



R8 PROPERTY ASA

Report for the first half-year and second  
quarter 2021

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# HIGHLIGHTS FOR THE QUARTER

- Successful private placement completed raising net proceeds of NOK 54 million in new equity. Transaction size of the IPO totaled NOK 75 million
- Listing on Euronext Growth Oslo with first day of trading 9 June 2021
- Option to acquire Inkognito Park 33 in Oslo exercised. The property is under refurbishment with expected completion in Q2 2022 and is 100 per cent pre-let
- Milestone lease contracts secured in Q2 including a 10-year contract with 24Sevenoffice in Inkognitogaten 33
- Sale of two properties, Henrik Ibsensgate 40-42 in Oslo and Rådhusgata 2 in Skien
- Shift in working preferences accelerated following Covid-19 boosts demand for office sharing concept Evolve and the technology solutions provider Orbit
- Two new hybrid contracts signed in the quarter. Total area of 3,667 sqm and 280 users in Inkognitogaten 33 and Fornebuveien 1-3.

## Subsequent events

- Lease contract with Comfort Hotel Porsgrunn extended by five years. The revised lease contract will end in February 2039
- Agreement to enter a 20-year lease contract with Comfort Hotel Skien Brygge in the upcoming development project Skien Brygge. A firm lease agreement is expected to be finalized and signed during H2-21

### CEO and founder Emil Eriksrød comments on the performance in the second quarter 2021:

*“Environmental footprint, innovation and technology are ever more important features for tenants’ decision-making process. With our attractive portfolio of sustainable commercial properties centrally located in urban areas and city hubs in Norway, R8 Property is well positioned to meet market demand.*

*Covid-19 has accelerated the shifts in employees’ preferences when it comes to location and digital solutions for a more flexible and efficient working day with less commute. R8 Property identified this trend early and established the coworking company Evolve and Orbit, which offers technology solutions that enable office sharing at scale.*

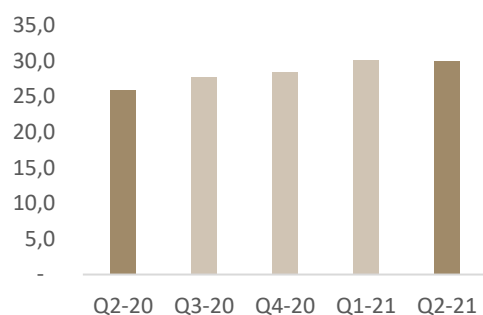
*The attractiveness of our property portfolio has been confirmed through several new lease contracts which were signed or extended during the second quarter, and the good momentum has continued going into the third quarter.*

*We are actively looking into new projects, both new constructions and existing buildings, in line with our ambition to surpass NOK 5 billion in property value at the end of 2023,” says Emil Eriksrød, CEO of R8 Property.*

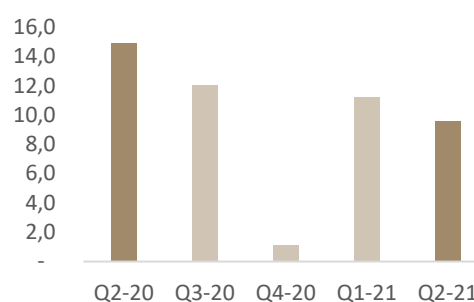
# FINANCIAL HIGHLIGHT Q2 2021

- Rental income of NOK 29.9 million (NOK 26.3 million) in the quarter
- Net income from property management of NOK 9.6 million (NOK 15.0 million)
- Positive total portfolio value changes of NOK 33.1 million (negative of NOK 26.4 million)
- Profit before tax of NOK 2.4 million (negative NOK 31.8 million)
- EPRA NRV per share of NOK 47.6 (NOK 41.9)\*

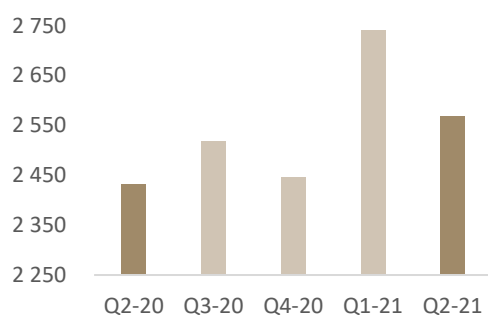
Rental income  
(MNOK)



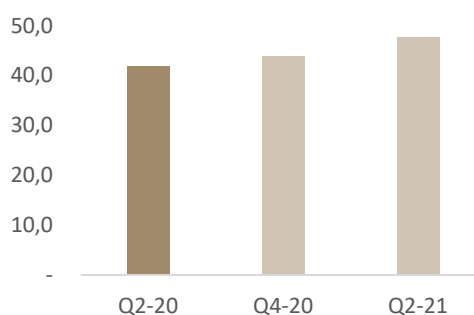
Net income property management  
(MNOK)



Market value of the property portfolio  
(MNOK)



EPRA NRV\*  
(NOK per share)



\* From Q2-21 EPRA reporting has been prepared according to the EPRA BPR of 2019. Former reporting was in accordance with 2016 EPRA BPR.

# KEY FIGURES

All amounts in NOK thousand	Q2-21	Q2-20	YTD Q2-21	YTD Q2-20	2020
Rental income	29 981	26 261	60 049	54 880	114 153
Change period-on-period	14 %	18 %	9 %	18 %	14 %
Net income from property management	9 581	15 057	20 773	28 074	46 457
Change period-on-period	-36 %	22 %	-26 %	16 %	11 %
Profit before tax	1 648	-31 773	40 149	-121 957	-45 109
Change period-on-period	105 %	-294 %	133 %	-299 %	-159 %
Profit after tax	-3 797	-27 200	28 601	-105 793	-26 771
Change period-on-period	86 %	-314 %	127 %	-321 %	-145 %
Market value of the property portfolio	2 569 549	2 432 019	2 569 549	2 432 019	2 445 360
Market value of the property portfolio and other investments*	2 679 206	2 493 852	2 679 206	2 493 852	2 569 952
Net nominal interest-bearing debt	1 746 436	1 668 002	1 746 436	1 668 002	1 724 414
Loan to value of property portfolio	68,0 %	68,6 %	68,0 %	68,6 %	70,5 %
Loan to value of property portfolio and other investments*	65,2 %	66,9 %	65,2 %	66,9 %	67,1 %
Interest coverage ratio	0,6	1,0	1,0	0,9	0,6
Number of shares	21 694	19 720	21 694	19 720	19 720
All amounts in NOK per share	Q2-21	Q2-20	YTD Q2-21	YTD Q2-20	2020
EPRA NRV	47,6	41,9	47,6	41,9	43,8
**Change period-on-period	14 %	0 %	14 %	0 %	0 %
EPRA NTA	45,0	39,3	45,0	39,3	41,1
**Change period-on-period	14 %	0 %	14 %	0 %	0 %
EPRA NDV	40,5	33,1	40,5	33,1	35,6
**Change period-on-period	23 %	0 %	23 %	0 %	0 %
EPRA Earnings	-0,5	0,4	-0,7	0,3	-0,8
Change period-on-period	213 %	-150 %	364 %	0 %	-296 %

\* Including investments in jointly controlled entities, associates and shares.

\*\* From Q2-21 EPRA key figures has been prepared according to the EPRA BPR of 2019. Former reporting was in accordance with 2016 EPRA BPR. Change in period-on-period is therefore only calculated for Q2-21.

From Q4-20 and going forward R8 Evolve is not treated as a subsidiary due to lack of control. Consequently, comparative figures have been restated.

# FINANCIAL DEVELOPMENT

## Profit and loss

### Net income from property management

The Group's rental income was up by 14.1 per cent from NOK 26.2 million in Q2-20 to NOK 29.9 million in Q2-21, and 9.4 per cent from NOK 54.8 million to NOK 60.0 million for the first six months in 2020 and 2021.

- Total operating income came in at NOK 32.9 million (NOK 30.3 million) in the quarter, and NOK 69.1 million (NOK 62.2 million) in the first half-year.
- Total operating cost amounted to NOK 23.4 million (NOK 15.2 million) in the quarter, and NOK 48.3 million (NOK 32.5 million) in the first half-year.
- Net operating income from property management came in at NOK 9.6 million (NOK 15.0 million) in the quarter, and NOK 20.8 million (NOK 29.7 million) in the first half-year.

In the second quarter of 2021 two properties were sold, Henrik Ibsensgate 40-42 in Oslo and Rådhusgata 2 in Skien. This resulted in a decrease in rental income and associated operating and administrative costs during two months in the quarter. Moreover, Fornebuveien 1-3 and Slottsfjell Park were acquired in the first quarter of 2021 and had a positive contribution with rental income in the entire second quarter. These represent the major changes in the property portfolio from Q2-20 to Q2-21. Besides these transactions, operating income and costs from Q2-20 to Q2-21 were affected by the two properties Henrik Ibsensgate 40-42 and Powerhouse Telemark. In Q2-20 these properties were newly completed projects and have since then become fully operational properties. In Q1-20 the properties were ongoing projects, which is reflected in lower operating income in the first half-year of 2020 compared to 2021.

