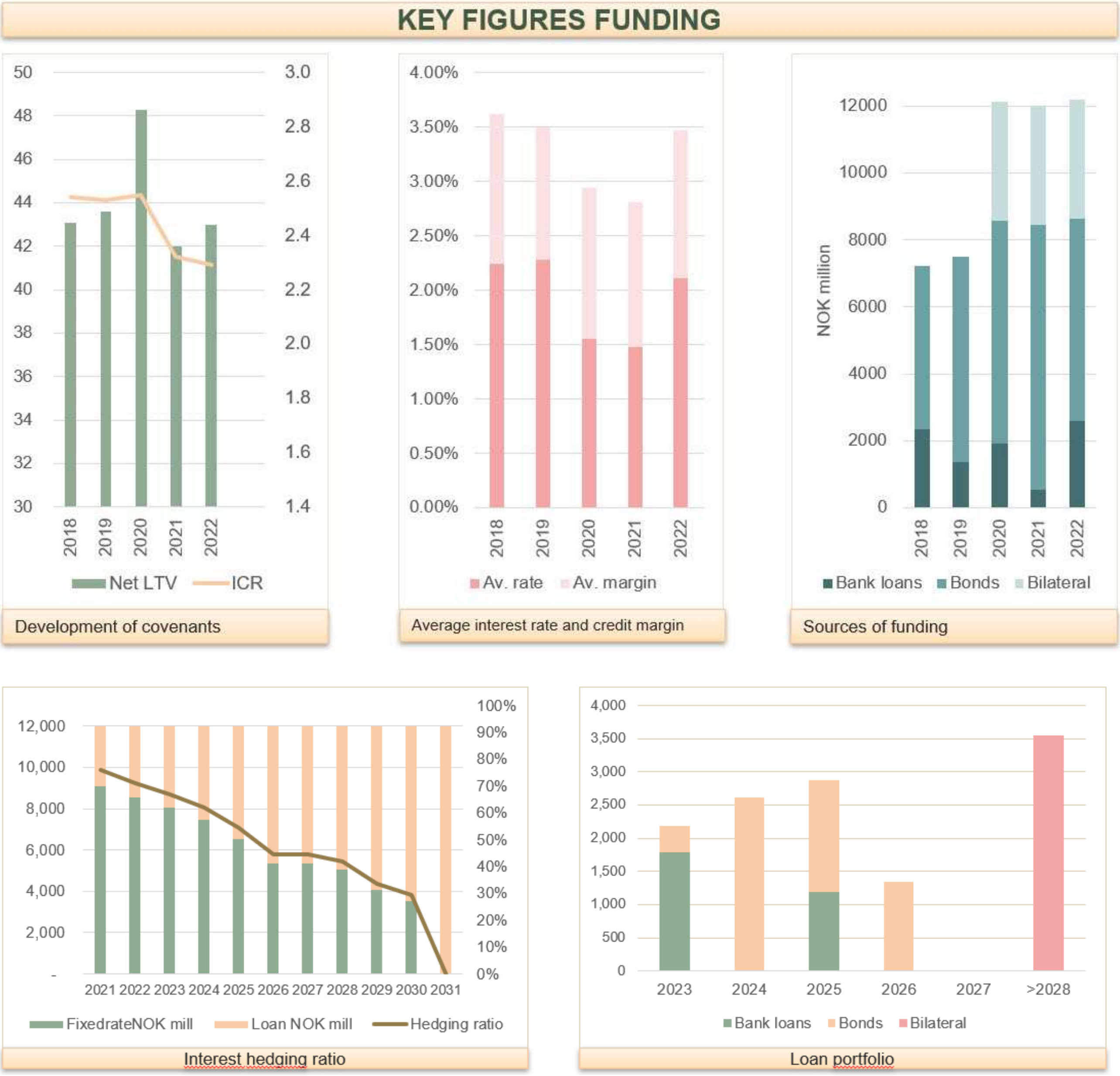
Asbjørn Ler
State Authorised Public Accountant (Norway)

Key figures

Financial highlights



Key figures funding



Key financial figures and APMs

The table below shows a summary of key IFRS figures from the annual group accounts as well as alternative performance measures (APMs). The financial information for Norwegian Property is prepared in accordance with IFRS. The company also reports on supplementary financial alternative performance measures (APMs).

Profit and loss measures	Measure	Units	2022	2021
Revenues	IFRS[1]	NOK mill.	1,014.4	919.6
Operating profit before administrative expenses	APM[2]	NOK mill.	871.8	795.1
Operating profit before value adjustments	IFRS[1]	NOK mill.	843.5	810.8
Profit before income tax, value adjustments and joint ventures	APM[2]	NOK mill.	451.3	404.8
Profit before income tax and value adjustments	APM[2]	NOK mill.	485.1	479.7
Change in fair value of investment property and rental guarantee	IFRS[1]	NOK mill.	(154.7)	1,365.0
Profit before income tax	IFRS[1]	NOK mill.	502.5	1,994.9
Profit after income tax	IFRS[1]	NOK mill.	295.9	1,573.1
Balance sheet measures	Measure	Units	2022	2021
Market value of property portfolio	APM[2]	NOK mill.	25,201.0	25,143.0
Market value of joint ventures	APM[2]	NOK mill.	2,181.0	2,342.8
Gross interest-bearing debt	APM[2]	NOK mill.	12,185.7	12,004.8
Net interest-bearing debt	APM[2]	NOK mill.	11,890.5	11,581.7
Net LTV	APM[2]	Per cent	43.4	42.1
Total equity	IFRS[1]	NOK mill.	12,562.1	12,836.6
Equity ratio	APM[2]	Per cent	46.7	47.9
Pre-tax return on equity	APM[2]	Per cent	4.0	16.4
Cash flow measures	Measure	Units	2022	2021
Net cash flow from operating activities	IFRS[1]	NOK mill.	457.4	447.1
Cash and cash equivalents (year end balance)	IFRS[1]	NOK mill.	185.1	313.5
IFRS measures; per share	Measure	Units	2022	2021
Number of shares outstanding, end of the period		Mill. shares	643.6	643.6
Average number of shares in the period		Mill. shares	643.6	643.6
Profit before income tax (IFRS)	APM[3]	NOK	0.78	3.10
Basic earnings per share (EPS)	APM[3]	NOK	0.46	2.44
Net cash flow from operating activities (IFRS)	APM[3]	NOK	0.71	0.69
Gross interest-bearing debt	APM[3]	NOK	18.93	18.65
NAV, book value	APM[3]	NOK	19.52	19.95
EPRA performance measures	Measure	Units	2022	2021
EPRA Earnings				
EPRA earnings, per share	APM[4]	NOK	0.53	0.48
EPRA NAV metrics				
Net Reinstatement Value (NRV), per share	APM[4]	NOK	24.26	25.17
Net Tangible Assets (NTA), per share	APM[4]	NOK	23.94	24.84
Net Disposal Value (NDV), per share	APM[4]	NOK	21.26	21.87
EPRA net initial yield				
EPRA Net Initial Yield (NIY)	APM[4]	Per cent	4.13	3.89
EPRA "Topped-up" NIY	APM[4]	Per cent	4.23	3.95
EPRA vacancy rate				-
EPRA vacancy rate	APM[4]	Per cent	5.01	5.56
EPRA cost ratio				
EPRA cost ratio, including direct vacancy cost	APM[4]	Per cent	20.42	20.13
EPRA cost ratio, excluding direct vacancy cost	APM[4]	Per cent	17.96	17.89
EPRA LTV				
EPRA LTV ratio	APM[4]	Per cent	50.7	50.0

[1] *The IFRS figures appear in the annual group accounts.*
[2] *APMs which do not derive directly from the IFRS group accounts and explained in the overview of definitions at the end of this report.*
[3] *When calculating the APMs and IFRS measures per share, the figures related to the 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.*
[4] *The calculation of the EPRA APMs is specified in the separate EPRA performance measures section of this report.*

EPRA Performance Measures

EPRA (European Public Real Estate Association) is an association for the publicly traded European real estate sector. EPRA was founded in 1999 as a not-for-profit association. It has several hundred members, covering the whole spectrum of the listed real estate industry (companies, investors and their suppliers). EPRA's mission is to promote, develop and represent the European public real estate sector through the provision of better information to investors and stakeholders, active involvement in the public and political debate, promotion of best practices as well as the cohesion and strengthening of the industry. For further information, see www.epra.com.

EPRA has issued Best Practices Recommendations Guidelines on areas of reporting that are the most relevant to investors and where more consistent reporting across Europe would bring the greatest benefits in the overall transparency of the sector.

Norwegian Property report on the following EPRA Performance Measures.

EPRA Earnings

EPRA Earnings is a key measure of the underlying operating performance of the property portfolio and an indication of the extent to which current dividend payments are supported by earnings. EPRA Earnings is calculated based on the IFRS Earnings for the commercial property portfolio adjusted for changes in the market value of investment properties, changes in the market value of financial derivative instruments and the related tax effects.

EPRA earnings		31.12.2022	31.12.2021
IFRS earnings	NOK mill.	295.9	1,573.1
Adjustments to calculate EPRA Earnings:			
Change in market value of inv. property and rental guarantee	NOK mill.	154.7	(1,365.0)
Change in market value of financial derivative instruments	NOK mill.	(172.2)	(150.2)
Share of profit from JVs[1]	NOK mill.	(35.2)	(75.5)
Income tax	NOK mill.	100.4	326.7
EPRA earnings	NOK mill.	343.6	309.1
Average outstanding shares (million)	Mill. shares	643.6	643.6
EPRA Earnings per share	NOK	0.53	0.48

[1] Earnings from the Nordr joint venture (JV) are adjusted for as it is related to the development of residential properties for sale, and they are not relevant for the measurement of the performance of the commercial property portfolio.

EPRA NAV Metrics

The EPRA NAV set of metrics make adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company under different scenarios.

EPRA Net Reinstatement Value (NRV)

The EPRA NRV metric assumes that entities never sell assets and it aims to represent the value required to rebuild the entity.

Investments in JVs are revalued based on an estimated fair value of such investments. The fair value on financial derivatives and deferred taxes on investment properties are excluded. Property transfer taxes do not normally apply to Norwegian transactions and, therefore, such taxes are not included in the NRV calculation. The fair value of financial instruments, which are used for hedging purposes where the company has the intention of keeping the hedge position until the end of the contractual duration, is excluded. Under normal circumstances, the financial derivatives that companies use to provide an economic hedge are held until maturity and so any fair value movements will not crystallise.

EPRA Net Reinstatement Value (NRV)		31.12.2022	31.12.21
IFRS equity	NOK mill.	12,562.1	12,836.6
Revaluation of investments made in JVs	NOK mill.	1,119.3	1,258.0
Net Asset Value (NAV) at fair value	NOK mill.	13,681.4	14,094.6
Deferred tax on properties and financial instruments	NOK mill.	2,077.1	2,077.4
Net fair value on financial derivatives	NOK mill.	(145.3)	26.9
Net Reinstatement Value (NRV)	NOK mill.	15,613.2	16,198.9
Outstanding shares at period end (million)	Mill. shares	643.6	643.6
NRV per share (NOK)	NOK	24.26	25.17

EPRA Net Tangible Assets (NTA)

The EPRA NTA metric assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

Investments in JVs are revalued based on an estimated fair value of such investments. Norwegian Property has adopted the second option in the EPRA BPR guidelines to adjust for deferred tax, estimating the real tax assets and liabilities based on how the company has previously carried out transactions and otherwise utilised the existing tax positions. The fair value of financial instruments that are used for hedging purposes are excluded.

EPRA Net Tangible Assets (NTA)		31.12.2022	31.12.2021
IFRS equity	NOK mill.	12,562.1	12,836.6
Revaluation of investments made in JVs	NOK mill.	1,119.3	1,258.0
Net Asset Value (NAV) at fair value	NOK mill.	13,681.4	14,094.6
Reversal deferred tax liability as per balance sheet	NOK mill.	1,893.3	1,685.8
Adjustment for estimated fair value of deferred tax[2]	NOK mill.	(19.7)	182.1
Net fair value on financial derivatives	NOK mill.	(145.3)	26.9
Net Tangible Assets (NTA)	NOK mill.	15,409.7	15,989.5
Outstanding shares at period end (million)	Mill. shares	643.6	643.6
NTA per share (NOK)	NOK	23.94	24.84

[2] Estimated fair value of deferred taxes where the estimated fair value of the tax asset related to carry-forward losses are greater than the estimated fair value of relevant tax liabilities. The calculations assume that carry-forward losses can be utilised over the next 5 years with a discount rate of 5 per cent. The real tax liability related to the gains/losses accounts is estimated on the basis of the annual depreciation rates in the Norwegian tax legislation and a discount rate of 5 per cent. The estimated fair value of the deferred tax liability related to the temporary differences of properties as at 31 December 2022 has been calculated to 3.6 per cent based on a discount rate of 5 per cent and the assumption that properties outside Aker Brygge are realised over the next 50 year period in transactions structured as the sale of companies in which the tax discount is 5.8 per cent.

EPRA Net Disposal Value (NDV)

The EPRA NDV metric represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

Investments in JVs are revalued based on an estimated fair value of such investments. Financial liabilities are valued at the estimated fair value, net of deferred tax.

