



R8 PROPERTY ASA  
QUARTERLY REPORT Q3 2021

# CONTENTS

Highlights for the quarter	3
Financial Q3 2021	4
Key figures	5
Financial development	6
The Property Portfolio	9
Investments and divestments	12
Partly owned companies	15
Other information	16
Company structure	17
Financial statements	18
Contact	31
Definitions	33

# HIGHLIGHTS FOR THE THIRD QUARTER 2021

- 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 og Storgata 171-175 in Porsgrunn

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

*“During the third quarter we saw activity picking up in the hotel and business industry, and the attractiveness of our property portfolio was confirmed through several new lease contracts which were signed or extended during the quarter.*

*The shift in employees’ preferences for a more flexible and efficient working day with less commute continues. R8 Property identified this trend early on and established our partly owned subsidiary Orbit Technology, which offers technology solutions that enable office sharing at scale, in addition to enhancing the coworking company Evolve.*

*The US market represents an exciting untapped potential for Orbit Technology, beyond our Norwegian base. This autumn, Orbit Technology established a US subsidiary called Getorbit.com LCC. to get a presence in the US market. Although this is clearly at an early stage, it is an opportunity we are excited to look more into.*

*As part of our growth strategy, we are also actively looking into new projects, both new constructions (greenfield) and development of existing buildings (brownfield).*

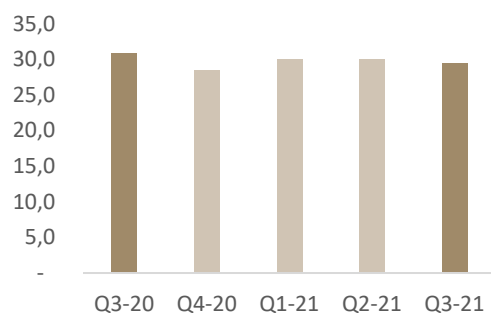
*The construction industry is responsible for about 40 per cent of global carbon emissions, and in R8 Property we want to take our share of responsibility for helping to reduce climate emissions. In 2020 we completed Powerhouse Telemark, one of the world's most spectacular and energy-efficient buildings, and this year we have launched plans to develop Powerhouse Tønsberg as part of the Slottsfjell Park project.*

*Our ambition is that Slottsfjell Park, located at the entrance to Tønsberg, will become the world's very first Paris Proof quarter. The buildings will have climate neutral use of materials, as well as innovative technology from Orbit Technology, which optimize the use of office and meeting spaces. The park will also consist of a hotel and restaurants and will be combined with rehabilitated buildings and a new Powerhouse. The project will be divided into two or three phases, and the expected start is no earlier than 2023,” says Emil Eriksrød, CEO of R8 Property.*

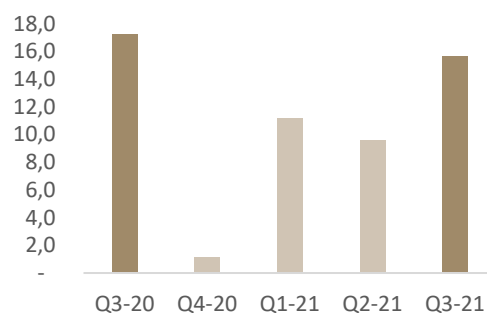
# FINANCIAL Q3 2021

- Rental income of NOK 29.5 million (NOK 30.9 million) in the quarter
- Net income from property management of NOK 15.7 million (NOK 17.3 million)
- Positive total portfolio value changes of NOK 12.9 million (NOK 34.2 million)
- Profit before tax of NOK 8.7 million (NOK 79.5 million)
- EPRA NRV per share of NOK 43.2 (NOK 44.3)\*

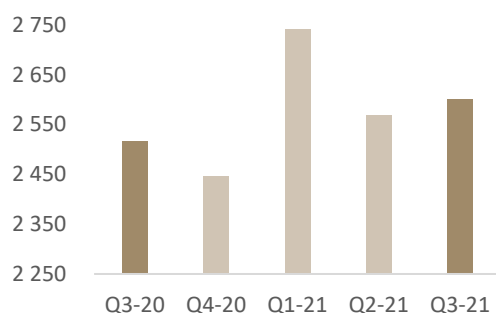
Rental income  
(MNOK)



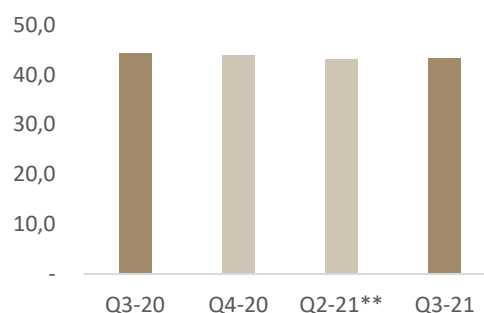
Net income property management  
(MNOK)



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 figure is therefore not calculated for Q1-21.

\*\* EPRA NRV for Q2-21 has 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.

# KEY FIGURES

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	NOK per share			
Fair value of the property portfolio and other investments***	2 821 696	NOK thousand			
Net nominal interest-bearing debt	1 751 986	NOK thousand			
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 have 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 not calculated for Q3-20 and 2020.

\*\*\* 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.

# FINANCIAL DEVELOPMENT

## Profit and loss

### Net income from property management

The Group had 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.

