



NORWEGIAN  
PROPERTY

# 3rd Quarter 2023

Monday, October 16, 2023



# Agenda

- Highlights
- Markets and operations
- Financial update
- Closing remarks
- Appendix

# Highlights Q3

- Rental income of NOK 276 million, up from NOK 258 last year
- Operating profit before value adjustments of NOK 231 million and Profit before income tax and value adjustments of NOK 118 million
- Write down of investment property of NOK 1 485 million (-6.0%)
- Advanced discussions with banks regarding the refinancing of 2024 maturities
- Another quarter with positive net letting
  - Good activity in all core areas



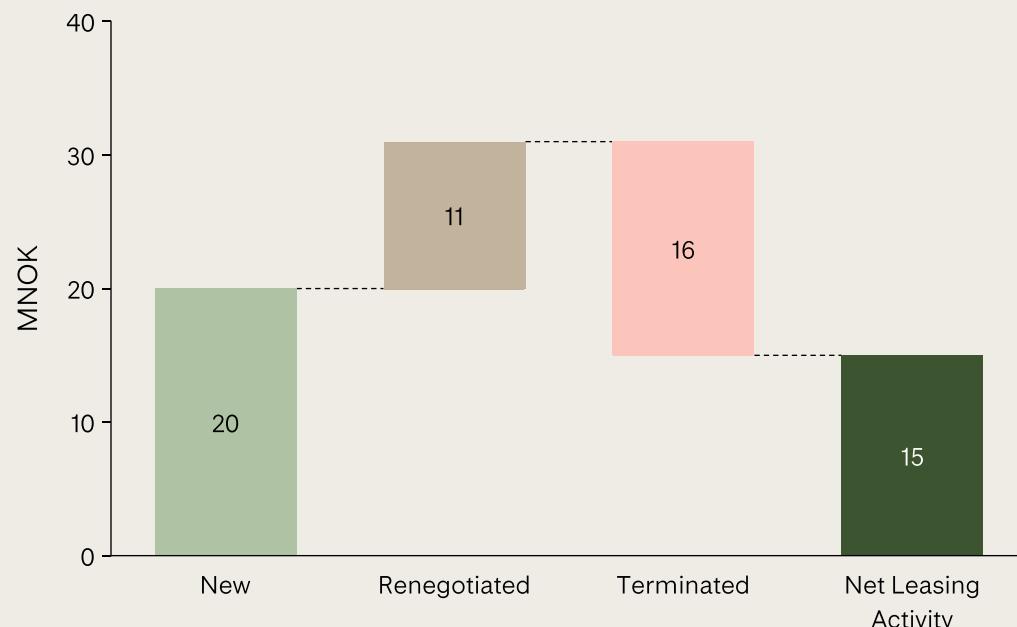
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# Rental Update

## Leasing activity

- High activity in the quarter
- Positive letting activities of MNOK 15
- New contracts in all 3 core areas



## New and renegotiated leases:

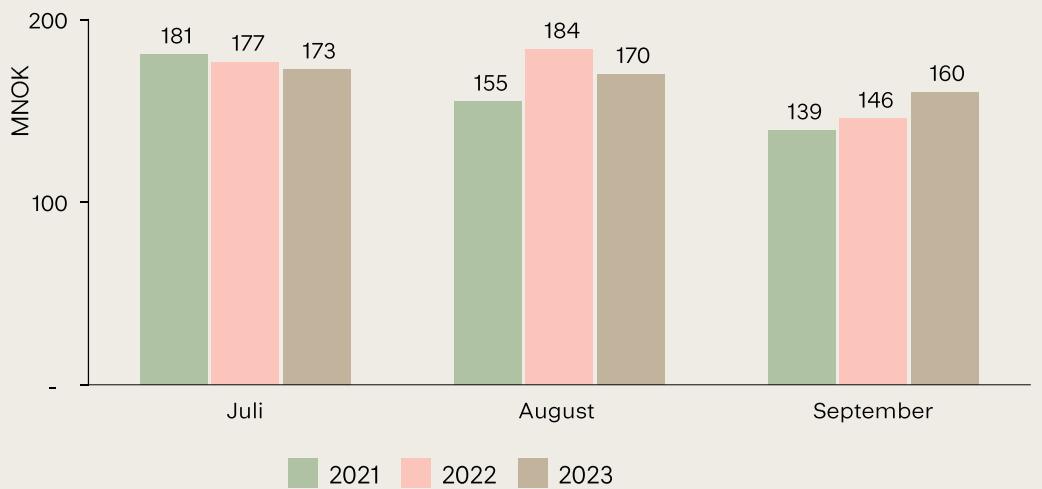
SKOSENTERET  
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# Turnover – Aker Brygge

- YTD 2023 NOK 1 482 (+8%)
- Q3 2023 NOK 503 (-1%)
  - July and August turnover influenced by heavy rainfall and low temperatures compared to 2022.



## Main activities and highlights for Q3:

- Fair in the Marina: “Båter i Sjøen”
- Oslo Urban Week
- Oslo Marathon



# ESG in Norwegian Property



Updated sustainability strategy in process

- Existing goals for 2025 starts to be accomplished
- Introduced a new bottom-up process to set new ambitions and targets for the coming years
  - Entire organisation involved
  - The board will adopt the updated strategy and have the CEO responsible to implement it in the organisation
  - The new goals will be within the headlines listed below

## Environment

- Circular economy
  - Reuse
  - Encourage tenants
- Climate – «paris proof»
  - Reduce energy
  - More renewable
  - Reduce waste
- Biodiversity
  - Green areas and the Oslo Fjord

## Social

- Create good and engaging meeting places
  - Safe and attractive, available to all
- **Working conditions – within own workforce and with suppliers:**
  - Work for diversity and equality, against discrimination
- **Safeguard cultural heritage**
  - Some of NPRO's properties are listed and with a unique architecture

## Governance

- Board adopts ethical guidelines for employees and suppliers
- Sustainability reporting:
  - Annual report, GHG protocol verified by PWC and CDP reporting
  - Reporting according to EU taxonomy for 2025
- Certifications:
  - BREEAM and BREEAM in use (100% within 2026)
  - Miljøfyrtårn

# Market trends - office

## Rental market Oslo

- Very good rental market
- High proportions of extended leases
  - Rent levels accomplished are positively affected by a limited supply of new build

## Oslo transaction market

- Transaction market is still affected by uncertainty, but we see signs of more transactions being completed and finding new owners
- Some properties find it challenging to get satisfactory refinancing and this leads to opportunities
- Bid on listed real estate company with substantial premium to last traded and reported fair value of investment properties