EPRA Net Disposal Value (NDV)		31.12.2022	31.12.2021
IFRS equity	NOK mill.	12,562.1	12,836.6
Revaluation of investments made in JVs	NOK mill.	1,119.3	1,258.0
Net Asset Value (NAV) at fair value	NOK mill.	13,681.4	14,094.6
Fair value adjustment of financial liabilities, net of tax[3]	NOK mill.	2.0	(21.7)
Net Disposal Value (NDV)	NOK mill.	13,683.4	14,072.9
Outstanding shares at period end (million)	Mill. shares	643.6	643.6
NDV per share (NOK)	NOK	21.26	21.87

[3] The fair value adjustment related to financial liabilities is related to the valuation as shown in note 8 to the interim financial statement, where the estimated difference between the current margins and the market conditions are taken into account as well as changes in the fair value of listed bonds. Tax is taken into account with 22 per cent.

EPRA Net Initial Yield

EPRA Net Initial Yield (NIY) and EPRA "Topped-up" NIY

The EPRA Net Initial Yield metrics presents annualised rental income based on the cash rents passing as at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property and increased with estimated purchasers' costs. The EPRA NIY is a comparable measure for portfolio valuations.

The EPRA "Topped-up" NIY metric incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods or other unexpired lease incentives such as discounted rent periods and step rents.

EPRA Net Initial Yield		31.12.2022	31.12.2021
Investment property, wholly owned	NOK mill.	25,201.0	25,143.0
Investment property, share of JVs	NOK mill.	10.4	8.7
Total property portfolio	NOK mill.	25,211.4	25,151.6
Less projects and land and developments[4]	NOK mill.	-	(589.4)
Completed management portfolio	NOK mill.	25,211.4	24,562.2
Allowance for estimated purchasers' cost	NOK mill.	101.5	97.5
Gross up completed management portfolio valuation	NOK mill.	25,312.9	24,659.7
12 months rolling rent, including share of JVs	NOK mill.	1,136.8	1,040.5
Estimated ownership cost	NOK mill.	(90.8)	(81.5)
Annualised net rents	NOK mill.	1,045.9	959.0
Rent free periods or other lease incentives	NOK mill.	25.3	15.8
Topped up net annualised net rents	NOK mill.	1,071.3	974.7
EPRA NIY (net initial yield)	Per cent	4.13	3.89
EPRA "topped-up" NIY (net initial yield)	Per cent	4.23	3.95

[4] Applies to the property Sandakerveien 140 (Gullhaugveien 9-13 building A-B).

EPRA Vacancy Rate

The EPRA Vacancy Rate is calculated based on the Estimated Market Rental Value (ERV) of vacant space divided by the ERV of the whole portfolio, and it is a per cent measure of investment property space that is vacant, based on ERV.

EPRA Vacancy Rate		31.12.2022	31.12.2021
Market rent vacant areas[5]	NOK mill.	64.7	60.4
Total market rent[5]	NOK mill.	1,293.2	1,087.0
EPRA vacancy rate	Per cent	5.01	5.56

[5] Assumptions based on the external valuations for the periods.

EPRA Cost Ratio

The EPRA Cost Ratio is calculated based on the administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income. It is a key measure to enable the meaningful measurement of the changes in a company's operating costs.

EPRA Cost Ratios		31.12.2022	31.12.2021
Operating costs	NOK mill.	(204.7)	(183.7)
Share of joint venture expenses	NOK mill.	(2.6)	(1.7)
EPRA cost (including direct vacancy cost)	NOK mill.	(207.3)	(185.3)
Direct vacancy cost	NOK mill.	24.9	20.6
EPRA cost (excluding direct vacancy cost)	NOK mill.	(182.4)	(164.7)
Gross rental income less ground rent	NOK mill.	1,014.4	919.6
Share of joint ventures	NOK mill.	0.7	0.9
Total gross rental income less ground rent	NOK mill.	1,015.2	920.5
EPRA cost ratio (including direct vacancy cost)	Per cent	20.42	20.13
EPRA cost ratio (excluding direct vacancy cost)	Per cent	17.96	17.89

EPRA LTV

The EPRA LTV's aim is to assess the gearing of the shareholder equity within a real estate company. The EPRA LTV is calculated based on the IFRS reporting with certain defined adjustments. The adjustments include, among other things, that the EPRA LTV is calculated based on proportional consolidation. This implies that the EPRA LTV include the group's share in the net debt and net assets of joint venture and material associates. Assets are included at fair value and net debt at nominal value.

EPRA LTV Metric		31.12.22			31.12.21		
		Group as reported	Share of joint ventures[1]	Combined	Group as reported	Share of joint ventures[1]	Combined
Bond loans	NOK mill.	9,582.1	-	9,582.1	11,474.0	-	11,474.0
Bank loans	NOK mill.	2,603.6	3,641.9	6,245.5	530.8	3,768.1	4,299.0
Net payables	NOK mill.	-	570.9	570.9	22.5	825.6	848.1
Cash and bank deposits	NOK mill.	(185.1)	(254.5)	(439.6)	(313.5)	(426.3)	(739.8)
Net debt	NOK mill.	12,000.6	3,958.3	15,958.9	11,713.8	4,167.4	15,881.2
Investment properties	NOK mill.	25,201.0	10.4	25,211.3	25,143.0	8.7	25,151.7
Properties held for sale[2]	NOK mill.	-	6,277.8	6,277.8	-	6,603.8	6,603.8
Net receivables	NOK mill.	16.5	-	16.5	-	-	-
Total property value	NOK mill.	25,217.5	6,288.2	31,505.7	25,143.0	6,612.4	31,755.4
EPRA LTV	Per cent	47.6		50.7	46.6		50.0

[1] Related to the investments in Nordr and Forusbeen 35.
[2] Properties held for sale is related to properties classified as inventory. The property inventory includes land, residential projects under development and completed units for sale.

Corporate governance

Norwegian Property's corporate governance is for securing a clear and appropriate division of the responsibilities between the shareholder, board of directors and executive management as well as ensuring control of the group and contributing to a positive trust-based relationship between Norwegian Property and the group's bond investors, shareholder and other stakeholders. Good corporate governance will contribute to the highest possible value creation over time to the benefit of all stakeholders.

1 Presentation on corporate governance

Norwegian Property complies with the reporting requirements specified in section 3-3b of the Norwegian Accounting Act. The company was de-listed in 2021, and the requirements for reporting on corporate governance have, therefore, been reduced. Where relevant, the company will continue to report according to Oslo Børs Code of Practice for IR published on 1 March 2021, available on the Euronext Oslo Børs website, and the latest version of the code of practice from the Norwegian Corporate Governance Board (NCGB) which was published on 14 October 2021. The NCGB code is available at www.nues.no. These recommendations go beyond the legal requirements.

Below is the board's presentation on the way Norwegian Property has implemented the NCGB code. Reference is made to this presentation in the directors' report for 2021, and it is available on the group's website. The presentation covers the relevant sections of the code, and the possible variances from the code are specified under the relevant section.

The overall principles for corporate governance have been drawn up by the board of Norwegian Property. The board has also prepared a set of formal documents which specify the guidelines, instructions and policies intended to ensure compliance in practice with good corporate governance. The board regularly assesses the group's formal documents, most recently in February 2023. Guidelines for ethics and corporate social responsibility (CSR) as well as principles for investor communication are available under formal documents at www.npro.no.

The group's values base defines the important principles for corporate governance. This base rests on four core values, which form the foundation for building a positive corporate culture.

COLLABORATIVE
- We will be open and inclusive
- We will be generous and make ourselves available
- We will have a personal commitment

COURAGEOUS
- We will think innovatively
- We will be ambitious
- We will challenge the established truths

PROACTIVE
- We will always seek to overcome problems before they arise
- We will seek and discover new opportunities
- We will present new ideas

ATTENTIVE
- We will build and retain relationships
- We will do what we promise

2 The business

Norwegian Property's articles of association are available on its website. Enshrined in article 3, the group's business purpose states:

"The Company operates in management, acquisitions, sales and development of real estate and infrastructure, including participation in other companies and through trading and investment in interest/units and securities as well as businesses which are related to such."

The business purpose was updated in the annual general meeting held on 22 April 2022.

Within the framework of its articles, the group has presented goals and strategies for its business in the directors' report.

The board has adopted a sustainability strategy stating that Norwegian Property is one of Norway's leading property companies on sustainable growth, a better society and the reduced consumption of resources through a focus on complete solutions and a forward-looking use of architecture, aesthetics, technology and materials. The strategy and achievements of the goals and targets are further described in the sustainability section of the annual report.

The board has formulated guidelines for ethics and CSR in accordance with the group's values base. In 2022, ethical guidelines for suppliers were introduced as a measure to comply with the new Transparency Act in Norway. Norwegian Property's guidelines are available at www.npro.no. The core of the CSR guidelines is the group's responsibility for the people, society and environment affected by its operations, and they deal with human rights, anti-corruption, labour conditions, health and safety, discrimination and the environmental aspects. More details are provided in the presentation on CSR. These guidelines are subject to annual consideration by the board, and they were updated most recently in February 2023.

3 Equity and dividends

Equity

Consolidated equity as at 31 December 2022 totalled NOK 12,836.6 million. The equity ratio on the same date was 46.7 per cent. The board regards the equity ratio as satisfactory in relation to the group's goals, strategy and risk profile.

To secure good financial leeway, the group has a long-term ambition for the relationship between net interest-bearing debt and gross fair value of the properties to be in the range of 45-55 per cent over a business cycle. The group's financial flexibility is assessed at any given time in relation to the group's goals, strategy and risk profile. As at 31 December 2022, the relationship between net interest-bearing debt and gross fair value (net LTV) was 43.4 per cent.

Dividend

Pursuant to the group's dividend policy, a goal for Norwegian Property is to pay competitive quarterly dividends. It aims to pay a dividend of 30-50 per cent of its profit after tax payable, but before fair-value adjustments. The dividend can be higher in times of good cash flow or property sales. An updated assessment by the board of the group's financial position and prospects are carried out before any dividend is determined.

Dividends corresponding to 66 per cent of the basis for calculating such payments have been paid in 2022. The board has been mandated by the general meeting to determine quarterly dividends on the basis of the approved financial statements for 2021. Net LTV as at 31 December 2022 was slightly below the range specified in the group's financial policy.

The dividend policy is also described in note 22 to the consolidated financial statements in this annual report and in the investor relations section of the group's website.

Board mandates

The AGM of 22 April 2022 mandated the board to increase the group's share capital by up to NOK 32,490,000, corresponding to just under 10 per cent of the group's share capital when the mandate was awarded. The board mandate is motivated by the desire to be in a position to issue new shares in return for cash payment, as settlement for property transactions and/or as a component in fulfilling incentive schemes for employees and/or directors. As a consequence of these purposes, it was also resolved that the board could decide to waive the pre-emptive right of existing shareholders to new shares. In line with the NCGB code, a separate vote was held on each of the three purposes. The incentive scheme for one of the directors, which has been exercised during 2021, did not accord with the NCGB code. This mandate had not been utilised on 31 December 2022.

In addition, the board was mandated to raise convertible loans totalling NOK 840 billion. This was because the board wanted to have the opportunity to issue new shares in combination with additional debt, partly in order to optimise the financing structure in Norwegian Property ASA. This mandate had not been utilised as at 31 December 2022.

It was also resolved that the board's overall use of mandates to issue new shares awarded to it by the AGM should not exceed 10 per cent of the share capital.

The board was also mandated to purchase the group's own shares up to a total nominal value of NOK 32,490,000. The grounds were that the board could acquire the group's own shares with the intention of using them as settlement for property transactions, the fulfilment of incentive schemes for employees and/or directors, and/or in other circumstances which are considered attractive for the shareholders in general. In this case, separate votes were also held for each purpose.

The board was mandated to determine the payment of a dividend on the basis of the group's financial statements for 2022. This decision was motivated by the desire to give the board the opportunity to pay a dividend on a rolling basis if it considered this to be appropriate in light of the group's position. Norwegian Property paid a dividend of NOK 0.5 per share in 2022.

All board mandates remain valid until the group's AGM in 2023, but in any event not beyond 30 June 2023.

No provisions in the articles of association authorise the board to decide that the group will buy back or issue its own shares or primary capital certificates.

4 Equal treatment of shareholders

Since 16 August 2021, Norwegian Property has only one shareholder. Therefore, the code's article 4 regarding the equal treatment of shareholders is not relevant.

Norwegian Property has only one share class, and all shares have equal rights in the group. Its articles of association impose no voting restrictions.

The group's share capital amounted to NOK 298,676,726.50 divided between 597,353,453 shares, each with a par value of NOK 0.5.

5 Shares and negotiability

Since 16 August 2021, Norwegian Property has only one shareholder, and the company has been delisted. Therefore, the code's article 5 regarding the free negotiability of the shares is not relevant.

6 General meetings

Notice, registration and participation

The 2023 AGM is scheduled to take place on 21 April. The group's financial calendar is published as a stock exchange announcement and in the investor relations section of the group's website.

Notice of the general meeting, along with comprehensive documentation, will be distributed no later than two weeks before a meeting takes place. As the company is no longer listed, there is no need for 21 days' notice.

The general meeting elects the directors on the board. In the work of assembling the board, it is emphasised that the board functions optimally as a collective body, that the legal requirements for gender representation can be met and that the directors complement each other in terms of their background and expertise. Therefore, the general meeting is normally invited to vote for a complete board, rather than individual candidates as recommended by the NCGB. As a result, no opportunity has been provided to vote in advance for individual candidates.