- Total operating income came in at NOK 32.9 million (NOK 35.4 million) in the quarter.
- Total operating cost amounted to NOK 17.2 million (NOK 18.1 million) in the quarter.
- Net operating income from property management came in at NOK 15.7 million (NOK 17.3 million) in the quarter.

From Q3-20 to Q3-21 there have been several changes in the property portfolio. The Group sold three properties, Nordre Fokserød 14 in Q4-20 and Henrik Ibsensgate 40-42 and Rådhusgata 2 in Q2-21. In Q1-21 the Group acquired Fornebuveien 1-3 and Slottsfjell Park. This is the main explanation for the development in operating income, costs and net income from property management. In sum these changes in the property portfolio had a net negative effect around NOK 3.5 million on rental income. Net income from property management in Q3-21 would be approximately NOK 1 million higher compared to Q3-20 on continued property (adjusted for transactions in the period).

The Group does not have any own used properties in Q3-21 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 Q3-21.

### Net financials

Net financials amounted to NOK -19.8 million (NOK 28.0 million) in the quarter. Interest and other finance expenses amounted to NOK 16.1 million (NOK 16.3 million) in the quarter. Net share of loss from associates and joint ventures was NOK 9.0 million (NOK -2.2 million) in the quarter and relates to the Group's investments in R8 Evolve and Orbit Technology. R8 Evolve accounted for NOK -7.3 million and Orbit Technology NOK -1.7 million in the quarter.

Unrealised changes in fair value of financial instruments gave a net positive contribution of NOK 4.5 million (NOK 46.2 million). The positive change in the quarter mainly comes from interest swaps (NOK 9.3 million). In addition, the effect relates to a forward contract to acquire the remaining shares in Inkognitogaten 33 A AS and a put option issued in Q3-21 to sell 50 per cent of these shares (in total NOK -4.85 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 negative result in Q3-20 was related to the call option in Inkognitogaten 33 A AS.

### Value changes

The valuation of the investment portfolio resulted in a net positive value change of NOK 12.9 million (NOK 34.2 million) in the quarter. Properties with significant changes to highlight in the quarter are increased value of Kammerherreløkka 3 and 5 and Dokkvegen 20 (project Polymer Exploration Centre), and reduced value of Fornebuveien 1-3. In Q3-20 the positive value change resulted from Dokkvegen 11 (Powerhouse Telemark) and Henrik Ibsensgate 40-42, both projects which were finally completed in this quarter.

### Profit

Profit before tax was NOK 8.7 million (NOK 79.5 million) in the quarter. Profit after tax was NOK 3.3 million (NOK 72.8 million) in Q3-21.

## Balance sheet

The Group's assets amounted to NOK 2 837 million (NOK 2 723 million) as of 30.09.21 of which investment property constituted NOK 2 590 million (NOK 2 508 million).

Investments in associates, jointly controlled entities and shares were NOK 83.5 million (NOK 83.7 million) at the end of Q3 2021. Investments in R8 Evolve AS, Orbit Technology AS and Inkognitogaten 33 A AS constitute a large proportion of the balance sheet value. The ownership in Inkognitogaten 33 A AS is reduced from 16.6 per cent to 8.3 per cent in Q3-21. The ownership in R8 Evolve AS and Orbit Technology AS has changed from Q3-20 to Q3-21, with a net positive effect on investments in associates, jointly controlled entities and shares.

Financial derivatives as an asset in the quarter amount to NOK 29.2 million (NOK 40.6 million) and relates to the forward contract to acquire the remaining shares in Inkognitogaten 33 A.

Total current assets came in at NOK 55.4 million (NOK 67.4 million) in Q3-2021.

Financial derivatives as a liability in the quarter were NOK 29.2 million (NOK 48.7 million). This is related to fair value change of interest rate swaps, as well as an option to sell shares in Inkognitogaten 33 A AS issued in Q3-21.

Book equity totalled NOK 905.3 million (NOK 749.1 million), representing an equity ratio of 31.9 per cent (27.5 per cent). Equity per share was NOK 43.2 (NOK 44.3) based on the EPRA NRV standard and NOK 40.5 (NOK 41.2) based on EPRA NTA.

Outstanding shares at 30.09.21 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 in connection with R8 Property ASA being listed on Euronext Growth.

### Other information

As from Q4-20, R8 Evolve AS is not consolidated in the Total Comprehensive Income (TCI) and balance sheet. This is due to changes in associated agreements regarding control influence. R8 Evolve was assessed as a subsidiary in Q3 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.

## Cash flow statement

Net cash flow from operating activities came in at NOK 12.6 million (NOK 6.9 million) in the quarter.

The net cash flow from investment activities was NOK 1.6 million (NOK -80.4 million) in the quarter.

Net cash flow from financing activities was NOK -10.5 million (NOK 72.1 million) in the quarter.

Cash and cash equivalents at the end of Q3-21 came in at NOK 21.8 million (NOK 16.7 million).

## Financing

R8 Property's total interest-bearing nominal debt as of 30.09.21 was NOK 1 752 million (NOK 1 750 million). During the third quarter the total interest-bearing nominal debt increased by NOK 6 million. The increase was mainly due to refinancing and progress in construction projects with ongoing construction loans.

R8 Property is not in breach of any covenant requirements at the end of Q3-21.

### Interest bearing debt and maturity structure

The average remaining term for the Group's debt portfolio was 3.8 years at 30.09.21.