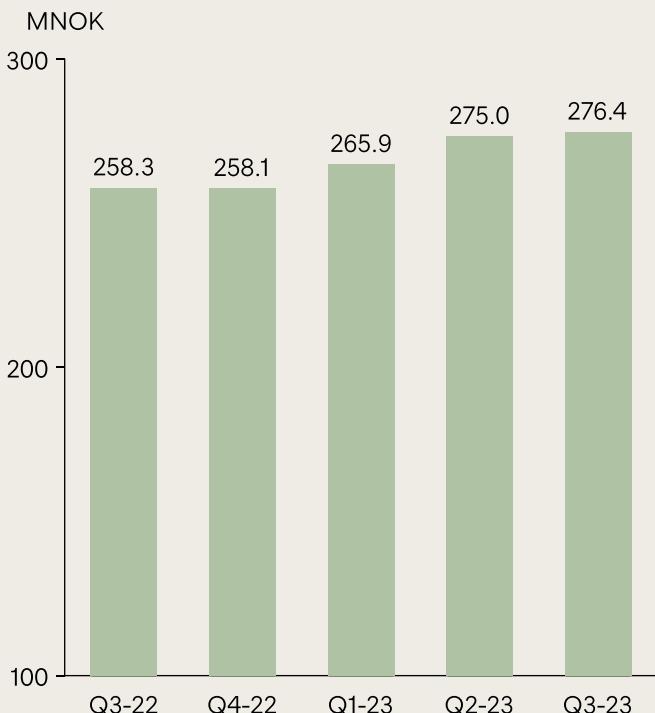


# Agenda

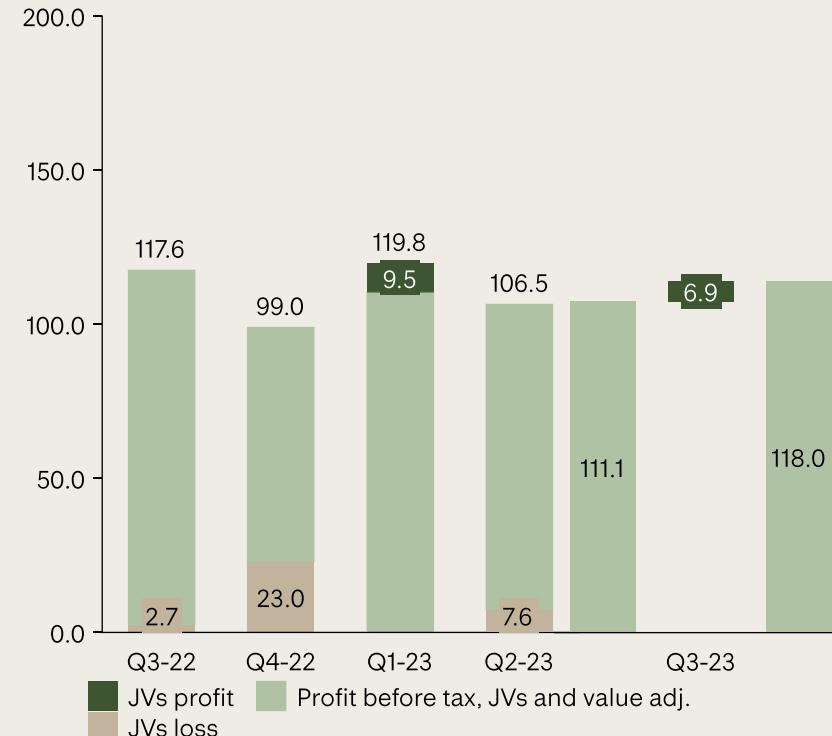
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# Financial highlights

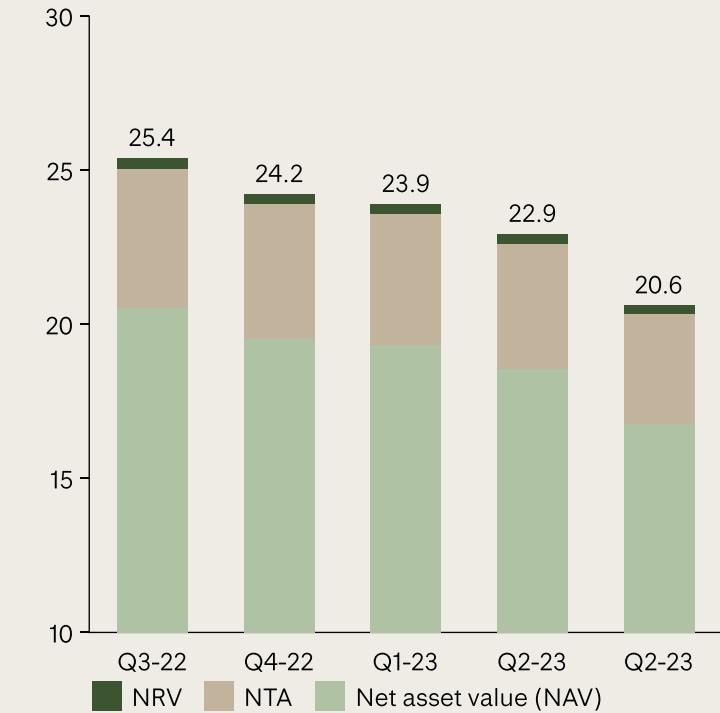
Rental Income (MNOK)



Profit Before Tax and Value Adj. ( MNOK)



Value Per Share (MNOK)

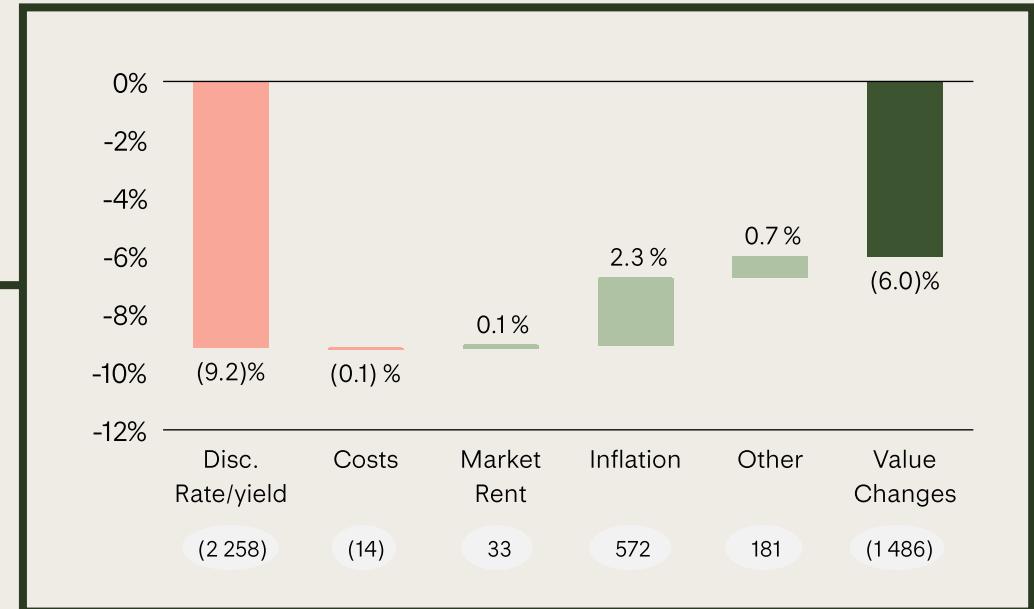
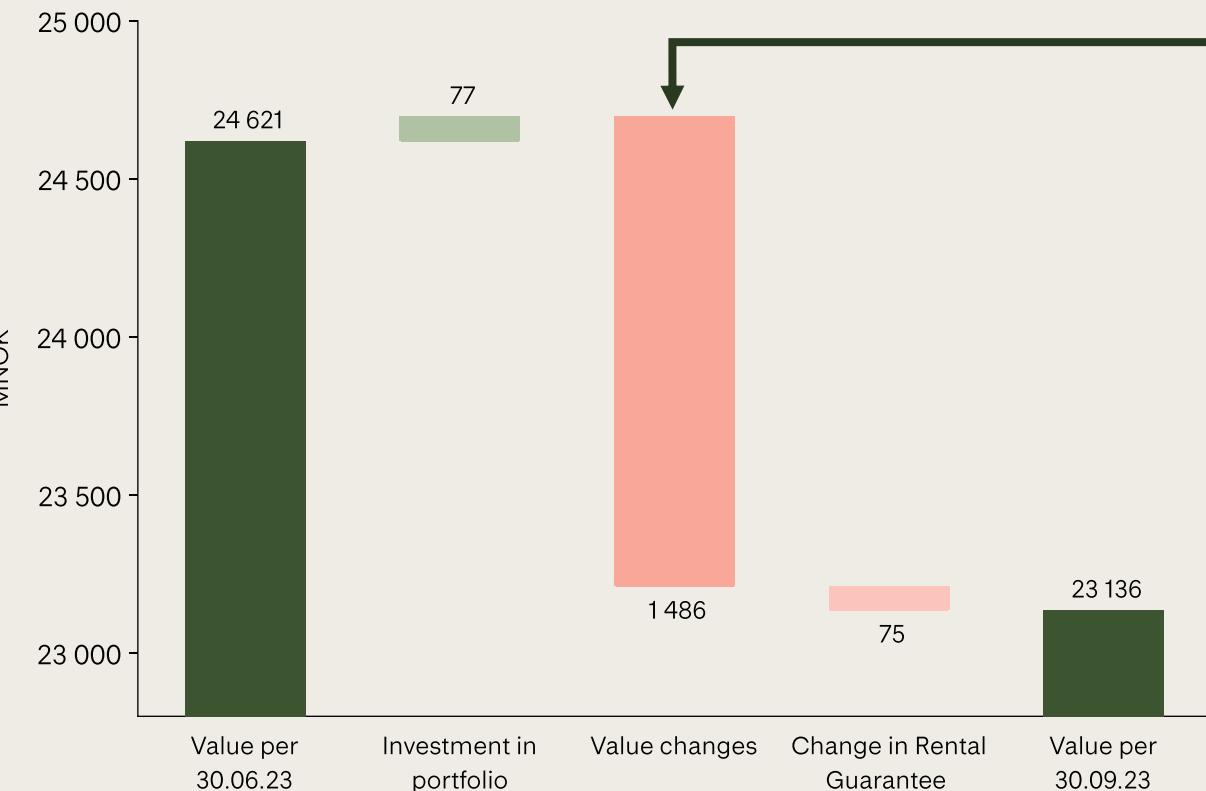