The minutes from a general meeting are published as soon as practicable via the stock exchange's reporting system (www.newsweb.no, ticker code: NPRO) and under formal documents in the investor relations section of www.npro.no.

7 Nomination committee

In the extraordinary General Meeting on 20 August 2021, it was resolved that the company will no longer have a nomination committee.

8 Board of directors, composition and independence

The group does not have a corporate assembly. Pursuant to the articles of association, the board of Norwegian Property will comprise three to nine directors. The board currently has five shareholder-elected directors. Directors and the chair of the board have been elected by the general meeting to serve until the AGM in 2023. The board's composition is intended to secure the interests of the shareholders in general, while the directors also collectively possess a broad business and management background and an in-depth understanding of the property market, purchase and sale of businesses, financing and capital markets. In addition, account has been taken of the need for the board to function well as a collegiate body. The background and experience of directors are presented on the group's website and in the section of this annual report on the presentation of the directors. The board has been composed in such a way that it can act independently of special interests. The group's executive management is not represented on the board.

The composition of the board is in accordance with the Public Limited Liability Companies Act §6-11. Two board members are women and three board members are men. There is also a good age composition of the board members from 39 to 60 years. The company is working to establish guidelines for board composition to ensure equality and diversity in the future.

Two of the five directors are independent of the group's executive management, significant commercial partners and substantial shareholders, while three are related to the shareholder. These are:

- Cecilie Astrup Fredriksen is an employee of Seatankers Services (UK) LLP in London, and a director of a number of companies, including MOWI ASA. According to Norwegian Corporate Governance Code, these companies are related to the largest shareholder in Norwegian Property, Geveran Trading Co Ltd.
- Kathrine Astrup Fredriksen is an employee of Seatankers Services (UK) LLP in London, and a director of SFL Corporation Ltd and Axactor SE. She has previously been a director of Seadrill Ltd, Frontline Ltd, Golar LNG and others. According to Norwegian Corporate Governance Code, these companies are related parties to the largest shareholder in Norwegian Property, Geveran Trading Co Ltd.
- Lars Erich Nilsen has been employed by Seatankers Management Norway AS since 2014. He serves as director of a number of companies. According to Norwegian Corporate Governance Code, these companies are related to the largest shareholder in Norwegian Property, Geveran Trading Co Ltd.

10 board meetings were held in 2022.

9 Work of the board of directors

The board has overall responsibility for managing the group and for supervising the CEO and the group's activities. Its principal tasks include determining the group's strategy and monitoring its operational implementation. In addition, there are control functions which ensure the acceptable management of the group's assets. Instructions which describe the rules of procedure for the board's work and its consideration of matters have been adopted by the board. Responsibility for ensuring that the board conducts its work in an efficient and correct manner rests with the chair.

The board establishes an annual plan for its meetings, which specifies the topics for board meetings, including reviewing and following up the group's goals and strategy, budgets, reporting of financial information, the notice for the general meeting with associated documentation and the board's meeting with the auditor.

The board appoints the CEO. The division of labour between the board and the CEO is specified in greater detail in standing instructions for the latter. The CEO is responsible for the group's executive management.

The board has considered it appropriate to appoint sub-committees to advise it. Pursuant to the Norwegian Public Limited Liability Companies Act, an audit committee of two directors has been established to support the board in the exercise of its responsibility for financial reporting, internal control, auditing and overall risk management. The responsibility includes ensuring the auditor's independence and monitoring the appropriateness of the provision of non-audit services to the audited entity. The audit committee was also responsible for the election of the company's auditor. As at 31 December 2022, the committee comprised Bjørn Henningsen (chair) and Lars Erich Nilsen. The members of the committee are independent of the business, and their work is governed by a separate instruction. A compensation committee comprising two directors was in operation until the General Assembly 22 April 2022. Their task was to assist the board over the employment terms of the CEO and the strategy and main principles for remunerating the group's senior executives. This committee comprised Merete Haugli and Carl Erik Krefting. It was governed by a separate instruction, and it consisted of members who were independent of the group's executive management. After the election of a new board at the General Assembly, it was considered that a compensation committee was no longer necessary.

A board evaluation of its own work and expertise was conducted in 2019. This covered the composition of the board as well as how the directors' function both as a group and individually. A new evaluation was planned for 2022, but since several of the board members were changed in April this was postponed. The findings of the evaluation will be reported to the shareholder. Guidelines on conflicts of interest are included in the instructions for the group's board, and they ensure that the directors inform the board if they have a significant direct or indirect interest in an agreement being entered into by the group. To avoid unintentional conflicts of interest, the group has drawn up an overview which identifies the various roles of its directors, the offices they hold and so forth. This overview is updated as and when required and in the event of changes in the board's composition.

Pursuant to the group's ethical guidelines, no employee must work on matters in which they have a personal interest or where such an interest could be perceived to exist. Ethical guidelines also apply to directors when they represent Norwegian Property. The board and the executive management must ensure that transactions with close associates (related parties) take place on an arm's length basis. Note 25 to the consolidated financial statements details transactions with close associates (related parties). Financial relationships related to the directors and executive personnel are described in notes 21 and 22.

10 Risk management and internal control

Risk areas and internal control environment

Through its business activities, Norwegian Property manages considerable financial assets which are exposed to substantial risk factors, such as the money market and the letting market. Risk associated with development projects was greater a few years ago, but now it is considered to be low. The group's management model is based on an appropriate delegation of profit responsibility, clearly defined operating parameters and effective internal control.

The overall goals have been established and the group's strategy is updated in annual board meetings. On the basis of the strategy, the values base, ethical guidelines and guidelines for corporate social responsibility, the board has established general instructions which specify the authorisations for delegating responsibility to defined roles in the organisation. Furthermore, policies have been established for control and risk management in the most important risk areas, such as operations, project development, finance and sustainability.

Operational risk related to the award of contracts and renegotiation of leases, is followed up on in accordance with the established guidelines and authorisations. Operational risk related to property management is handled through routines for day-to-day operation, compliance, HSE work, energy efficiency and other climate-related actions. Financial risk is managed in accordance with the group's financial policy. Handling of sustainability risk is described in the Sustainability report.

The board is responsible for seeing to it that the business, financial reporting and asset management are subject to reassuring controls. Based on the overall policies, governing processes and routines have been established for day-to-day management. Steering documents, such as ethical guidelines and guidelines for corporate social responsibility are updated by the board on an annual basis. A subsequent annual review on the Web ensures that the content of the steering documents is made known to all employees. These documents also contain whistle-blower routines to ensure that the board is informed of any breaches of the guidelines or any illegal action.

In connection with its annual review of the group's strategy, the board reviews the most important risk areas faced by Norwegian Property and the internal controls established to deal with and minimise these. The board is also briefed on developments in the risks facing the group on a continuous basis through the operating reports.

Reporting

The administration prepares periodic reports which are considered at the board meetings. These reports are based on management reviews of the various parts of the business, and they contain an update of the status for setting targets, important operational conditions, financial conditions and a description of the status in risk areas. In addition, quarterly financial reports are prepared and reviewed by the audit committee ahead of the board meeting.

Financial conditions are followed up on through periodic accounting reports and regular updates of annual budgets and forecasts. Reporting also includes non-financial key figures related to the various business areas. In addition, risk management includes the preparation of longer-term projections of financial trends, where assumptions are made about profits, cash flow and balance sheet development. These simulations provide management and the board with a basis for monitoring the expected trends in the central key figures.

The group is managed on the basis of financial targets related to aspects such as return on equity. Special profitability calculations are made when acquiring investment properties and when launching development projects, based on established routines and required returns.

A special review of the quarterly valuations of investment properties is conducted by management, and meetings are held with the independent appraisers responsible for the valuations where particular attention is paid to market views and risk conditions. Separate accounting documentation is prepared for significant accounting items and transactions which are not of a routine character. External valuations of financial interest-rate derivatives by the banks are quality-assured through the preparation of monthly internal value assessments. All other balance sheet items are reconciled and documented on a continuous basis throughout the year. Significant profit and loss accounts and accounts related to direct and indirect taxation are also reconciled on a continuous basis.

The interim reports and annual financial statements are reviewed by the audit committee ahead of consideration by the board. Risk management and internal control are also addressed by the board's audit committee. The latter reviews the external auditor's findings and assessments after the interim and annual financial audits. Significant matters in the auditor's report are reviewed by the board.

11 Remuneration of the board of directors

Directors' fees are determined by the general meeting. These fees have been based on the board's responsibility, expertise and time taken as well as the complexity of the business, and they have not been related to the results.

Other directors have not undertaken special assignments for the group other than their work on the board. Board approval is necessary before any director can be offered such special assignments which lead to extra remuneration.

Further details on the remuneration paid to individual directors are provided in note 21 to the consolidated financial statements. An overview of the shares owned by the directors and their close associates is included in note 22 to the consolidated financial statements.

12 Salaries and other remuneration of executive personnel

As the company is no longer listed, the guidelines for salary and other remuneration to leading personnel which were adopted by the general meeting in 2021 are not updated. The group's guidelines for the remuneration of senior executives are described in note 21 to the consolidated financial statements. This note also provides further details about remuneration for senior executives.

These guidelines specify the main principles for the group's executive pay policy, and they have been formed with the aim of ensuring that the interests of shareholders and senior executives coincide. The CEO has a personal share option scheme (see note 22).

Profit-related remuneration in the form of a bonus programme is based on the attainment of goals for the group or for a department or company in which the recipient is employed. Such goals may comprise the attainment of various improvement measures or financial criteria, including the development of the group's share price. A ceiling has been set on the size of profit-related remuneration for those employees entitled to receive this.

13 Information and communication

Through the group's established principles for investor communication, which are available on its website under principles and guidelines, the board has determined the guidelines for reporting financial and other information. Based on openness and the equal treatment of players in the securities market, the guidelines also cover communication with shareholders outside the general meetings.

Reporting of financial and other information will be timely and accurate, while simultaneously being based on openness and the equal treatment of the players in the securities market. Information is published in the form of annual and interim reports, press releases, stock exchange announcements and investor presentations. All the information which is considered to be significant for valuing the group will be distributed and published via Cision and the Oslo Børs company disclosure system, and the group's website is available in both Norwegian and English versions.

Information is made available simultaneously on the group's website, where it is also possible to subscribe to announcements. The main purpose of this information will be to clarify the group's long-term goals and potential, including its strategy, value drivers and important risk factors.

The group publishes a financial calendar every year with an overview of the dates of important events, publication of interim reports and open presentations. This calendar is made available as a stock exchange announcement and on the group's website as soon as it has been approved by the board. As there is only one shareholder, the date of the AGM is not part of the Financial Calendar being published.

Norwegian Property complies with the recommendations of Oslo Børs concerning the reporting of investor relations information, to the extent relevant for a company with listed bonds. The applicable recommendation for such reporting is available at https://www.euronext.com/nb/markets/oslo.

14 Takeovers

The board has not prepared separate guiding principles for responding to a possible takeover bid since it wishes to be free, within the constraints of the existing regulations, to react to such an offer as it sees fit.

The group's articles of association place no restrictions on buying shares in the group. In a takeover process, the group's board and executive management will seek to help ensure that the shareholders are treated equally and that the group's business suffers no unnecessary disruption. The board will give particular weight to ensuring that shareholders have sufficient time and information to be able to form a view of a possible offer for the group's business or shares.

The board does not intend to prevent or hamper anyone from presenting an offer for the group's business or shares. It will take account of the common interests of the group and the shareholders in the event that possible agreements with bidders are considered.

15 Auditor

An audit committee of two directors has been appointed. This committee is intended to support the board in the exercise of its responsibility for financial reporting, internal control, auditing and overall risk management. Its work is governed by an instruction.

The auditor rotation requirements have been introduced in Norway in 2022 and EY was elected as the new auditor for the company. PwC has held the position of auditor for the previous 10 years.

The group's auditor, Ernst & Young AS (EY), conducted the following work during 2022 and 2023 in relation to fiscal 2022.

- Presented the audit plan for 2022.
- Presented the additional report to the audit committee of the audited entity. This report covers the requirements in the Auditors Act § 12-1, cf. regulation (EU) No 537/2014.
- Attended board meetings considering the annual report, reviewing the possible significant changes in accounting principles, assessing significant accounting estimates as well as considering all cases where possible disagreements had arisen between the auditor and executive management.
- Conducted a review, together with the board, of the group's internal control systems, including the identification of weaknesses and proposals for improvements.
- Held a meeting with the board without the presence of the executive management.
- Confirmed that the requirements for the auditor's independence were fulfilled, and they provided an overview of services other than auditing which have been rendered to the group.

EY attended three meetings with the audit committee, which included reviewing the main features of the plan for executing the audit for the year and presenting results from the audit.

Pursuant to the instruction for the board's audit committee, the use of the auditor for substantial assignments other than ordinary auditing services must be considered and approved by the board.

The board reports annually to the AGM on the auditor's overall fees, broken down between audit work and other services. The AGM approves the auditor's fees for the parent company.

Sustainability report

The sustainability report includes information about Norwegian Property's work with both environmental and social issues as well as how these issues are governed.

Reporting frameworks

Norwegian Property is experiencing increasing interest from investors and tenants in the environmental, social and corporate governance (ESG) area. Particularly climate issues are of great interest, and investors and analysts are showing interest in Norwegian Property's strategy and results from its efforts to reduce energy consumption and carbon emissions. Tenants are eager to report their own emissions and request figures from the group. Norwegian Property has the ambition to carry out its climate reporting in accordance with the standard from the Taskforce on Climate-related Financial Disclosures (TCFD). It is also working to meet the future requirements in the EU taxonomy for sustainable activities. The group also reports to CDP.

