



R8 PROPERTY PRESENTATION

Q3 2021



Polymer Exploration Center

# Agenda

I	<b>HIGHLIGHTS &amp; KEY FIGURES</b>
II	Development in the quarter
III	Meeting new consumer preferences
IV	Project and development portfolio
V	Financial statement



Photo: Ivar Kvaal

### HIGHLIGHTS FOR THE QUARTER

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- Solid operational performance reflected in net income from property management of NOK 15.7 million, an increase of approximately NOK 1 million from Q3-20 on continued property (less transactions in the period)
- Hotel industry picking up following Covid-19, strong occupancy in Q3
- Positive portfolio value changes of NOK 12.9 million
- Lease contract with Schlumberger Information Solutions AS confirmed for 2,393 sqm in Fornebuveien 1-3, Lysaker
- Agreement to enter a 20-year lease contract with Comfort Hotel Skien Brygge AS in the upcoming development project Skien Brygge expected to be finalized and signed before year-end
- Lease contract with Comfort Hotel Porsgrunn extended by five years. The revised lease contract will end in February 2039
- Growing preference for flexible working conditions continues to boost demand for office sharing concept R8 Evolve (75 per cent ownership) and the technology solutions provider Orbit Technology (35.5 per cent ownership)

### Subsequent events

- Agreement on sale of two properties, Storgata 106 and Storgata 171-175 in Porsgrunn

# Key figures Q3 2021

All amounts in NOK million

Q3-21

Rental income

29.5

Net Income from property management

15.7

Market value on property portfolio

2 601

Profit before tax

8.7

# Agenda

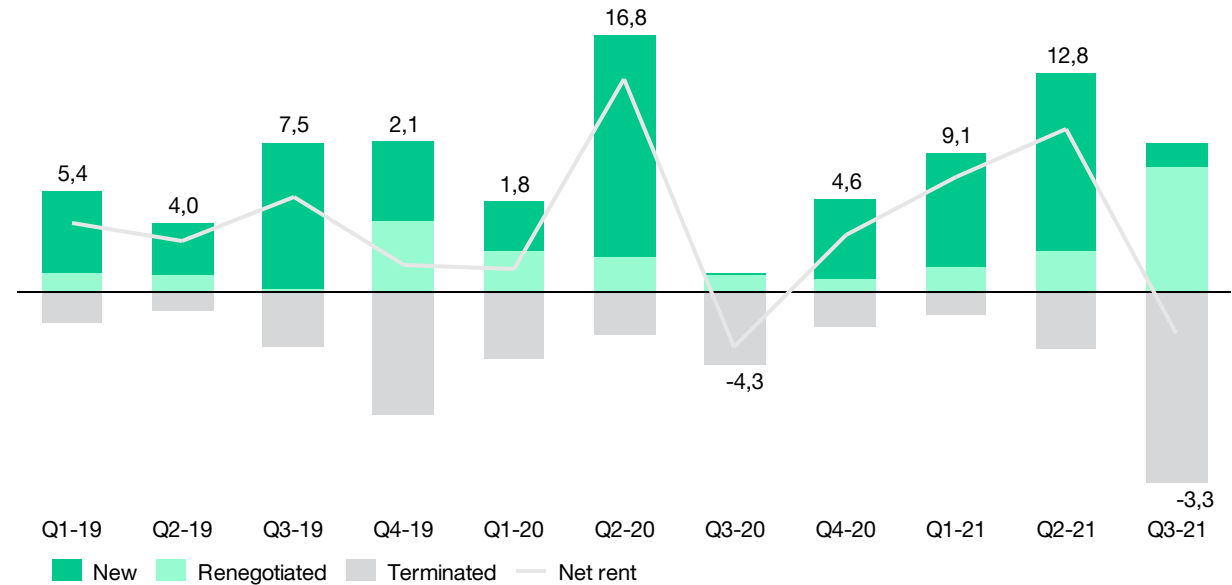
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Photo: Ivar Kvaal

LETTING AND OCCUPANCY Q3-21

- Net letting in Q3 of NOK -3.3 million
- 9 new leases of NOK 1.9 million
- 2 renewed leases of NOK 9.9 million
- 10 terminated contracts of NOK 15.1 million



Management Portfolio (ownership ≥ 50%)

Occupancy	Annual rental income	WAULT
86.2	145.9	6.5
%	mNOK	years

\* Net letting management & project portfolio = new signed contracts + renegotiated contracts - terminated contracts

\*\* Terminated contracts = contracts that have been terminated in the actual quarter prior to actual expiration date on contract + contracts that have ended in the quarter according to expiration date in contract

## NEW LEASE CONTRACTS

Tenant	Property	Contract	Duration (years)	Sqm
Comfort Hotel Porsgrunn AS	Kammerherreløkka	Renegotiated	17,3*	6 178
Vestfold og Telemark Fylkeskommune	Grønlikroken 5	New	5	513
Telemark Eiendomsmegling AS	Storgata 106	New	5	179
Fotograf Vegard Giskehaug	Tollboden	New	5	162
Söderberg & Partners Wealth Mng AS	Kammerherreløkka	New	5+5+5	146
Other		New/renegotiated	1-4	227
<b>Total</b>				<b>7 405</b>

\* The revised lease contract adds an additional 5 years on top of the existing lease agreement set to expire in February 2034.