### 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	171 643	855 382	328 345	320 389	1 675 759
Subordinated loans	63 181	13 046			76 227
<b>Total</b>	<b>234 825</b>	<b>868 427</b>	<b>328 345</b>	<b>320 389</b>	<b>1 751 986</b>
	13 %	50 %	19 %	18 %	100 %

### Interest rates and maturity structure

The average interest rate of the debt portfolio was 3.31 per cent as of 30.09.2021. 40 per cent of the Group's financing was hedged at a fixed rate as of 30.09.21 with a weighted average maturity of 5.5 years.

Fixed rate instruments	Amount	Interest rate (%)
1-3 years	190 242	2,94 %
3-4 years	117 375	1,72 %
4-5 years	15 000	1,65 %
5-6 years	63 000	1,53 %
6-8 years	75 000	2,06 %
8-10 years	236 412	1,99 %
<b>Total</b>	<b>697 028</b>	<b>2,16 %</b>



# *The Property portfolio*



Photo: Ivar Kvaal

# THE PROPERTY PORTFOLIO

R8 Property's management portfolio as of 30.09.2021 consists of 26 buildings (28 buildings) with a total area of approximately 104 958 square meters (108 400 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 30.09.2021 the occupancy was 86.2 per cent (86.4 per cent). 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 6.5 years (6.5 years). Average annual rent per square meter was 1 613 NOK (1 581 NOK) as of 30.09.2021.

The net direct yield is at 5.0 per cent (5.0 per cent) based on annual rent as of 30.09.2021. Average yield on the total management portfolio (value weighted) as basis of property valuations is 6.1 per cent (6.3 per cent) as of 30.09.2021.

## CORPORATE UNITS Q3-21

30.09.2021	Area		No. of		Market value		Wault <sup>1)</sup> (yrs)	Annual rent		Net direct yield		Net yield		Market rent <sup>3)</sup>	
	(sqm)	(sqm)	(%)	(#)	(tNOK)	(NOK/sqm)		(tNOK)	(NOK/sqm)	(yrs)	(%)	(%)	(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>								

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 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 Q3-21

30.09.2021	Occupancy		Wault <sup>2)</sup>		Annual rent	
	(sqm)	(%)	(yrs)	(yrs)	(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>

1) Wault weighted on property market value

2) Wault weighted on annual rent

3) includes market rent from available areas

## Letting activity

During the third quarter of 2021 the Group signed new and renewed leases with an annual rent of NOK 11.8 million and received termination on leases totalling NOK 15.1 million. Net letting in the quarter amounted to NOK -3.3 million.

Net letting management & project portfolio = new signed contracts + renegotiated contracts – terminated contracts

Terminated contracts = contracts that have been terminated in the reporting quarter prior to contractual expiration date + contracts that have ended in the quarter according to expiration date in contract

### New contracts in the quarter

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

# INVESTMENTS AND DIVESTMENTS

R8 Property has invested NOK 18.6 million (NOK 50.3 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	147 057
Inkognito Park <sup>2)</sup>	8,3	Q2-22	3 263	100	75 681	21 105
<b>Total</b>			<b>8 121</b>	<b>100</b>	<b>249 950</b>	<b>168 162</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). Completion of the project is Q4-21 and the tenant will move in January 2022.

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 Group's 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.
- Vestsiden Terrasse is 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 are 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. In Q3-21 Skien Brygge made an agreement to enter a 20-year lease contract with Comfort Hotel Skien Brygge AS that is expected to be finalized and signed before year-end.

### **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.

An initiative was sent to the planning authorities in Tønsberg municipality regarding the possibility to initiate the zoning process for the Paris Proof buildings.

LOT is signed with Nordic Choice Hotel, Rambøll Norge and Evolve.

## **Transactions**

There have been no investment property transactions in the third quarter of 2021. In Q2-21 a call option to buy the remaining shares in Inkognitogaten 33 A AS was exercised. In this relation, the Group has in Q3-21 sold 8.3 per cent of the shares in Inkognitogaten 33 A AS and issued a put option on 41.7 per cent of the shares.

## 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 a two-sided technology platform for supply and demand of office space. The subscription-based platform matches free office space with market needs in real time. The technology also ensures that the buildings are smarter through simpler access control and user administration. The Group's investment in Orbit Technology is considered a joint venture with 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.

This autumn, Orbit Technology established a US subsidiary called Getorbit.com LCC. to get a presence in the US market.

### 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 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).

### Evolve

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 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.

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.

# PARTLY OWNED COMPANIES

## **Dokkvegen Utvikling AS (50%)**

R8 Property and Dione AS own Dokkvegen Utvikling AS. This is a holding company with 100 per cent 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 (8.3%)**

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 enable 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 per cent 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 planned to develop and sell approximately 42 houses/apartments.

