



R8 Property AS

Quarterly Report Q1 2020

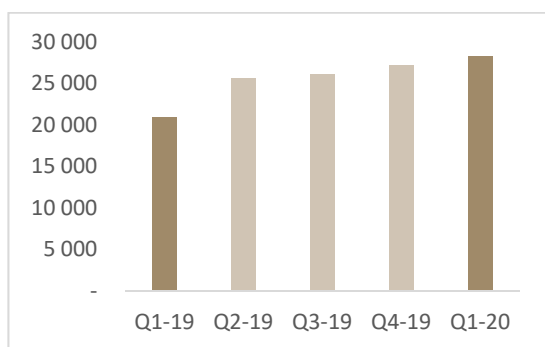
Contents

Financial highlights	3
Key figures	4
Financial development	5
The Property Portfolio	7
Investments and divestments	9
Partly owned companies	10
Other information	11
Company structure	12
Financial statements	13
Contact	23
Definitions	25

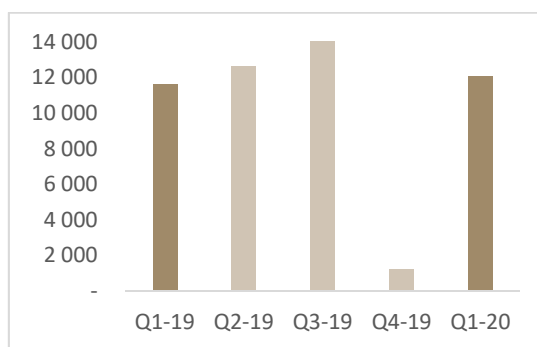
Financial highlights

- Rental income of 28.3 million (20.9 million) in the quarter
- Net income from property management 12.0 million (11.6 million)
- Negative portfolio value changes of 53.3 million (positive of 27.1 million)
- Profit before tax of -91.2 million (25.7 million)
- EPRA NAV per share of 389.9 (388.3)

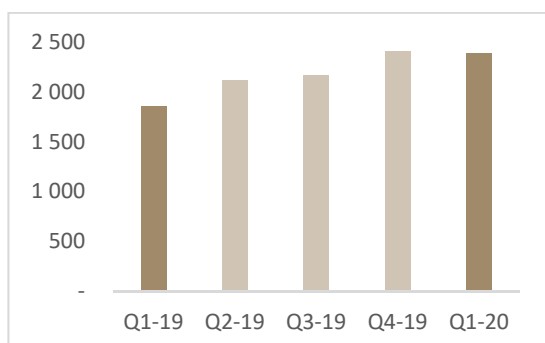
Rental income
(KNOK)



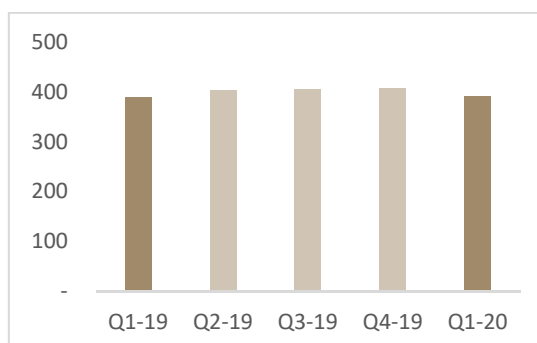
Net income property management
(KNOK)



Market value of the property portfolio
(MNOK)



EPRA NAV
(NOK per share)



Key figures

All amounts in NOK thousand	Q1-20	Q1-19	2019	2018
Rental income	28 257	20 870	99 755	70 149
Change period-on-period	35 %	47 %	42 %	26 %
Net income from property management	12 045	11 620	41 717	40 927
Change period-on-period	4 %	15 %	2 %	-1 %
Profit before tax	-91 241	25 657	76 635	70 465
Change period-on-period	-456 %	141 %	9 %	17 %
Profit after tax	-78 919	20 013	59 177	60 733
Change period-on-period	-494 %	144 %	-3 %	27 %
Market value of the property portfolio	2 387 000	1 858 050	2 409 000	1 731 500
Net nominal interest-bearing debt	1 648 096	1 210 090	1 581 274	1 123 762
Loan to value	69,0 %	65,2 %	65,6 %	64,9 %
Interest coverage ratio	0,7	1,4	0,6	1,3
Number of shares	1 972	1 518	1 972	1 365
All amounts in NOK per share	Q1-20	Q1-19	2019	2018
EPRA NAV	389,9	388,3	406,7	377,4
Change period-on-period	0,4 %	19 %	8 %	16 %
EPRA NNNAV	348,2	357,0	377,9	346,7
Change period-on-period	-2 %	21 %	9 %	21 %
EPRA Earnings	-1,2	1,3	4,0	8,3
Change period-on-period	-192 %	-61%	-52 %	-39 %

* EPRA NAV or EPRA NNNAV does not reflect any added value from the Group's investment and development of Evolve (co-working) and Orbit Technology.

Financial development

Results

Net income from property management

The Group's rental income was up by 35.4 per cent from 20.9 million in Q1-19 to 28.3 million in Q1-20.

The increase in rental income from first quarter last year is mainly driven by the ongoing development of Arkaden, income from properties acquired from Q2 2019 and the finished projects at Kammerherreløkka and Eeks Gård in Skien.

- Total operating income came in at 42.6 million (24.6 million) in the quarter.
- Total operating cost amounted to 30.5 million (12.9 million) in the quarter.
- Net operating income from property management came in at 12.0 million (11.6 million) in the quarter.

The increase in both Total operating income (via Other operating income) and Total operating cost is mainly due to Evolve Business Space being included in Q1-20.

Net realised financials

Net realised financials amounted to -50.0 million (-13.1 million) in the quarter.

Value changes

The valuation of the property portfolio resulted in a net negative value change of 53.3 million (+27.1 million) in the quarter. In Q1-20, the value of the property portfolio is mainly connected to the pandemic development of Covid-19 in March. Hotels is – by far – the segment which has been affected the most, with future uncertainty in travel and conventions. The value of the properties at Kammerherreløkka was down by 40 million in the quarter.