# Income statement – Q3 and YTD 2023

MNOK	Q3		YTD		Full year 2022
	2023	2022	2023	2022	
Rental income	276.4	258.3	817.3	756.3	1 014.4
<b>Revenues</b>	<b>276.4</b>	<b>258.3</b>	<b>817.3</b>	<b>756.3</b>	<b>1 014.4</b>
Property-related operational expenses	(15.8)	(20.3)	(60.4)	(53.4)	(73.8)
Other property-related expenses	(19.2)	(19.0)	(56.6)	(47.6)	(68.8)
Administrative expenses	(17.1)	(16.8)	(47.0)	(44.7)	(62.1)
Share of profit in joint ventures*	6.9	(2.7)	8.8	56.9	33.8
<b>Operating profit before value adjustments</b>	<b>231.2</b>	<b>199.6</b>	<b>662.0</b>	<b>667.4</b>	<b>843.5</b>
Change in market value of investment property	(1 485.9)	(658.4)	(2 255.3)	248.3	(154.7)
<b>Operating profit</b>	<b>(1 254.7)</b>	<b>(458.8)</b>	<b>(1 593.2)</b>	<b>915.7</b>	<b>688.8</b>
Realised financial items	(113.1)	(84.7)	(324.8)	(258.3)	(358.4)
Change in market value of financial instruments	7.9	26.9	81.6	206.2	172.2
<b>Net financial items</b>	<b>(105.2)</b>	<b>(57.8)</b>	<b>(243.2)</b>	<b>(52.1)</b>	<b>(186.2)</b>
Profit before income tax	(1 360.0)	(516.6)	(1 836.4)	863.6	502.5
Income tax (not payable)	255.5	47.1	303.1	(186.3)	(206.6)
<b>Profit for the period</b>	<b>(1 104.5)</b>	<b>(469.5)</b>	<b>(1 533.3)</b>	<b>677.4</b>	<b>295.9</b>
Earnings per share (NOK)	(1.72)	(0.73)	(2.38)	1.05	0.46
<b>Profit before income tax and value adjustments</b>	<b>118.1</b>	<b>114.9</b>	<b>337.2</b>	<b>409.1</b>	<b>485.1</b>

\*Related to Nordr and Forusbeen 35

# Change in investment property value in Q3



# Portfolio valuation by area Q3-2023

- External valuation conducted by Cushman & Wakefield and Akershus Eiendom
- Negative Q3 fair value adjustment of NOK 1,486 million for properties owned 100%
- Projects include Gjerdrums vei 1-5 and Gjerdrums vei 17 in Nydalen

Area	Total space m <sup>2</sup>	WAULT Years	Valuation <sup>1</sup>		Gross rent per year MNOK	Net yield <sup>2</sup> (%)	Vacancy based on market rent <sup>3</sup> (%)	Exit Yield, weighted average <sup>4</sup> (%)
			MNOK	NOK/m <sup>2</sup>				
CBD	145 905	4.0	13 590	93 140	593.1	4.0	3.6	4.6
Nydalen excl. Projects	88 548	2.7	2 319	26 186	127.2	5.0	18.9	5.8
Fornebu	256 637	7.2	6 832	26 622	411.3	5.5	5.1	6.0
Hasle	10 684	4.8	297	27 829	17.4	5.4	8.7	6.4
<b>Total Portfolio</b>	<b>501 774</b>	<b>5.0</b>	<b>23 038</b>	<b>45 913</b>	<b>1 149.1</b>	<b>4.6</b>	<b>6.2</b>	<b>5.2</b>
Projects	3 594	N/A	99	27 459	3.2	N/A	N/A	N/A
<b>Total Portfolio</b>	<b>505 369</b>	<b>5.0</b>	<b>23 136</b>	<b>45 781</b>	<b>1 152.3</b>	<b>4.6</b>	<b>6.2</b>	<b>5.2</b>