Kammerherreløkka,  
Porsgrunn



Grønlikroken, Skien

### FINANCIAL DEVELOPMENT

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- Rental income of NOK 29.5 million in Q3-21 compared with NOK 30.9 million in Q3-20. The 4.5 per cent reduction is related to changes in the property portfolio
- Share of profit (loss) from associates and joint ventures affected Net financials with a negative contribution of NOK 9.0 million (R8 Evolve NOK 7.3 million, Orbit Technology NOK 1.7 million)
- Higher activity in hotel and business industry resulted in several new and renegotiated lease contracts and contributed to a positive unrealised change in fair value of investment properties of NOK 12.9 million
- Positive change in unrealised fair value of financial derivatives of NOK 4.5 million is related to a positive contribution of NOK 9.3 million from interest rate swaps. A forward contract to acquire the remaining shares in Inkognitogaten 33A AS and an option issued in Q3-21 to sell 50 per cent of these shares, had a negative effect of NOK 4.85 million



## THE PROPERTY PORTFOLIO

## CORPORATE UNITS Q3-21

30.09.2021	Area (sqm)	Occupancy		No. of prop. (#)	Market value		Wault <sup>1)</sup> (yrs)	Annual rent		Wault <sup>2)</sup> (yrs)	Net direct yield (valuation)		Net yield (valuation)		Market rent <sup>3)</sup>	
		(sqm)	(%)		(tNOK)	(NOK/sqm)		(tNOK)	(NOK/sqm)		(%)	(%)	(tNOK)	(NOK/sqm)		
Green Office	32 390	28 683	88,6	5	917 450	28 325	5,4	55 071	1 920	4,7	5,2	5,8	63 145	1 950		
City Office	39 552	35 270	89,2	14	646 050	16 334	4,0	41 378	1 173	4,1	4,6	6,0	52 828	1 336		
Commercial Prop.	33 016	26 501	80,3	7	727 900	22 047	10,4	49 450	1 866	10,4	5,0	6,6	62 221	1 885		
<b>Total management portfolio</b>	<b>104 958</b>	<b>90 454</b>	<b>86,2</b>	<b>26</b>	<b>2 291 400</b>	<b>21 832</b>	<b>6,6</b>	<b>145 899</b>	<b>1 613</b>	<b>6,5</b>	<b>5,0</b>	<b>6,1</b>	<b>178 194</b>	<b>1 698</b>		
Project Office	4 858	4 858	100,0	5	299 000	61 548	12,4									
<b>Total project portfolio</b>	<b>4 858</b>	<b>4 858</b>	<b>100,0</b>	<b>5</b>	<b>299 000</b>	<b>61 548</b>	<b>12,4</b>									
<b>Total property portfolio</b>	<b>109 816</b>	<b>95 312</b>	<b>86,8</b>	<b>31</b>	<b>2 590 400</b>	<b>23 589</b>	<b>7,3</b>									

## TENANT INDUSTRY Q3-21

30.09.2021	Occupancy		Wault <sup>2)</sup> (yrs)	Annual rent	
	(sqm)	(%)		(tNOK)	(NOK/sqm)
Office	66 426	5,1	105 538	1 589	
Retail	7 282	5,2	10 076	1 384	
Hotels	6 234	17,2	11 767	1 888	
Healthcare	5 619	5,0	6 798	1 210	
Food and Beverage	4 893	10,5	11 720	2 395	
<b>Total management portfolio</b>	<b>90 454</b>	<b>6,5</b>	<b>145 899</b>	<b>1 613</b>	

The calculation of net yield is based on the valuers' assumption of ownership costs, which on 30 September 2021 corresponds to 9.4 per cent of market rent. Parking areas (sqm) are not included in this overview.

The Group has one single external tenant representing over 10 per cent of the Group's revenue, that is Helfo with 10.1 per cent of the Group's revenue. Furthermore, the Group has around 91 per cent of its estimated marked value of properties and 90 per cent 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 per cent owned by R8 Property. Furthermore, R8 Property are doing feasibility studies on additional five properties.

Corporate segments in the first table 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 second table.

1) Wault weighted on property market value

2) Wault weighted on annual rent

3) includes market rent from available areas

### UPDATE ON INVESTMENTS

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#### **R8 Evolve (Joint venture - 75 per cent)**

Evolve offers flexible workplaces with access to 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.

R8 owns 75 per cent of R8 Evolve. As of 30.09.21 the investment had a book value of NOK 49.1 million. An external valuation of the company is expected in Q4-21.

#### **Orbit Technology (Joint venture - 35.5 per cent)**

Orbit Technology offers a two-sided technology platform for supply and demand of office space. The platform matches free office space with market needs (subscribers) in real time. The technology also ensures that the buildings are smarter through simpler access control and user administration. Group's investment in Orbit Technology had a book value of NOK 2.3 million per 30.09.21. Latest transaction in Q1-21 implied a total fair value of Orbit Technology at NOK 150 million.

### UPDATE ON INVESTMENTS

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#### **Skien Brygge (Associate - 25 per cent)**

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 per cent 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 30.09.21 the investment had a book value of NOK 3 million.