# OTHER INFORMATION

## Organization

At 30.09.21 the Group had 31 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 of shares. All shares provide equal rights, including the right to any dividends. Each share 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 30.09.2021, R8 Property had 167 shareholders. Norwegian investors held 100 per cent of the share capital. The 10 largest shareholders at 30.09.21 were:

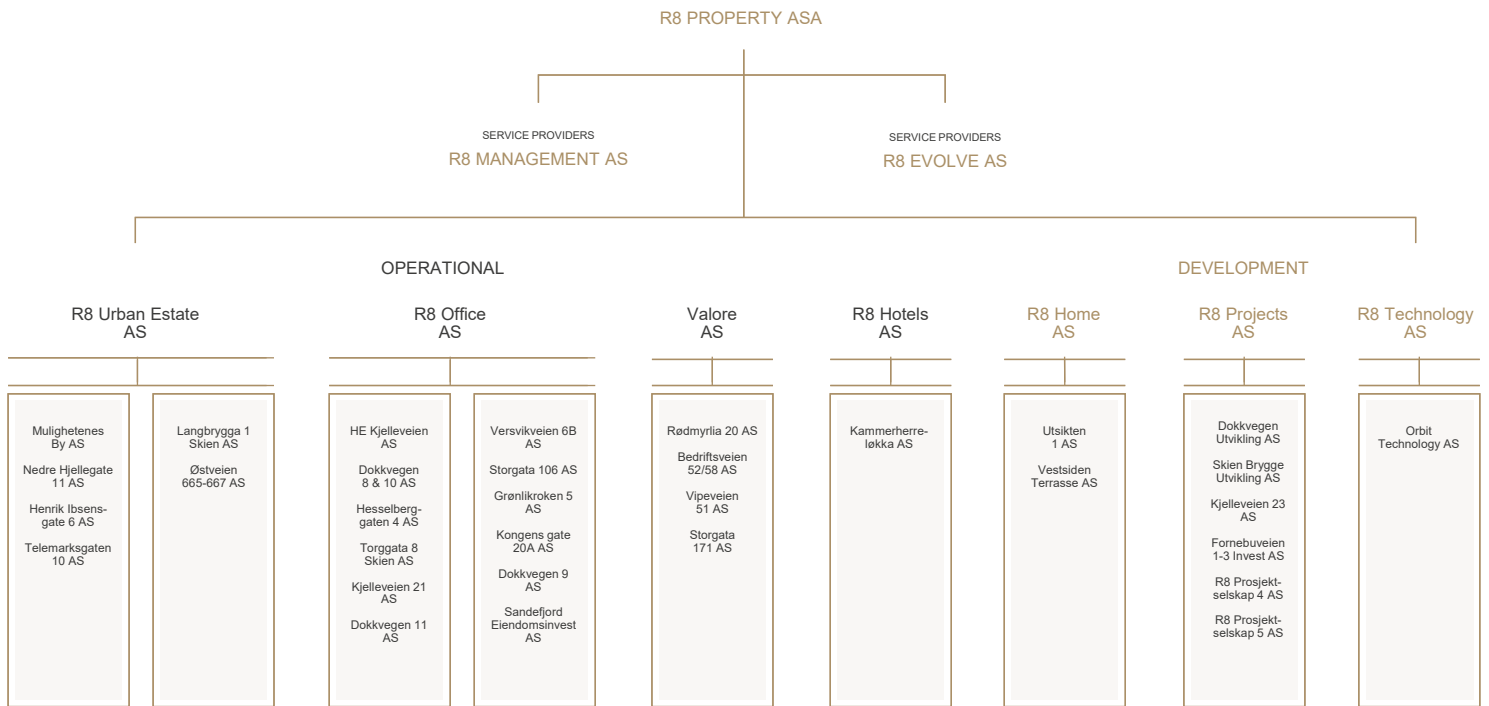
Shareholder	Owership
R8 Group AS	44,9 %
Brødrene Jensen AS	13,3 %
IKAB AS	8,6 %
Sarepta Holding AS	2,5 %
Aubert Invest AS	2,5 %
Carucel Invest AS	2,3 %
Acini Capital AS	1,8 %
Holta & Co AS	1,7 %
R-Venture AS	1,2 %
Kabbe Holding AS	1,2 %
<b>Total</b>	<b>80,0 %</b>



# 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 30 September 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	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>
<b>Profit attributable to:</b>						
Equity holders of the company		-4 706	69 332	5 230	-11 263	-11 007
Non-controlling interest		8 010	1 861	26 675	-21 746	-15 764
<b>Total comprehensive income attributable to:</b>						
Equity holders of the company		-4 706	69 332	5 230	-11 263	-11 007
Non-controlling interest		8 010	1 861	26 675	-21 746	-15 764
<b>Earnings per share:</b>						
Basic (NOK)		-0,22	3,52	0,25	-0,57	-0,56
Diluted (NOK)		-0,24	3,52	0,25	-0,57	-0,56

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

## Balance sheet

All amounts in NOK thousand

	Note	30.09.2021	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>
<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.