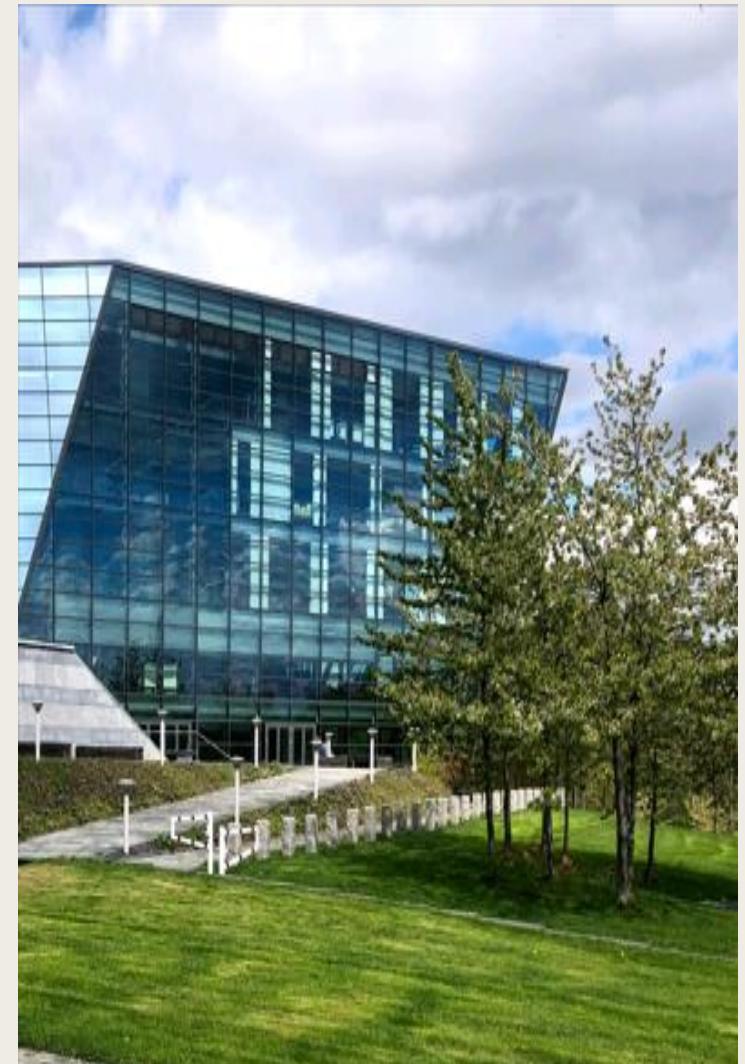
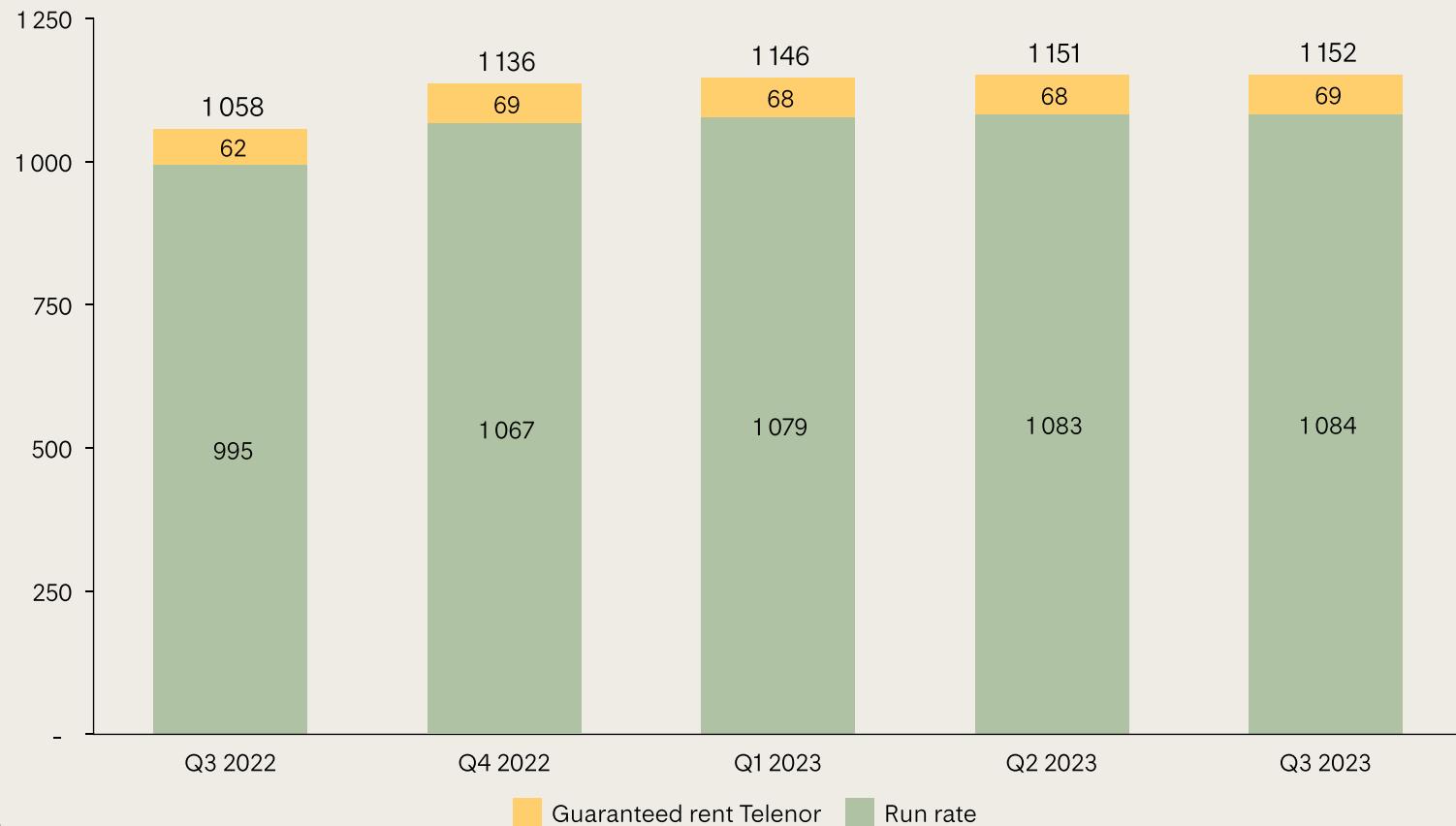
<sup>1</sup> Fornebu valuation includes non-current receivables amounting to NOK 219 million, related to the rental guarantee provided by the seller of the property at Snarøyveien 30.

<sup>2</sup> For illustration; based on rents as of September 30<sup>th</sup>, 2023 and estimated long term property expenses of 8 per cent.

<sup>3</sup> Vacancy calculated as market rent in vacant space, using market rent estimated by Cushman & Wakefield.

<sup>4</sup> Weighted average exit yields in external appraisals

# Run rate last 5 quarters

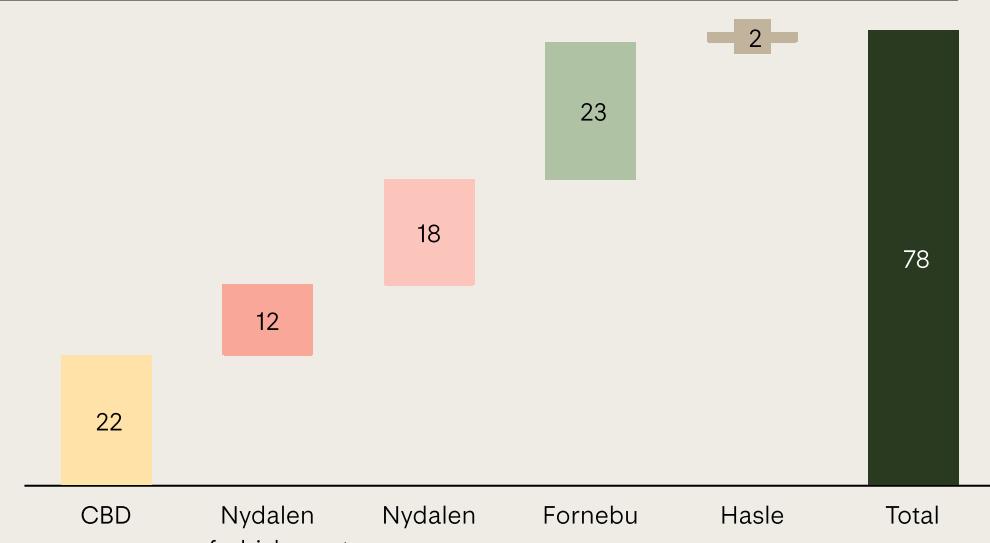


# Vacancy based on market rent

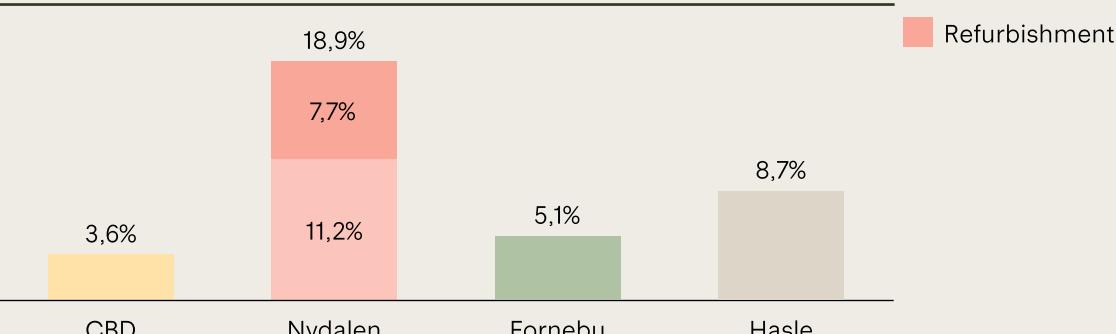
Market Rent Vacancy Last Five Quarters



Market Rent Vacany for Each Area (MNOK Run Rate)