Profit

Profit before tax was -91.2 million (+25.7 million) in the quarter. Profit after tax was -78.9 million (+20.0 million) in Q1-20.

Balance sheet

The Group's assets amounted to 2,639 million (1,920 million) as of 31.03.20. Of this, investment property, including own-used properties, amounted to 2,387 million (1,856 million).

Intangible assets were 59.6 million (10.2 million) at the end of the first quarter of 2020. The increase is mainly goodwill related to 50% of the shares in Evolve that the Group acquired in January 2020.

Right of use assets amounted to 67.0 million (0.0 million) as of 31.03.2020, which included leasing contracts, mainly in Evolve.

Short term loans to associated and jointly controlled entities were 36.0 million (long term of 10.0 million) at the end of Q1 2020.

Total current assets came in at 113.2 million (35.0 million) in Q1-20, the increase is related to trade receivables and cash and bank deposits, as well as reclassification of loans to associated and jointly controlled entities from long term to short term. In addition, the Group has acquired Utsikten and Vestsiden Terrasse in 2019 and 2020 which are presented as "Inventory properties" in the balance.

Book equity totaled 702 million (563 million), representing an equity ratio of 27 percent (29 percent). Equity per share was 390 (388) based on the EPRA NAV standard and 348 (357) based on EPRA NNNAV. Outstanding shares at 31.03.20 totaled 1.972.064.

Cash flow statement

Net cash flow from operating activities came in at -8.2 million (+2.6 million) in the quarter.

The net cash flow from investment activities was -86.9 million (-75.2 million) in the quarter.

Net cash flow from financing activities was 63.6 million (69.7 million) in the quarter.

Cash and cash equivalents at the end of Q1-20 came in at 19.6 million (17.8 million).

Financing

R8 Property's total interest-bearing nominal debt (excl. leasing) as of 31.03.20 was 1.648 million (1.210 million). During the first quarter the total interest-bearing nominal debt increased by 67.6 million (4 million was acquired through new ownership in Vestsiden Terrasse). The increase was mainly due to project investments and purchase of new business.

R8 Property is not in breach of any covenant requirements at the end of Q1-20.

Interest bearing debt and maturity structure

The average remaining term for the Group's debt portfolio was 2.9 years at 31.03.20.

Maturity structure and composition of interest-bearing debt

All amounts in NOK thousand

Maturity profile	0-1 yrs	1-3 yrs	3-5 yrs	5+ yrs	Total
Bank loans	995 390	315 925	29 925	300 033	1 641 274
Subordinated loans	6 822				6 822
Total	1 002 212	315 925	29 925	300 033	1 648 096
	61 %	19 %	2 %	18 %	100 %

Interest rates and maturity structure

The average interest rate of the debt portfolio was 3.80 percent as of 31.03.2020. 39.3 per cent of the Group's financing was hedged at a fixed rate as of 31.03.20 with a weighted average maturity of 5.7 years.

Fixed rate instruments	Amount	Interest rate (%) ¹⁾
1-3 years	156 207	2.50
3-4 years	13 750	4.05
4-5 years	125 000	2.47
5-6 years	93 125	1.57
6-8 years	65 000	1.52
8-10 years	195 000	2.17
Total	648 082	2.20

1) Excluding credit margins

The Property portfolio



The Property Portfolio

R8 Property's management portfolio as of 31.12.2020 consists of 26 buildings with a total area of approximately 98,400 square meters. The portfolio is divided into three operating subunits: Office, Urban Estate and Hotels.

As of 31.03.2020 the occupancy is at 87.4 percent. However, most of the vacancy is strategic related to Arkaden. The occupancy in the Urban Estate subunit is increasing as the project is moving forward.

The average wault²⁾ (weighted on annual rent) in the management portfolio is 6.2 years. Average annual rent per square meter was 1,520 NOK of 31.03.2020.

The net direct yield is at 5.8 based on annual rent as of 31.03.2020. The net yield is expected to be positively influenced with completion of ongoing Office projects. Average yield on the total management portfolio (value weighted) as basis of property valuations is 6,6% as of 31.03.2020.

CORPORATE LEGAL SEGMENTS Q1-20

31.03.2020	Area		Occupancy		No. of prop. (#)	Market value		Wault ¹⁾		Annual rent		Wault ²⁾ (yrs)	Net direct yield (%)	Net yield (valuation) (%)	Market rent ³⁾	
	(sqm)	(sqm)	(%)	(%)		(tNOK)	(NOK/sqm)	(yrs)	(tNOK)	(NOK/sqm)	(tNOK)				(NOK/sqm)	
Office	59 235	52 653	88,9	17	1 099 500	18 562	3,3	71 736	1 362	3,4	5,9	6,4	85 590	1 445		
Urban Estate	30 068	24 877	82,7	7	565 500	18 807	8,4	39 219	1 576	8,4	5,3	6,9	52 527	1 747		
Hotels	9 097	8 501	93,4	2	270 000	29 680	12,2	19 820	2 332	12,2	6,5	6,9	21 393	2 352		
Total management portfolio	98 400	86 031	87,4	26	1 935 000	19 665	6,0	130 775	1 520	6,2	5,8	6,6	159 510	1 621		
Project Office	14 450	12 873	89,1	6	452 000	31 280	11,5									
Total project portfolio	14 450	12 873	89,1	6	452 000	31 280	11,5									
Total property portfolio	112 850	98 904	87,6	32	2 387 000	21 152	7,1									

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31 March 2020 corresponds to 10.0 per cent of market rent. The Group has no single external customers representing over 10% of the Group's revenue. Furthermore, the Group has around 94% of its estimated marked value of properties and 100% of its rental income geographically from the county of Vestfold Telemark, while the rest is located in the county of Oslo.