## 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	-	-	-	5 230	26 675	31 905
Capital increase as of 05.06.2021	493	74 507	-	-	-	75 000
Acquisitions/capital increase subsidiaries	-	-	-	-	43 000	43 000
Share based options	-	-	-2 832	-	-	-2 832
Change in non-controlling interest	-	-	-	728	-713	15
Cost of equity transactions directly in equity	-	-3 069	-	-	-	-3 069
<b>Equity at 30.09.2021</b>	<b>5 423</b>	<b>271 729</b>	<b>137 508</b>	<b>368 779</b>	<b>121 881</b>	<b>905 320</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	Q3-21	Q3-20	YTD Q3 2021	YTD Q3 2020	2020
Profit before tax		8 726	79 532	48 875	-42 425	-45 109
Expensed interest and fees on loans and leases		16 075	16 260	55 153	47 629	64 089
Interest and fees paid on loans and leases		-16 730	-13 905	-51 785	-44 015	-59 439
Share of profit from associates and jointly controlled entities		8 959	2 241	22 641	3 914	6 882
Gains from investment in shares		-	-	-15 479	-	-
Depreciation and amortisation	7	60	425	181	689	495
Other adjustments		-1 126	-	101	-	2 649
Change in market value investment properties	4, 5	-12 893	-34 244	-70 297	45 469	46 726
Change in market value financial instruments	4	-4 497	-46 157	-2 930	-7 822	-26 628
Change in working capital		14 010	2 756	23 443	4 761	-2 767
<b>Net cash flow from operating activities</b>		<b>12 585</b>	<b>6 908</b>	<b>9 903</b>	<b>8 201</b>	<b>-13 101</b>
Proceeds from sales of investment properties and companies		-288	-	34 833	-	47 441
Proceeds from sales of shares		17 100	-	34 600	-	25 015
Purchase of shares		-	-	-18 271	-43 000	-121 902
Purchase of business net of cash		-	-	-105 161	-2 944	-
Upgrades and construction of investment properties		-28 395	-55 242	-164 931	-125 664	-183 531
Purchase of intangible assets and other plant and equipment		-68	-5 129	-68	-8 072	-
Net payment financial assets		13 300	-19 997	13 300	-30 006	14 795
<b>Net cash flow from investment activities</b>		<b>1 649</b>	<b>-80 367</b>	<b>-205 699</b>	<b>-209 687</b>	<b>-218 182</b>
Proceeds interest-bearing debt		13 526	122 966	301 280	216 711	190 395
Repayment interest-bearing debt		-9 622	-70 074	-178 044	-78 016	-20 091
Net payments of loans to other related parties		-14 426	1 700	-34 305	-2 374	6 606
Proceeds from convertible loans		-	17 537	42 783	30 787	37 936
Proceeds from equity		-	-	50 233	-	-
Contributions from non-controlling interests		-	-	-	-	1 076
<b>Net cash flow from financing activities</b>		<b>-10 523</b>	<b>72 129</b>	<b>181 948</b>	<b>167 108</b>	<b>215 922</b>
Change in cash and cash equivalents		3 711	-1 330	-13 848	-34 379	-15 361
Cash and cash equivalents at beginning of period		18 120	17 991	35 679	51 040	51 040
<b>Cash and cash equivalents at end of period</b>		<b>21 831</b>	<b>16 660</b>	<b>21 831</b>	<b>16 660</b>	<b>35 679</b>

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

## NOTE 1 ACCOUNTING PRINCIPLES

---

This interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are prepared in accordance with applicable IFRS standards and interpretations. The accounting principles that have been used in the preparation of the interim financial statements are in conformity with the principles used in preparation of the annual financial statements for 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 Q3 2020 has been restated.

The interim financial statements report of R8 Property ASA was approved at a Board meeting November 11th 2021 and have not been audited. The financial reporting covers R8 Property ASA and subsidiaries.

## NOTE 2 INFORMATION ABOUT REVENUE STREAMS

---

Rental income from investment properties:

The Group's rental income was down by 4.5 per cent from 30.9 million in Q3-20 to 29.5 million in Q3-21.

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

Q3-21	Commercial Properties <sup>1)</sup>	Residential Properties	Eliminations <sup>2)</sup>	Consolidated
<b>INCOME STATEMENT</b>				
Total operating income	33 132	152	-429	32 856
- of which is rental income	29 496	-	-	29 496
- of which is other operating revenue	3 636	152	-429	3 360
Total operating costs	16 997	607	-429	17 175
<b>Net income</b>	<b>16 135</b>	<b>-455</b>	<b>-</b>	<b>15 680</b>
Fair value adjustments investment property	12 893	-	-	12 893
Net fair value financial derivatives	4 497	-	-	4 497
Net financial items	-24 338	-16	10	-24 344
<b>Segment profit</b>	<b>9 187</b>	<b>-471</b>	<b>10</b>	<b>8 726</b>
<b>BALANCE SHEET</b>				
Investment property	2 590 400	-	-	2 590 400
Inventory property	-	10 645	-	10 645
<b>Total assets from operating segments</b>	<b>2 590 400</b>	<b>10 645</b>	<b>-</b>	<b>2 601 045</b>
Deferred tax liability	77 579	-292	-	77 288
Interest bearing debt	1 741 578	10 407	-	1 751 986
<b>Total liabilities from operating segments</b>	<b>1 819 158</b>	<b>10 116</b>	<b>-</b>	<b>1 829 273</b>
<b>RECONCILIATIONS</b>				
<i>Reconciliation of revenue:</i>				
Total operating income from the segments				32 856
Other operating income				-
<b>The Group's total operating income</b>				<b>32 856</b>
<i>Reconciliation of profit:</i>				
Segment profit				8 726
Total other comprehensive income before tax				-
<b>The Group's profit before tax</b>				<b>8 726</b>
<i>Reconciliation of balance sheet:</i>				
Total assets from operating segments				2 601 045
Non-current assets				191 447
Current assets				44 708
<b>The Group's total assets</b>				<b>2 837 200</b>
Total liabilities from operating segments				1 829 273
Equity				905 320
Non-current liabilities				36 126
Current liabilities				66 481
<b>The Group's total equity and liabilities</b>				<b>2 837 200</b>