Vacancy Split on Area



# Financial position

## Interest bearing debt and hedging

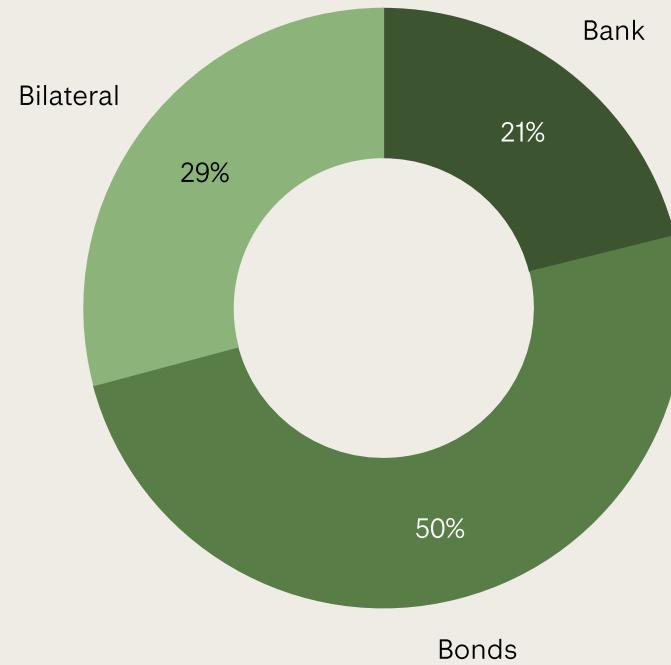
30.09.2023

Total interest-bearing debt	MNOK	12 140
Property value	MNOK	23 136
Market Value of investment in JV	MNOK	975
Net Loan to value*	Per cent	46.4
Cash and cash equivalents	MNOK	215
Interest-bearing receivables	MNOK	255
Unused committed credit facilities	MNOK	1 020
Average remaining duration. Hedging	Years	5.0
Average interest rate (including margin)	Per cent	3.98
Average margin	Per cent	1.43
Average remaining duration. Borrowing	Years	3.3
Hedging ratio**	Per cent	60.1
WAULT	Years	5.0

\* Net loan to value = interest bearing debt net of cash and interest-bearing receivables divided by gross property value incl. NAV in Nordr

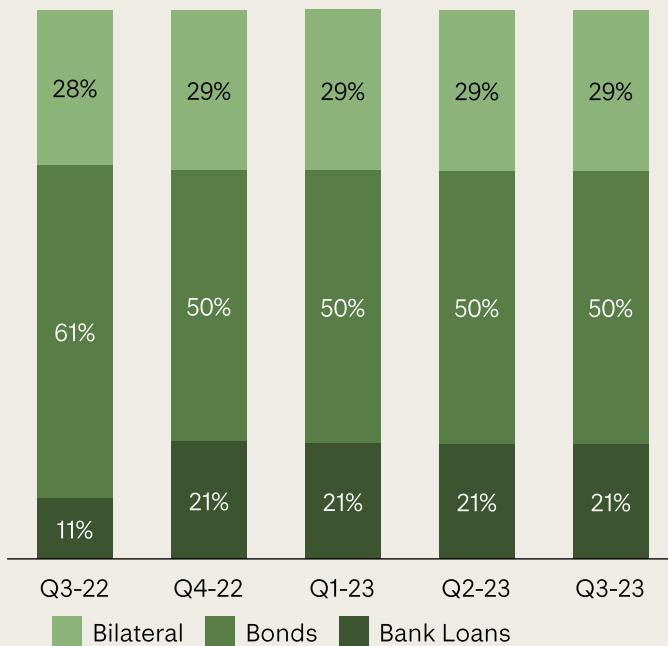
\*\* Calculated as the amount of interest hedging / total interest-bearing debt

## Funding sources



# Financing

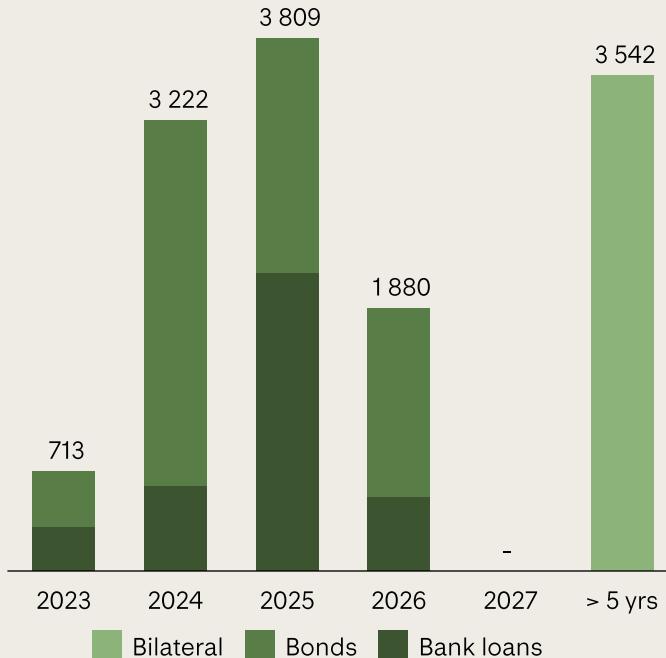
Funding Sources (%)



- Diversified sources of funding

- 5.4 bn in listed bonds Q3 2023, 650 mill green bond, 3.5 bn in bilateral bonds. Remaining 2.6 bn in bank loans.

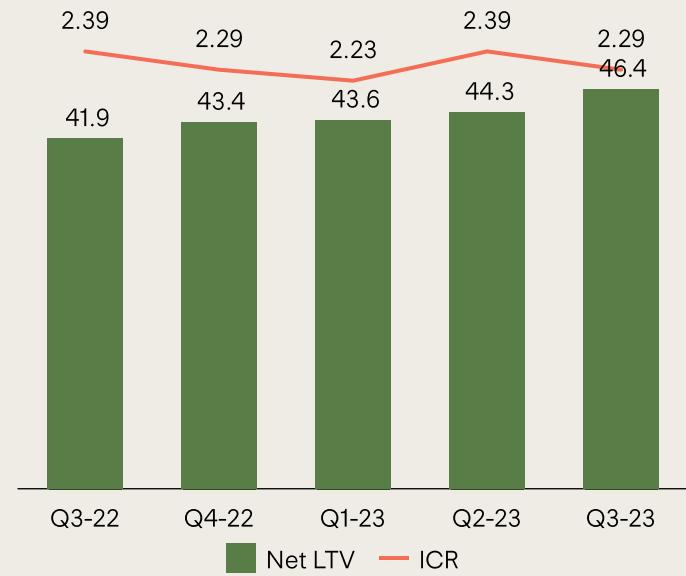
Debt Maturity Profile (MNOK)



- Diversified maturity profile

- Average remaining time to maturity Q3 2023 is 3.3 years

LTV and ICR\* (MNOK)



- LTV below long-time target

- Net LTV 46.4 % as of Q3 2023, including the value of the investment in Nordr.
- ICR Q2 2023 includes dividend from Nordr.