R8 Property has three ongoing projects; two in Porsgrunn and one in Oslo. The project on Eeks Gård in Skien was completed by end of January 2020. The project portfolio consists of two office buildings (Powerhouse Telemark and Henrik Ibsens Gate 40-42) and one research center (Polymer Exploration Center). This project is 50% owned by R8 Property. All are modern buildings with high focus on low energy consumption and sustainability. Furthermore, R8 Property are doing feasibility studies on additional three properties.

Parking areas (sqm) are not included in this overview.

Corporate legal segments in the table above follow the legal corporate structure of the group. Several of the properties are combined buildings and the actual rental conditions measured in square meters and rental income are presented in the table below.

OPERATING SEGMENTS Q1-20

31.03.2020	Occupancy		Wault ²⁾		Annual rent	
	(sqm)	(%)	(yrs)	(yrs)	(tNOK)	(NOK/sqm)
Office	58 932	88,9	4,9	4,9	88 324	1 499
Retail	10 441	82,7	5,5	5,5	12 466	1 194
Hotels	5 551	93,4	13,9	13,9	11 614	2 092
Food and Beverage	4 929		9,8	9,8	11 590	2 351
Healthcare	6 178		5,4	5,4	6 781	1 098
Total management portfolio	86 031	87,4	6,2	6,2	130 775	1 520

Investments and divestments

R8 Property has invested 44.9 million (75.1 million) in the portfolio of investment properties in the quarter.

Project Development

The portfolio of ongoing projects with a total investment exceeding 10 million is presented below.

Project	Ownership (%)	Unit	Expected completion	Project area (sqm)	Occupancy (%)	Est. total project cost (tNOK) ¹⁾	Of which accrued (tNOK)
Powerhouse Telemark	100	Office	Q3-20	8 358	91	276 000	231 952
Henrik Ibsens gate 40-42	100	Office	Q2-20	1 592	100	119 883	112 548
Polymer Exploration Centre	50	Office	Q3-21	4 450	100	157 637	12 113
Total				14 400	95	553 520	356 613

¹⁾ Total project cost (Including book value at date of investment decision/cost of land)

R8 Home

The groups residential development projects are organized within the subunit R8 Home, currently working on three development projects in Telemark.

- Utsikten Terrasse is a high-end residential project in Skien. The project consists of 11 single homes / detached homes, all with a great view of Skien City. Expected go-to market in H1 2021.
- Vestsiden Terrasse in a residential project in Porsgrunn. The project has recently received regulatory permission of approximately 45 unit, divided between single homes, detached homes and small apartment buildings. Expected go-to market in H1 2021.
- Skien Brygge is a large development project at the heart a Skien City Centre. The project will include approximately 400 new homes and 20.000 sqm commercial real estate. Phase one of the projects in expected in 2021.

Status ongoing projects

R8 Property is building Powerhouse Telemark (in Porsgrunn) aiming for BREEAM Excellent classification. During an estimated lifecycle of 60 years a Powerhouse produces more renewable energy than it uses for materials, production, operation, renovation and demolition. The project is 8,361 square meters. The occupancy is as of 31.03.2020 at 91 per cent. The completion of the projects has been slightly postponed due to the Corona pandemic to early Q3-20.

R8 Property is also renovating Henrik Ibsens gate 40-42 in Oslo, a property that was acquired in Q4 2019. Evolve will be the main tenant, occupying 80% of the property (total project area 1,592 square meters). The remaining areas are at ground level, and where tenant is The Juicery (Magic 5) in segment of 'Food and Beverage'.

R8 Property will start building Polymer Exploration Centre in Q2-20. This building is a specialized towards polymer/ plastic research with one tenant in Norner AS (part of SCG Chemicals). Polymer Exploration Centre has been granted 'Katapult' status from SIVA (Selskapet for industrivekst SF)

Transactions YTD 2020

There have been no investment property transactions in first quarter of 2020.

However, the Group has become part owner (25%) of Skien Brygge Utvikling AS, a project to develop a new neighbourhood in Skien city centre. This is done in a collaboration with Bane NOR Eiendom and Skien Boligbyggelag. 50% of shares in Vestsiden Terrasse AS, a housing project in Porsgrunn, was also acquired from R8 Investment AS.

In January the Group acquired 50% of the shares in Evolve, a coworking concept. This includes MAW Holding AS (R8 Evolve AS) and its four operating subsidiaries; Evolve Akersgata AS, Evolve Bjørnvika AS, Evolve IT Fornebu AS and Evolve Sandaker AS.

Partly owned companies

Dokkvegen Utvikling AS (50 %)

R8 Property and Dione AS own Dokkvegen Utvikling AS. This is a holding company with 100% ownership in Dokkvegen 20 AS.

Dokkvegen 20 AS (50 %)

R8 Property and Dione AS own Dokkvegen 20 AS. The company owns the property known as Dokkvegen 20 in Porsgrunn (4,450 sqm) where the building 'Polymer Exploration Center' (research center) is under construction.

R8 Evolve AS (50 %)

R8 Property and M Vollan AS own R8 Evolve AS. This is a holding company with 100% ownership in Evolve Akersgata AS, Evolve Bjørvika AS, Evolve IT Fornebu AS and Evolve Sandaker AS.

Evolve Akersgata AS (50 %)

R8 Property and M Vollan AS own Evolve Akersgata AS. The company is the operating unit for several coworking locations in Oslo.

Evolve Bjørvika AS (50 %)

R8 Property and M Vollan AS own Evolve Bjørvika AS. The company is the operating unit for several coworking locations in Oslo, Asker, Drammen, Ås, Fredrikstad and Tønsberg.

Evolve IT Fornebu AS (50 %)

R8 Property and M Vollan AS own Evolve IT Fornebu AS. The company is the operating unit for several coworking locations in Fornebu, Lysaker, Sandvika and Porsgrunn.

Evolve Sandaker AS (50 %)

R8 Property and M Vollan AS own Evolve Sandaker AS. The company is the operating unit for several coworking locations in Oslo and Asker.