Operating costs have increased significantly in the first half-year of 2021 compared to 2020. This is mainly related to the IPO process that took place this spring resulting in R8 Property ASA being listed on Euronext Growth in June 2021. This involves costs related to preparation, including guidance and consultancy amounting to approximately NOK 5 million. In addition, part of the transaction costs related to the divestment of Henrik Ibsensgate 40-42 and Rådhusgata 2 accrued in the second quarter of 2021. The reduction in administrative expenses in the first six months of 2021 compared to 2020 was related to an employee stock option program which was introduced in Q4-20. In Q2-21 there is a positive change in value of employee stock options reducing administrative expenses in the quarter. The same comments on operating costs are also relevant to the change in costs from Q2-20 to Q2-21.

As a result of the effects presented above, net income from property management has decreased from the first half-year of 2020 to the first half-year of 2021, as well as from Q2-20 to Q2-21. The main explanation is non-recurring costs related to the IPO and property transactions in the first six months of 2021.

The Group does not have any own used properties in Q2-21 as R8 Evolve AS is not consolidated in the Total Comprehensive Income from Q4-20 and going forward. As a consequence, there is no specification of rental income from own used properties in Q2-21 compared to some quarters in 2020.

### Net financials

Net financials amounted to NOK -41.0 million (NOK -20.4 million) in the quarter, and NOK -38.0 million (NOK -70.3 million) in the first half-year. Interest and other finance expenses amounted to NOK 18.2 million (NOK 15.6 million) in the quarter, and NOK -39.1 million (NOK -31.4 million) in the first half-year. Net share of loss from associates and joint ventures was NOK 9.6 million (NOK -0.9 million) in the quarter and NOK -13.7 million (NOK -1.7 million) in the first half-year and relates to the Group's investments in R8 Evolve and Orbit Technology. R8 Evolve accounted for NOK -8.4 million and Orbit Technology NOK -1.2 million in the quarter. Unrealised changes in fair value of financial instruments gave a net negative contribution of NOK 13.7 million (NOK -4.4 million). The negative change in the quarter comes from a forward contract to acquire the remaining shares in Inkognitogaten 33 A AS (NOK -12 million) and interest rate swaps (NOK -1.7 million). The forward contract was originally an option and during the second quarter of 2021 the Group made an irreversible commitment to buy the underlying asset and consequently considers the option as a forward contract until the settlement date which is estimated in Q2 2022. The contract resulted in a decrease in fair value in the quarter. For the first half-year of 2021, unrealised changes in fair value of financial instruments were NOK -1.6 million (-38.5 million), as a result of a positive effect on the fair value of the forward contract in Q1-21. The negative result in Q2-20 was related to interest rate swaps.

### **Value changes**

The valuation of the investment portfolio resulted in a net positive value change of NOK 33.1 million (NOK -26.4 million) in the quarter, and NOK 57.4 million (-79.7 million) in the first six months of 2021. Properties with significant changes to highlight are increased value of Mulighetenes By (Arkaden), Fornebuveien 1-3 and Slottsfjell Park and decreased value of Kjelleveien 21. In the first half of 2020 Covid-19 had a negative effect on the valuations as well as Vestsiden Terrasse changed classification from Inventory Property to Investment Property.

### **Profit**

Profit before tax was NOK 1.6 million (NOK -31.8 million) in the quarter and NOK 40.1 million (NOK -121.9) in the first half-year of 2021. Profit after tax was NOK -3.8 million (NOK -27.2 million) in Q2-21 and NOK 28.6 million (NOK -105.8) in the first half-year of 2021.

## **Balance sheet**

The Group's assets amounted to NOK 2 830 million (NOK 2 569 million) as of 30.06.21. Of this, investment property amounted to NOK 2 559 million (NOK 2 423 million).

Investments in associates, jointly controlled entities and shares were NOK 109.6 million (NOK 61.8 million) at the end of Q2 2021. Investments in R8 Evolve AS and Inkognitogaten 33 A AS constitute a large proportion of the balance sheet value.

Financial derivatives as an asset in the quarter amount to NOK 29.7 million (NOK 0.0 million) results from a forward contract to acquire the remaining shares in Inkognitogaten 33 A. The forward contract was originally an option and during the second quarter of 2021 the Group made an irreversible commitment to buy the underlying asset and consequently considers the option as a forward contract until the settlement date which is estimated in Q2 2022.

Total current assets came in at NOK 75.9 million (NOK 63.2 million) in Q2-2021.

Book equity totalled NOK 903.1 million (NOK 675.6 million), representing an equity ratio of 31.9 per cent (26.3 per cent). Equity per share was NOK 47.6 (NOK 41.9) based on the EPRA NRV standard and NOK 45.0 (NOK 39.3) based on EPRA NTA. Outstanding shares at 31.06.21 totalled 21 694 324. The number of outstanding shares increased from 19 720 640 at the end of Q1-21 to 21 694 324 on 30 June 2021 as a result of R8 Property ASA being listed on Euronext Growth together with a fully subscribed private placement of NOK 75 million in June 2021.

### **Other information**

R8 Evolve AS is not consolidated in the Total Comprehensive Income (TCI) and balance sheet from Q4-20 and going forward. This is due to changes in ownership and associated agreements regarding control influence. R8 Evolve was assessed as a subsidiary in Q2 2020, however after a re-assessment this was changed and therefore comparative figures have been restated for this quarter.

Orbit Technology AS is not consolidated in the Total Comprehensive Income (TCI) from Q1-21 and balance sheet from Q4-2020 and going forward. This is due to changes in ownership and associated agreements regarding control influence.

## Cash flow statement

Net cash flow from operating activities came in at NOK -6.1 million (NOK 8.6 million) in the quarter, and NOK -2.7 million (NOK 1.3 million) in the first half-year of 2021.

The net cash flow from investment activities was NOK -69.4 million (NOK -38.2 million) in the quarter, and NOK -207.3 million (NOK -129.3 million) in the first half-year of 2021.

Net cash flow from financing activities was NOK 62.6 million (NOK 31.5 million) in the quarter, and NOK 192.5 million (NOK 94.9 million) in the first half-year of 2021.

Cash and cash equivalents at the end of Q2-21 came in at NOK 18.1 million (NOK 17.9 million), and NOK 18.1 million (NOK 17.9 million) in the first half-year of 2021.

## Financing

R8 Property's total interest-bearing nominal debt as of 30.06.21 was NOK 1 746 million (NOK 1 668 million). During the second quarter the total interest-bearing nominal debt decreased by NOK 248 million. The decrease was mainly due to the sale of Henrik Ibsensgate 40-42 in Oslo and Rådhusgata 2 in Skien. In relation to the fully subscribed private placement of NOK 75 million in June 2021, debt to shareholders of NOK 21 million was converted to equity.

R8 Property is not in breach of any covenant requirements at the end of Q2-21.

### Interest bearing debt and maturity structure

The average remaining term for the Group's debt portfolio was 4.0 years at 30.06.21.

### 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	174 178	976 500	216 753	303 648	1 671 079
Subordinated loans	62 009	12 872			74 882
<b>Total</b>	<b>236 187</b>	<b>989 373</b>	<b>216 753</b>	<b>303 648</b>	<b>1 746 112</b>
	14 %	57 %	12 %	17 %	100 %

### Interest rates and maturity structure

The average interest rate of the debt portfolio was 3.02 per cent as of 30.06.2021. 40 per cent of the Group's financing was hedged at a fixed rate as of 30.06.21 with a weighted average maturity of 5.8 years.

Fixed rate instruments	Amount	Interest rate (%)
1-3 years	112 118	3,08 %
3-4 years	153 400	2,16 %
4-5 years	45 000	2,02 %
5-6 years	53 400	1,29 %
6-8 years	100 000	2,07 %
8-10 years	238 000	1,99 %
<b>Total</b>	<b>701 918</b>	<b>2,16 %</b>



# *The Property portfolio*



Photo: Ivar Kvaal

# THE PROPERTY PORTFOLIO

R8 Property's management portfolio as of 30.06.2021 consists of 26 buildings with a total area of approximately 104 958 square meters. The portfolio is divided into three operating subunits:

Green Office: properties with energy classification and environmental focus

City Office: other ordinary office properties

Commercial Property: properties located in the city centre where majority of tenants operates within food & beverage or healthcare

As of 30.06.2021 the occupancy is at 86.8 per cent. However, most of the vacancy is strategic related to Arkaden in the Commercial Property subunit.

The average wault<sup>2)</sup> (weighted on annual rent) in the management portfolio is 6.2 years. Average annual rent per square meter was 1 617 NOK of 30.06.2021.

The net direct yield is at 5.2 per cent based on annual rent as of 30.06.2021. Average yield on the total management portfolio (value weighted) as basis of property valuations is 6.3 per cent as of 30.06.2021.