\*ICR = EBITDA / Net interest cost, rolling 4 quarters

# Refurbishments in 2023

Area	Property	Tenant	Area (sqm)	Quarter finalized
Aker Brygge	Støperiet	Latter	100	Q4 2023
Aker Brygge	Tingvalla	Nook Energy	300	Q1 2024
Fornebu	Snarøyveien 30	Skosenteret	3 500	Q4 2023
Fornebu	Snarøyveien 36	NSM	12 000	Q1 2024
Nydalen	Gullhaugvn. 9-13	Holdbart	450	Q4 2023
Nydalen	Gullhaugvn. 9-13	Asics Norge	430	Q1 2024
Nydalen	Gullhaugvn. 9-13	Arla Foods	370	Q1 2024
Nydalen	Gullhaugvn. 9-13	Common areas	1 900	Q1 2024
Nydalen	Gjerdums vei 17	The entire building is being refurbished	820	Q2 2024



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# Summary

- Strong operational performance during the quarter
- Ambition to grow the company
- Solid balance sheet
- Dividend of NOK 0.125 / share
- Operations-operations-operations



# Thank you



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# Balance sheet – Q3 2023

MNOK	30.09.2023	30.09.2022	31.12.2022
Investment property	22 768.3	25 189.7	24 859.1
Owner-occupied property	148.9	107.7	108.8
Property, plant and equipment	28.8	31.9	31.5
Investment in joint ventures*	975.4	1 118.8	1 061.7
Receivables	555.5	483.6	501.1
<b>Cash and cash equivalents</b>	<b>215.1</b>	<b>261.2</b>	<b>185.1</b>
Equity	10 790.0	13 057.5	12 562.1
Deferred tax	1 587.9	1 872.6	1 893.3
Long term interest bearing debt	9 489.9	9 578.1	10 351.6
Short term interest bearing debt	2 649.7	2 433.6	1 834.1
Market value financial derivatives (net)	(226.9)	(179.3)	(145.3)
Net other debt	401.2	430.3	251.4
<b>Equity ratio (%)</b>	<b>43.3</b>	<b>47.7</b>	<b>46.7</b>
NAV per share, book value of equity (NOK)	16.77	20.29	19.52
Net Reinstatement Value (NRV), per share (NOK)	20.60	25.07	24.26
Net Tangible Assets (NTA), per share (NOK)	20.34	24.73	23.94
Net Disposal Value (NDV), per share (NOK)	18.35	21.99	21.26

\*Related to the investment in Nordr.

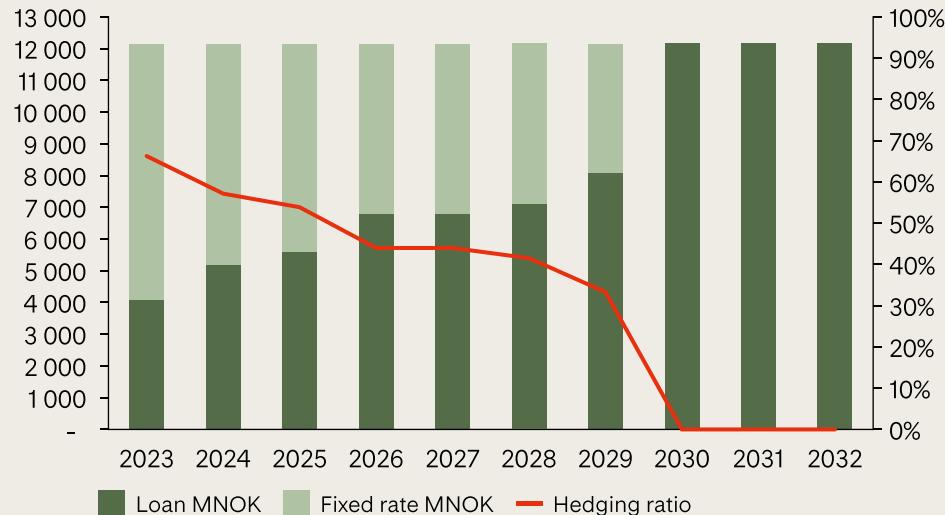
# Cash flow – Q3 and YTD 2023

MNOK	Q3		YTD		Full year
	2023	2022	2023	2022	
Cash flow from profit and loss before fair-value adj.	112.0	116.9	330.0	351.3	449.9
Change in rental guarantee receivables*	76.5	74.8	61.9	65.1	60.5
Change in short-term items	100.5	138.6	202.7	146.0	(53.1)
<b>Cash flow from operating activities</b>	<b>289.1</b>	<b>330.2</b>	<b>594.6</b>	<b>562.4</b>	<b>457.3</b>
Purchase of tangible assets	(90.9)	(49.4)	(240.2)	(191.4)	(258.9)
Other investment activities	(38.9)	0.0	(39.0)	0.0	0.0
<b>Cash flow from investment activities</b>	<b>(129.8)</b>	<b>(49.4)</b>	<b>(279.2)</b>	<b>(191.4)</b>	<b>(258.9)</b>
Net change in interest bearing debt	(0.0)	(38.2)	(44.0)	11.0	187.9
Paid dividend	(80.4)	(80.4)	(241.3)	(434.4)	(514.9)
<b>Net cash flow from financing activities</b>	<b>(80.4)</b>	<b>(118.6)</b>	<b>(285.4)</b>	<b>(423.4)</b>	<b>(327.0)</b>
Net change in cash	78.8	162.2	30.1	(52.3)	(128.5)
<b>Net cash at end of period</b>	<b>215.1</b>	<b>261.2</b>	<b>215.1</b>	<b>261.2</b>	<b>185.1</b>

\*Related to Snarøyveien 30

# Interest rate hedging Q3 2023

Hedging maturity profile



Maturity profile interest rates			Forward starting swaps			Average credit margin	
	Amount (MNOK)	Interest rate (%)	Amount (MNOK)	Interest rate (%)	Tenor (yrs)	Amount (MNOK)	Credit margin (%)
<1 year *)	4 600.0	4.19 %				2 650.0	1.17 %
1-2 years	1 005.0	2.00 %				965.0	1.02 %
2-3 years	1 200.0	1.52 %				2 165.0	1.49 %
3-4 years						2 855.0	1.25 %
4-5 years	300.00	2.23 %					
5-6 years	500.0	1.91 %					
6-7 years	1 000.0	1.62 %					
7-8 years	3 542.0	1.10 %				3 542.0	1.85 %
8-9 years		-					
9-10 years							
>10 years							

\*Floating rate loans of MNOK 4 000 included in <1 year interval

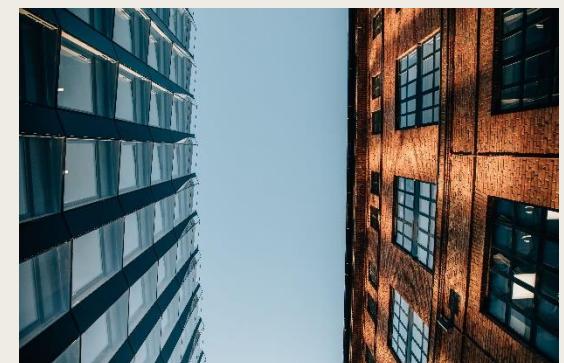
## Interest rate risk:

- 50-100% of the group's debt shall be hedged.
- Average remaining time to maturity shall be 3-6 years.
- Hedging ratio 30.06.2023 was 66.2 %. Remaining average time to maturity was 5.2 years.
- Diversified maturity profile to reduce exposure to interest levels.