Several new ESG reporting requirements have been imposed in the legislation, and in 2022, the Transparency Act came into force. The sustainability report includes the group's reporting according to the Transparency Act and the Equality and Anti-Discrimination Act.

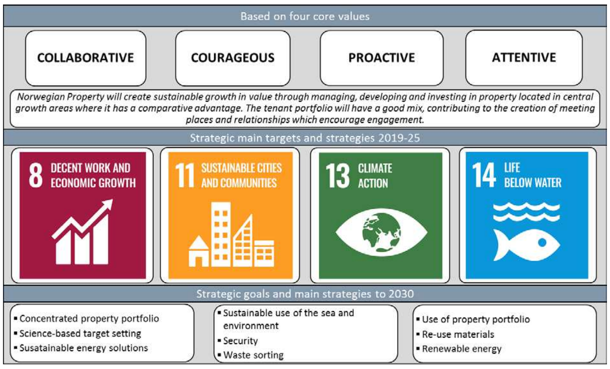
Norwegian Property is also preparing for the reporting according to the EU Taxonomy. The real estate industry is eligible for the taxonomy, but so far, the requirements are not clear as to what a taxonomy-aligned building in Norway is. However, the focus seems to be on the property's energy class and, therefore, Norwegian Property has started to map all the properties' energy classes and make plans for how to improve the energy class of each property. When it comes to social conditions within the EU taxonomy, we expect the requirements to be highly in line with the requirements in the Transparency Act.

Overall guidelines

The guidelines for CSR are updated and adopted by the board on an annual basis, most recently in February 2023, and published at www.npro.no. Their purpose is to ensure that CSR is exercised in accordance with the approved base values and ethical guidelines, the guidelines for corporate governance and the group's long-term value creation for shareholders, employees, customers and society. The guidelines apply to all the employees of the group and to the directors when they act on behalf of the group. As a consequence of the Transparency Act, the board has also adopted ethical guidelines for suppliers to the group. The board is responsible for ensuring compliance with all the guidelines. Any significant breaches of the guidelines must be reported to and followed up on by the board.

Sustainability strategy

The board adopted the current strategy in February 2020. As part of the strategy, the group wants to comply with the UN SDGs with particular attention devoted to the following targets towards 2025, with 2019 as the base year.



SDG 8: Decent work and economic growth was chosen because it fits well with the group's ethical guidelines. Norwegian Property will work to combat corruption, discrimination and social dumping. It will help to ensure that more young people secure apprenticeships and/or summer jobs, both internally and with its suppliers, and it will work to achieve an organisation with diversity and without discrimination.

SDG 11: Sustainable cities and communities were chosen because this accords very well with both

Norwegian Property's business and its values. The areas where it owns property must be secure and accessible to all. The group will choose sustainable solutions for operating and developing its buildings, and it will make an effort to protect the historical and cultural heritage by preserving its historic and listed buildings.

SDG 13: Climate action to halt global warming is a goal that Norwegian Property has actively pursued since 2011. The group works continuously to reduce energy consumption and convert to cleaner energy sources in its buildings, like the energy centre at Aker Brygge. It also works on the degree of waste sorting in the buildings. Climate-related risk management is part of the group's financial planning process and cross-disciplinary risk management.

SDG 14: Life below water was chosen because of the proximity of Aker Brygge to the fjord as well as the Nydalen properties to the river. Therefore, the group wishes to ensure there is clean water around the buildings, marina and outdoor areas. It wants to help reduce waste in the sea and constantly studies how it can operate the most sustainable possible marina.

Due to rapid changes in the laws and regulations in Norway and within the EU, Norwegian Property has addressed the need to update the current sustainability strategy. The task of creating an updated strategy has been an ongoing project involving all the departments during 2022. The process started with a full ESG day in which all the employees were invited to a workshop. Everyone took part in group work which was set up across departments and they were given the opportunity to brainstorm and put forward thoughts and ideas regarding ESG matters. The outcome of the workshop was then addressed in all the departments and further used as the foundation for a management ESG strategy seminar that took place in October. The task is still a work in progress and the group is looking forward to publishing and implementing an updated sustainability strategy in 2023.

Division of responsibility

The board has adopted the sustainability strategy and has overall responsibility for establishing it.

Overall responsibility for implementing the approved strategy throughout the organisation and for ensuring compliance with it rests with Bent Oustad, the group's CEO.

The operations organisation – commercial management, operation and maintenance (CMOM), headed by Bjørge Aarvold – is responsible for prioritising and implementing all the measures related to energy consumption and waste handling in the buildings which have substantial significance for the group's carbon emissions. This also includes BREEAM-in-use certifications.

The project department headed by Sindre Kornrud and the development department headed by Vidar Stokkeland are responsible for ensuring that new buildings and major renovations are pursued in accordance with the group's sustainability strategy.

Haavard Rønning, the group's CFO, is responsible for ensuring that routines and parameters that ensure the group's financial sustainability and management are in place in the organisation.

Ane Grimsmo heads the group's work on sustainability, focusing on the sustainability strategy, implementation of efforts across departments and reporting.

Environment

Climate reporting (TCFD)

Norwegian Property has the ambition to carry out its climate reporting in accordance with the standard from the Taskforce on Climate-related Financial Disclosures (TCFD). Where climate change is concerned, Norwegian Property considers that its biggest impact takes the form of energy consumption in the buildings owned by the group and the types of building materials used in its projects. However, other important considerations are the way the buildings are used, how waste handling is organised and how tenant employees travel to work in the group's buildings. Climate accounting is done according to the GHG protocol.

Targets for reducing emissions

Norwegian Property has set some quantitative targets for 2019-25:

a 30-50 per cent reduction in energy consumption for renovated buildings
There have been no major renovations in the strategy period.

a five to 10 per cent reduction in energy consumption for the existing portfolio
It is an intensity target, measured as energy consumption per square metre. Since 2019, the energy consumption per square metre has decreased from 278 kWh to 261 kWh, i.e. by 6.4 per cent.

When split on energy consumption in office, retail and restaurant, the consumption per sqm has increased for offices following the acquisition of Snarøyveien 30 in December 2020. Consumption in retail and restaurant has decreased since 2019, but it is difficult to say how much of this reduction is related to the lockdown.

a 10-20 per cent reduction in CO_2 equivalents (CO_2e) emissions
CO_2e emissions per sqm have decreased from 14 kg per sqm in 2019 to 9 kg per sqm in 2022, i.e. 38 per cent in the strategy period. This is due to more renewable energy in the buildings and reduced emissions from energy sources such as electricity.

a 60-65 per cent proportion for sorted waste
The proportion of sorted waste is slightly below the target, with 59 per cent sorted in 2022. If we include waste from projects, the waste sorting reaches 60 per cent.

Developments in energy consumption per building are measured and reported annually to the board.

The status for the current strategy period, from 2019 to 2022, is presented in the table below.

Reductions and increases are measured in relation to the previous year.

	2022	2021	2020	2019
Total consumption (MWh)	107 128	105 923	55 652	61 022
sqm	426 433	410 157	234 152	219 143
Energy consumption (per sqm)	251	258	238	278
Change from previous year (per cent) -	0	9	-15	-7
Office (kWh per sqm)	210	214	171	191
Retail (kWh per sqm)	342	323	341	438
Restaurant (kWh per sqm)	693	610	630	854
Total CO_2e-emission (tonne)	3 653	3 038	2 653	3 046
sqm	426 433	410 157	234 152	219 143
CO_2e-emissions (kg per sqm)	9	7	11	14
Change from previous year (per cent)	16	-35	-19	-15
Office (kg per sqm)	4	4	6	6
Retail (kg per sqm)	6	5	10	13
Restaurant (kg per sqm)	33	24	37	28
Proportion of waste sorted (per cent)	59	60	58	56
Customer satisfaction index	84	78	79	78

Energy consumption includes all the consumption of electricity, central heating and cooling, the production of renewable heating and cooling in the buildings as well as the use of propane. To avoid double counting, the figures are net of the electricity used for producing heating and cooling.

Total CO_2e emissions include Scope 1, 2 and 3. The increase from 3,038 tons in 2021 to 3,653 tons in 2022 are mainly a consequence of including more categories from Scope 3 in the 2022 figures. Without these categories, emissions would have been only 0.8% higher than in 2021.

Climate accounting 2022 according to the GHG protocol

NPRO's climate accounts are in accordance with the GHG protocol and have been prepared in collaboration with Cemasys. The main conclusions are presented in this document, while a more thorough presentation of the figures can be found in the company's Climate Account, which is available on the website.

The GHG protocol includes five main principles: Relevance, completeness, consistency, transparency and accuracy.

Relevance
For a real estate company such as NPRO, the main emissions originate from the energy consumption in its buildings and from waste. In the work with

the climate account, this has been the focus. Consumption of energy is included in NPRO's scope 2, while waste is in scope 3. Scope 1 emissions are very low compared to Scope 2 and 3.

There has been little construction activity in the company for some years, but it is expected to increase in the coming years. NPRO has started to prepare for reporting emissions from projects, starting with the construction of the new climate-friendly park in Nydalen which was included in the climate accounting for 2022.

In 2022, the activities in the buildings were almost back to normal after two years of lockdowns and reduced activity. The total energy consumption increased, mostly due to retail and restaurants.

Completeness
All the properties are covered by the climate account in 2022. Electricity, central heating and cooling as well as waste are considered to be complete.

NPRO included several new categories for emissions in 2022 compared to 2021. For example, emissions from a project, emissions from refrigerants in the Energy Center and upstream emissions that are not included in scope 1 or scope 2 related to the production of fuel and energy are included. Without these categories, the emissions would have been 0.8% higher than in 2021. With the new categories, the reported emissions are 21 per cent higher than the previous year. These new emissions categories are mainly scope 3.

Consistency
Acquisitions of properties, vacancies and, of course, the lockdowns during the pandemic have affected the consistency of the reporting. Another challenge is that we are dependent on the tenants to report their energy consumption, and the reporting may vary from year to year. NPRO measures the consumption per sqm and the emissions per sqm from year to year, and for the same categories from year to year. There may also be variations in the number of sqm allocated to each category from year to year, as there are always some changes of the tenants. The method for calculating the key figures is consistent from year to year.

Transparency
NPRO publishes its climate account and the sustainability report on the company's webpage.

The company has reported to CDP every year since 2011 and will continue this practice.

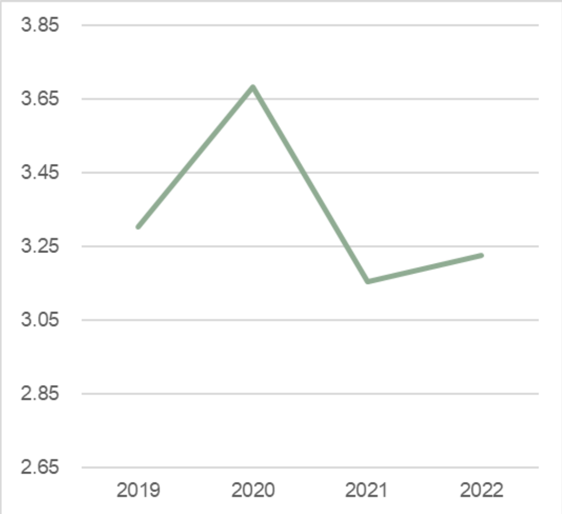
The method for calculating emissions is described in the climate accounting document available on the company's webpage.

Accuracy
Cemasys assists NPRO in calculating the CO_2e emissions according to the GHG protocol. The climate account for 2022 has been verified by PWC.

NPRO's energy production

Energy Centres at Aker Brygge
There are two energy centres at Aker Brygge. They supply the buildings at Aker Brygge with heating and cooling from seawater.

The newest energy centre became operational in 2014, and three of the buildings at Aker Brygge are connected to this centre. In 2022, the centre delivered energy corresponding to 323 per cent of the energy input. The figure below shows the developments in the share of produced energy supplied to the buildings compared with the energy input to the centre over the past four years.



The energy centre is much more efficient for cooling than heating. Therefore, the centre will be more efficient if it is warm in summer, and less efficient if it is very cold in winter. The year 2020 was characterised by a low level of activity in the buildings because of lockdowns in the March-April and October-November periods when heating was required. Hence, overall efficiency was very high. The years 2021 and 2022 were almost back to normal activity. A very cold winter in 2021 contributed however to lower efficiency.

The centre generated and delivered 6,905 MWh in 2022 compared with 7,241 MWh in 2021.

In the older energy centre at Aker Brygge, which was constructed in the 1980s, the produced energy is estimated as 1.9 times the consumption of electricity. It is not possible to measure the amount produced.

A new heat pump was implemented in Snarøyveien 36 in Fornebu. Energima has calculated the production of heating and cooling from the heat pump.

Actions for the environment and climate in 2022

Waste sorting

Waste accounted for 20% of emissions from Norwegian Property's properties in 2022. Of this, 94% came from residual waste. It is therefore a priority task to reduce the amount of residual waste and increase the degree of sorting.