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

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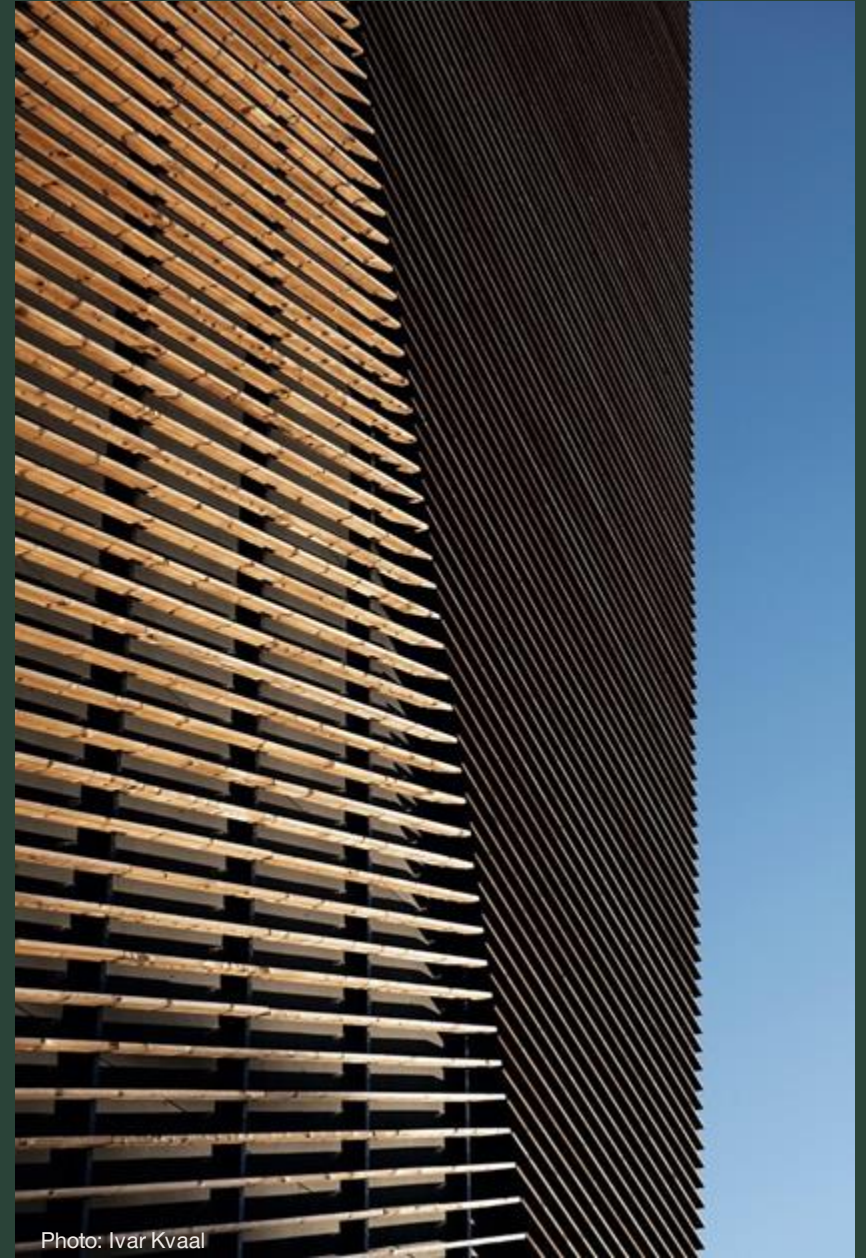


Photo: Ivar Kvaal

## R8 Hybrid

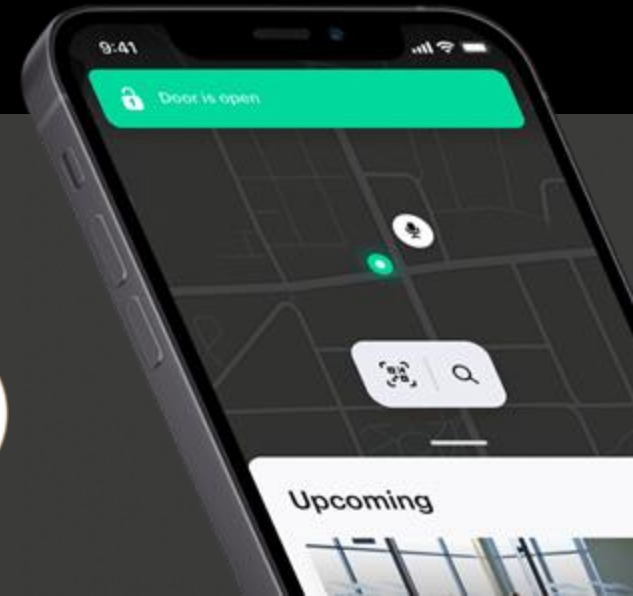
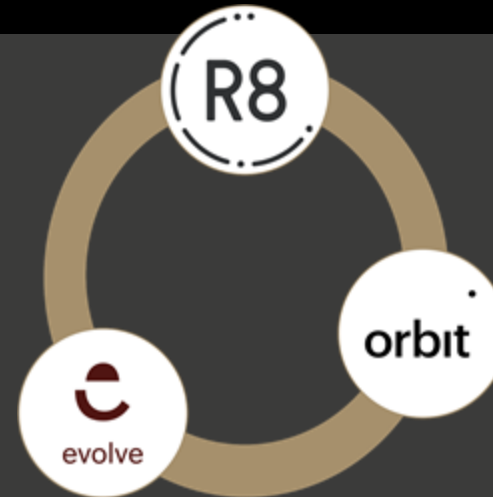
TO MEET THE OFFICE USERS' CHANGED BEHAVIOR AND NEEDS AFTER COVID-19, R8 HAS LAUNCHED R8 HYBRID.