# Overview and key figures

Key figures as of 30th June 2023

Properties*	no	29
Portfolio size (ex. new space in redev. Projects)	m <sup>2</sup>	505 369
**		
Average size per property	m <sup>2</sup>	17 427
Gross rent per year (run rate)	NOK mill.	1 152
Operational expenses per year ***	NOK mill.	92
Net rent per year (run rate)	NOK mill.	1 060
Average gross rent per m <sup>2</sup> per year	NOK	2 280
Gross market value **	NOK mill.	23 136
Average value per property	NOK mill.	798
Average value per m <sup>2</sup>	NOK	45 781
Gross yield, actual	%	5.0
Net yield, actual	%	4.6
WAULT **	Years	5.0
CPI adjustment ****	%	99.9
Vacancy, calculation based on market rate ****	%	6.2



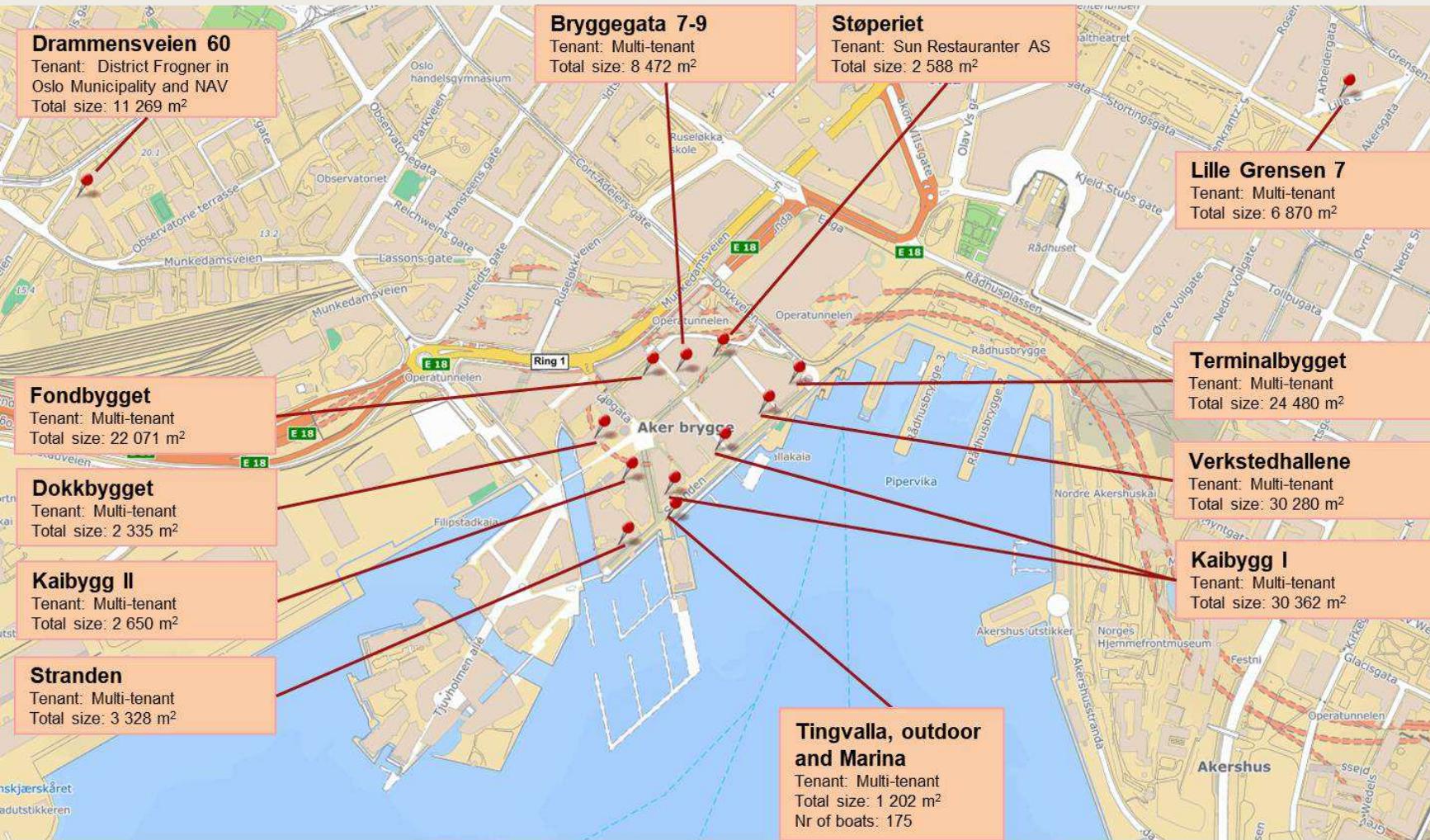
\* Including Forusbeen 35 which is owned 50%

\*\* Not including Forusbeen 35

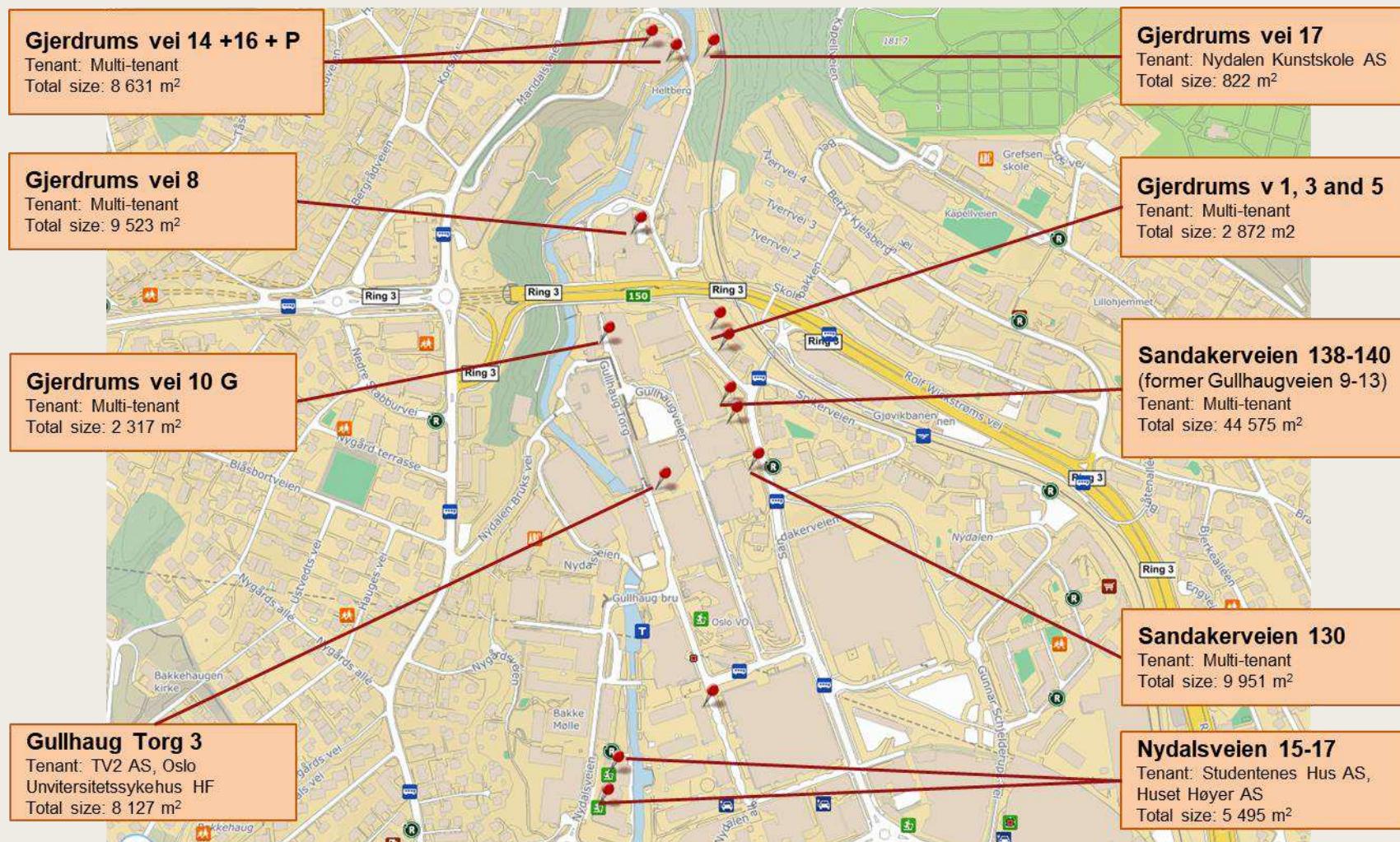
\*\*\* For illustration; based on estimated long term property expenses of 8 per cent of gross rent.