1) For key metrics of the segment Commercial Properties - see Note 5 Investment Property

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



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

Q3-20	Commercial Properties	Residential Properties	Eliminations	Consolidated
<b>INCOME STATEMENT</b>				
Total operating income	35 069	330	-9	35 390
- of which is rental income	30 862	-	-	30 862
- of which is other operating revenue	4 207	330	-9	4 528
Total operating costs	17 652	487	-9	18 130
<b>Net income</b>	<b>17 417</b>	<b>-157</b>	<b>-</b>	<b>17 260</b>
Fair value adjustments investment property	34 244	-	-	34 244
Net fair value financial derivatives	46 157	-	-	46 157
Net financial items	-18 033	-95	-	-18 128
<b>Segment profit</b>	<b>79 785</b>	<b>-252</b>	<b>-</b>	<b>79 533</b>
<b>BALANCE SHEET</b>				
Investment property	2 508 000	-	-	2 508 000
Inventory property	-	9 086	-	9 086
<b>Total assets from operating segments</b>	<b>2 508 000</b>	<b>9 086</b>	<b>-</b>	<b>2 517 086</b>
Deferred tax liability	78 108	-292	-	77 816
Interest bearing debt	1 739 666	10 407	-	1 750 073
<b>Total liabilities from operating segments</b>	<b>1 817 774</b>	<b>10 115</b>	<b>-</b>	<b>1 827 889</b>
<b>RECONCILIATIONS</b>				
<i>Reconciliation of revenue:</i>				
Total operating income from the segments				35 390
Other operating income				-
<b>The Group's total operating income</b>				<b>35 390</b>
<i>Reconciliation of profit:</i>				
Segment profit				79 533
Total other comprehensive income before tax				-
<b>The Group's profit before tax</b>				<b>79 533</b>
<i>Reconciliation of balance sheet:</i>				
Total assets from operating segments				2 517 086
Non-current assets				147 840
Current assets				58 278
<b>The Group's total assets</b>				<b>2 723 204</b>
Total liabilities from operating segments				1 827 889
Equity				749 134
Non-current liabilities				51 990
Current liabilities				94 191
<b>The Group's total equity and liabilities</b>				<b>2 723 204</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

	30.09.2021	30.09.2020	31.12.2020
Assets at fair value through profit or loss			
- Investment properties (level 3) <sup>1)</sup>	2 590 400	2 508 000	2 436 000
- Derivatives (Level 2 and 3) <sup>2) 4)</sup>	29 150	40 578	46 618
- Equity instruments (level 3) <sup>3)</sup>	17 896	34 122	34 374
<b>Total</b>	<b>2 637 445</b>	<b>2 582 700</b>	<b>2 516 992</b>

### LIABILITIES MEASURED AT FAIR VALUE

	30.09.2021	30.09.2020	31.12.2020
Liabilities at fair value through profit or loss			
- Derivatives (level 2 and 3) <sup>4)</sup>	29 169	48 667	35 646
<b>Total</b>	<b>29 169</b>	<b>48 667</b>	<b>35 646</b>

1) Two of the Group's investment properties, Storgata 106 and Storgata 171-175, will be sold in Q4 for the amount of mNOK 38.35 and hence considered in level 1 of the fair value hierarchy at the Q3 report.

2) 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.

3) 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.

4) Derivatives consist of both fair value of interest rate swaps and fair value of option contracts.

## NOTE 5 INVESTMENT PROPERTIES

All amounts in NOK thousand

	Q3-21	Q3-20	2020
<b>VALUE OF INVESTMENT PROPERTIES</b>			
Opening balance previous period	2 559 250	2 423 500	2 409 000
<b>Other movements</b>			
Purchase of investment properties			16 000
Projects and upgrades in the property portfolio	17 052	46 918	164 415
Capitalised borrowing costs	1 205	3 338	13 311
Sale of investment property			-120 000
Change in value from investment properties	12 893	34 244	-46 726
<b>Total value of investment property</b>	<b>2 590 400</b>	<b>2 508 000</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 30.09.2021 is tNOK 51,0.

### SPECIFICATION OF INVESTMENT PROPERTIES

All amounts in NOK thousand

The Group's 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 Q3-21

30.09.2021	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)	(tNOK)	(NOK/sqm)	(yrs)	(%)	(%)	(tNOK)	(NOK/sqm)	(yrs)	(%)	(%)	(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>															

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. The Group has one single external customer 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.

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 Q3-21

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

## CORPORATE UNITS Q3-20

30.09.2020	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)	(tNOK)	(NOK/sqm)	(yrs)				(tNOK)	(NOK/sqm)
Green Office	37 613	33 137	88,1	6	1 065 000	28 315	5,2	61 083	1 843	5,0	4,5	5,8	70 474	1 874		
City Office	37 785	32 198	85,2	15	654 000	17 308	5,5	38 606	1 199	4,9	5,0	6,1	49 785	1 318		
Commercial Prop.	33 002	28 343	85,9	7	660 500	20 014	9,6	48 442	1 709	9,7	5,9	7,2	61 199	1 854		
<b>Total management portfolio</b>	<b>108 400</b>	<b>93 678</b>	<b>86,4</b>	<b>28</b>	<b>2 379 500</b>	<b>21 951</b>	<b>6,5</b>	<b>148 131</b>	<b>1 581</b>	<b>6,5</b>	<b>5,0</b>	<b>6,3</b>	<b>181 458</b>	<b>1 674</b>		
Project Office	4 500	4 500	100,0	5	128 500	28 556	11,4									
<b>Total project portfolio</b>	<b>4 500</b>	<b>4 500</b>	<b>100,0</b>	<b>5</b>	<b>128 500</b>	<b>28 556</b>	<b>11,4</b>									
<b>Total property portfolio</b>	<b>112 900</b>	<b>98 178</b>	<b>87,0</b>	<b>33</b>	<b>2 508 000</b>	<b>22 214</b>	<b>6,8</b>									

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 30 September 2020 corresponds to 9,4% of market rent.