Kammerherreløkka AS (50 %)

R8 Property and Bane NOR Eiendom AS own Kammerherreløkka AS. The company owns one hotel building (6,282 sqm) and one office building (2,767 sqm) in Porsgrunn.

Skien Brygge Utvikling AS (25 %)

R8 Property, Bane NOR Eiendom AS and Skien Boligbyggelag own Skien Brygge Utvikling AS. The company owns land in Skien where a project has started to develop a neighbourhood in Skien including office buildings, hotel and apartments.

Telemarksgaten 10 AS (14 %)

R8 Property and a group of investors own Telemarksgaten 10 AS. The company owns the property known as Telemarksgaten 10 in Skien.

Vestsiden Terrasse AS (50%)

R8 Property and Mynd Eiendom AS own Vestsiden Terrasse AS. The company owns land in Porsgrunn where it's planned to develop and sell 40-50 houses/apartments.

Other information

Organization

At 31.03.20 the Group had 30 employees. During the first quarter there were no injuries that caused absence from work.

Share and shareholder information

R8 Property's share capital is NOK 4,929,910 divided into 1,972,064 shares, with each share having a par value of NOK 2.5. R8 Property has one class of shares. All shares provide equal rights, including the right to any dividends. Each of the shares carries one vote.

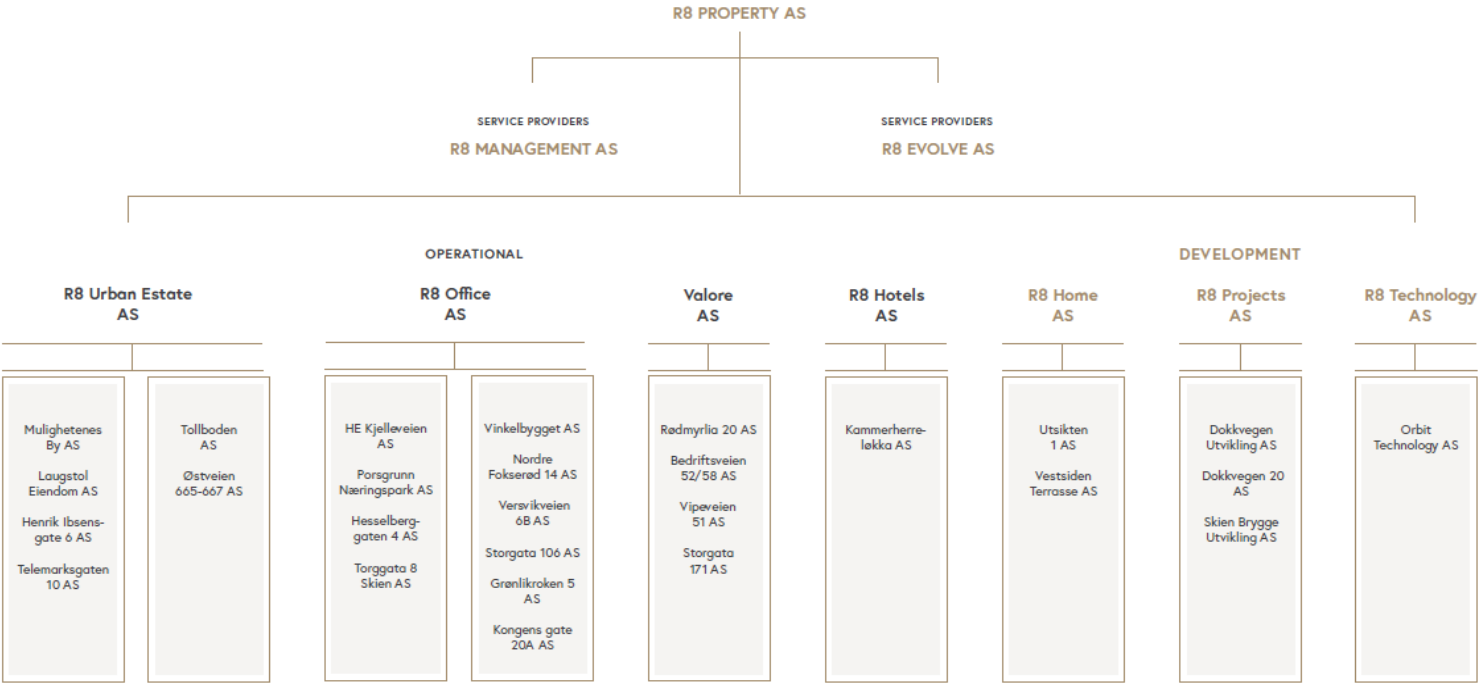
As of 30.03.2020, R8 Property had 47 shareholders. Norwegian investors held 100 per cent of the share capital. The 10 largest shareholders on 31.03.20 were:

Shareholder	Ownership
R8 Group AS	53,4 %
Brødrene Jensen AS	13,7 %
IKAB AS	9,1 %
Carucel Invest AS	2,4 %
RP Holding AS	1,8 %
Aubert Invest AS	1,8 %
Kabbe Holding AS	1,3 %
Holta & Co. AS	1,4 %
Heimberg Holding AS	1,1 %
Østerlid AS	1,1 %
Total	87,1 %

Company structure

The main purpose of the group's structure is to have flexibility in the future when the Group is aiming expand the portfolio and include other related businesses. The company structure will continually be optimized to have flexibility with regard to funding, ownership and key partners going forward.

*The company structure is updated 1st of May 2020.



The companies AS Rådhusgt 2 and HIG 40-42 Prosjekt AS has a temporary placement as a subsidiary of R8 Property. It is expected that these two companies are placed under the right segment no later than 2021.