Waste sorting for the various areas is shown in the table below:

Proportion of waste sorting		2022	2021	2020	2019
Aker Brygge	per cent	59	58	58	58
Other CBD	per cent	62	72	62	92
Nydalen	per cent	52	53	41	32
Vinslottet	per cent	45	55	70	NA
Fornebu	per cent	67	68	68	59
Sum from operations	per cent	59	60	58	56
Projects	per cent	64			
Sum waste sorting	per cent	59	60	58	56

A project to improve information to tenants was initiated in 2022 and continued in 2023.

Various measures have been initiated in 2022 to improve the sorting rate. Waste reports are automatically sent to Energinet where it is easy to follow up the sorting rate for each property throughout the year. New signs in accordance with the new Nordic standard for colors and pictograms have been put up in 2022 and 2023. Information brochures for tenants on how to sort have been prepared and will be distributed to tenants on an ongoing basis. The marketing department has been made aware that space must be set aside for waste sorting when a new tenant is to furnish their premises.

After reopening of shops and restaurants there was an increase in amount of waste from 2021 to 2022. Compared to pre-covid in 2019, the amount of waste has been reduced. The increase at Fornebu is due to the acquisition of Snarøyveien 30.

Amount of waste	tons	2022	2021	2020	2019
Aker Brygge	tons	2 322	1853	1924	2661
Other CBD	tons	66	80	38	29
Nydalen	tons	162	134	156	192
Vinslottet	tons	116	109	132	NA
Fornebu	tons	436	384	47	63
Sum from operations	tons	3 102	2560	2297	2944
Projects	tons	180			
Sum waste sorting	tons	3 282	2560	2297	2944

Clean water in the fjord

Given its proximity to the riverbanks in Nydalen and shorelines at both Aker Brygge and Fornebu, Norwegian Property finds it important to keep the nearby fjord and rivers clean. The group has a financial interest to preserve the idyllic locations close to the edge of the water and, in addition, seeks to uphold the marina as a driver and facilitator of environmentally friendly pleasure boating.

The interest in the electric marina that was established last year has continued to grow. In 2022, the group lengthened its contract with electrical boat hire company Kruser, which is a membership-based company providing an electrically powered boat pool. They operate from eight berths at the Aker Brygge Electric Marina where members can hire environmentally friendly and emissions-free boats that neither emit exhaust nor harmful antifouling.

For several years, Norwegian Property has collaborated with various projects and initiatives on waste collection from the fjord, including the Seabin project which has retrieved 5.5 tonnes of floating waste at Aker Brygge Marina for the past four years. However, due to maintenance issues and difficulties retrieving spare parts, the group invested in a new waste collector in 2022 – CollecThor. The technology of waste collecting from the sea has advanced rapidly and the new collector can hold up to 16 times the amount of waste as the Seabin. A report on waste collection from CollecThor will be available for 2023. In addition, NPRO established a collaboration with the foundation “Marinreperatørene” in 2022. The foundation is granted two berths at Aker Brygge Marina which is important for their Marine operations and activities in the Inner Oslo Fjord. The collaboration is a measure to further expand our waste collection initiatives, and in 2022, they collected a total of 670 kg of waste from hard-to-reach areas alongside the Oslo Fjord.

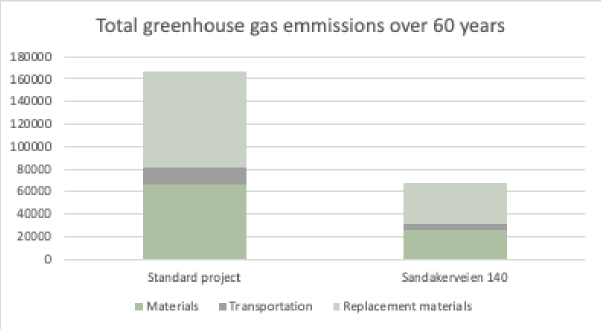
Biodiversity

The collaboration with the foundation “Marinreperatørene” is also a measure to increase biodiversity and marine life. The foundation has a special emphasis on creating habitats for red-listed species, species at risk of going extinct. In 2021, the foundation was appointed the research assignment of finding a suitable area for lobster conservation by the City Council of Oslo. In September 2022, their effort resulted in an 8.8 km^2 conservation area within the Inner Oslo Fjord. Other efforts include clearing the fjord of 1,100 kg of Pacific Oysters (an invasive species in Norway that interrupts other marine ecosystems), creating a development plan for a regenerative aquacultural plant that will be put into operation in 2023 as well as developing new habitat elements that better adapt to various kinds of marine life.

On-land Norwegian Property work with biodiversity through pollination initiatives. At Fornebu, the company continue to host beehives where approximately 150,000 bees produced 85 kg of honey last year. To contribute to pollination and the increase of bees and other endangered insects the frequency of mowing was reduced to allow meadows and flowers to grow on all properties in 2022.

Climate-friendly Park in Nydalen

In 2022, Norwegian Property opened a new outdoor park constructed with recycled building materials in Nydalen. The project was a collaboration with several vendors aiming to gain knowledge on the circular economy and the reuse of materials. Through a conscious choice of solutions, vegetation and reused elements, Norwegian Property saved the climate and environment from 60% greenhouse gas emissions when establishing the park. This corresponds to 100,000 kg of CO_2 equivalents. The impact was calculated using a life cycle analysis (LCA) developed by the project supplier Asplan Viak. The result of the CO_2 figure from the analysis is then compared with a conventional project to measure the savings. The aim was to create a green and accessible outdoor area for tenants, residents and visitors. The park consists of an outdoor gym, sculptures and elements decorated by local artists. Bicycle parking is added to encourage climate-friendly transportation to the workplace for tenants.



Sustainable travel to work

Norwegian Property has concentrated the composition of its portfolio in three clusters: Aker Brygge including the CBD, Nydalen and Fornebu, in addition to Vinslottet (Wine Palace) at Hasle. The properties are all located close to public transport. Those in the CBD, Nydalen and Hasle are located close to bus stops and the metro. The properties at Fornebu are next to existing bus stops and to a new stop on the planned metro line to this area. This provides opportunities for tenants to take public transport to and from work. The group also offers cycle parking and cyclist changing rooms in several of its buildings as well as charging points for electric bikes.

Investments are also being made in charging points for electric cars. About 13 per cent of the parking spaces at Snarøyveien 36 and in Nydalen are now equipped with these.

BREEAM-in-use

The property Snarøyveien 36 was certified as BREEAM-in-use Excellent in 2020, and the Kaibygning 1 and Fondbygget (office) were BREEAM-in-use certified Very Good in 2021. The Snarøyveien 30 property is also certified as BREEAM-in-use Very Good. The process of certifying 1st floor (retail and restaurants) in Fondbygget started in 2022 and was certified BREEAM In-Use Very Good in Q1 2023. Both tenants and investors are paying growing attention to certified buildings, and Norwegian Property will continue this work. The target is to BREEAM in use certify all the properties within 2025. So far, 66 per cent of all office, retail and restaurant space in the portfolio has been certified either BREEAM or BREEAM in use.

BREEAM in use	Office	Retail & rest.	Total
Fondbygget	12,901	2,664	15,565
Kaibygg 1	20,825		20,825
Snarøyveien 36	40,658		40,658
Snarøyveien 30	144,717		144,717
BREEAM			
Terminalbygget	17,766		17,766
Adm.bygget	8,472		8,472
SUM	**245,339**	**2,664**	**248,003**
Total portfolio	**337,606**	**40,485**	**378,091**
Per cent certified	**73**	**7**	**66**

Sustainability at Aker Brygge

Aker Brygge has been pedestrianised for many years and this has helped to make it an attractive area to visit for the city's residents and tourists. The group also pays attention to accessibility for all groups through universal walkways and snow clearance.

Since 2017, the group has rented out facilities to Microgreens, a project which pursues urban farming and that provides the restaurants at Aker Brygge with locally sourced sprouts, salads, herbs and mushrooms. Some of the sprouts are grown in a stand in the atrium of the Terminalbygget which is accessible for visitors to see. As a measure to inspire both tenants and visitors, they were given the opportunity to have a pop-up shop in Terminalbygget in 2022.

Social

Meeting places to encourage engagement

Norwegian Property's vision of creating meeting places and relationships which encourage engagement drives a continuous commitment to provide secure and accessible outdoor spaces for tenants and visitors. The group's buildings will primarily occupy central locations close to public transport hubs. Efforts in providing accessible and engaging meeting places during 2022 include:

ACCESSIBLE ART SPACE FOR EVERYONE AT AKER BRYGGE

We have a dream/WHAD is a unique travelling art exhibition by one of Sweden's leading photographers, Albert Wiking. The photo exhibition portrays some of the world's most influential people alongside everyday heroes. The common denominator is that they have used their voice to create lasting change in society. More than a hundred activists, peace prize winners, artists, writers and politicians have chosen to participate to inspire others to take on their dreams and visions.

The exhibition at Aker Brygge included the following portraits: Dalai Lama, Pussy Riot, Gunhild Stordalen, Marina Abramovic, Quincy Jones, Annie Lennox, Malala, Alek Wek, Richard Branson and Ella Marie Hætta Isaksen.

The work has been carried out without support from organisations and is unaffected by political ideologies as well as its non-commercial perspective. Norwegian Property contributed with exhibition space at Bryggetorget at Aker Brygge in the summer months of 2022. For the group, this was an opportunity to create open and inclusive art experiences for a wide audience which were outdoor, free and accessible to everyone.

THE "LANGS AKERSELVA" FESTIVAL IN NYDALEN

"Langs Akerselva" is a newly established music festival in Nydalen, Oslo. The festival is founded to create awareness and responsibility around an increasingly precarious and demanding climate situation. NPRO recognises the concept as an innovative arena for new sustainable solutions we seek to be part of.

The festival also has a family and neighbourhood dimension, and Sunday is, therefore, dedicated to families. We encourage our tenants and employees to participate in the festival by making tickets available and sponsoring the event itself.

"SUMMERPLAY" – FORNEBU, SNARØYVEIEN 30

We want to make our properties available by offering extra activities of various kinds without the peculiarity of a commercial approach. SummerPlay started as a low-threshold offer for our tenants and nearby neighbourhoods last year. It was built with climbing frames for children, and we arranged for catering and various games. In 2022, we laid the foundations for a concept that we want to keep alive in the future in line with the development of Snarøyveien 30.

In 2023, the concept will be offered in an extended form, especially aimed at families with children.

VINSLOTTET AT HASLE – INVESTING IN THE NEIGHBOURHOOD

The local shopping mall, Vinslottet, is home to retail stores and restaurants. As a measure to create free and accessible meeting places, NPRO occasionally transforms the mall into a local community centre for the day or evening. In November 2022, the company invited local activities and sports clubs to showcase the many opportunities for children in the area. Families were invited to enjoy a free meal and an evening to get to know their neighbours and the neighbourhood better. During December, families were invited to enjoy a free Christmas storytelling day, including a special visit from Santa.

FJORD OSLO

For the third year in a row, NPRO were a proud contributor to the free art festival Fjord Oslo. Fjord Oslo is an outdoor art event accessible to all. It exhibits light installations alongside the harbour of Oslo, including Aker Brygge. The festival is an official green partner of Oslo European Green Capital and takes measures for the environment, including encouraging its audience to walk, bike or use public transportation to get to the festival area. This year's exhibition took place in early November and attracted an audience of 170,000 visitors (Telia CrowdInsight).

The contribution to the festival was part of an effort to create safe and accessible outdoor areas for tenants as well as the public.

Preservation of cultural heritage

Old buildings with historic value are found at Aker Brygge, in Nydalen and Vinslottet at Hasle. The group sees the value of preserving the architecture and communicating this history when creating an attractive and engaging area for visitors and tenants. That target conflicts from time to time with climate-related goals, since improving energy efficiency is hard when windows and facades are old and of lower quality than today's standard.

Community Engagement

Norwegian Property is a proud sponsor of the Zuccarello Classics, a fundraising event hosted by the Zuccarello Foundation. The foundation's main target is to ensure that all children and teenagers are given equal opportunities to participate in sports and physical activity – regardless of their background, ethnicity, place of residence or family income.

Sustainability Network

Due to the growing interest from our tenants regarding sustainability matters, Norwegian Property established a network for our tenants who work with or find an extra interest in ESG matters. The aim is to create a bridging of knowledge and exchange of experience across different industries and add a valuable network that inspires our tenants on ESG matters that may lead to the implementation of measures. The first meeting was held at Aker Brygge in mid-August.

Targets for social conditions

This encompasses a number of targets which are in line with Norwegian Property's base values and ethical guidelines for both employees and suppliers.

- No personal injuries under our responsibility
- Responsible supplier management:
  - environmental requirements
  - responsible employment/employment contracts,
  - StartBANK membership for suppliers
  - requirements for the use of apprentices
- Emphasise diversity in new hires
- Absence target for employees within 3%

Human rights and the Transparency Act

Human rights and decent working conditions

Norwegian Property has very clear guidelines for human rights and decent working conditions. Norwegian Property supports and respects international human rights. Respect for the individual represents a fundamental guideline for the group. Norwegian Property follows established working life standards and complies with all the requirements laid down in the relevant legislation. Norwegian Property strives for working methods that ensure good working conditions with high requirements for health, environment and safety. Children will not be used as workers if it can harm their education or development. When offering job opportunities to young people, this must be done within the requirements of the Working Requirement Act. No use will be made of forced labour.