- ♣ **Combining ordinary office rental and co-working provides both flexibility and predictability**
- ♣ **Tenants get access to a network of office spaces, meeting rooms and other facilities**
- ♣ **Corporate agreements for existing tenants**
- ♣ **Utilizes the capacity of the buildings in a better way**

R8 Hybrid is a combination of an ordinary, permanent lease and a membership in Evolve Business Space, with access to their 27 locations with flexible workplaces.

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.



### Tenants signed in on R8 Hybrid:

**24 SevenOffice**  
Inkognitogaten 33  
1,274 sqm  
80 users

**Schlumberger Information Solutions**  
Fornebuveien 1-3  
2,393 sqm  
200 users

## Approximately 100% increase in net ARR YTD 2021

Net ARR YTD Q3: 42 954 120 NOK

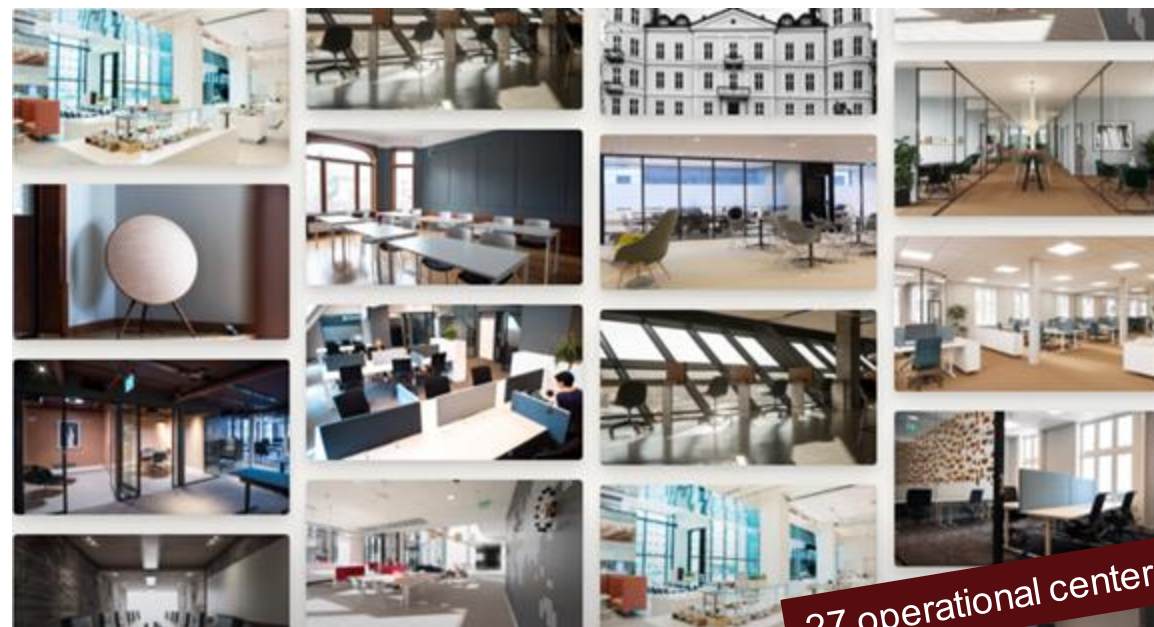


### Key highlights in Q3

- Strong effect from rebranding, marketing and digitalization of sale process
- High market activity, substantial ARR growth

### New center to open next 12 months

- |                     |            |       |           |
|---------------------|------------|-------|-----------|
| - Lørenveien 73     | Oslo       | Q1-22 | 1,400 sqm |
| - Fornebuveien 1-3  | Oslo       | Q2-22 | 2,000 sqm |
| - Storgata 42       | Lillestrøm | Q2-22 | 1,000 sqm |
| - Inkognitogaten 33 | Oslo       | Q2-22 | 2,000 sqm |



27 operational centers



**KEY MILESTONES REACHED – PRE 3 MONTHS**

- Launch Orbit at Oslo Business Forum
- Successful live debate with leading real estate and business leaders
- Enabled self onboarding in app with subscription and access
- Improved brand to appear more mature
- Doubled network size with new spaces and entered partnership with Flexspace for faster growth
- Introducing help center with chatbot and article
- Remote unlock for all users

**KEY MILESTONES AHEAD – NEXT 3 MONTHS**

- Grow subscription base to 1000 users
- Pilot with larger companies to test a flexible workday, beginning with Storebrand
- Credit card payment in app
- Phase one of new admin dashboard for desktop
- Onboarding for non-BankID users

**GENERAL METRICS**

Employees	11 FTE’s + 6 contracted
# customers	
# users	900
Runway	[●]
Revenue forecast (current year)	[●]
ARR	[●]

**COMPANY SPECIFIC METRICS (Δ LAST 3 MONTHS)**

# of PBO locations	9
# of satellites locations	17
# of bookings	0
# of subscribers	9 (10 on waiting list)
# of access request	58613