## CORPORATE UNITS Q2-21

30.06.2021	Area (sqm)	Occupancy (sqm) (%)	No. of prop. (#)	Market value (tNOK) (NOK/sqm)		Wault <sup>1)</sup> (yrs)	Annual rent (tNOK) (NOK/sqm)		Wault <sup>2)</sup> (yrs)	Net direct yield (%)	Net yield (valuation) (%)	Market rent <sup>3)</sup> (tNOK) (NOK/sqm)	
Green Office	32 390	28 673 88.5	5	904 550	27 927	5.4	55 029	1 919	4.9	5.1	5.8	62 387	1 926
City Office	38 552	36 233 91.6	14	648 650	16 400	4.1	42 734	1 179	4.0	5.7	6.1	52 502	1 327
Commercial Prop.	33 016	26 214 79.4	7	722 050	21 870	9.3	49 554	1 890	9.4	5.0	6.8	63 703	1 929
<b>Total management portfolio</b>	<b>104 958</b>	<b>91 120 86.8</b>	<b>26</b>	<b>2 275 250</b>	<b>21 678</b>	<b>6.2</b>	<b>147 317</b>	<b>1 617</b>	<b>6.2</b>	<b>5.3</b>	<b>6.2</b>	<b>178 592</b>	<b>1 702</b>
Project Office	4 858	4 858 100.0	6	284 000	58 460	12.4							
<b>Total project portfolio</b>	<b>4 858</b>	<b>4 858 100.0</b>	<b>6</b>	<b>284 000</b>	<b>58 460</b>	<b>12.4</b>							
<b>Total property portfolio</b>	<b>109 816</b>	<b>95 978 87.4</b>	<b>32</b>	<b>2 559 250</b>	<b>23 305</b>	<b>6.9</b>							

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 30 June 2021 corresponds to 10% of market rent. The Group has one single external customer representing over 10% of the Group's revenue, that is Helfo with 10,2% of the Group's revenue. Furthermore, the Group has around 91% of its estimated market value of properties and 90% of its rental income geographically from the county of Vestfold Telemark, while the rest is located in the Oslo area.

R8 Property has one ongoing project in Porsgrunn (research center - Polymer Exploration Center). This project is 50% owned by R8 Property. Furthermore, R8 Property are doing feasibility studies on additional five properties.

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

Corporate segments in the table above follow the 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.

## TENANT INDUSTRY Q2-21

30.06.2021	Occupancy (sqm)	Wault <sup>1)</sup> (yrs)	Annual rent (tNOK) (NOK/sqm)	
Office	67 252	5,1	107 031	1 591
Retail	7 151	5,4	10 142	1 418
Hotels	6 237	12,6	11 774	1 888
Healthcare	5 573	4,9	6 908	1 240
Food and Beverage	4 907	10,8	11 462	2 336
<b>Total management portfolio</b>	<b>91 120</b>	<b>6,2</b>	<b>147 317</b>	<b>1 617</b>

1) Wault weighted on property market value

2) Wault weighted on annual rent

3) includes market rent from available areas

## Letting activity

During the second quarter of 2021 the Group signed new and renewed leases with an annual rent of NOK 16.3 million and received termination on leases totalling NOK 0.6 million. Net letting in the quarter amounted to NOK 15.7 million.

\* Net letting = new signed contracts + renegotiated contracts – terminated contract (by expiration date).

\*\* The Group received notice from HELFO that they will not use option rights in Kjelleveien 21 and that the lease agreement will end according to the lease contract on July 31th 2022.

### New contracts in the quarter

Property	Tenant	Sqm	Duration	Contract
Fornebuveien 1-3, Oslo	Confidential tenant	2393	3+3	New
Inkognitogaten 33, Oslo *	24SevenOffice	1274	10	New
Dokkvegen 8 & 10, Porsgrunn	Emerson Process Norway AS	2077	5	Renegotiated
Hesselberggaten 4, Skien	Skien Boligbyggelag	1422	2	New
Storgata 106, Porsgrunn	Friisebrygga Legesenter	560	5	Renegotiated
Dokkvegen 8 & 10, Porsgrunn	Caverion AS	340	7	Renegotiated
Kammerherreløkka, Porsgrunn	Re:Sale	292	5	New
<b>Total</b>		<b>8 358</b>		

\* Inkognitogaten 33A AS is not consolidated in the financial statements due to an ownership below 20% and is treated as investment in shares.

# INVESTMENTS AND DIVESTMENTS

R8 Property has invested NOK 60.8 million (NOK 46.9 million)<sup>2)</sup> in the portfolio of investment properties in the quarter.

## Project Development

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

Project	Ownership (%)	Expected completion	Project area (sqm)	Occupancy (%)	Est. total project cost (tNOK)	Of which accrued (tNOK)
Polymer Exploration Centre <sup>1)</sup>	50	Q4-21	4 858	100	174 269	136 529
Inkognito Park <sup>2)</sup>	16,5	Q2-22	3 263	100	73 182	9 362
<b>Total</b>			<b>8 121</b>	<b>100</b>	<b>247 451</b>	<b>145 891</b>

<sup>1)</sup>Total project cost for Polymer Exploration Centre includes book value at date of investment decision/cost of land.

<sup>2)</sup>Inkognitogaten 33A AS is not consolidated in the financial statements due to an ownership below 20%, and is treated as investment in shares.

R8 Property has the following project and development portfolio, in addition to the ongoing projects presented above:

### Project Portfolio – zoned

Project	Ownership	Location	Segment	Area	Zoning	Building permit
Skien Brygge – phase 1	25 %	Skien	Commercial/Residential	14 825	Approved	Approved
Skien Brygge – phase 2	25 %	Skien	Commercial/Residential	23 925	Approved	
Skien Brygge – phase 3	25 %	Skien	Commercial/Residential	19 525	Approved	
Utsikten	100 %	Skien	Residential	1 496	Approved	Approved
Vestsiden Terrasse	50 %	Porsgrunn	Residential	4 257	Approved	
Arkaden – phase 3	100 %	Skien	Commercial/Residential	7 151	Approved	

### Development Portfolio

Project	Ownership	Location	Segment	Area
Slottsfjell Park	100 %	Tønsberg	Commercial	17 000
Powerhouse Tønsberg	100 %	Tønsberg	Commercial	11 000
Porsgrunn Næringspark	100 %	Porsgrunn	Commercial	18 400
Kammerherreløkka	50 %	Porsgrunn	Commercial	2 800

### **Status ongoing projects**

R8 Property started 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).

Inkognito Park is undergoing an internal reconstruction leaving nothing but the facade and a few historically important elements untouched. The property is fully let to Evolve and 24 Seven Office.

### **Status other projects - 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 9 single homes /detached homes, all with a great view of Skien City. Expected go-to market in H2 2021.
- Vest siden Terrasse in a residential project in Porsgrunn. The project has recently received regulatory permission of approximately 42 units, divided between single homes, detached homes and small apartment buildings. Sales is expected to start in Q4 2021.
- Skien Brygge is a large development project at the heart of Skien City Centre. The project will include approximately 400 new homes and 20 000 sqm commercial real estate. Phase one of the projects is expected in 2021.

### **Status development projects**

R8 Property carried out a feasibility study together with Snøhetta, Skanska, Asplan Viak and Rambøll to determine the possibility of building a Powerhouse Paris Proof office building in Tønsberg. The feasibility study consisted of three building were all of them were planned as Paris Proof

## **Transactions first half-year 2021**

In the first quarter of 2021 the Group has acquired two properties, Fornebuveien 1-3 at Lysaker in Oslo and Slottsfjell Park in Tønsberg.

In the second quarter of 2021 the Group has sold two properties, Henrik Ibsensgate 40-42 in Oslo and Rådhusgata 2 in Skien. In the same quarter the Group has also exercised an option to acquire the remaining shares in Inkognitogaten 33 A AS with estimated settlement date in Q2 2022.

## Investments in jointly controlled entities and associates

The Group has investments in R8 Evolve and Orbit Technology with ownership shares of 75 per cent and 35.5 per cent respectively. These investments are considered as joint ventures due to ownership and associated agreements regarding control influence. The Group also has an ownership of 25 per cent of Skien Brygge Utvikling and this investment is considered as investment in associate.

### Orbit Technology

Orbit Technology offers technology solutions that enables office sharing at scale, by turning unused office space into satellite workspaces, available and affordable for anyone. The Group's investment in Orbit Technology is considered a joint venture with a book value of NOK 5.98 million per 30.06.21. Latest transaction in Q1-21 implied a total fair value of Orbit Technology at NOK 150 million.

### Skien Brygge

Skien Brygge is a long-term project which involves the development of both residential and commercial properties. The development project is structured in three phases. The project is going as planned and commencement of phase one is expected in the second quarter of 2022 following a completion in Q2 2024. The development of phase two and three last phases is estimated in the period from 2025 to 2033.

R8 owns 25% of Skien Brygge Utvikling which currently involves phase one of the project. The Group has also signed a letter of intent for phase two and three of the project with the same ownership as phase one. Skien Brygge is considered as an investment in an associate. As of 31.06.21 the investment had a book value of NOK 3 million.

Newsec has presently valued phase one of the project at NOK 42 million (100% basis).

### Evolve Business Space

Evolve Business Space offers flexible workplaces with access to different 27 locations. To meet the office users changed behaviour needs after Covid-19, R8 has launched R8 Hybrid. R8 Hybrid is a combination of an ordinary, permanent lease and a membership in Evolve Business Space. The benefits are many: The employer keeps their environment, meeting points and predictability that comes with a traditional office; the employees get flexibility to work efficiently where they want and reduced commuting time. In addition, users get access to video conferencing and beautiful meeting rooms, all closer to where people live. For R8 Property, this is a unique tool and competitive advantage, that adapts to the "new normal" in working life, post-Covid. Many companies can manage with fewer fixed square meters, when a possible shortage of space in "peak hours" can be covered through access to available capacity in Evolve.

# 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 in Porsgrunn (4,858 sqm) where the building 'Polymer Exploration Center' (research center) is under construction.

## **Fornebuveien 1-3 Invest AS (50%)**

R8 Property and Brødrene Jensen AS own Fornebuveien 1-3 Invest AS. The company owns the property known as Fornebuveien 1-3 at Lysaker in Oslo.

## **Inkognitogaten 33 A AS (16.5%)**

R8 Property and a group of investors own Inkognitogaten 33 A AS. The company owns the property known as Inkognitogaten 33 aka Inkognito Park in Oslo.