Good working conditions

Norwegian Property is an expertise-driven organisation and aims to be an attractive employer where employees thrive. Active provision will be made for further developing personnel in order to collectively form a leading professional team in the Norwegian property sector. When recruiting staff, emphasis is put on combining professional expertise and experience in the property sector, while ensuring that personal qualities contribute to a proactive and efficient organisation.

TRAINING AND EDUCATION

Continuous efforts are devoted to knowledge development in the form of tailored training so that each employee can fully master their job and develop in step with the changing requirements. Employees are encouraged to participate in courses and seminars that are relevant to their work tasks. Backed by individual development plans, employee progress and training requirements are followed up through job reviews and continuously during the year. Based on goals for personal development, employees can apply for financial support to pursue further or continuing education. In 2022, one employee benefited from this arrangement.

Contributions to a good working environment are also sought through attractive premises, a dynamic workplace and challenging assignments.

EMPLOYEE SATISFACTION SURVEY

Norwegian Property conducts bi-weekly employee satisfaction surveys to determine how employees regard the group as a workplace and to identify the possible areas for development. The survey has been ongoing among all the employees since late 2019. The response rate for 2022 was 77.63 per cent, which is considered good. The results show that job satisfaction is high, 8.3 out of 10 for the organisation as a whole. Areas with the lowest score are workload at 7.2 and internal information flow at 7.5, but all the categories are still above the general indexes. Autonomy and leadership have the best scores both of which are at 8.6.

HSE

Norwegian Property observes the established standards of working life, and it will comply with all the requirements enshrined in the relevant legislation. The group seeks to apply working methods which ensure good working conditions along with high standards of HSE. Day-to-day operations take account of HSE considerations, which are important for Norwegian Property because the group is dependent on maintaining high standards for the health and well-being of its employees in order to succeed. Its strategy involves zero tolerance for serious personal injuries suffered in relation to Norwegian Property's properties and areas of responsibility. One occupational accident that resulted in sick leave took place in 2022. This has been followed up on according to internal routines and legal requirements.

Sickness absence is an important HSE indicator. The total recorded for 2022 at Norwegian Property was 3.1 per cent, while the target in the group's strategy is three per cent. With a relatively low number of employees, however, long-term sick leave will necessarily influence the absence rate. Efforts to reduce sickness absence include financial support for employees to exercise and have massages, the possibility to exercise during working hours as well as health insurance and physiotherapy sessions to address their seated posture. Opportunities for employees to participate in determining their own working day form part of HSE work. The practical follow-up is conducted through the working environment committee (AMU), where the representatives of employees and management meet. The AMU deals with current working environment issues and future plans which could have substantial significance for the working environment and so forth.

The Transparency Act

In accordance with the Transparency Act that entered into force on 1 July 2022, Norwegian Property has taken measures to prevent and mitigate any actual, or the risk of, adverse impacts on human rights or decent working conditions in the group's operations, supply chain and other business relationships. Measures have been taken to cease, prevent and mitigate any such adverse impacts. This includes mapping the company's supply chain, establishing ethical guidelines for suppliers and updating the purchasing routines as well as supplier contracts and routines for whistleblowing. Responsibility for follow-up is delegated across relevant departments within the group, and all the measures have been approved by both the executive management and the board; thus, accountability is embedded as per the OECD guidelines.

As a property group with all its activities in Norway, Norwegian Property does not face the greatest human rights challenges in its everyday operations. However, the suppliers it uses could be subject to challenges, in part related to social dumping. In the construction industry, the latter could be associated with economic migrants whose wages and employment conditions are significantly worse than for national workers. The greatest opportunities for Norwegian Property to promote and respect human rights and help prevent human rights abuses accordingly can be found in being a responsible purchaser of goods and services. Through its ethical guidelines and by acting as a responsible purchaser, the group seeks to ensure that suppliers apply key principles which accord with those of Norwegian Property.

ANNUAL PROCESSES

ACCOUNTABILITY WITH THE BOARD:

The board has adopted an annual plan to follow up on the activity and reporting obligation that follows from the Transparency Act. The annual plan includes tasks such as risk assessment of the supply chain, the proposal of measures to reduce risk and evaluation of measures. The board will receive reports annually on the results of the activities and risk assessments. The CEO places the responsibility to follow up on tasks relating to the Transparency Act within the organisation.

GUIDELINES AND INTERNAL COMMUNICATION:

Ethical guidelines and CSR guidelines are reviewed and updated by the board on an annual basis. Ethical guideline for suppliers was established in 2022 and purchasing routines, supplier contracts and routines for whistleblowing were updated. All employees are informed through an all-hands meeting and an annual web-based review of the ethical guidelines is distributed to all employees to sign.

SYSTEMS FOR HANDLING THE OBLIGATION TO PROVIDE INFORMATION:

An e-mail address published on the company website is set up as a channel to receive enquiries on information regarding the Transparency act. Such enquiries will be distributed to the sustainability department. The sustainability department has the overall responsibility to keep an overview of the routines, instructions and guidelines and can collect the necessary statistics or information required from the relevant departments to conduct a reply. A reply must be given within three weeks.

MAPPING THE SUPPLY CHAIN:

To map the supply chain, a list consisting of suppliers that have invoiced Norwegian Property for the past two years is compiled. The suppliers are then divided into industry categories, the amount and the number of times they have invoiced the group in order to get an overview of the main suppliers and outline where the company has substantial buying power.

RISK ANALYSIS:

A due diligence assessment of the group’s supply chain is done by compiling knowledge of the industries Norwegian Property buys its goods or services. The company contacts various unions related to the industries, Amnesty International, the Norwegian Labour Inspection Authority and other relevant organisations to map which industries have the greatest risk of violation of human rights and decent working conditions. This forms the basis for priorities and gives an understanding of how the company can cease, prevent or mitigate any such risks.

The conclusion of the risk assessment was that, since Norwegian Property operates in Norway, the company is most likely not exposed to a very high risk of violations of human rights or decent working conditions. However, some of the suppliers have employees with low education and often with foreign origins and, therefore they are not very familiar with Norwegian working conditions. There are also examples of social dumping in the construction industry. Norwegian Property has, therefore, focused on measures for suppliers within these industries.

MEASURES:

A law firm was engaged in conducting the company’s ethical guidelines for suppliers and supplier contracts to ensure all the relevant legislation was in place and substantial enough to guarantee the right to act if any occurrence of violations of human rights or decent working conditions is uncovered. In addition, buying routines now include requirements that all relevant suppliers are members of StartBANK– a community developed by The Norwegian Construction Industry Association (BNL) to meet the increase in legislation and risk management needs of construction and facility management clients in Norway. The Sustainability department in collaboration with the finance, KFDV and development departments reviewed the purchasing routines and divided responsibility to follow up to ensure that memberships are in place. KFDV is responsible for requesting memberships when ordering goods or services, and the finance and sustainability departments are responsible for annual check-ups of suppliers who have invoiced the company. By the end of Q1 2023, a total of 141 suppliers have committed to the company's ethical guidelines for suppliers and a total of 296 suppliers are a member of StartBANK.

EVALUATION:

The relevant KPIs for measuring risks will be any possible incidents and the number of times the company may be given notice of breaches or violations of human rights and decent working conditions. The board in collaboration with the management group must consider how to resolve or possibly provide compensation if such risks have occurred. If necessary, the company will seek advice from advisers such as auditors or lawyers. The company will conduct annual due diligence assessments mapping the supply chain. An overview of the risks will be obtained through articles in the media, and input from organisations, authorities and other relevant sources. In addition, Norwegian Property will assess best practices for the property industry and how other large companies work to comply with The Transparency Act.

No breach of human rights or decent working conditions within Norwegian Property or its supply chain was found in 2022.

The Equality and Anti-Discrimination Act

In accordance with the Equality and Anti-Discrimination Act, Norwegian Property has taken measures to prevent and mitigate any actual, or the risk, of discrimination. Where equal opportunities and inclusion are concerned, efforts are made to ensure that all employees receive the same opportunities for personal and professional development. New and existing personnel will be treated equally regardless of their gender, age, ethnic origin or possible disabilities. The group does not accept any form of discrimination – based on gender, pregnancy, parental leave, care responsibilities, ethnicity, religion, philosophy of life, disability, sexual orientation, gender identity or gender expression.

Uncovering the risk of discrimination or other obstacles to equality

The group invited employees to participate in the activity and accountability committee (ARP-utvalget) where the risk of discrimination or violation of equality was mapped. The committee had a meeting in the first half of the year with the aim of identifying risks in all business operations. This includes matters such as recruitment, pay and working conditions, promotional and development opportunities, efforts to facilitate different needs, work-life balance, harassment, sexual harassment, and gender-based violence. The committee had representatives from HR, sustainability department and market department. The results of this risk assessment were presented to the management team.

Reasons for identified risks

The results of the risk assessment were mainly linked to the real estate industry being male-dominated, and this is reflected a certain extent in the figures for the number of women and men among the employees.

Actions to prevent discrimination in 2022

Guidelines for CSR clearly state that the group does not accept any form of discrimination – based on gender, pregnancy, parental leave, care responsibilities, ethnicity, religion, philosophy of life, disability, sexual orientation, gender identity or gender expression. All employees must review the guidelines annually.

RECRUITMENT

In recruitment processes, diversity is encouraged from top management. For example, this was expressed in the review of the guidelines which all employees had to complete.

SALARIES AND DEVELOPMENT OPPORTUNITIES/TRAINING

Low-wage workers were given new tasks in 2022 to develop their competence and increase their wages.

PROMOTIONS
Both female and male employees were given new opportunities and promotions within the organisation in 2022/first quarter 2023.

FACILITATION
Norwegian Property has adapted, among other things, wardrobe facilities to recruit women to male-dominated positions.

WORK-LIFE BALANCE
The company is clear on equal rights when it comes to maternity/paternity leave and also gives flexibility to work from home, if needed, which contributes to a good work-life balance.

Equality statistics
The construction and property sectors are male-dominated, which creates some challenges for efforts to increase the female proportion in certain posts. The group had 61 employees on 31 December 2022, compared with 57 a year earlier. In total, that gives us 4 new employees in addition to 1 employee who got promoted throughout 2022. Thirty-nine of the group's 61 employees are male and 22 are female. Two of the females work part-time. The executive management comprised seven people as of 31 December 2022, including one woman. The annual salary in 2022 excluding the executive management team specified in the annual accounts averaged NOK 858,020 for men and NOK 703,003 for women. Maternity leave in 2022 amounted to 1.16 man-years in total for three women, in addition to one man who had 0.21 man-years of paternity leave. Two females are employed part-time. A total of 57.07 man-years were performed in the group during 2022, down from 61 in 2021.

On the date when the financial statements were presented, the board comprised five directors – three male and two female.

Governance

Combating corruption
Norwegian Property wants fair and open competition in all markets, sets high standards of personal and professional integrity, and does not tolerate any form of corruption or bribery. Efforts to combat corruption are pursued first and foremost through the group's work as a responsible investor and owner, as a responsible buyer and through implementing and following up on ethical guidelines.

Norwegian Property personnel must not accept or make gifts which could affect their own integrity or decisions or those of others, or which could be perceived to do so. Norwegian Property's employees must not work on behalf of the group on matters where they have personal interests, or where others could perceive such interests.

PROCUREMENT ROUTINES
Norwegian Property has prepared detailed processes for procurement covering the whole process from identifying a need to implementing a purchase. They involve documented processes and work-sharing intended to help limit opportunities for corruption in connection with procurement.

Suppliers are also required to have ethical standards and attitudes comparable with those of Norwegian Property. These companies represent the group and, therefore, they must communicate its core values. The following minimum standards are set for suppliers and possible sub-suppliers:

- financial strength and the capacity to deliver
- a good history of compliance with the legal requirements (business conduct, no use of unregistered workers and so forth)
- satisfy requirements for health, safety and the environment (HSE), internal control and so forth
- commit to NPRO's ethical guidelines for suppliers
- membership of the StartBANK register for suppliers, where relevant.

StartBANK is a joint supplier register used by purchasers in Norway's construction, public administration, insurance and property sectors to support serious suppliers and provide updated and checked supplier information. With 8,200 suppliers evaluated on the basis of predetermined approval criteria, StartBANK provides an equitable, open and secure solution for selecting reliable suppliers. This gives suppliers the opportunity to compete on equal terms, contributes to the use of serious players and creates new business opportunities for both purchasers and suppliers. StartBANK is being continuously developed to meet the increasingly demanding legal guidelines and requirements for risk management in the construction industry.

Norwegian Property found no evidence of fraud, corruption or attempted corruption in its business during 2022.

Prevent sanctions and money laundering
The company has conducted a risk assessment in 2022 of the tenant base in order to uncover the risk that any of the tenants would be on a sanction list in Norway, the EU, the US or the UN. No such incidents were uncovered.

The real estate industry may be susceptible to money laundering. This is not accepted in NPRO, and we work with serious parties in both rental relationships and property transactions.

Risk and risk management

The group has reviewed the risks and opportunities which it is exposed to. The results of this review are presented in the table below.