\*\*\*\* Calculation of vacancy is based on Market rate as estimated by Cushman & Wakefield. Not including Forusbeeen 35 and Gjerdums vei 17.

# CBD



# Nydalen



# Other



**Snarøyeveien 36**

- 40 659 sqm office
- 17 213 sqm parking

**Snarøyeveien 30**

- 144 717 sqm office
- 8 144 sqm warehouse
- 45 578 sqm parking

## Project: Forusbeen 35

Approx. 40 000 sqm  

- 20% office
- 80% residential

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

**Vinslottet**

- 8 922 sqm retail
- 284 sqm warehouse
- 1479 sqm parking



# Property details Q3-2023

1/3

Property	Property facts						Rent facts				
	Space split						Market rent vacancy	CPI	WAULT per Sept 2023	Run rate per Sept 2023	
	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2					
	m2	m2	m2	m2	m2	m2	%	%	Years	MNOK	
<b>CBD</b>											
Bryggegata 7-9	6 384	2 088	-	-	-	8 472	0.0	98.0	2.7	32.1	
Dokkbygningen	2 022	257	-	56	-	2 335	0.0	100.0	4.6	6.1	
Drammensveien 60	8 974	-	1 890	405	-	11 269	0.0	100.0	5.8	32.0	
Fondbygget (incl. Felix)	12 901	2 664	1 044	-	5 461	22 071	0.0	100.0	4.7	64.1	
Lille Grensen 7	5 109	1 686	72	-	-	6 867	0.0	100.0	4.5	28.6	
Kaibygning I (Stranden 5)	20 825	6 555	2 290	-	693	30 362	0.6	100.0	3.6	128.4	
Kaibygning II	-	1 827	824	-	-	2 651	51.8	100.0	4.3	6.5	
Stranden	2 674	156	24	474	-	3 328	13.0	100.0	4.6	12.6	
Støperiet	-	2 588	-	-	-	2 588	0.0	100.0	7.8	6.3	
Terminalbygget (Stranden 1)	17 766	3 195	1 736	1 364	421	24 481	0.1	100.0	5.8	117.3	
Tingvallautstikkeren, uteareal og marina <sup>1</sup>	-	1 201	-	-	-	1 201	0.0	100.0	1.2	31.3	
Verkstedhallene (Stranden 3)	19 183	7 927	2 392	-	779	30 281	0.9	100.0	2.6	127.9	
<b>Total CBD</b>	<b>95 837</b>	<b>30 144</b>	<b>10 272</b>	<b>2 298</b>	<b>7 353</b>	<b>145 905</b>	<b>3.6</b>	<b>99.9</b>	<b>4.0</b>	<b>593.1</b>	

# Property details Q3-2023

2/3

Property	Property facts						Rent facts				
	Space split						Market rent vacancy	CPI	WAULT per Sept 2023	Run rate per Sept 2023	
	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2					
	m2	m2	m2	m2	m2	m2	%	%	Years	NOK million	
<b>Nydalen</b>											
Gjerdums vei 10 G (former 10D)	2 139	-	178	-	-	2 317	26.9	100.0	2.5	4.1	
Gjerdums vei 14, 16 and 16 P-house	5 363	-	976	2 292	-	8 631	10.0	100.0	3.0	12.8	
Gjerdums vei 17	806	-	16	-	-	822	-	100.0	-	-	
Gjerdums vei 1	282	-	-	-	55	337		100.0	0.6	0.4	
Gjerdums vei 3	45	-	-	-	418	463	11.1	100.0	0.8	0.8	
Gjerdums vei 5	1 710	-	263	-	-	1 972	15.4	100.0	2.6	1.9	
Gjerdums vei 8	7 726	-	633	1 163	-	9 522	1.6	100.0	2.0	19.5	
Gullhaug Torg 3	7 793	-	334	-	-	8 127	4.8	100.0	3.6	14.8	
Sandakerveien 138-140 (Gullhaugvn 9-13)	23 446	-	7 323	13 736	-	44 505	34.0	100.0	2.2	45.6	
Nydalsveien 15	3 711	-	65	-	28	3 804	0.4	100.0	2.8	9.4	
Nydalsveien 17	-	1 691	-	-	-	1 691		100.0	1.8	5.3	
Sandakerveien 130	5 542	-	1 047	3 361	-	9 950	12.9	100.0	4.5	15.8	
<b>Total Nydalen</b>	<b>58 563</b>	<b>1 691</b>	<b>10 834</b>	<b>20 553</b>	<b>501</b>	<b>92 142</b>	<b>18.9</b>	<b>100.0</b>	<b>2.7</b>	<b>130.4</b>	

# Property details Q3-2023

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Property	Property facts						Rent facts				
	Space split						Market rent vacancy	CPI	WAULT per Sept 2023	Run rate per Sept 2023	
	Offices	Retail / restaurant	Warehouse	Indoor parking	Other	Total m2					
	m2	m2	m2	m2	m2	m2	%	%	Years	NOK million	
<b>Fornebu</b>											
Snarøyveien 30	144 717	-	8 144	45 578	-	198 439	3.1	100.0	7.1	365.3	
Snarøyveien 36	40 660	-	326	17 213	-	58 198	14.1	100.0	8.3	46.0	
<b>Total Fornebu</b>	<b>185 377</b>	<b>-</b>	<b>8 469</b>	<b>62 791</b>	<b>-</b>	<b>256 637</b>	<b>5.1</b>	<b>100.0</b>	<b>7.2</b>	<b>411.3</b>	
 <b>Hasle</b>											
Vinslottet	-	8 922	284	1 479	-	10 684	8.7	100.0	4.8	17.4	
<b>Total Hasle</b>	<b>-</b>	<b>8 922</b>	<b>284</b>	<b>1 479</b>	<b>-</b>	<b>10 684</b>	<b>8.7</b>	<b>100.0</b>	<b>4.8</b>	<b>17.4</b>	
<b>GROSS TOTAL</b>	<b>339 777</b>	<b>40 757</b>	<b>29 860</b>	<b>87 121</b>	<b>7 854</b>	<b>505 369</b>	<b>6.2</b>	<b>99.9</b>	<b>5.0</b>	<b>1 152.3</b>	