## **Kammerherreløkka AS (50%)**

R8 Property and Bane NOR Eiendom AS own Kammerherreløkka AS. The company owns one hotel building (6 272 sqm) and one office building (2 786 sqm) in Porsgrunn.

## **Orbit Technology AS (35.5%)**

R8 Property and Alligate AS own Orbit Technology AS. The company offers technology solutions that enables office sharing at scale, by turning unused office space into satellite workspaces, available and affordable for anyone.

## **R8 Evolve AS (75%)**

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

## **Sandefjord Eiendomsinvest AS (25.2%)**

R8 Property and a group of investors own Sandefjord Eiendomsinvest AS. The company owns the property known as Nordre Fokserød 14 in Sandefjord.

## **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 its planned to develop and sell approximately 42 houses/apartments.

# OTHER INFORMATION

## Organization

At 30.06.21 the Group had 27 employees. During the quarter there were no injuries that caused absence from work.

## Share and shareholder information

R8 Property's share capital is NOK 5 423 581 divided into 21 694 324 shares, with each share having a par value of NOK 0.25. R8 Property has one class shares. All shares provide equal rights, including the right to any dividends. Each of the shares carries one vote.

The Group has a share-options scheme for senior executives consisting of 400 000 options. One option gives the right to buy one share.

The number of outstanding shares increased from 19 720 640 in Q1-21 to 21 694 324 in Q2-21 as a result of R8 Property ASA being listed on Euronext Growth together with a fully subscribed private placement of MNOK 75 million in June 2021.

As of 30.06.2021, R8 Property had 150 shareholders. Norwegian investors held 100 per cent of the share capital. The 10 largest shareholders on 30.06.21 were:

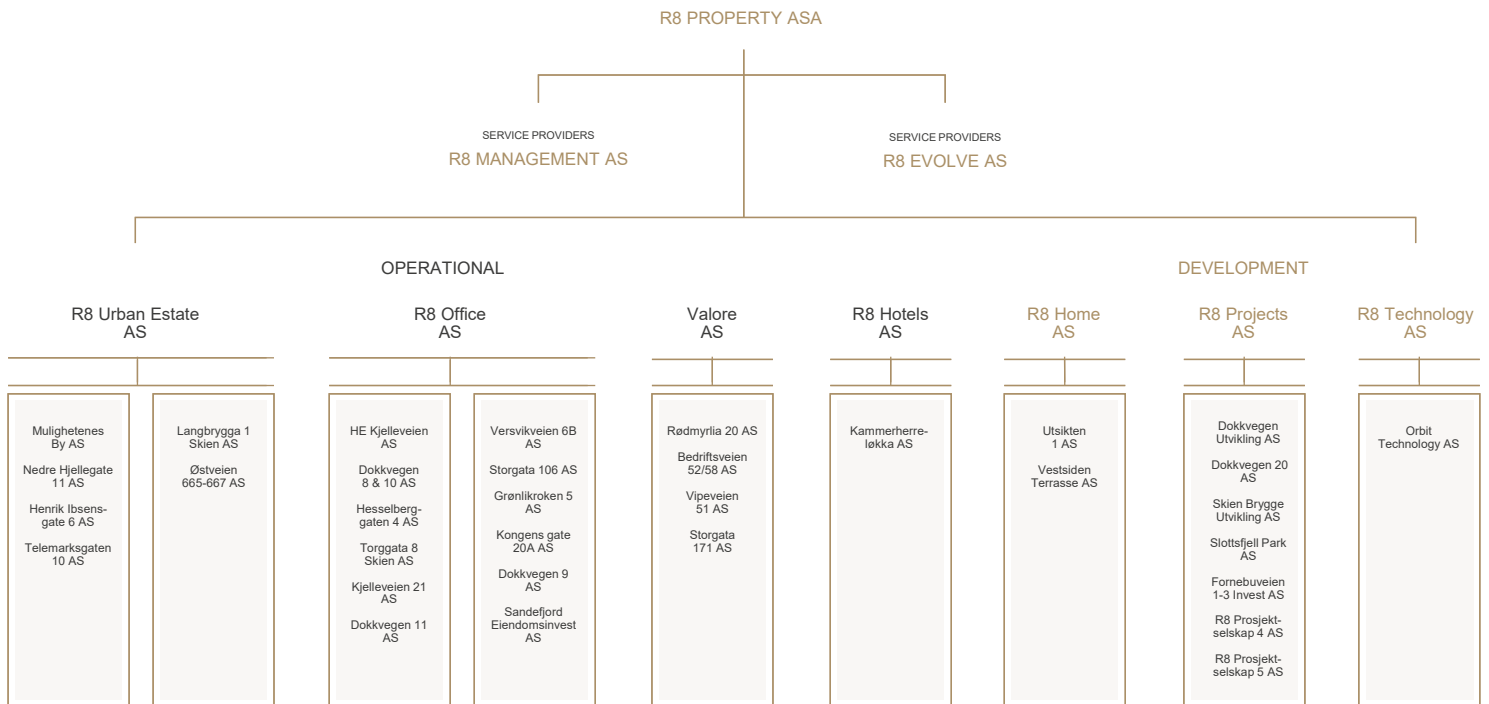
Shareholder	Owership
R8 Group AS	44,4 %
Brødrene Jensen AS	13,3 %
IKAB AS	8,7 %
Sarepta Holding AS	2,5 %
Aubert Invest AS	2,5 %
Carucel Invest AS	2,3 %
Acini Capital AS	1,8 %
Holta & Co AS	1,7 %
Kabbe Holding AS	1,6 %
R-Venture AS	1,2 %
<b>Total</b>	<b>80,0 %</b>



# 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 June 30 2021.



The company Inkognitogaten 33A AS has a temporary placement as a subsidiary of R8 Property. It is expected that this company is placed under the right segment no later than 2022.

Photo: Ivar Kvaal



# *Financial statements*

## Statement of total comprehensive income

All amounts in NOK thousand

	Note	Q2-21	Q2-20	YTD Q2-21	YTD Q2-20	2020
Rental income	2	29 981	26 261	60 049	54 880	114 153
Other operating revenue	2	2 983	4 020	9 048	7 311	18 338
<b>Total operating income</b>		<b>32 965</b>	<b>30 281</b>	<b>69 096</b>	<b>62 192</b>	<b>132 491</b>
Maintenance and other operating expenses		20 289	9 398	36 227	19 017	53 208
Other property-related expenses		717	359	1 444	583	2 196
Administrative expenses		2 378	5 467	10 653	14 518	30 630
<b>Total operating costs</b>		<b>23 384</b>	<b>15 224</b>	<b>48 323</b>	<b>34 118</b>	<b>86 034</b>
<b>Net income from property management</b>		<b>9 581</b>	<b>15 057</b>	<b>20 773</b>	<b>28 074</b>	<b>46 457</b>
Changes in fair value from investment properties	3,4,5	33 122	-26 418	57 404	-79 713	-46 726
<b>Operating profit</b>		<b>42 703</b>	<b>-11 362</b>	<b>78 177</b>	<b>-51 639</b>	<b>-269</b>
Gains from investment in shares		-	-	15 479	-	-
Interest and other finance income		498	572	820	1 060	2 053
Share of profit (loss) from associates and joint ventures		-9 583	-997	-13 682	-1 673	-6 882
Losses from investment in shares		-	-	-	-	-496
Interest and other finance expense		-18 190	-15 565	-39 078	-31 369	-66 142
Changes in fair value of financial instruments	4	-13 780	-4 421	-1 567	-38 335	26 628
<b>Net financial items</b>		<b>-41 056</b>	<b>-20 411</b>	<b>-38 029</b>	<b>-70 318</b>	<b>-44 840</b>
<b>Profit before tax</b>		<b>1 648</b>	<b>-31 773</b>	<b>40 149</b>	<b>-121 957</b>	<b>-45 109</b>
Tax payable	27	0	0	0	0	0
Tax expense		-5 444	4 573	-11 548	16 164	18 338
<b>Profit for year</b>		<b>-3 797</b>	<b>-27 200</b>	<b>28 601</b>	<b>-105 793</b>	<b>-26 771</b>
<b>Profit attributable to:</b>						
Equity holders of the company		-12 636	-25 101	9 936	-80 595	-11 007
Non-controlling interest		8 839	-858	18 664	-23 607	-15 764
<b>Total comprehensive income attributable to:</b>						
Equity holders of the company		-12 636	-25 101	9 936	-80 595	-11 007
Non-controlling interest		8 839	-858	18 664	-23 607	-15 764
<b>Earnings per share:</b>						
Basic (NOK)		-0,62	-1,27	0,50	-4,09	-0,56
Diluted (NOK)		-0,62	-1,27	0,47	-4,09	-0,56

Notes 1 through to 9 form an integral part of the consolidated financial statements.