Risk/opportunity and the responsible executive	Description and timing	Strategy/measures	Changes to developments in 2022
Financial conditions Responsible: CFO			
1. Fair-value changes for the properties	ONGOING The fair value of the properties is crucial for the group's balance sheet	The strategy is to own high-quality properties centrally located in selected clusters in Oslo. Four value drivers have been identified and form the basis for continuous work: • letting • management • transactions and finance • development. The share of the portfolio under development will represent about five to 15 per cent of the space over time.	The asset value of office properties in Oslo decreased slightly during 2022, mostly due to rising interest rates. Low vacancy (particularly in the CBD), and rising inflation have contributed to a good market.
2. Interest-rate risk	ONGOING Interest charges represent a large proportion of the group's total costs. Interest-rate changes will, therefore, affect both profits and liquidity.	Policy of fixed interest rates on more than 50 per cent contributes to predictability for the interest-rate costs. A sensible LTV ratio (45-55 per cent) helps to reduce the risk of very high costs related to possible interest-rate increases.	Market interest rates increased in 2022, and there are indications that they will continue to rise because of higher inflation. At the beginning of 2022, the 10-year interest rate was 1.9 per cent. It reached 3.3 per cent at the end of December. The hedging ratio in 2022 was approximately 70 per cent, which helped to reduce the risk to future cash flow.
3. Access to external capital	ONGOING Refinancing risk is the risk that insufficient capital will	The strategy for reducing risk associated with refinancing is to use various financing	Access to external capital was quite good in the first half of 2022, but in the second half, both bond

Risk/opportunity and the responsible executive	**Description and timing**	**Strategy/measures**	**Changes to developments in 2022**
	be available when loans expire. Compliance with covenants/terms is important, and these must be sufficiently tightly drawn to secure financing but also sufficiently flexible to give the group freedom of action. The group's main funding source has changed from bank loans to bonds in recent years. The refinancing risk in the bond market could be viewed as higher than in the bank market.	sources, raise loans with long terms and spread their maturity structure. Norwegian Property seeks to have fixed and predictable loan terms which give it adequate freedom of action. Maintaining good relations with the main banks is important for reducing the refinancing risk. The group was given an official credit rating of BBB- from Scope during first half of 2022.	investors and banks were more reluctant to lend, and the margins increased. Focus on good banking relationships and diversified funding sources were important. In 2022, a new bank relationship was established, resulting in a loan in Q4 2002
Credit risk Responsible: CFO			
1. Risk of rental income loss	ONGOING Leases are generally long term and awarded for several years at a time. The risk exists that the tenant could go bankrupt during the tenancy period, and that both income and investments in the premises could be lost.	All tenants must provide a deposit or guarantee for three to six months of rent, and routines are in place for approving the financial institutions which are to provide guarantees. Tenants are credit-assessed at the awarding of the lease, and the total tenancy costs as a share of total turnover are analysed. Extending a lease beyond its term would not be relevant for some tenants, and some leases could be terminated early if the rent is not paid.	No significant leases were terminated because of bankruptcy in 2022. Generally speaking, the number of bankruptcies is growing in the retail and restaurant sector owing to the effects of the pandemic.

Risk/opportunity and the responsible executive	**Description and timing**	**Strategy/measures**	**Changes to developments in 2022**
Liquidity risk Responsible: CFO			
1. Risk associated with refinancing debt and access to external capital	ONGOING RISK Property is a capital-intensive sector, and refinancing loans is a continuous risk.	The group seeks to reduce its refinancing risk by: - diversity of financing sources - lowest possible instalments - LTV at 45-55 per cent - spread maturity profile - long loans - RCF to cover part of bonds maturing over the next 12 months.	Liquidity in the capital market was limited, particularly in the second half of 2022, and both interest rates and margins were rising. However, in Q4 2022, the company established two new bank facilities.
2. Risk of delayed rent payments	ONGOING RISK Rents are paid quarterly in advance. Interest on loans usually falls due right after rent payments. Were a big share of rents to be delayed, the ability to service interest payments and possible instalments on debt could be at risk.	Reminders are issued continuously. The group will have spare liquidity in the form of NOK 300 million in cash plus undrawn credit and/or overdraft facilities at any given time.	Delayed payments, particularly in the retail and restaurant sectors, have been one effect of the lockdowns imposed to combat COVID-19. The revenue-based rental income is slowly increasing as tenants recover from the lockdowns.
Market risk Responsible: marketing vice president			
1. Changes in market rents	ONGOING RISK When awarding new or extending existing leases, the market conditions at the negotiation date present a risk. Opportunity: Market rents are expected to increase at Fornebu with the completion of the new metro line around 2027.	The strategy is to own high-quality properties centrally located close to public transport hubs. Attractive areas will maintain high market rents for longer than properties in more peripheral areas. After the acquisition of Snarøyveien 30, focus is related to a long term strategy for the property	The letting market was good in 2022, and the group achieved good rents when the leases expired. It is finding that the demand for premises is particularly good in Oslo’s CBD. Construction of the new metro to Fornebu started in 2020 and plans call for it to be finished in 2029.

Risk/opportunity and the responsible executive	**Description and timing**	**Strategy/measures**	**Changes to developments in 2022**
Vacancy in the portfolio	ONGOING RISK The property sector is exposed to competition. The risk of being unable to let the buildings is higher in an economic downturn. New tenants often involve higher costs than extending the existing leases.	The strategy is to own high-quality properties with central locations. Attractive properties are easier to let and also have lower vacancy. A good operations organisation gives tenants good service and helps to enhance their loyalty. A competent marketing team with experienced personnel works on letting. The group has converted several single-user buildings to multi-user, thereby reducing the risk of large single-user buildings remaining vacant. Expanded the Business Village concept to cover many categories of tenants, increasing flexibility in terms of duration and size. Norwegian Property is seeking to achieve a spread of lease expiries and a differentiated body of tenants.	The letting market was very good in 2022. Norwegian Property experienced growth in all its core areas. Good demand for the group's Business Village concept. The portfolio now has fewer single-user buildings which risk being left vacant in the near future. The vacancy has increased in Nydalen, but it has decreased in other areas during 2022. In the next years to come, rather few rental contracts will mature, so even if the economy may show some signs of cooling down the effect on vacancy for the group will be limited.
Turnover-based rents	ONGOING RISK A number of the shops and restaurants at Aker Brygge have turnover-based rents. This means that rental income fluctuates with sales by the tenants. The challenges affecting retail could result in lower rents for shop premises.	The Aker Brygge quarter actively develops and markets the area to attract customers. Continuous efforts are made to find the right mix of tenants at Aker Brygge who will attract the greatest number of visitors and increase turnover. A relatively high proportion of	In 2022, the group received turnover-based rents for the first time since the COVID-19 lockdowns started. The activity has returned to pre-COVID-19 levels.

Risk/opportunity and the responsible executive	Description and timing	Strategy/measures	Changes to developments in 2022
		restaurants makes Aker Brygge less vulnerable to competition from online shopping, for example. Moreover, Norwegian Property has leases where minimum rents are at good levels.	
2. Inflation	ONGOING RISK Most leases (99 per cent) have full CPI adjustment.	This is regarded as an opportunity to increase income as the CPI rises. All new leases awarded in 2021 have full CPI adjustment.	Inflation in 2022 was 7.4 per cent, which is high compared to the level aimed at by Norges Bank. However, most leases in the portfolio were adjusted according to the 3.5 per cent October CPI.
Project risk Responsible: project and marketing vice presidents			
1. Uncertainty over the future occupancy rate	WITHIN THREE-FIVE YEARS When launching a construction project, it is unclear what the letting market will look like at completion.	The group does not launch major projects without having secured a certain number of leases for the completed building.	One refurbishment project was initiated in 2022 in Gjerdrums vei 17, as well as one major tenant adaptation project in parts of Snarøyveien 36. The letting market developed positively during 2021.
2. Cost overruns	WITHIN THREE-FIVE YEARS Big projects will often have an element of uncertainty related to costs for both procurement and design. Through the pandemic, the cost of raw materials has risen, and in turn increased the construction cost.	The group makes maximum possible use of turnkey contracts for its projects.	No large projects were under way in 2022. The construction costs increased in 2021. Still no signs of lower costs in 2022. There are signs of flattening with the possibility of lower construction costs in the future.
3. Delays	WITHIN THREE-FIVE YEARS	Project management is important and is followed up on by a competent team.	No large projects were started or ongoing in 2022.

Risk/opportunity and the responsible executive	**Description and timing**	**Strategy/measures**	**Changes to developments in 2022**
	Late delivery carries a cost in reduced income and possible compensation. Progress and capacity in planning processes is an increasing challenge in the City of Oslo.	Turnkey contracts reduce risk for the group.	Challenges related to zoning and infrastructure demands might affect progress and/or strategy for development projects in Nydalen.
4. Accidents	ONGOING RISK The threat of project-related accidents is present, and in the worst case could cause injury to people. Material damage could also impose costs on the group.	Serious efforts are devoted to HSE in every project run by Norwegian Property.	No large projects were started or ongoing in 2022.
5. Demolition and recycling	ONGOING RISK, RISING The latest trend is tougher requirements for recycling building materials. Norwegian Property expects it to become harder to get permission to demolish the existing buildings. Demolition will also get more expensive down the road because greater care and accuracy will be needed so that materials can be recycled.	Norwegian Property is making soundings for major renovations in order to see how these can be implemented cost-effectively in future projects. In collaboration with new and existing tenants, the group will find solutions for re-using materials, and rent out premises with just the necessary adjustments. Where tenant adaptations and minor projects are concerned, profitability calculations are made in each individual case.	This trend attracted continued attention during 2022 and is likely to increase. A separate market for the sale of recycled materials is being established. Public requirements and regulations will most probably be adapted to this market in the future. The circular economy will also be implemented as one of the targets in the EU taxonomy.
Social and governance risk Responsible: CEO and CFO			
1. Risk of human rights violations and decent working conditions	ONGOING RISK As a property group with all its activities in Norway, Norwegian Property does not face the greatest human rights challenges in its everyday operations.	NPRO is seeking to be a responsible purchaser of goods and services. Through its ethical guidelines and by acting as a responsible purchaser, the group seeks to ensure that	The Transparency Act was passed in 2021 and took effect from July 2022.

Risk/opportunity and the responsible executive	Description and timing	Strategy/measures	Changes to developments in 2022
	However, the suppliers it uses could be subject to challenges, in part related to social dumping. In the construction industry, the latter could be associated with economic migrants whose wages and employment conditions are significantly worse than for national workers.	suppliers apply key principles which accord with those of Norwegian Property. Work is being done to make expectations and requirements towards suppliers even more explicit.	
2. Equality and non-discrimination among employees.	ONGOING RISK: In the construction industry and in the real estate industry, there is a clear predominance of male employees. It is usually women who work involuntarily part-time in Norway, and there are also generally lower average wages for women than for men.	Norwegian Property's ethical guidelines clearly states that discrimination is not accepted. All employees have to go through the ethical guidelines annually. Most employees are working full-time in Norwegian Property, but for those who want part-time work, this has been accepted. The salary level for all employees will be reviewed, and opportunities for skills development and new work tasks that can raise salaries will be considered for those with low wages.	The Transparency Act was passed in 2021 and took effect from July 2022.
3. Non-discrimination of people with disabilities in properties and out-door areas.	ONGOING RISK: The focus is increasing on the rights of people with disabilities. There is a risk that the reputation of the company will be damaged if it does not meet the requirements for the Universal design of the buildings.	When doing refurbishments of buildings, the company complies with the Norwegian law and requirements regarding Universal design.	The media has run several stories about the discrimination of people with disabilities.

Risk/opportunity and the responsible executive	**Description and timing**	**Strategy/measures**	**Changes to developments in 2022**
4. Risk of corruption	Corruption can be devastating to the company's finances and operations.	NPRO aims to be a responsible buyer and investor. Ethical guidelines that are made known to all employees contain rules to combat corruption.	
Climate risk Responsible: project and operations vice presidents, CFO			
A. Physical risk			
1. Increased precipitation	ONGOING RISK, RISING TOWARDS 2030 Rising precipitation will lead to increased flooding problems and a greater risk of leaks. Facades will become more vulnerable since driving rain affects more than just roofs. This will also increase the water levels in rivers, which can flood cellars and ground floors in nearby buildings.	Norwegian Property chooses materials and solutions for maintenance which will be sustainable and durable.	Attention paid to climate risk increased in 2022. A greater threat of flooding from an anticipated increase in precipitation has led to stricter government standards for construction projects as well as discussions on insurance cost and coverage.
2. Higher sea level	WITHIN 20-30 YEARS Properties at Aker Brygge will be vulnerable in the long term if the sea level rises significantly as a result of climate change.	According to the Norwegian Mapping Authority, the sea level will rise 46 cm around Aker Brygge. That will not be critical for the properties there.	These expectations did not change in 2022.
B. Transition risk			
1. Demand for environmentally-friendly premises	Tenants are seeking energy-efficiency, environmentally-friendly solutions and certified buildings. Some also want information on material choices. Tenants differ in their requirements. Major	Norwegian Property works to establish energy-efficient solutions in its buildings and to convert to as much clean energy as possible. The seawater pump at Aker Brygge,	The risk did not change markedly in 2022. Large tenants demand this in their specifications. The risk is expected to increase.