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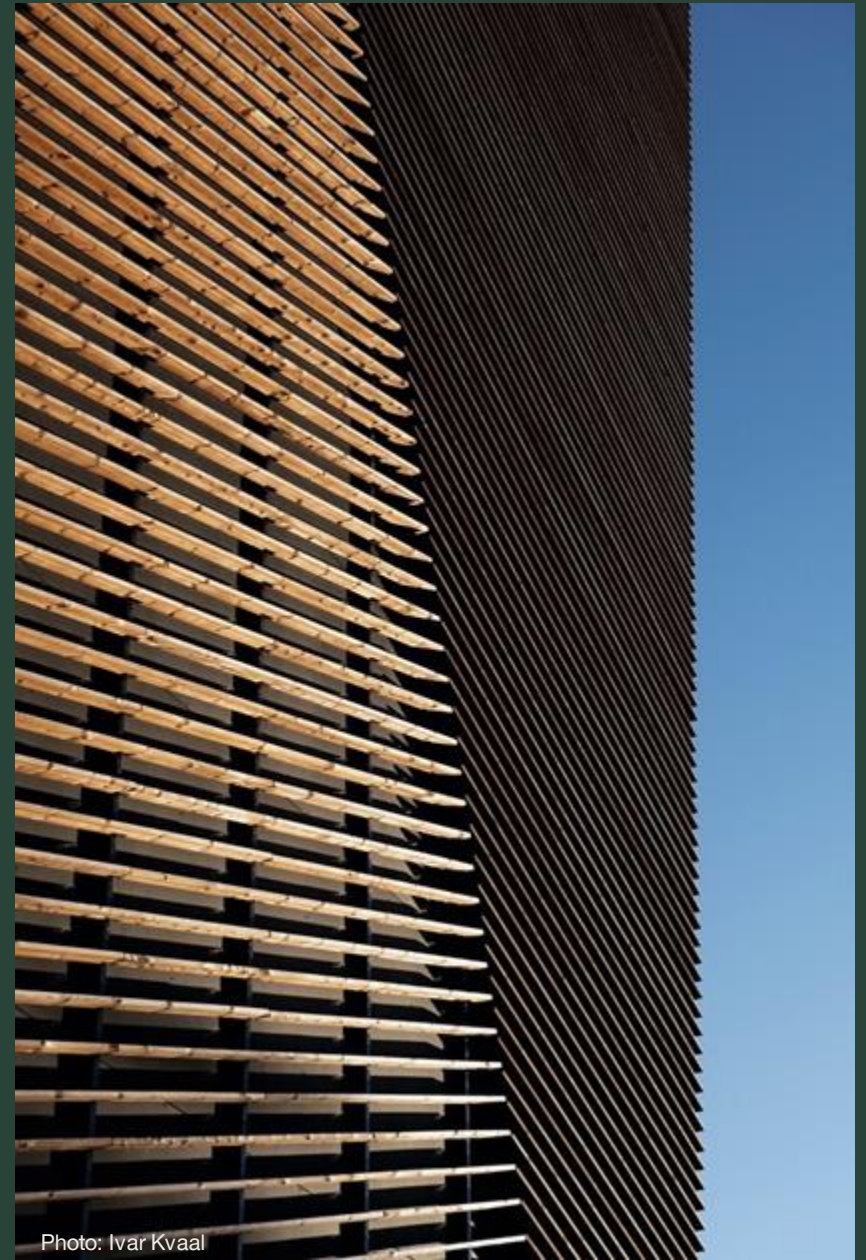


Photo: Ivar Kvaal



Project Portfolio – under construction								
Project	Ownership	Location	Type	Area	Expected completion	Occupancy	Project Cost (NOK million)	Of which accrued (NOK million)
Polymer Exploration Centre	50%	Porsgrunn	Office	4,858	Q4 2021	100%	174.2	147.0
Inkognitogaten 33	8.3% <sup>2</sup>	Oslo	Office	3,266	Q2 2022	100%	75.7 <sup>1</sup> ↑	21.1
<b>Sum Project Portfolio - under construction</b>				<b>8,124</b>			<b>247.1</b>	<b>145.3</b>

Project Portfolio - zoned						
Project	Ownership	Location	Type	Area	Zoning	Building permit
Skien Brygge - Phase 1	25%	Skien	Residential/ Commercial	14,825	•	•
Skien Brygge - Phase 2	25%	Skien	Residential/ Commercial	23,925	•	
Skien Brygge - Phase 3	25%	Skien	Residential/ Commercial	19,525	•	
Utsikten	100%	Skien	Residential	1,496	•	•
Vestsiden Terrasse	50%	Porsgrunn	Residential	4,257	•	
Arkaden - Phase 3	100%	Skien	Office / Parking / Retail	7,151	•	
<b>Sum Project Portfolio - zoned</b>				<b>71,179</b>		

Development Portfolio				
Project	Ownership	Location	Type	Area
Slottsfjell Park	100%	Tønsberg	Office	17,000
Powerhouse Tønsberg	100%	Tønsberg	Office	11,000
Porsgrunn Næringspark	100%	Porsgrunn	Office	18,400
Kammerherreløkka	50%	Porsgrunn	Office	2,800
<b>Sum Development Portfolio</b>				<b>49,200</b>

1: Investment has increased with approx NOK 2,5 million. This is due to a new energy strategy, with district heating.

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

## POLYMER EXPLORATION CENTER



- Newbuild – office and laboratory
- Ownership: 50%
- Location: Porsgrunn
- Expected completion: Q4 21
- Size: 4,858 sqm
- Occupancy: 100%
- Estimated project cost: NOK 174 million
- Energy rating: A

## INKOGNITO PARK



- Redevelopment - office
- Ownership: 8.3%
- Location: Oslo
- Expected completion: Q2 22
- Size: 3,263 sqm
- Occupancy: 100%
- Estimated project cost: NOK 75.7 million
- BREEAM-NOR: Very Good
- Energy rating: E

## SLOTTSFJELL PARK + POWERHOUSE TØNSBERG



Powerhouse Tønsberg

- Planning initiative was sent to Tønsberg planning authorities in Q3 21
- Newbuild and redevelopment – office and hotel
- Signed LOI with Nordic Choice Hotel, Rambøll Norge and Evolve
- Ownership: 100%
- Location: Tønsberg
- Est. Size: 28,000 sqm