## Balance sheet

All amounts in NOK thousand

	Note	30.06.2021	30.06.2020	31.12.2020
<b>NON-CURRENT ASSETS</b>				
Deferred tax asset		10 244	2 939	10 169
Other intangible assets		7 527	13 092	7 605
<b>Total intangible assets</b>		<b>17 771</b>	<b>16 031</b>	<b>17 773</b>
Investment property	4,5	2 559 250	2 423 500	2 436 000
Other operating assets		1 155	1 034	765
Right-of-use assets		66	199	127
<b>Total non-current tangible assets</b>		<b>2 560 471</b>	<b>2 424 733</b>	<b>2 436 892</b>
Investment in jointly controlled entities, associates and shares	4,10	109 657	61 833	124 592
Loans to related parties		40 178	-	-
Financial derivatives	4	29 716	-	46 618
Other long-term receivables		9 907	3 212	9 554
<b>Total financial assets</b>		<b>189 458</b>	<b>65 044</b>	<b>180 764</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2 767 700</b>	<b>2 505 808</b>	<b>2 635 429</b>
<b>CURRENT ASSETS</b>				
Inventory property		10 299	8 519	9 360
Trade receivables		18 693	12 206	14 155
Other receivables		15 164	8 088	12 625
Other receivables to related parties		0	16 443	14 370
<b>Total current receivables</b>		<b>44 156</b>	<b>45 257</b>	<b>50 510</b>
Cash and bank deposits		18 120	17 991	35 679
<b>TOTAL CURRENT ASSETS</b>		<b>62 277</b>	<b>63 248</b>	<b>86 188</b>
<b>TOTAL ASSETS</b>		<b>2 829 977</b>	<b>2 569 056</b>	<b>2 721 617</b>
<b>EQUITY</b>				
Shareholders equity		789 261	631 633	708 382
Non-controlling interest		113 880	43 999	52 919
<b>TOTAL EQUITY</b>		<b>903 141</b>	<b>675 632</b>	<b>761 300</b>
<b>LIABILITIES</b>				
Interest-bearing debt		1 510 249	569 798	1 347 535
Deferred tax liability		76 757	70 954	79 110
Financial derivatives	4	21 080	50 124	35 646
Lease liabilities, non-current portion		2 964	3 577	3 567
Other non-current liabilities		5 100	12 735	-
<b>Total non-current liabilities</b>		<b>1 616 150</b>	<b>707 189</b>	<b>1 465 858</b>
Trade payables		21 826	46 456	40 926
Interest-bearing debt		236 187	1 098 203	376 879
Debt to related parties		160	2 658	6 633
Lease liabilities, current portion		1 206	1 524	1 258
Other current liabilities		51 306	37 393	68 764
<b>Total current liabilities</b>		<b>310 686</b>	<b>1 186 235</b>	<b>494 459</b>
<b>TOTAL LIABILITIES</b>		<b>1 926 836</b>	<b>1 893 424</b>	<b>1 960 317</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 829 977</b>	<b>2 569 056</b>	<b>2 721 617</b>

Notes 1 through to 9 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
<b>Equity at 01.01.2020</b>	<b>4 930</b>	<b>200 291</b>	<b>134 420</b>	<b>373 828</b>	<b>64 663</b>	<b>778 131</b>
Profit for year	-	-	-	-11 007	-15 764	-26 771
Acquisitions/capital increase subsidiaries	-	-	-	-	4 020	4 020
Share based options	-	-	5 920	-	-	5 920
<b>Equity at 31.12.2020</b>	<b>4 930</b>	<b>200 291</b>	<b>140 340</b>	<b>362 821</b>	<b>52 919</b>	<b>761 300</b>
Profit for year	-	-	-	9 936	18 664	28 601
Capital increase as of 05.06.2021	493	74 420	-	-	-	74 913
Acquisitions/capital increase subsidiaries	-	-	-	-	43 000	43 000
Share based options	-	-	-1 706	-	-	-1 706
Change in non-controlling interest	-	-	-	718	-703	15
Cost of equity transactions directly in equity	-	-2 982	-	-	-	-2 982
<b>Equity at 30.06.2021</b>	<b>5 423</b>	<b>271 729</b>	<b>138 633</b>	<b>373 476</b>	<b>113 880</b>	<b>903 141</b>

Notes 1 through to 9 form an integral part of the consolidated financial statements.

## Statement of cash flows

All amounts in NOK thousand

	Note	Q2-21	Q2-20	YTD Q2 2021	YTD Q2 2020	2020
Profit before tax		1 648	-31 773	40 149	-121 957	-45 109
Expensed interest and fees on loans and leases		18 190	15 565	39 078	31 369	64 089
Interest and fees paid on loans and leases		-13 314	-14 702	-35 245	-30 110	-59 439
Share of profit from associates and jointly controlled entities		9 583	997	13 682	1 673	6 882
Gains from investment in shares		-	-	-15 479	-	-
Depreciation and amortisation	7	60	115	121	264	495
Other adjustments		714	-	1 226	-	2 649
Change in market value investment properties	4, 5	-33 122	26 418	-57 404	79 713	46 726
Change in market value financial instruments	4	13 780	4 421	1 567	38 335	-26 628
Change in working capital		-3 657	7 579	9 624	2 005	-2 767
<b>Net cash flow from operating activities</b>		<b>-6 118</b>	<b>8 620</b>	<b>-2 682</b>	<b>1 292</b>	<b>-13 101</b>
Proceeds from sales of investment properties and companies		35 121	-	35 121	-	47 441
Proceeds from sales of shares		2 500	-	17 500	-	25 015
Purchase of shares		-18 271	-10 009	-18 271	-53 009	-121 902
Purchase of business net of cash		-13 500	-	-105 161	-2 944	-
Upgrades and construction of investment properties		-75 236	-25 481	-136 536	-70 422	-183 531
Purchase of intangible assets and other plant and equipment		-0	-2 733	-0	-2 943	-
Net payment financial assets		-	-	-	-	14 795
Net payment of loans to associates and jointly controlled entities		-	-	-	-	-
<b>Net cash flow from investment activities</b>		<b>-69 386</b>	<b>-38 223</b>	<b>-207 348</b>	<b>-129 319</b>	<b>-218 182</b>
Proceeds interest-bearing debt		45 479	20 328	245 877	93 745	190 395
Repayment interest-bearing debt		-25 147	-2 231	-168 421	-7 942	-20 091
Net payments of loans to other related parties		-7 970	-	21 999	-4 074	6 606
Proceeds from convertible loans		-	13 250	42 783	13 250	37 936
Proceeds from equity		50 233	-	50 233	-	-
Contributions from non-controlling interests		-	-	-	-	1 076
<b>Net cash flow from financing activities</b>		<b>62 595</b>	<b>31 347</b>	<b>192 471</b>	<b>94 979</b>	<b>215 922</b>
Change in cash and cash equivalents		-12 909	1 744	-17 559	-33 048	-15 361
Cash and cash equivalents at beginning of period		31 029	16 248	35 679	51 040	51 040
<b>Cash and cash equivalents at end of period</b>		<b>18 120</b>	<b>17 991</b>	<b>18 120</b>	<b>17 991</b>	<b>35 679</b>

Notes 1 through to 9 form an integral part of the consolidated financial statements.

## NOTE 1 ACCOUNTING PRINCIPLES

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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 2020. 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 2020. There are no significant changes in accounting policies compared with those used when preparing the financial statements for 2020.

During the year the Group reassessed the treatment of R8 Evolve, a company purchased in the first quarter 2020, in regard to the control of the company. The renewed assessment concludes that the Group do not have the necessary power to influence decision making in the acquired company and as such, R8 Evolve will no longer be treated as a subsidiary due to lack of control. As a consequence, the comparative figures for Q2 2020 has been restated.

The interim financial statements report of R8 Property ASA was approved at a Board meeting on 1st September 2021 and have not been audited. The financial reporting covers R8 Property ASA and subsidiaries.

## NOTE 2 INFORMATION ABOUT REVENUE STREAMS

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### **Rental income from investment properties**

The Group's rental income was up by 14.1 per cent from 26.3 million in Q2-20 to 30.0 million in Q2-21.

### **Other operating revenue:**

The majority of other operating revenue relates to R8 Management, the group's real estate service provider.

## NOTE 3 SEGMENT INFORMATION

The operating segments are formally divided on the basis of products and services. The Group is organised into two reportable segments as follows, divided by the nature of their characteristics in regards to the assets, activities and income streams:

- Commercial Properties, which is a supplier of commercial property to customers
- Residential Properties, which provides new housing units to customers

There has been no aggregation of segments in the reported segments presented above. The operating segment of the Group as of today represent their own nature in regards to when and how income is generated (through sales or assets appreciation) and the products or services provided. The chief operating decision maker is the executive board and the CEO, which are the highest decision-making authority of the Group. Geographically, all of the Group's operations takes place in Norway. There is no single customer representing over 10% of the Group's total operating income. The rest of the Group's operations counts for less than 10% measured in revenue, profit or loss or combined assets and is not presented as a own segment below.

The Group's accounting principles applied to both the segment reporting and the profit & loss statement are identical. Income related to Commercial property is presented according to IFRS 16. Change in fair value of investment property is recognized in accordance with IAS 40. Income from Residential Properties is considered revenue from contracts with customers (IFRS 15).