Financial statements

Statement of total comprehensive income

All amounts in NOK thousand

	Note	Q1-20	Q1-19	2019
Rental income	2	28 257	20 870	99 755
Other operating revenue		14 341	3 692	13 636
Total operating income		42 598	24 562	113 391
Maintenance and other operating expenses		20 537	6 592	34 443
Other property-related expenses		297	119	1 088
Administrative expenses		9 719	6 230	36 143
Total operating costs		30 553	12 941	71 674
Net income from property management		12 045	11 621	41 717
Changes in fair value from investment properties	3, 4	-53 295	27 113	78 664
Operating profit		-41 250	38 734	120 381
Interest and other finance income		488	378	3 105
Interest and other finance expense		-16 565	-9 764	-47 360
Net realised financials		-16 077	-9 386	-44 255
Unrealised changes in fair value of financial instruments	3	-33 914	-3 691	509
Net financial items		-49 991	-13 077	-43 746
Profit before tax		-91 241	25 657	76 635
Tax expense		12 322	-5 643	-17 458
Profit for year		-78 919	20 014	59 177
Total comprehensive income for the year		-78 919	20 014	59 177
Profit attributable to:				
Equity holders of the company		-55 495	15 851	48 767
Non-controlling interest		-23 425	4 163	10 411
Total comprehensive income attributable to:				
Equity holders of the company		-55 495	15 851	48 767
Non-controlling interest		-23 425	4 163	10 411

Notes 1 through to 8 form an integral part of the consolidated financial statements.

Balance sheet

All amounts in NOK thousand

	Note	31.03.2020	31.03.2019	31.12.2019
NON-CURRENT ASSETS				
Deferred tax asset		-	2 671	-
Other intangible assets		59 568	7 504	7 630
Total intangible assets		59 568	10 175	7 630
Investment property	3, 4	1 918 000	1 856 050	2 409 000
Owner-occupied property	3, 4	469 000	-	-
Other operating assets		4 791	5 571	1 238
Right-of-use assets		66 963	-	-
Total property, plant & equipment		2 458 753	1 861 621	2 410 238
Investment in associates and jointly controlled entities		3 496	496	496
Loans to related parties		-	9 959	-
Other long-term receivables		4 041	3 032	3 211
Total financial assets		7 538	13 487	3 707
TOTAL NON-CURRENT ASSETS		2 525 859	1 885 283	2 421 575
CURRENT ASSETS				
Inventory properties		19 797	-	7 805
Trade receivables		20 682	14 519	12 607
Other receivables		17 124	2 685	27 166
Other receivables to related parties		36 032	-	30 585
Total current receivables		93 635	17 204	78 163
Cash and bank deposits		19 595	17 842	51 040
TOTAL CURRENT ASSETS		113 230	35 046	129 203
TOTAL ASSETS		2 639 089	1 920 329	2 550 778
EQUITY				
Shareholders equity		657 974	513 045	713 469
Non-controlling interest		43 695	50 008	64 663
TOTAL EQUITY		701 669	563 053	778 131
LIABILITIES				
Interest-bearing debt		695 785	982 844	649 543
Deferred tax liability		72 978	74 502	84 591
Financial derivatives	3	45 703	15 086	11 789
Other non-current liabilities		10 000	-	-
Total non-current liabilities		824 466	1 072 432	745 923
Trade payables and other payables		69 307	57 598	74 125
Interest-bearing debt		1 019 746	227 246	931 732
Debt to related parties		23 901	-	20 868
Total current liabilities		1 112 954	284 844	1 026 724
TOTAL LIABILITIES		1 937 420	1 357 276	1 772 647
TOTAL EQUITY AND LIABILITIES		2 639 089	1 920 329	2 550 778

Notes 1 through to 8 form an integral part of the consolidated financial statements.

Statement of changes in equity

All amounts in NOK thousand

	Share capital	Share premium	Other paid-in equity	Retained earnings	Non-controlling interest	Total equity
Equity at 01.01.2019	3 411	117 406	43 910	320 220	47 358	532 305
Profit for year	-	-	-	48 767	10 411	59 177
Corporate merger (konsernfusjon) as of 29.03.2019	85	10 649	-	-	-	10 734
Capital increase as of 29.03.2019	300	37 512	-37 812	-	-	-
Capital increase as of 09.05.2019	278	34 725	-	-	-	35 002
Capital increase as of 27.11.2019	856	-	129 230	-	-	130 086
Acquisitions/capital increase subsidiaries	-	-	-	-	31 886	31 886
Decrease in non-controlling interest	-	-	-	4 841	-24 992	-20 151
Cost of equity transactions directly in equity	-	-	-908	-	-	-908
Equity at 31.12.2019	4 930	200 291	134 420	373 828	64 663	778 131
Profit for year	-	-	-	-55 495	-23 425	-78 919
Acquisitions/capital increase subsidiaries	-	-	-	-	2 457	2 457
Equity at 31.03.2020	4 930	200 291	134 420	318 333	43 695	701 669

Notes 1 through to 8 form an integral part of the consolidated financial statements.

Statement of cash flows

All amounts in NOK thousand

	Note	Q1-20	Q1-19	2019
Profit before tax		-91 241	25 657	76 635
Expensed interest and fees on loans from financial institutions		16 565	9 764	47 360
Interest and fees paid on loans from financial institutions		-16 168	-9 957	-42 793
Depreciation and amortisation	6	188	1 011	779
Change in market value investment properties	4	53 295	-27 113	-78 664
Change in market value financial instruments	3	33 914	3 691	-509
Change in working capital		-4 752	-438	-7 090
Net cash flow from operating activities		-8 200	2 615	-4 283
Proceeds from sales of investment properties and companies		-	-	6 200
Purchase of business net of cash		-41 725	-	-
Upgrades and construction of investment properties	4	-44 941	-75 059	-294 694
Purchase of investment property		-	-	-89 656
Purchase of intangible assets and other plant and equipment		-211	-154	-836
Net cash flow from investment activities		-86 876	-75 213	-378 985
Proceeds interest-bearing debt		73 417	75 725	345 867
Repayment interest-bearing debt		-5 711	-5 992	-24 678
Net payment of loans to other related parties		-4 074	-	-16 399
Proceeds from equity		-	-	130 086
Other receivables to related parties		-	-	-908
Purchase of shares from non-controlling interests		-	-	-20 151
Net cash flow from financing activities		63 632	69 733	413 818
Change in cash and cash equivalents		-31 444	-2 648	30 550
Cash and cash equivalents at beginning of period		51 040	20 490	20 490
Cash and cash equivalents at end of period		19 595	17 842	51 040

Notes 1 through to 8 form an integral part of the consolidated financial statements.