Slottsfjell Park



Outdoor area

SKIEN BRYGGE



- Newbuild – office, hotel and residential
- Ownership: 25%
- Location: Skien
- Size: 58,275 sqm

UTSIKTEN TERRASSE (RESIDENTIAL)



- Newbuild - residential
- Ownership: 100%
- Location: Skien
- Size: 1,496 sqm

VESTSIDEN TERRASSE (RESIDENTIAL)



- Newbuild - residential
- Ownership: 50%
- Location: Porsgrunn
- Size: 4,257 sqm

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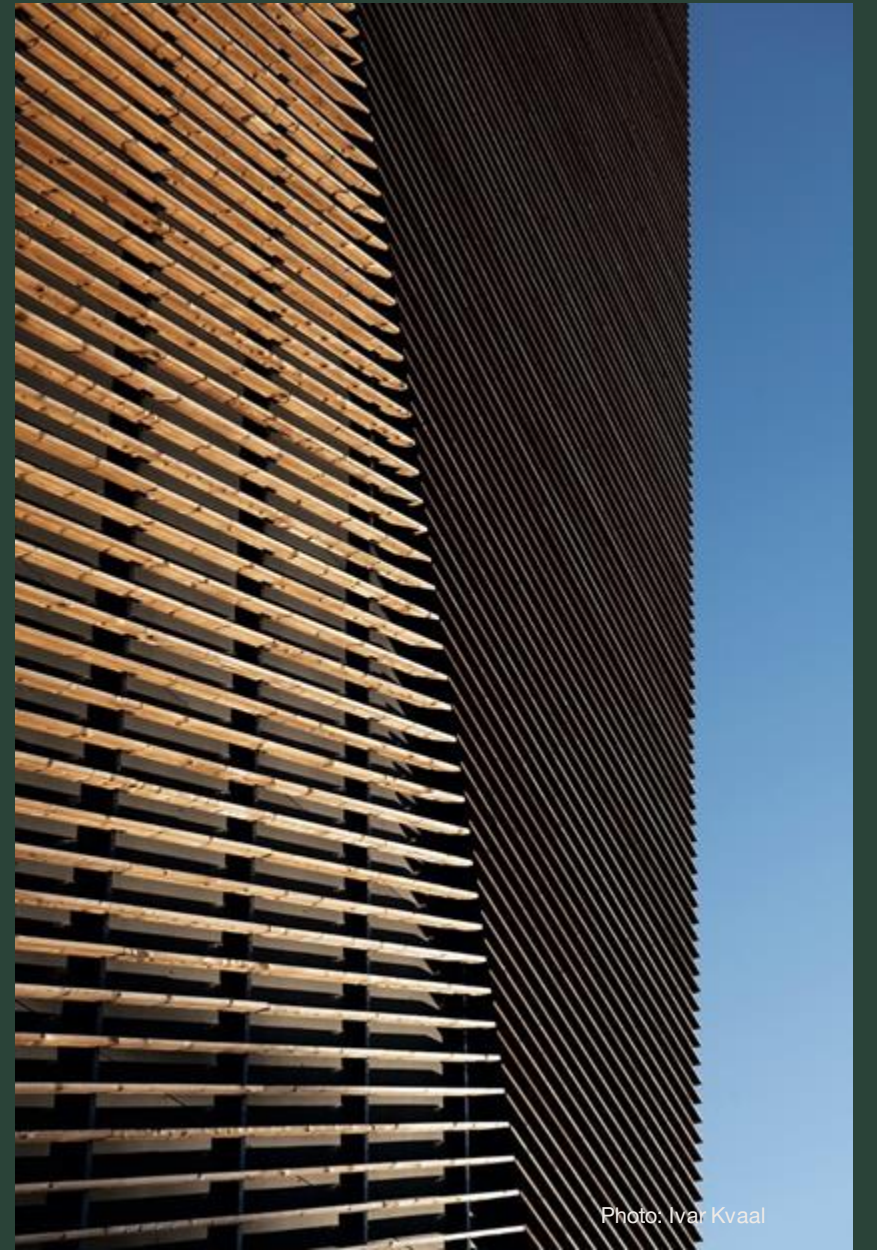
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**V FINANCIAL STATEMENT**



All amounts in NOK thousand	Q3-21	Q3-20	YTD Q3-21	YTD Q3-20	2020
Rental income	29 496	30 862	89 544	85 742	114 153
Change period-on-period	-4 %	18 %	4 %	18 %	14 %
Net income from property management	15 680	17 260	36 454	45 333	46 457
Change period-on-period	-9 %	6 %	-20 %	12 %	11 %
Profit before tax	8 726	79 533	48 875	-42 424	-45 109
Change period-on-period	-89 %	100 %	-215 %	-169 %	-159 %
Profit after tax	3 304	72 785	31 905	-33 008	-26 771
Change period-on-period	-95 %	100 %	-197 %	-169 %	-145 %
Market value of the property portfolio	2 601 045	2 517 086	2 601 045	2 517 086	2 445 360
Market value of prop.portfolio and book value of other inv*	2 684 496	2 600 798	2 684 496	2 600 798	2 569 952
Net nominal interest-bearing debt	1 751 986	1 750 073	1 751 986	1 750 073	1 724 414
Loan to value of property portfolio	67,4 %	69,5 %	67,4 %	69,5 %	70,5 %
Loan to value of property portfolio and other investments*	65,3 %	67,3 %	65,3 %	67,3 %	67,1 %
Interest coverage ratio	1,0	1,1	1,0	1,1	0,6
Number of shares	21 694	19 720	21 694	19 720	19 720
All amounts in NOK per share	Q3-21	Q3-20	YTD Q3-21	YTD Q3-20	2020
EPRA NRV	43,2	44,3	43,2	44,3	43,8
**Change period-on-period	-3 %	N/A	-3 %	N/A	N/A
EPRA NTA	40,5	41,2	40,5	41,2	41,1
**Change period-on-period	-2 %	N/A	-2 %	N/A	N/A
EPRA NDV	35,7	35,4	35,7	35,4	35,6
**Change period-on-period	1 %	N/A	1 %	N/A	N/A
EPRA Earnings	-0,1	0,04	-0,8	0,3	-0,8
**Change period-on-period	319 %	N/A	-350 %	N/A	N/A