All amounts in NOK thousand

Q2-21	Commercial Properties <sup>1)</sup>	Residential Properties	Eliminations <sup>2)</sup>	Consolidated
<b>INCOME STATEMENT</b>				
Total operating income	33 102	110	-247	32 965
- of which is rental income	29 982	-	-	29 982
- of which is other operating revenue	3 121	110	-247	2 984
Total operating costs	23 286	345	-247	23 384
<b>Net income</b>	<b>9 817</b>	<b>-235</b>	<b>-</b>	<b>9 582</b>
Fair value adjustments investment property	33 122	-	-	33 122
Net fair value financial derivatives	-13 780	-	-	-13 780
Net financial items	-27 169	-95	-11	-27 275
<b>Segment profit</b>	<b>1 989</b>	<b>-330</b>	<b>-11</b>	<b>1 648</b>
<b>BALANCE SHEET</b>				
Investment property	2 559 250	-	-	2 559 250
Inventory property	-	10 299	-	10 299
<b>Total assets from operating segments</b>	<b>2 559 250</b>	<b>10 299</b>	<b>-</b>	<b>2 569 549</b>
Deferred tax liability	76 945	-188	-	76 757
Interest bearing debt	1 736 053	10 383	-	1 746 436
<b>Total liabilities from operating segments</b>	<b>1 812 999</b>	<b>10 195</b>	<b>-</b>	<b>1 823 193</b>
<b>RECONCILIATIONS</b>				
<i>Reconciliation of revenue:</i>				
Total operating income from the segments				32 965
Other operating income				-
<b>The Group's total operating income</b>				<b>32 965</b>
<i>Reconciliation of profit:</i>				
Segment profit				1 648
Total other comprehensive income before tax				-
<b>The Group's profit before tax</b>				<b>1 648</b>
<i>Reconciliation of balance sheet:</i>				
Total assets from operating segments				2 569 549
Non-current assets				208 450
Current assets				51 978
<b>The Group's total assets</b>				<b>2 829 977</b>
Total liabilities from operating segments				1 823 193
Equity				903 141
Non-current liabilities				29 144
Current liabilities				74 498
<b>The Group's total equity and liabilities</b>				<b>2 829 977</b>

1) For key metrics of the segment Commercial Properties - see Note 14 Investment Property

2) Eliminations consists of intercompany transactions made at arm lengths principles



The financial report has in 2020 changed the structure of it's reportable segments, see the annual report of 2020, hence earlier periods for comparable amounts has been restated.

Q2-20	Commercial Properties	Residential Properties	Eliminations	Consolidated
<b>INCOME STATEMENT</b>				
Total operating income	30 200	100	-19	30 281
- of which is rental income	26 261	-	-	26 261
- of which is other operating revenue	3 939	100	-19	4 020
Total operating costs	14 946	297	-19	15 224
<b>Net income</b>	<b>15 254</b>	<b>-198</b>	<b>-</b>	<b>15 057</b>
Fair value adjustments investment property	-26 418	-	-	-26 418
Net fair value financial derivatives	-4 421	-	-	-4 421
Net financial items	-15 896	-94	-	-15 990
<b>Segment profit</b>	<b>-31 481</b>	<b>-292</b>	<b>-</b>	<b>-31 773</b>
<b>BALANCE SHEET</b>				
Investment property	2 423 500	-	-	2 423 500
Inventory property	-	8 519	-	8 519
<b>Total assets from operating segments</b>	<b>2 423 500</b>	<b>8 519</b>	<b>-</b>	<b>2 432 019</b>
Deferred tax liability	71 191	-237	-	70 954
Interest bearing debt	1 657 610	10 392	-	1 668 002
<b>Total liabilities from operating segments</b>	<b>1 728 801</b>	<b>10 155</b>	<b>-</b>	<b>1 738 956</b>
<b>RECONCILIATIONS</b>				
<i>Reconciliation of revenue:</i>				
Total operating income from the segments				30 281
Other operating income				-
<b>The Group's total operating income</b>				<b>30 281</b>
<i>Reconciliation of profit:</i>				
Segment profit				-31 773
Total other comprehensive income before tax				-
<b>The Group's profit before tax</b>				<b>-31 773</b>
<i>Reconciliation of balance sheet:</i>				
Total assets from operating segments				2 432 019
Non-current assets				82 308
Current assets				54 729
<b>The Group's total assets</b>				<b>2 569 056</b>
Total liabilities from operating segments				1 738 956
Equity				675 632
Non-current liabilities				66 436
Current liabilities				88 032
<b>The Group's total equity and liabilities</b>				<b>2 569 056</b>

## NOTE 4 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 2020 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

	30.06.2021	30.06.2020	31.12.2020
Assets at fair value through profit or loss			
- Investment properties (level 3)	2 559 250	2 423 500	2 436 000
- Derivatives (level 3) <sup>1)</sup>	29 716	-	46 618
- Equity instruments (level 3) <sup>2)</sup>	35 143	-	34 374
<b>Total</b>	<b>2 624 109</b>	<b>2 423 500</b>	<b>2 516 992</b>

### LIABILITIES MEASURED AT FAIR VALUE

	30.06.2021	31.03.2020	31.12.2020
Liabilities at fair value through profit or loss			
- Derivatives (level 2)	21 080	50 124	35 646
<b>Total</b>	<b>21 080</b>	<b>50 124</b>	<b>35 646</b>

1) Financial derivatives as an asset relates to a forward contract to acquire the remaining shares in Inkognitogaten 33 A AS. The forward contract was originally an option and during the second quarter of 2021 the Group made an irreversible commitment to buy the underlying asset and as a consequence, considers the option as a forward contract until the settlement date which is estimated in Q2 2022. The contract give rise to a decrease in fair value during the quarter.

2) The investment of shares in Inkognitogaten 33 A AS is measured using fair value considering that fair value can be measured accurately and reliably for this investment. The other investments in associates and jointly controlled entities is measured at amortised cost because the fair value can not be measured in a reliable and sufficient way.

## NOTE 5 INVESTMENT PROPERTIES

All amounts in NOK thousand

	Q2-21	Q2-20	2020
<b>VALUE OF INVESTMENT PROPERTIES</b>			
Opening balance previous period	2 730 680	2 403 000	2 409 000
<b>Other movements</b>			
Purchase of investment properties			16 000
Projects and upgrades in the property portfolio	59 327	43 560	164 415
Capitalised borrowing costs	801	3 360	13 311
Sale of investment property	-264 680	-	-120 000
Change in value from investment properties	33 122	-26 420	-46 726
<b>Total value of investment property</b>	<b>2 559 250</b>	<b>2 423 500</b>	<b>2 436 000</b>

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.

The Group has lease contracts regarding service cars. Outstanding right-of-use assets as per 30.06.2021 is tNOK 66,3.

### SPECIFICATION OF INVESTMENT PROPERTIES

All amounts in NOK thousand

The Groups investment properties is organised into three corporate units:

Green Office: properties with energy classification and environmental focus

City Office: other ordinary office properties

Commercial Property: properties located in the city center where majority of tenants operates within food & beverage or healthcare

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 unit performance. The Group reports information based upon these three units.

### CORPORATE UNITS Q2-21

30.06.2021	Area			Occupancy		No. of prop. (#)	Market value		Wault <sup>1)</sup> (yrs)	Annual rent		Wault <sup>2)</sup> (yrs)	Net direct yield		Net yield (valuation)		Market rent <sup>3)</sup>	
	(sqm)	(sqm)	(%)	(tNOK)	(NOK/sqm)		(tNOK)	(NOK/sqm)		(%)	(%)		(tNOK)	(NOK/sqm)				
Green Office	32 390	28 673	88,5	5	904 550	27 927	5,4	55 029	1 919	4,9	5,1	5,8	62 387	1 926				
City Office	39 552	36 233	91,6	14	648 650	16 400	4,1	42 734	1 179	4,0	5,7	6,1	52 502	1 327				
Commercial Prop.	33 016	26 214	79,4	7	722 050	21 870	9,3	49 554	1 890	9,4	5,0	6,8	63 703	1 929				
<b>Total management portfolio</b>	<b>104 958</b>	<b>91 120</b>	<b>86,8</b>	<b>26</b>	<b>2 275 250</b>	<b>21 678</b>	<b>6,2</b>	<b>147 317</b>	<b>1 617</b>	<b>6,2</b>	<b>5,3</b>	<b>6,2</b>	<b>178 592</b>	<b>1 702</b>				
Project Office	4 858	4 858	100,0	6	284 000	58 460	12,4											
<b>Total project portfolio</b>	<b>4 858</b>	<b>4 858</b>	<b>100,0</b>	<b>6</b>	<b>284 000</b>	<b>58 460</b>	<b>12,4</b>											
<b>Total property portfolio</b>	<b>109 816</b>	<b>95 978</b>	<b>87,4</b>	<b>32</b>	<b>2 559 250</b>	<b>23 305</b>	<b>6,9</b>											

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 30 June 2021 corresponds to 10% of market rent. The Group has one single external customer representing over 10% of the Group's revenue, that is Helfo with 10,2% of the Group's revenue. Furthermore, the Group has around 91% of its estimated marked value of properties and 90% of its rental income geographically from the county of Vestfold Telemark, while the rest is located in the Oslo area.

R8 Property has one ongoing project in Porsgrunn (research center - Polymer Exploration Center). This project is 50% owned by R8 Property. Furthermore, R8 Property are doing feasibility studies on additional five properties.

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

Corporate segments in the table above follow the 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.