NOTE 1 ACCOUNTING PRINCIPLES

This interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are prepared in accordance with applicable IFRS standards and interpretations. The accounting principles that have been used in the preparation of the interim financial statements are in conformity with the principles used in preparation of the annual financial statements for 2019. The interim report presents condensed financial statements, and do not contain all the information required for full annual financial statements. The report should therefore be read in conjunction with the financial statements for 2019. There are no significant changes in accounting policies compared with those used when preparing the financial statements for 2019.

The interim financial statements report of R8 Property AS was approved at a Board meeting on 3rd June 2020 and have not been audited. The financial reporting covers R8 Property AS and subsidiaries.

NOTE 2 SEGMENT INFORMATION

All amounts in NOK thousand

The Groups investment properties is organised into three operating units: Office, Urban Estate (former Retail) and Hotels.

The units do not have their own profit responsibility. Financial results are reported as economical and non-economical key figures ("key performance indicators"). These key performance indicators are reported and analysed by unit to the chief operating decision maker, who is the executive board and the CEO, which are the highest decision-making authority of the Group, for the purpose of resource allocation and assessment of segment performance. The Group reports the segment information based upon these three units.

CORPORATE LEGAL SEGMENTS Q1-20

31.03.2020	Area			No. of prop. (#)	Market value		Wault ¹⁾ (yrs)	Annual rent		Wault ²⁾ (yrs)	Net direct yield (%)	Net yield (valuation) (%)	Market rent ³⁾	
	(sqm)	Occupancy (sqm)	(%)		(tNOK)	(NOK/sqm)		(tNOK)	(NOK/sqm)				(tNOK)	(NOK/sqm)
Office	59 235	52 653	88,9	17	1 099 500	18 562	3,3	71 736	1 362	3,4	5,9	6,4	85 590	1 445
Urban Estate	30 068	24 877	82,7	7	565 500	18 807	8,4	39 219	1 576	8,4	5,3	6,9	52 527	1 747
Hotels	9 097	8 501	93,4	2	270 000	29 680	12,2	19 820	2 332	12,2	6,5	6,9	21 393	2 352
Total management portfolio	98 400	86 031	87,4	26	1 935 000	19 665	6,0	130 775	1 520	6,2	5,8	6,6	159 510	1 621
Project Office	14 450	12 873	89,1	6	452 000	31 280	11,5							
Total project portfolio	14 450	12 873	89,1	6	452 000	31 280	11,5							
Total property portfolio	112 850	98 904	87,6	32	2 387 000	21 152	7,1							

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31 March 2020 corresponds to 10.0 per cent of market rent. The Group has no single external customers representing over 10% of the Group's revenue. Furthermore, the Group has around 94% of its estimated marked value of properties and 100% of its rental income geographically from the county of Vestfold Telemark, while the rest is located in the county of Oslo.

R8 Property has three ongoing projects; two in Porsgrunn and one in Oslo. The project on Eeks Gård in Skien was completed by end of January 2020. The project portfolio consists of two office buildings (Powerhouse Telemark and Henrik Ibsens Gate 40-42) and one research center (Polymer Exploration Center). This project is 50% owned by R8 Property. All are modern buildings with high focus on low energy consumption and sustainability. Furthermore, R8 Property are doing feasibility studies on additional three properties.

Parking areas (sqm) are not included in this overview.

Corporate legal segments in the table above follow the legal corporate structure of the group. Several of the properties are combined buildings and the actual rental conditions measured in square meters and rental income are presented in the table below.

OPERATING SEGMENTS Q1-20

31.03.2020	Occupancy		Wault ²⁾		Annual rent	
	(sqm)	(%)	(yrs)	(tNOK)	(NOK/sqm)	(NOK/sqm)
Office	58 932		4,9	88 324	1 499	
Retail	10 441		5,5	12 466	1 194	
Hotels	5 551		13,9	11 614	2 092	
Food and Beverage	4 929		9,8	11 590	2 351	
Healthcare	6 178		5,4	6 781	1 098	
Total management portfolio	86 031		6,2	130 775	1 520	

CORPORATE LEGAL SEGMENTS Q1-19

31.03.2019	Area			No. of prop. (#)	Market value		Wault ¹⁾ (yrs)	Annual rent		Wault ²⁾ (yrs)	Net direct yield (%)	Net yield (valuation) (%)	Market rent ³⁾	
	(sqm)	Occupancy (sqm)	(%)		(tNOK)	(NOK/sqm)		(tNOK)	(NOK/sqm)				(tNOK)	(NOK/sqm)
Office	45 220	40 730	90,1	11	965 000	21 340	3,1	60 943	1 496	3,1	5,8	6,2	72 429	1 602
Urban Estate	26 051	20 860	80,1	5	410 300	15 750	8,0	28 652	1 374	8,0	5,0	7,2	42 061	1 615
Hotels	6 375	6 375	100,0	1	203 500	31 922	13,4	15 558	2 440	13,4	5,7	6,3	13 808	2 166
Total management portfolio	77 646	67 965	87,5	17	1 578 800	20 333	5,7	105 153	1 547	6,0	5,5	6,5	128 298	1 652
Project Office	14 416	12 541	87,0	3	277 250	19 232	11,1							
Total project portfolio	14 416	12 541	87,0	4	277 250	19 232	11,1							
Total property portfolio	92 062	80 506	87,4	18	1 856 050	20 161	6,5							

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31 March 2019 corresponds to 10,7 per cent of market rent.

R8 Property had one ongoing project; the new building (Powerhouse Telemark) in Porsgrunn in the operating unit Office.