R8 Property had one on-going project (research center - Polymer Exploration Center) in Q3-2020.

## TENANT INDUSTRY Q3-20

30.09.2020	Occupancy		Wault <sup>2)</sup>		Annual rent	
	(sqm)	(%)	(yrs)	(yrs)	(tNOK)	(NOK/sqm)
Office	66 101		5,6		105 175	1 591
Retail	10 463		5,9		11 642	1 113
Hotels	6 292		13,4		11 709	1 861
Healthcare	5 609		5,5		6 797	1 212
Food and Beverage	5 213		8,9		12 808	2 457
<b>Total management portfolio</b>	<b>93 678</b>		<b>6,5</b>		<b>148 131</b>	<b>1 581</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 third quarter of 2021.

## NOTE 7 KEY FIGURES

All amounts in NOK thousand

### DEBT RATIO (LTV)

	30.09.2021	30.09.2020	31.12.2020
Net nominal interest-bearing debt	1 751 986	1 750 073	1 724 414
Total market value of the property portfolio	2 601 045	2 517 086	2 445 360
<b>Debt ratio (LTV) % of Property Portfolio</b>	<b>67,4</b>	<b>69,5</b>	<b>70,5</b>
Net nominal interest-bearing debt	1 751 986	1 750 073	1 724 414
Total market value of the property portfolio including other investments*	2 684 496	2 600 798	2 569 952
<b>Debt ratio (LTV) % of Property Portfolio including other investments*</b>	<b>65,3</b>	<b>67,3</b>	<b>67,1</b>

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

### INTEREST COVERAGE RATIO (ICR)

	Q3-21	Q3-20	2020
Net income from property management	15 680	17 260	46 457
Depreciation (excl. IFRS 16)	60	425	495
Net realised financials	690	373	2 053
Net effect from leases	-	-78	-3
<b>EBITDA adjusted</b>	<b>16 431</b>	<b>17 980</b>	<b>49 002</b>
Interest cost	16 075	16 260	78 799
Other finance expense		-	644
<b>Applicable net interest cost</b>	<b>16 075</b>	<b>16 260</b>	<b>79 443</b>
<b>Interest Coverage Ratio (ICR)</b>	<b>1,0</b>	<b>1,1</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	Q3-21 / 30.09.2021	Q3-20 / 30.09.2020	2020 / 31.12.2020
EPRA Earnings per share (EPS)	NOK	-0,1	0,04	-0,8
EPRA NRV per share	NOK	43,2	44,3	43,8
EPRA NTA per share	NOK	40,5	41,2	41,1
EPRA NDV per share	NOK	35,7	35,4	35,6
EPRA net initial yield	%	4,7 %	4,7 %	4,6 %
EPRA "topped-up" net initial yield	%	5,0 %	5,0 %	4,9 %
EPRA vacancy rate	%	10,3 %	12,4 %	11,5 %
EPRA cost ratio (including direct vacancy costs)	%	36,0 %	37,7 %	48,8 %
EPRA cost ratio (excluding direct vacancy costs)	%	26,4 %	28,8 %	38,7 %

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

	Q3-21 / 30.09.2021	Q3-20 / 30.09.2020	2020 / 31.12.2020
Profit for period/year	3 304	72 785	-26 771
<b>Add:</b>			
Changes in value of investment properties			-
Tax on changes in value of investment properties <sup>1)</sup>	-12 893	-34 244	46 726
Tax on profits or losses on disposal of investment properties, development properties and other interests <sup>1)</sup>	2 913	7 534	-10 280
Profits or losses on disposal of investment properties, development properties held for investment and other interests	-	-	-
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	4 846	-44 700	-50 485
Tax on changes in value of other investment interests swaps <sup>1)</sup>	-	-	-
Changes in value of interest rate swaps	-9 353	-1 457	23 856
Tax on changes in value of interest rate swaps <sup>1)</sup>	2 058	321	-5 248
Share of profit jointly controlled entities - fair value adjustments	8 959	2 241	6 882
Reversal of deferred tax EPRA adjustments jointly controlled entities <sup>1)</sup>	-	-	-
Net income non-controlling interest of subsidiaries	-2 366	-2 210	-211
Reversal of tax non-controlling interests of subsidiaries <sup>1)</sup>	520	583	45
Change in tax rate <sup>1)</sup>	-	-	-
<b>EPRA Earnings</b>	<b>-2 012</b>	<b>851</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	Q3-21 / 30.09.2021	Q3-20 / 30.09.2020	31.12.2020
<b>NAV - book value of equity</b>	<b>905 319</b>	<b>749 134</b>	<b>761 300</b>
Hybrid instruments	1 264	31 000	51 673
<b>Diluted NAV</b>	<b>906 583</b>	<b>780 134</b>	<b>812 973</b>
Less: Non-controlling interest	-121 881	-46 377	-52 919
Fair value of interest rate swaps	26 704	43 784	32 007
Goodwill as a result of deferred tax	-5 640	-5 640	-5 640
Deferred tax	135 045	138 238	140 253
<b>Net reinstatement value (EPRA NRV)</b>	<b>940 811</b>	<b>910 139</b>	<b>926 675</b>
<i>EPRA NRV per share</i>	<i>43,2</i>	<i>44,3</i>	<i>43,8</i>
Goodwill as per the IFRS	-1 372	-1 372	-1 372
Intangible assets as per the IFRS	-536	-10 594	-
Estimated real deferred tax <sup>1)</sup>	-56 144	-51 162	-57 039
<b>Net tangible assets (EPRA NTA)</b>	<b>882 759</b>	<b>847 012</b>	<b>868 264</b>
<i>EPRA NTA per share</i>	<i>40,5</i>	<i>41,2</i>	<i>41,1</i>
Fair value of interest rate swaps according to above	-26 704	-43 784	-32 007
Deferred tax as per the IFRS	-78 900	-87 076	-83 214
Fair value adjustment of interest bearing debt	-	-	-
Intangible assets according to above	536	10 594	-
<b>Net disposal value (EPRA NDV)</b>	<b>777 690</b>	<b>726 746</b>	<b>753 043</b>
<i>EPRA NDV per share</i>	<i>35,7</i>	<i>35,4</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 %.