### TENANT INDUSTRY Q2-21

30.06.2021	Occupancy		Wault <sup>1)</sup>		Annual rent	
	(sqm)	(yrs)	(tNOK)	(NOK/sqm)	(tNOK)	(NOK/sqm)
Office	67 252	5,1	107 031	1 591		
Retail	7 151	5,4	10 142	1 418		
Hotels	6 237	12,6	11 774	1 888		
Healthcare	5 573	4,9	6 908	1 240		
Food and Beverage	4 907	10,8	11 462	2 336		
<b>Total management portfolio</b>	<b>91 120</b>	<b>6,2</b>	<b>147 317</b>	<b>1 617</b>		

## CORPORATE UNITS Q2-20

30.06.2020	Area		Occupancy		No. of prop. (#)	Market value		Wault <sup>1)</sup>		Annual rent		Wault <sup>2)</sup>	Net direct yield (%)	Net yield (valuation) (%)	Market rent <sup>3)</sup>	
	(sqm)	(sqm)	(%)	(%)		(tNOK)	(NOK/sqm)	(yrs)	(yrs)	(tNOK)	(NOK/sqm)				(tNOK)	(NOK/sqm)
Green Office	37 646	33 979	90,3	6	1 031 000	27 387	5,3	63 683	1 874	5,1	5,1	5,9	70 861	1 882		
City Office	37 702	32 447	86,1	15	646 000	17 134	5,5	38 895	1 199	5,0	5,1	6,1	50 023	1 327		
Commercial Prop.	33 002	28 318	85,8	7	652 500	19 772	9,8	48 266	1 704	9,9	5,9	7,3	61 443	1 862		
<b>Total management portfolio</b>	<b>108 350</b>	<b>94 744</b>	<b>87,4</b>	<b>28</b>	<b>2 329 500</b>	<b>21 500</b>	<b>6,6</b>	<b>150 844</b>	<b>1 592</b>	<b>6,6</b>	<b>5,3</b>	<b>6,3</b>	<b>182 328</b>	<b>1 683</b>		
Project Office	4 858	4 858	100,0	5	94 000	19 350	9,5									
<b>Total project portfolio</b>	<b>4 858</b>	<b>4 858</b>	<b>100,0</b>	<b>5</b>	<b>94 000</b>	<b>19 350</b>	<b>9,5</b>									
<b>Total property portfolio</b>	<b>113 208</b>	<b>99 602</b>	<b>88,0</b>	<b>33</b>	<b>2 423 500</b>	<b>21 407</b>	<b>6,7</b>									

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 30 June 2020 corresponds to 9,3% of market rent.

R8 Property had one on-going project (research center - Polymer Exploration Center) in Q2-2020.

## TENANT INDUSTRY Q2-20

30.06.2020	Occupancy		Wault <sup>2)</sup>		Annual rent	
	(sqm)	(%)	(yrs)	(yrs)	(tNOK)	(NOK/sqm)
Office	67 284		5,7		108 086	1 606
Retail	10 463		6,0		11 702	1 118
Hotels	6 292		13,6		11 709	1 861
Healthcare	5 586		5,8		6 761	1 210
Food and Beverage	5 119		9,2		12 586	2 459
<b>Total management portfolio</b>	<b>94 744</b>		<b>6,6</b>		<b>150 844</b>	<b>1 592</b>

1) Wault weighted on property market value

2) Wault weighted on annual rent

3) includes market rent from available areas

## NOTE 6 TRANSACTIONS WITH RELATED PARTIES

The Group has no transactions with related parties during the second quarter of 2021.

## NOTE 7 KEY FIGURES

All amounts in NOK thousand

### DEBT RATIO (LTV)

	30.06.2021	30.06.2020	31.12.2020
Net nominal interest-bearing debt	1 746 436	1 668 002	1 724 414
Total market value of the property portfolio	2 569 549	2 432 019	2 445 360
<b>Debt ratio (LTV) % of Property Portfolio</b>	<b>68,0</b>	<b>68,6</b>	<b>70,5</b>
Net nominal interest-bearing debt	1 746 436	1 668 002	1 724 414
Total market value of the property portfolio including other investments*	2 679 206	2 493 852	2 569 952
<b>Debt ratio (LTV) % of Property Portfolio including other investments*</b>	<b>65,2</b>	<b>66,9</b>	<b>67,1</b>

\* Investments in jointly controlled entities, associates and shares.

### INTEREST COVERAGE RATIO (ICR)

	Q2-21	Q2-20	2020
Net income from property management	9 581	15 057	46 457
Depreciation (excl. IFRS 16)	60	190	495
Net realised financials	498		2 053
Net effect from leases	-	-	-3
<b>EBITDA adjusted</b>	<b>10 139</b>	<b>15 247</b>	<b>49 002</b>
Interest cost	18 190	15 565	78 799
Other finance expense		-	644
<b>Applicable net interest cost</b>	<b>18 190</b>	<b>15 565</b>	<b>79 443</b>
<b>Interest Coverage Ratio (ICR)</b>	<b>0,6</b>	<b>1,0</b>	<b>0,6</b>

## NOTE 8 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	Q2-21 / 30.06.2021	Q2-20 / 30.06.2020	2020 / 31.12.2020
EPRA Earnings per share (EPS)	NOK	-0,5	0,4	-0,8
EPRA NRV per share	NOK	47,6	41,9	43,8
EPRA NTA per share	NOK	45,0	39,3	41,1
EPRA NDV per share	NOK	40,5	33,1	35,6
EPRA net initial yield	%	4,7 %	4,7 %	4,6 %
EPRA "topped-up" net initial yield	%	4,9 %	5,0 %	4,9 %
EPRA vacancy rate	%	10,0 %	11,2 %	11,5 %
EPRA cost ratio (including direct vacancy costs)	%	42,5 %	38,1 %	50,1 %
EPRA cost ratio (excluding direct vacancy costs)	%	29,7 %	26,5 %	40,0 %

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 interest rate swaps and gains/losses on the sale of properties and their associated tax effects.

All amounts in NOK thousand

	Q2-21 / 30.06.2021	Q2-20 / 30.06.2020	2020 / 31.12.2020
Profit for period/year	-3 797	-27 200	-26 771
<b>Add:</b>			
Changes in value of investment properties	-33 122	26 418	46 726
Tax on changes in value of investment properties <sup>1)</sup>	7 287	4 216	-10 280
Profits or losses on disposal of investment properties, development properties held for investment and other interests	-3 199	-	-
Tax on profits or losses on disposal of investment properties, development properties held for investment and other interests <sup>1)</sup>	-	-	-
Acquisition costs on share deals and non-controlling joint venture interest	-	-	-
Tax on acquisition costs on share deals and non-controlling joint venture interest <sup>1)</sup>	-	-	-
Changes in value of other investment interests	12 768	-	-50 485
Tax on changes in value of other investment interests swaps <sup>1)</sup>	-	-	-
Changes in value of interest rate swaps	1 012	4 421	23 856
Tax on changes in value of interest rate swaps <sup>1)</sup>	-223	-973	-5 248
Share of profit jointly controlled entities - fair value adjustments	9 583	997	6 882
Reversal of deferred tax EPRA adjustments jointly controlled entities <sup>1)</sup>	-	-	-
Net income non-controlling interest of subsidiaries	343	401	-211
Reversal of tax non-controlling interests of subsidiaries <sup>1)</sup>	-75	-239	45
Change in tax rate <sup>1)</sup>	-	-	-
<b>EPRA Earnings</b>	<b>-9 423</b>	<b>8 042</b>	<b>-15 485</b>

1) 22 per cent from 2021 and 22 per cent for 2020.

### EPRA NET ASSET VALUE METRICS

#### EPRA NET REINSTATEMENT VALUE (NRV):

The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included. NRV does not include any real estate transfer tax as property transactions in Norway generally do not levied such taxes, hence no adjustments for RETT is being done.

#### EPRA NET TANGIBLE ASSETS (NTA):

The underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystallising levels of deferred tax liability. The Group has chosen the second option in the EPRA BPR to adjust for deferred tax, estimating the real tax liability based on how the company has completed property transactions lately.

#### EPRA NET DISPOSAL VALUE (NDV):

Shareholders are interested in understanding the full extent of liabilities and resulting shareholder value if company assets are sold and/or liabilities are not held until maturity. For this purpose, the EPRA Net Disposal Value provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the Balance Sheet, net of any resulting tax. This measure should not be viewed as a "liquidation NAV" because, in many cases, fair values do not represent liquidation values.

NET ASSET VALUE	Q2-21 / 30.06.2021	Q2-20 / 30.06.2020	31.12.2020
<b>NAV - book value of equity</b>	<b>903 140</b>	<b>702 832</b>	<b>761 300</b>
Hybrid instruments	96 926	-	51 673
<b>Diluted NAV</b>	<b>1 000 066</b>	<b>702 832</b>	<b>812 973</b>
Less: Non-controlling interest	-113 880	-43 999	-52 919
Fair value of interest rate swaps	18 820	45 165	32 007
Goodwill as a result of deferred tax	-5 640	-5 640	-5 640
Deferred tax	133 483	128 271	140 253
<b>Net reinstatement value (EPRA NRV)</b>	<b>1 032 850</b>	<b>826 629</b>	<b>926 675</b>
<i>EPRA NRV per share</i>	<i>47,6</i>	<i>41,9</i>	<i>43,8</i>
Goodwill as per the IFRS	-1 372	-1 372	-1 372
Intangible assets as per the IFRS	-	-	-
Estimated real deferred tax <sup>1)</sup>	-56 263	-49 385	-57 039
<b>Net tangible assets (EPRA NTA)</b>	<b>975 215</b>	<b>775 872</b>	<b>868 264</b>
<i>EPRA NTA per share</i>	<i>45,0</i>	<i>39,3</i>	<i>41,1</i>
Fair value of interest rate swaps according to above	-18 820	-45 165	-32 007
Deferred tax as per the IFRS	-77 220	-78 886	-83 214
Fair value adjustment of interest bearing debt	-	-	-
Intangible assets according to above	-	-	-
<b>Net disposal value (EPRA NDV)</b>	<b>879 175</b>	<b>651 821</b>	<b>753 043</b>
<i>EPRA NDV per share</i>	<i>40,5</i>	<i>33,1</i>	<i>35,6</i>

1) The Group's est. real deferred tax related to temporary differences of properties has been calculated to 1.0 %. The deferred tax adjustment is calculated based on a discount rate of 7.0 % and the assumption that 50 % of the property portfolio are realized in 50 years in transactions structured as sale of companies in which the tax discount is 7.5 %. The same presumptions in regards to the realisation of 50 % of the property portfolio applies for the treatment of deferred tax asset on losses carried forward, but with a tax discount of 8.0%. The other half of losses carried forward is expected to be realised over the next 30 years, starting 5 years after the reporting date and with an equivalent amount each year thereafter. The losses carried forward is discounted with a rate of 7.0 %. The real tax liability related to the gains/losses account is estimated by anticipating an amortisation of 20 % annually and a discount rate of 7.0 %.