OPERATING SEGMENTS Q1-19

31.03.2019	Occupancy		Wault ²⁾		Annual rent	
	(sqm)	(%)	(yrs)	(tNOK)	(NOK/sqm)	(NOK/sqm)
Office	42 334		2,9	65 131	1 539	
Retail	11 505		5,6	11 661	1 014	
Hotels	6 189		14,9	13 378	2 162	
Food and Beverage	3 913		13,6	9 860	2 520	
Healthcare	4 024		7,5	5 123	1 273	
Total management portfolio	67 965		6,0	105 153	1 547	

1) Wault weighted on property market value

2) Wault weighted on annual rent

3) includes market rent from available areas

NOTE 3 INFORMATION ABOUT FAIR VALUE OF ASSETS & LIABILITIES

All amounts in NOK thousand

The valuation methods and principles are unchanged in the quarter. See the annual financial statements for 2019 for further information. Set out below is a summary of assets and liabilities measured at fair value divided between the different valuation hierarchies set out in IFRS 7.

ASSETS MEASURED AT FAIR VALUE

	31.03.2020	31.03.2019	31.12.2019
Assets at fair value through profit or loss			
- Investment properties (level 3)	1 918 000	1 856 050	2 409 000
- Property used by owner (level 3)	469 000	-	-
Total	2 387 000	1 856 050	2 409 000

LIABILITIES MEASURED AT FAIR VALUE

	31.03.2020	31.03.2019	31.12.2019
Liabilities at fair value through profit or loss			
- Derivatives (level 2)	45 703	15 086	11 789
Total	45 703	15 086	11 789

NOTE 4 INVESTMENT PROPERTIES

All amounts in NOK thousand

	31.03.2020	31.03.2019	31.12.2019
VALUE OF INVESTMENT PROPERTIES			
Opening balance previous period	2 409 000	1 731 500	1 731 500
Other movements			
Purchase of investment properties	-	22 800	301 989
Projects and upgrades in the property portfolio	26 855	70 422	280 778
Capitalised borrowing costs	4 439	4 098	22 269
Sale of investment property	-	-	-6 200
Change in value from investment properties	-53 295	27 230	78 664
Total value of investment property	2 387 000	1 856 050	2 409 000
Of which owner-occupied property	469 000	-	-
Total book value of investment property at 31.03.	2 387 000	1 856 050	2 409 000

Investment properties are valued at fair value based on independent external valuations. The valuation method is included at level 3 in the valuation hierarchy, see Note 4.

Owner-occupied property shown above relates solely to the properties Kammerherreløkka, Powerhouse Telemark and Henrik Ibsens Gate 40-42.

The Group has several lease contracts regarding cars, inventory and commercial real estate. Outstanding right-of-use assets as per 31.03.2020 totals mNOK 67.

NOTE 5 TRANSACTIONS WITH RELATED PARTIES

The Group acquired 50% of the shares in Vestsiden Terrasse AS for the amount of mNOK 2,9 as of February 2020 from R8 Investment AS. The ownership in Vestsiden Terrasse AS is also treated as subsidiary with full consolidation due to control.

NOTE 6 KEY FIGURES

All amounts in NOK thousand

DEBT RATIO (LTV)

	31.03.2020	31.03.2019	31.12.2019
Net nominal interest-bearing debt	1 648 096	1 210 090	1 581 274
Total market value of the property portfolio	2 387 000	1 856 050	2 409 000
Debt ratio (LTV) %	69,0	65,2	65,6

INTEREST COVERAGE RATIO (ICR)

	31.03.2020	31.03.2019	31.12.2019
Net income from property management	12 045	11 620	41 717
Depreciation	188	1 011	779
EBITDA adjusted	12 233	12 631	42 496
Interest cost	16 565	9 232	68 830
Other finance expense	-	-	799
Applicable net interest cost	16 565	9 232	69 629
Interest Coverage Ratio (ICR)	0,7	1,4	0,6

Note 7 EPRA REPORTING

The following performance indicators have been prepared in accordance with best practices as defined by EPRA (European Public Real Estate Association) in its Best Practices Recommendations guide.

EPRA Reporting - summary	Unit	Q1-2020 / 31.03.2020	Q1-2019 / 31.03.2019	2019 / 31.12.2019
EPRA Earnings per share (EPS)	NOK	-1,2	1,3	4,0
EPRA NAV per share	NOK	389,9	388,3	406,7
EPRA NNNAV per share	NOK	348,2	357,0	377,9

The details for the calculation of the key figures are shown in the following tables

EPRA EARNINGS

EPRA Earnings is a measure of the underlying development in the property portfolio and is calculated as net income after tax adjusted for non-controlling interests, excluding value changes on investment properties, unrealised changes in the market value of financial derivatives and gains/losses on the sale of properties and their associated tax effects

All amounts in NOK thousand

	31.12.2020	31.03.2019	31.12.2019
Profit for period/year	-78 919	20 013	59 177
Add:			
Changes in value of investment properties	53 295	-27 113	-78 664
Tax on changes in value of investment properties ¹⁾	-4 017	5 965	17 306
Changes in value of financial instruments	33 914	3 691	-509
Tax on changes in value of financial instruments ¹⁾	-7 461	-812	112
Share of profit jointly controlled entities - fair value adjustments	-	-	-
Reversal of deferred tax EPRA adjustments jointly controlled entities ¹⁾	-	-	-
Net income non-controlling interest of subsidiaries	627	361	13 347
Reversal of tax non-controlling interests of subsidiaries ¹⁾	142	-79	-2 936
Change in tax rate ¹⁾	-	-	-
EPRA Earnings	-2 421	2 025	7 832

¹⁾ 22 per cent from 2020 and 22 per cent for 2019.

EPRA NAV AND EPRA NNNAV - NET ASSET VALUE

The objective with EPRA NAV is to demonstrate the fair value of net assets given a long-term investment horizon. EPRA NAV is calculated as net asset value adjusted to include market value of all properties in the portfolio and interest-bearing debt, and to exclude certain items not expected to crystallise in a long-term investment property business model such as e.g. financial derivatives and deferred tax on the market value of investment properties.