	Q3-21
Fair value per share (EPRA NRV incl. fair value adjustment)***	49,5
Fair value of the property portfolio and other investments***	2 821 696
Net nominal interest-bearing debt	1 751 986
Loan to value of property portfolio and other investments***	62,1 %

\* Including book value of 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 Q3-21.

\*\*\* Including fair value of investments in jointly controlled entities, associates and shares. Fair values are based on third party transactions and valuations performed in 2021, and management assessments.

EPRA NAV metrics for Q2-21 have been adjusted from the previous report (report of the first half-year and second quarter of 2021). See Note 8 EPRA reporting in the financial statement for further information.

As from Q4-20, R8 Evolve is not treated as a subsidiary due to lack of control. Consequently, comparative figures for Q3-20 have been restated.

## Statement of total comprehensive income

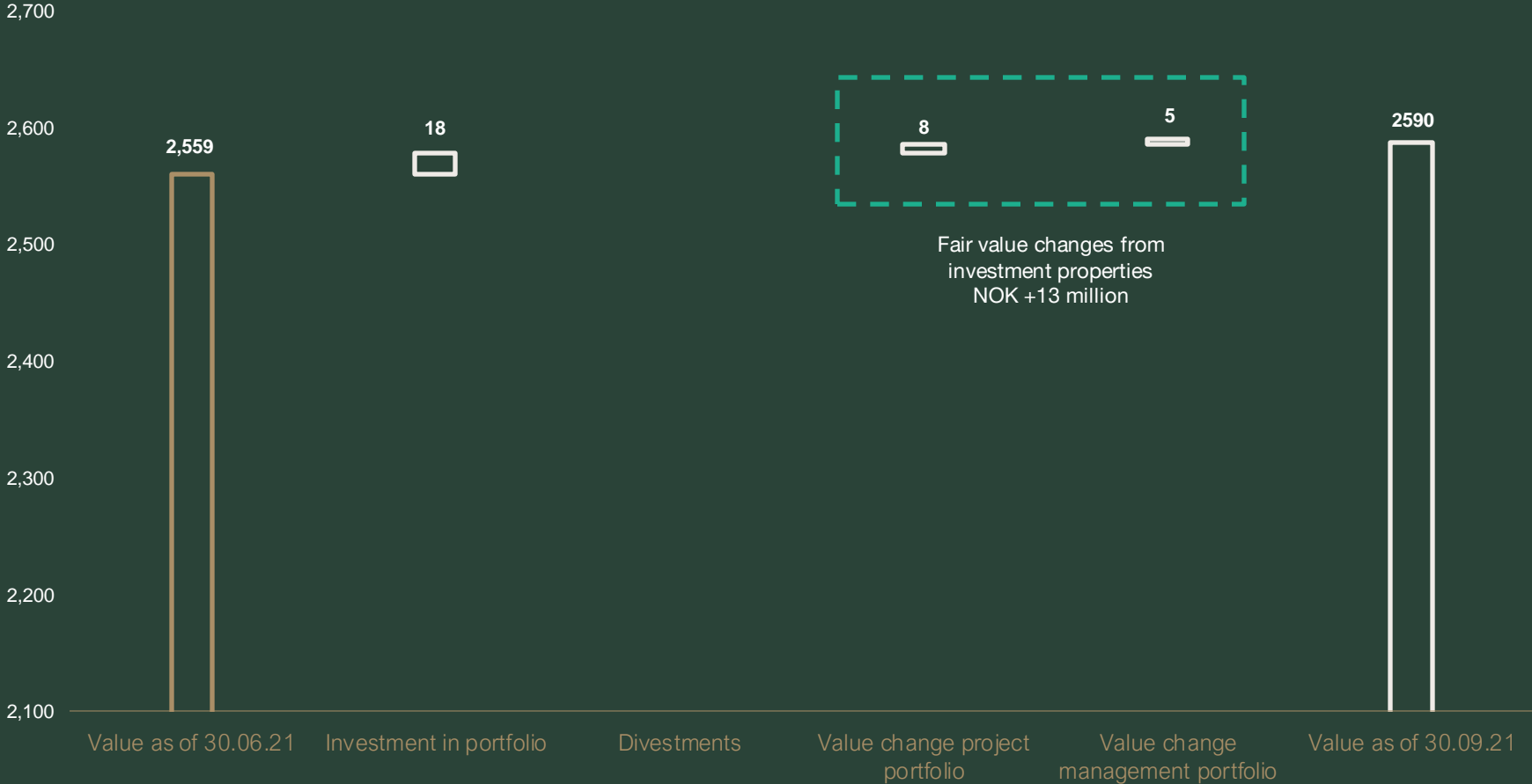
All amounts in NOK thousand

	Note	Q3-21	Q3-20	YTD Q3-21	YTD Q3-20	2020
Rental income	2	29 496	30 862	89 544	85 742	114 153
Other operating revenue	2	3 360	4 528	12 407	11 839	18 338
<b>Total operating income</b>		<b>32 856</b>	<b>35 390</b>	<b>101 952</b>	<b>97 581</b>	<b>132 491</b>
Maintenance and other operating expenses		13 883	16 189	50 110	35 206	53 208
Other property-related expenses		944	573	2 387	1 156	2 196
Administrative expenses		2 348	1 368	13 001	15 886	30 630
<b>Total operating costs</b>		<b>17 175</b>	<b>18 130</b>	<b>65 498</b>	<b>52 248</b>	<b>86 034</b>
<b>Net income from property management</b>		<b>15 680</b>	<b>17 260</b>	<b>36 454</b>	<b>45 333</b>	<b>46 457</b>
Changes in fair value from investment properties	4,5	12 893	34 244	70 297	-45 469	-46 726
<b>Operating profit</b>		<b>28 573</b>	<b>51 504</b>	<b>106 751</b>	<b>-136</b>	<b>-269</b>
Gains from investment in shares		-	-	15 479	-	-
Interest and other finance income		690	373	1 510	1 433	2 053
Share of profit (loss) from associates and joint ventures		-8 959	-2 241	-22 641	-3 914	-6 882
Losses from investment in shares		-	-	-	-	-496
Interest and other finance expense		-16 075	-16 260	-55 153	-47 629	-66 142
Changes in fair value of financial instruments	4	4 497	46 157	2 930	7 822	26 628
<b>Net financial items</b>		<b>-19 847</b>	<b>28 029</b>	<b>-57 876</b>	<b>-42 288</b>	<b>-44 840</b>
<b>Profit before tax</b>		<b>8 726</b>	<b>79 533</b>	<b>48 875</b>	<b>-42 424</b>	<b>-45 109</b>
Tax expense		-5 422	-6 748	-16 970	9 416	18 338
<b>Profit for year</b>		<b>3 304</b>	<b>72 785</b>	<b>31 905</b>	<b>-33 008</b>	<b>-26 771</b>