## EPRA NET INITIAL YIELD (NIY)

EPRA NIY is calculated on the basis of annualised rental income at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property, grossed up with (estimated) purchaser's costs.

EPRA 'topped-up' NIY incorporates an adjustment to the EPRA NIY for the expiration of rent-free periods and other unexpired lease incentives such as discounted rent periods and step rents.

The table below relates solely to the segment "commercial properties" as defined in note 6 in the Group's annual report.

All amounts in NOK thousand

	Q2-21 / 30.06.2021	Q2-20 / 30.06.2020	31.12.2020
Investment property - consolidated	2 559 250	2 423 500	2 436 000
Investment property - share of JVs	-	-	-
<b>Total Property portfolio</b>	<b>2 559 250</b>	<b>2 423 500</b>	<b>2 436 000</b>
Less: projects and development sites	-284 000	-94 000	-154 500
<b>Completed property portfolio</b>	<b>2 275 250</b>	<b>2 329 500</b>	<b>2 281 500</b>
Allowance for estimated purchasers' costs	11 376	11 648	11 408
<b>Gross up completed property portfolio valuation</b>	<b>2 286 626</b>	<b>2 341 148</b>	<b>2 292 908</b>
12 months rolling rent	124 424	125 394	121 022
Estimated ownership cost	17 344	17 025	16 459
<b>Annualised net rents</b>	<b>107 079</b>	<b>108 369</b>	<b>104 563</b>
Add: notional rent expiration of rent free periods or other lease incentives	3 484	8 444	6 705
<b>Topped-up net annualised rent</b>	<b>110 564</b>	<b>116 814</b>	<b>111 268</b>
<b>EPRA NIY</b>	<b>4,7 %</b>	<b>4,7 %</b>	<b>4,6 %</b>
<b>EPRA 'topped-up' NIY</b>	<b>4,9 %</b>	<b>5,0 %</b>	<b>4,9 %</b>

## EPRA VACANCY RATE

EPRA vacancy rate is calculated based on the estimated rent value (ERV) of vacant space divided by the estimated rent value of the whole property portfolio of completed properties.

All amounts in NOK thousand

	Q2-21 / 30.06.2021	Q2-20 / 30.06.2020	31.12.2020
Estimated market rent vacant space	17 879	20 396	19 911
Total market rent whole portfolio	178 592	182 328	173 523
<b>EPRA vacancy rate</b>	<b>10,0 %</b>	<b>11,2 %</b>	<b>11,5 %</b>

## EPRA COST RATIO

The EPRA cost ratios are aimed at providing a consistent base-line from which companies can provide further information around costs where appropriate and for stakeholders to receive transparent and consistent reporting between real estate companies. The EPRA cost ratios analyses administrative and operating cost, both including and excluding costs of direct vacancy, against gross rental income.

All amounts in NOK thousand

	Q2-21 / 30.06.2021	Q2-20 / 30.06.2020	31.12.2020
<b>Total operating cost</b>	<b>23 384</b>	<b>15 224</b>	<b>86 034</b>
Share of joint ventures expenses	-	-	-
Less: Costs related to non-property activities and external customers	-7 359	-5 112	-28 577
Less: Ground rent cost	-155	-155	-620
Less: Investment property depreciation	-	-	-
Less: Gains/losses on sale of properties & disposals	-3 199	-	-1 474
<b>EPRA Cost (including direct vacancy cost)</b>	<b>12 670</b>	<b>9 957</b>	<b>56 837</b>
Direct vacancy cost	3 817	3 044	11 394
<b>EPRA Cost (excluding direct vacancy cost)</b>	<b>8 854</b>	<b>6 913</b>	<b>45 443</b>
Gross rental income less ground rent	29 826	26 106	113 533
Share of joint ventures	-	-	-
<b>Total gross rental income less ground rent</b>	<b>29 826</b>	<b>26 106</b>	<b>113 533</b>
<b>EPRA Cost Ratio (including vacancy cost)</b>	<b>42,5 %</b>	<b>38,1 %</b>	<b>50,1 %</b>
<b>EPRA Cost Ratio (excluding vacancy cost)</b>	<b>29,7 %</b>	<b>26,5 %</b>	<b>40,0 %</b>

Comment: Capital expenditures related to the property portfolio is generally being capitalised and as a consequence adjusted for through fair value recognised in the profit and loss statement. Overhead and other property related costs are being recognised in the profit and loss statement.

## NOTE 9 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

Our tenant portfolio is divided into five different industries/segments: Office, Hotels, Food & Beverage, Healthcare and Retail – with Office as the majority at approx. 73 percent of the revenue. R8 Property's tenant portfolio is diversified in number of tenants as well as in business sectors and segments. Public tenants make up approx. 21% of the group's rental income, another approx. 25% of our revenue comes from large private tenants within banking, telecom, insurance and professional services etc.

The corona pandemic outbreak has impacted the Groups tenants, financials and property values. The property values within our Office segment/industry are considered to be strong. We are beginning to see an improvement in the market and optimism among our tenants operating in the other industries/segments.

In June 2021 the Board decided to exercise the option to acquire the remaining shares in Inkognitogaten 33A AS. Related this decision, two other transactions were completed after the end of the second quarter. In Q3 2021 the Group has sold 8,25% of the shares and issued a put option on 41,75% of the shares.

## NOTE 10 SUPPLEMENTARY INFORMATION TO INVESTMENTS

### Skien Bygge

Skien Brygge is a long-term project which involves the development of both residential and commercial properties. The development project is structured in three phases. The project is going as planned and commencement of phase one is expected in the second quarter of 2022 following a completion in Q2 2024. The development of phase two and three last phases is estimated in the period from 2025 to 2033.

R8 owns 25% of Skien Brygge Utvikling which currently involves phase one of the project. The Group has also signed a letter of intent for phase two and three of the project with the same ownership as phase one. Skien Brygge is considered as an investment in an associate. As of 31.06.21 the investment had a book value of mNOK 3.

Newsec has presently valued phase one of the project at mNOK 42 (100% basis).

### Orbit Technology

Orbit Technology offers technology solutions that enables office sharing at scale, by turning unused office space into satellite workspaces, available and affordable for anyone. The Group owns 35,5% of the company through R8 Technology AS. The investment is considered a joint venture with a book value of mNOK 5,98 per 30.06.21. Latest transaction in Q1-21 implied a total fair value of Orbit Technology at mNOK 150.

# CONTACT

## CONTACT INFO

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## **Financial calendar**

Q3 report 2021	12.11.21
Q4 report 2021	18.02.22
Annual report 2021	25.03.22

### **R8 Property**

Head office and postal address

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3920 Porsgrunn

[www.r8property.no](http://www.r8property.no)

# STATEMENT OF RESPONSIBILITY

The Board and CEO have considered and approved the condensed consolidated financial statements for the period 1 January to 30 June 2021. We confirm to the best of our knowledge that the condensed financial statements for the above-mentioned period:

- Has been prepared in accordance with International Financial Reporting Standards (IFRS)
- Provide a true and fair view of the Company's assets, liabilities, financial position, and overall result for the period viewed in their entirety
- That the interim management report includes a fair review of any significant events that arose during the above-mentioned period and their effect on the financial report
- Provide a true picture of any significant related parties' transactions, principal risks and uncertainties faced by the Company

Porsgrunn, 1 September 2021

Emil Eriksrød, CEO  
George Emil Aubert, Chair  
Knut Bråthen, Director  
Runar Rønningen, Director  
Leif Oddvin Jensen, Director  
Else Christina Maria Sundby, Director  
Marianne Lie, Director  
Elin Tufte Johansen, Director





# 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 net realised financial and 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 Net Reinvestment Value (NRV)	EPRA NRV is a NAV metric which uses IFRS equity, excludes deferred tax in relation to financial instruments and investment properties, fair value adjustments of financial instruments and goodwill as a result of deferred tax.
EPRA Net Tangible Assets (NTA)	EPRA NTA is a NAV metric which uses IFRS equity including only estimated real tax liability and excludes fair value of financial instruments, goodwill and intangible assets as per the balance sheet.
EPRA Net Disposal Value (NDV)	EPRA NDV is a NAV metric which uses IFRS equity included all deferred tax liabilities, including fair value of financial instruments and excludes goodwill as per the balance sheet.
EPRA Net Initial Yield (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.
EPRA Vacancy Rate	Estimated market rental value (ERV) of vacant space divided by ERV of the whole portfolio.
EPRA Cost Ratios	Administrative and operating costs (included and excluded costs of direct vacancy) divided by gross rental income.
Loan-to-value ("LTV")	Net nominal value of interest-bearing liabilities 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.
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.