The objective with EPRA NNNAV is to report the fair value of net assets in the Group on the basis that these are immediately realised. EPRA NNNAV is EPRA NAV adjusted to reflect the fair value of debt and derivatives and in order to include deferred tax on value changes.

EPRA NAV or EPRA NNNAV does not reflect any added value from the Group's investment and development of Evolve (co-working) and Orbit Technology

All amounts in NOK thousand

	31.12.2020	31.03.2019	31.12.2019
NAV - book value of equity	701 669	563 053	778 131
Less: Non-controlling interest	-43 695	-50 008	-64 663
Deferred property tax	75 378	64 939	79 395
Fair value of financial derivative instruments	35 649	11 767	9 196
EPRA NAV	769 001	589 751	802 060
Market value on property portfolio	2 387 000	1 856 050	2 409 000
Tax value on property portfolio	1 451 624	1 140 752	1 455 350
Basis for calculation of tax on gain on sale	935 376	715 298	953 650
Less: Market value of tax on gain on sale (5 per cent tax rate)	46 769	35 765	47 683
Net market value on financial derivatives	45 703	15 086	11 789
Tax expense on realised financial derivatives ¹⁾	-10 055	-3 319	-2 594
Less: Net result from realisation of financial derivatives	35 649	11 767	9 196
Book value of interest bearing debt	1 648 096	1 210 090	1 581 274
Nominal value of interest bearing debt	1 648 096	1 210 090	1 581 274
Basis for calculation of tax on realisation of interest bearing debt	-	-	-
Less: Market value of tax on realisation	-	-	-
EPRA NNNAV	686 583	542 219	745 182

¹⁾ 22 per cent from 2020 and 22 per cent for 2019.

NOTE 8 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

The corona pandemic outbreak in Q1 2020 has had impacts on R8 Property our tenants, financials and property values. Going forward, the uncertainty connected to the pandemic development remains, making forward looking estimates and prognosis challenging.

R8 Property's tenant portfolio is diversified in number of tenants as well as in business sectors and segments. Public tenants make up 25% of the group's rental income, another 25% of our revenue comes from large private tenants within banking, telecom, insurance etc. Our tenant portfolio is divided into five different segments: Office, Hotels, Food & Beverage, Healthcare and Retail – with Office as the majority at approx. 65 percent of the revenue. Retail, Food & Beverage and Hotels are the segments experiencing the greatest effect from the pandemic, our expectations are that Food & Beverage will partly rebound in line with declining social limitations while we expect Hotels and Retail segments to be difficult for an extended period of time.

Property values within our Office segment are considered strong, especially due to public and large private tenants. Hotels is – by far – the segment we expect and are seeing to be affected the most, with future uncertainty in travel and conventions. Our property portfolio is valued quarterly by an external expert (Newsec), and valuations at the end of Q1 2020 is approximately negative 2 percent compared to 31.12.2019. This is a testament to the overall strength of our property portfolio, and while we cannot exclude further devaluations going forward with some segments and properties they will most likely be marginal towards the total property portfolio. Valuations for the second quarter 2020 has not yet been produced.

The sharp decline in interest rates (NIBOR) will positively influence our financial costs on the groups non-fixed rates loans. At the same time our fixed rate loans (i.e. interest rate swaps) has been negatively affected, as seen in Q1 and as indications shows for Q2 2020.

We expect an increase in risk factors such as credit risk, interest rate risk and refinancing risk - with all our external financing coming from banks we believe the risk to be manageable. Covenants in bank agreements have good margins and can handle the likely negative changes in property value.

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Financial calendar

Q2 report 2020	26.08.2020
Q3 report 2020	11.11.2020
Q4 report 2020	16.02.2021
Annual report 2020	24.03.2021

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Definitions

Annual rent	The contractual annual rent from the properties of the Group including forward starting contracts and excluding any market contribution.
Cash earnings	Result from property management less payable tax.
Contractual rent	Annual cash rental income being received as of relevant date.
EPRA Earnings	Net income after tax excluding value changes on investment properties, unrealised changes in the market value of financial derivatives and gains/losses on the sale of properties and their associated tax effects. EPRA earnings are intended to give an indication of the underlying development in the property portfolio.
EPRA NAV	Net asset value adjusted to include market value of all properties in the portfolio and interest-bearing debt, and to exclude certain items not expected to crystallise in a long-term investment property business model such as e.g. financial derivatives and deferred tax on the market value of investment properties. The objective with EPRA NAV is to demonstrate the fair value of net assets given a long-term investment horizon.
EPRA NNAV	EPRA NNAV is EPRA NAV adjusted to reflect the fair value of debt and derivatives and in order to include deferred tax on value changes. The objective with EPRA NNAV is to report the fair value of net assets in the Group on the basis that these are immediately realised.
Loan-to-value ("LTV")	Net nominal value of interest-bearing liabilities (excluding debt to group companies) divided by the market value of the property portfolio.
Management properties	Properties that are actively managed by the company.
Market rent	The annualised market rent of the management properties, fully let as of the relevant date, expressed as the average of market rents estimated by the independent professionally qualified valuers.
Market value of property portfolio	The market value of all the properties owned by the parent company and subsidiaries, regardless of their classification for accounting purposes.
Net yield	Net rent divided by the market value of the management properties of the Group.
Occupancy	Estimated market rent of occupied space of the management properties, divided by the market rent of the total space of the management portfolio.
Project properties	Properties where it has been decided to start construction of a new building and/or renovation.
Interest Coverage Ratio ("ICR")	Net income from property management excluding depreciation and amortisation for the Group, divided by net interest on interest-bearing nominal debt and fees and commitment fees related to investment activities.
Total area	Total area including the area of management properties, project properties and land / development properties.
WAULT	Weighted Average Unexpired Lease Term measured as the remaining contractual rent amounts of the current lease contracts of the management properties of the Group.