# Value development\*

(MNOK)



\* Value changes for Investment Property

*All amounts in NOK thousand*

	Note	30.09.2021	30.09.2020	31.12.2020
<b>NON-CURRENT ASSETS</b>				
Deferred tax asset		5 352	2 703	10 169
Other intangible assets		7 548	17 605	7 605
<b>Total intangible assets</b>		<b>12 900</b>	<b>20 308</b>	<b>17 773</b>
Investment property	4,5	2 590 400	2 508 000	2 436 000
Other operating assets		1 142	860	765
Right-of-use assets		51	163	127
<b>Total non-current tangible assets</b>		<b>2 591 593</b>	<b>2 509 023</b>	<b>2 436 892</b>
Investment in jointly controlled entities, associates and shares	4	83 451	83 712	124 592
Loans to related parties		54 514	-	-
Financial derivatives	4	29 150	40 578	46 618
Other long-term receivables		10 240	2 219	9 554
<b>Total financial assets</b>		<b>177 354</b>	<b>126 509</b>	<b>180 764</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2 781 847</b>	<b>2 655 840</b>	<b>2 635 429</b>
<b>CURRENT ASSETS</b>				
Inventory property		10 645	9 086	9 360
Trade receivables		17 733	13 369	14 155
Other receivables		5 143	18 141	12 625
Other receivables to related parties		0	10 108	14 370
<b>Total current receivables</b>		<b>33 521</b>	<b>50 704</b>	<b>50 510</b>
Cash and bank deposits		21 831	16 660	35 679
<b>TOTAL CURRENT ASSETS</b>		<b>55 353</b>	<b>67 364</b>	<b>86 188</b>
<b>TOTAL ASSETS</b>		<b>2 837 200</b>	<b>2 723 204</b>	<b>2 721 617</b>

All amounts in NOK thousand

	Note	30.09.2021	30.09.2020	31.12.2020
<b>EQUITY</b>				
Shareholders equity		783 438	702 757	708 382
Non-controlling interest		121 881	46 377	52 919
<b>TOTAL EQUITY</b>		<b>905 320</b>	<b>749 134</b>	<b>761 300</b>
<b>LIABILITIES</b>				
Interest-bearing debt		1 517 616	579 744	1 347 535
Deferred tax liability		77 288	77 816	79 110
Financial derivatives	4	29 169	48 667	35 646
Lease liabilities, non-current portion		2 657	3 322	3 567
Other non-current liabilities		4 300	1	-
<b>Total non-current liabilities</b>		<b>1 631 030</b>	<b>709 550</b>	<b>1 465 858</b>
Trade payables		19 739	42 878	40 926
Interest-bearing debt		234 370	1 170 329	376 879
Debt to related parties		-	2 260	6 633
Lease liabilities, current portion		1 195	1 510	1 258
Other current liabilities		45 546	47 543	68 764
<b>Total current liabilities</b>		<b>300 850</b>	<b>1 264 520</b>	<b>494 459</b>
<b>TOTAL LIABILITIES</b>		<b>1 931 880</b>	<b>1 974 070</b>	<b>1 960 317</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 837 200</b>	<b>2 723 204</b>	<b>2 721 617</b>

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