Risk/opportunity and the responsible executive	**Description and timing**	**Strategy/measures**	**Changes to developments in 2022**
	and international customers are particularly concerned about this. Norwegian Property's property portfolio includes several old buildings which are listed as worthy of preservation. There are limits on how many energy-efficiency measures can be implemented and which ones. These buildings may, therefore, become less attractive in the future. This could also be looked upon as an opportunity because tenants will be positive insigning green leases which will enable Norwegian Property to make investments in properties which would otherwise not be affordable.	for example, is important in reducing CO_2e emissions there. Buildings are to be certified to BREEAM or BREEAM-in-use within 2025. During 2022, the group completed its BREEAM-in-use certification as Very Good of retail premises of Kaibygning 1 and Fondbygget at Aker Brygge. Green leases mean that, if an investment in energy efficiency measures lowers the energy cost for tenants, the capex will be covered by increased rent equal to the reduced energy cost. Green actions, such as urban farming at Aker Brygge and a green wall of flowers, are measures which have become profitable because of the positive interest from tenants and visitors.	
2. Environmental requirements from investors	PRESENT, EXPECTED TO RISE TOWARDS 2030 Investors in both bonds and shares want more information on climate risk. Green bonds could provide a broader investor base and perhaps lower financing costs than normal bonds.	Norwegian Property reports to the CDP, produces an annual climate report available on its website and is open about its environmental strategy. During 2021, the group established a framework for green bonds and issued its first green bond. In 2022 the company presented its first green bond report	The attention paid by the financial community to environmental requirements as well as to sustainability in general continued to increase, largely because of the EU taxonomy. Some investors have stated that they only want to invest in green loans.

Risk/opportunity and the responsible executive	Description and timing	Strategy/measures	Changes to developments in 2022
		related to the outstanding loan.	
3. Environmental requirements from banks	PRESENT, EXPECTED TO RISE TOWARDS 2030 Requirements for reporting and climate adaptations are growing. Climate risk will probably be linked more strongly to loan terms and access to financing. Growing offers of green bank loans.	Norwegian Property reports to the CDP, produces an annual climate report available on its website and is open about its environmental strategy. During 2021, the group established a framework for green bonds. Norwegian Property will also report directly to each bank the required information, such as energy consumption or energy label for each property.	The banks have shown growing interest in the environment during 2022, and the group sees that this is beginning to provide opportunities to reduce the financing costs for green purposes, but also risks if the company does not have a strategy in place to meet the new requirements. The banks are preparing to report according to the EU taxonomy and request more climate related information about the properties they finance than before.
4. Insurance	FUTURE Growing damage to property from increased precipitation and more extreme weather could lead to higher insurance premiums.	Norwegian Property works continuously to maintain its buildings and selects good-quality materials for this.	No developments occurred in this area during 2022.
5. Technological risk	PRESENT Failing to update solutions for energy efficiency or adapt to tomorrow's solutions today could leave Norwegian Property with an outdated building inventory where regulatory changes, bank lending terms and customer demand could have a negative impact on the group. New technological solutions, such as the internet of things (IoT) represent an opportunity	Norwegian Property's strategy is that all new buildings will be certified to BREEAM Excellent as a minimum. Older buildings will be renovated when tenants change, with modern and cost-effective technical solutions being chosen. An IoT project was introduced in 2020 and continued in 2021. This will look at how the use of sensor technology in existing buildings can boost operational and energy efficiency. The	Technology is constantly developing, including for the property sector. The trend with a growing number of new property technology companies continued in 2022. New solutions are also coming for more climate-friendly building materials and products, such as concrete.

Risk/opportunity and the responsible executive	Description and timing	Strategy/measures	Changes to developments in 2022
	for enhanced energy efficiency and cost cuts.	aim is to be at the forefront in terms of technological risk for the existing building stock.	
6. Reputational risk	ONGOING RISK, RISING TOWARDS 2030 Being perceived as a reputable and by all means assertive player on the environment and the climate will be important in the future. That applies both in relation to investors and with an eye to recruitment. This image will influence how attractive tenants find it to choose Aker Brygge.	Norwegian Property has established a sustainability strategy which aims to meet the requirements and expectations of society. Tenants are being more involved in sustainability thinking such as reuse of building materials, waste sorting and energy efficiency efforts.	Given the increased attention paid to the climate by society at large during 2022, reputational risk increased over the year. An increased number of tenants show interest in how they may contribute to reduce carbon emissions. Many tenants also ask for input to their own climate reporting.
7. Increased CO_2 taxes	FUTURE RISK This relates to energy prices and waste handling. Considered high risk in probability, but low risk since the cost affects the group indirectly.	Waste and energy prices are passed to the tenant, but the group is working to reduce discharges/emissions because this could affect how attractive the buildings become.	The Norwegian government has recently presented a plan for increased taxes on carbon emissions.
C. Regulatory risk			
1. Government requirements and permits	ONGOING RISK, RISING TOWARDS 2030 As society adapts to climate change, official demands for energy consumption, building standards, traffic, infrastructure and the development of drains/sewers are likely to call for higher taxes, including on property. There is increasing pressure from politicians and local authorities to	Norwegian Property adapts to the laws and regulations in force at any given time, and applicable building standards are observed in the projects. Where new projects are concerned, the goal is to achieve BREEAM Excellent certification. Most leases contain clauses that the tenant pays the property tax.	No major property tax changes during 2020. The government decided to increase taxes on carbon emissions in 2020, and this will probably affect energy costs in the future. No further changes in 2022.

Risk/opportunity and the responsible executive	Description and timing	Strategy/measures	Changes to developments in 2022
	impose stricter requirements in regulation etc. to reach the overall climate goals.		
2. Car-free city	ONGOING RISK Aker Brygge is right on the edge of the car-free zone in Oslo, and the multi-storey car park can still be accessed. However, there is no guarantee that the zone will not be expanded.	Access to the multi-storey car park is an advantage for those who work in Aker Brygge and for those visiting in their free time. However, the outdoor areas in Aker Brygge have been pedestrianised for many years, which helps to make it an attractive place to visit for shop and restaurant customers. Norwegian Property has worked to ensure that a growing number of visitors will come from the immediate vicinity, which helps to reduce the vulnerability of reaching Aker Brygge by car.	The focus on car-free zones in Oslo is increasing. The city council is working on a proposal to establish zones where fossil-fuel cars are banned.

Changes in the way of work putting pressure on the existing business model	Description and timing	Strategy/measures	Changes to developments in 2022
The way of work is changing and introducing risk to the established conventional business model as companies have greater uncertainty of their office needs, hence demanding more flexibility in their leases.	The COVID-19 pandemic forced increased investments in digital collaboration solutions as companies were forced to operate with a dispersed workforce confined to their homes. As a result, most companies are now able to operate without all the employees having to go to an office, and employees have gotten used to the flexibility of choosing where to work. During 2022, most countries are now open and the "return to the office" has happened. Companies now choose different strategies in terms of flexibility for their employees ranging from 100% in the office to 100% autonomy for the employee if they want to work from home or the office. Most companies want their employees to come to the office and are putting more emphasis on the work environment in the office. Higher quality offices, more collaboration space, office as a meeting arena as well as demanding more services in the office.	NPRO is already operating one serviced office and is well positioned to grow and integrate this offering throughout the portfolio. Flexibility from a business model and physical building aspect is being evaluated and tested throughout 2023. More services are being implemented either directly from NPRO or through third parties in 2023 and forward. Technology is being tested to effectively manage flexibility and services fully automated. Focus on the design and look and feel of common areas are being evaluated for all the relevant buildings, and the company is looking at the standardisation of office space with high and environmentally friendly quality that will be introduced in areas dedicated to flexibility.	The market is still adapting to the changes caused by COVID-19 in the way of work. It is expected that more knowledge of companies' demands regarding offices and how they will use them will emerge in the coming years. Operationally, it is expected that tenants will demand more from their landlords, meaning that landlords will need to have a close look at how to further develop the business model and operations. However, the market is still highly driven by the traditional conventional leases, but with more focus on flexibility and services on top than before.

Presentation of the directors

The board of Norwegian Property ASA comprised the following directors as at 31 December 2022.

Bjørn Henningsen (chair)

Mr Bjørn Henningsen (born 1962), director since 10 October 2014, has an MSc in economics from Heriot-Watt University and is a partner in Union Gruppen AS, which he helped establish in 2005. Henningsen has very long and broad experience in real estate investment and development, banking and finance. He was previously finance director and managing director of Investra ASA, and he also has extensive experience from banks and financial institutions. Henningsen is director of numerous companies in the Union group.

Cecilie Astrup Fredriksen (director)

Cecilie Astrup Fredriksen (born 1983), director since 10 October 2014, obtained a BA in business and Spanish from London Metropolitan University in 2006. She is currently employed in Seatankers Services (UK) LLP and serves as a director of several companies, including Mowi ASA. She is affiliated with Geveran Trading Co Ltd, which owned all the shares in Norwegian Property ASA as at 31 December 2022.

Kathrine Astrup Fredriksen (director)

Kathrine Astrup Fredriksen (born 1983), director since 13 April 2016, studied at the European Business School in London. She is currently employed by Seatankers Services (UK) LLP and serves as director in Mowi ASA, SFL Corporation Ltd, Axactor ASA and Avance Gas AS. Fredriksen's previous directorships include Seadrill Ltd, Frontline Ltd and Golar LNG. She is affiliated with Geveran Trading Co Ltd, which owned all the shares in Norwegian Property ASA as at 31 December 2022.

Lars Buin (director)

Lars Buin (born 1969), director since 22 April 2022, has a Bachelor in Finance with specialization in Marketing from the Norwegian School of Marketing (now BI, Norwegian Business School) and has attended The Norwegian Shipping Academy, specializing in ship broking and chartering. He is partner and managing Director of Pareto Offshore AS, which he helped found in 2004. Prior to that he worked in the rig and offshore brokerage company Normarine Offshore Consultants from 1997-2004. He also has previous broker experience from residential and leisure real estate sale. During 2010 -2021 he served in the Board of Directors of Pareto Securities AS.

Lars Erich Nilsen (director)

Lars Erich Nilsen (born 1981), director since 26 April 2017, has been employed by Seatankers Management Norway AS since 2014. He is the general manager and chair of Seatankers Management Norway AS well as a director of Axactor Capital AS, Axactor ASA, Bulk Infrastructure Holding AS, FP Bolig Holding AS and FP Bolig AS. He has previously worked as an analyst at Fearnley Advisors AS (2013-2014) and Fearnley Fonds ASA/Fearnley Securities AS (2005-2013, partner from 2007). Nilsen has a master's degree in business economics from the BI Norwegian Business School. He is affiliated with Geveran Trading Co Ltd, which owned all the shares in Norwegian Property ASA as at 31 December 2022.

Definitions

An explanation of the figures and terms mentioned in the annual report which are not derived directly from the accounts is provided below.

Definition of financial APMs

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 to investment properties and financial derivatives.
Profit before income tax, value adjustments and joint ventures	Profit before tax, adjusted for share of profit in joint ventures as well as fair value adjustments to investment properties and financial derivatives.
Market value of property portfolio	The market value of all the group's properties regardless of the accounting classification (investment property, owner-occupied property and rent guarantee receivable).
Market value of joint ventures	The book value of the investment in joint ventures, adjusted for the EPRA-revaluation of such investments.
Gross interest-bearing debt	Book value totals for long-term and short-term interest-bearing debt, less the holdings of own bonds.
Net interest-bearing debt	Gross interest-bearing debt, less interest bearing receivables and cash/cash equivalents.
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.
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.
Earnings per share (EPS)	Net earnings for the period divided by the average number of common shares during the period. Diluted earnings per share takes into account the dilution effect of share options.
NAV, book value	Net asset value, the book value of total equity in the balance sheet.

Definition of other financial and operational measures and terms

Run rate for annual rent	Contracted annualised rental income for the property portfolio as at the balance sheet date.
Weighted remaining duration of leases	Remaining contractual rent of current leases as at the balance sheet date divided by the total contractual rent for the entire lease term.
Space vacancy/Office vacancy	Space vacancy is the total number of square metres available for rent divided by the total number of square metres in the market. Similarly, office vacancy is the number of office square metres available for rent divided by the total number of office square metres in the market.
Financial vacancy rate	Annualised market rent for space which generated no rental income at the balance sheet date, 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.
Unutilised credit facilities	The difference between the total available credit facilities, based on the current loan agreements, and the amounts as 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.
Like for like	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 appraisers	Akershus Eiendom and Cushman & Wakefield.
Oslo CBD	The central business district is considered the most attractive area for office space in Oslo. It is usually restricted to the districts of Aker Brygge, Tjuvholmen and Vika.
Scope 1	Use of fossil energy sources and CO_2e related to the operation of Norwegian Property as a group. Covers transport for employees in working hours using cars leased or owned by Norwegian Property, but also the use of oil-fired heating in the buildings.

Scope 2	Covers energy consumption and associated emissions in the buildings – in other words, distance heating, cooling and electricity.
Scope 3	Indirect emissions related to leasing or purchasing goods or services. Waste and tenant use of propane as well as business travel by Norwegian Property's employees are categorised as scope 3.
CO_2e	CO_2 equivalent. The group's energy consumption and waste are converted to CO_2e emissions on the basis of a corporate accounting and reporting standard – an international standard developed by the greenhouse gas (GHG) protocol initiative.

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Contact

Norwegian Property ASA
Bryggegata 3
NO-0250 Oslo
PO Box 1657, Vika
NO-0120 Oslo
Norway
www.npro.no

Reception
Tel.: +47 22 83 40 20

Support centre
Tel.: +47 48 05 03 00
E-mail: kundesenter@npro.no

Investor relations
Haavard Rønning
CFO
Tel.: +47 40 02 00 19
E-mail: hr@npro.no

Sales and marketing
Ellen Cathrine Kobro
EVP Sales and Marketing
Tel.: +47 95 29 24 78
E-mail: ek@npro.no