### Information related to adjustment of reported EPRA NAV metrics for Q2-21:

The EPRA NAV metrics (EPRA NRV, EPRA NTA and EPRA NDV) for Q2-21 have been adjusted from the previous report (report of the first half-year and second quarter of 2021). Related to the closing process of the reporting of EPRA NAV metrics for Q3-21, a misstatement related to the calculation of the metrics per Q2-21 was detected. The corrected EPRA NAV metrics as of Q2-21 are as follows:

	Unit	Q2-21 / 30.06.2021
EPRA NRV per share	NOK	43,0
EPRA NTA per share	NOK	40,4
EPRA NDV per share	NOK	36,0

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

All amounts in NOK thousand

	Q3-21 / 30.09.2021	Q3-20 / 30.09.2020	31.12.2020
Investment property - consolidated	2 590 400	2 508 000	2 436 000
Investment property - share of JVs	-	-	-
<b>Total Property portfolio</b>	<b>2 590 400</b>	<b>2 508 000</b>	<b>2 436 000</b>
Less: projects and development sites	-299 000	-128 500	-154 500
<b>Completed property portfolio</b>	<b>2 291 400</b>	<b>2 379 500</b>	<b>2 281 500</b>
Allowance for estimated purchasers' costs	11 457	11 898	11 408
<b>Gross up completed property portfolio valuation</b>	<b>2 302 857</b>	<b>2 391 398</b>	<b>2 292 908</b>
12 months rolling rent	125 214	128 448	121 022
Estimated ownership cost	16 721	17 050	16 459
<b>Annualised net rents</b>	<b>108 493</b>	<b>111 398</b>	<b>104 563</b>
Add: notional rent expiration of rent free periods or other lease incentives	6 339	8 032	6 705
<b>Topped-up net annualised rent</b>	<b>114 833</b>	<b>119 430</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>5,0 %</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

	Q3-21 / 30.09.2021	Q3-20 / 30.09.2020	31.12.2020
Estimated market rent vacant space	18 436	22 490	19 911
Total market rent whole portfolio	178 194	181 458	173 523
<b>EPRA vacancy rate</b>	<b>10,3 %</b>	<b>12,4 %</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

	Q3-21 / 30.09.2021	Q3-20 / 30.09.2020	31.12.2020
<b>Total operating cost</b>	<b>17 175</b>	<b>18 130</b>	<b>86 034</b>
Share of joint ventures expenses	-	-	-
Less: Costs related to non-property activities and external customers	-6 281	-6 376	-28 577
Less: Ground rent cost	-155	-178	-620
Less: Investment property depreciation	-	-	-
Less: Gains/losses on sale of properties & disposals	-171	-	-1 474
<b>EPRA Cost (including direct vacancy cost)</b>	<b>10 567</b>	<b>11 576</b>	<b>55 363</b>
Direct vacancy cost	2 807	2 737	11 394
<b>EPRA Cost (excluding direct vacancy cost)</b>	<b>7 761</b>	<b>8 839</b>	<b>43 969</b>
Gross rental income less ground rent	29 341	30 684	113 533
Share of joint ventures	-	-	-
<b>Total gross rental income less ground rent</b>	<b>29 341</b>	<b>30 684</b>	<b>113 533</b>
<b>EPRA Cost Ratio (including vacancy cost)</b>	<b>36,0 %</b>	<b>37,7 %</b>	<b>48,8 %</b>
<b>EPRA Cost Ratio (excluding vacancy cost)</b>	<b>26,4 %</b>	<b>28,8 %</b>	<b>38,7 %</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 Group's tenants, financials and property values. The property values within our Office segment/industry are considered to be strong. We see an improvement in the market and optimism among our tenants operating in the other industries/segments.

In Q4 2021 the Group has entered an agreement on sale of two properties in the portfolio to external parties. Property values in both transactions are set as book value as of 30.09.21 in accordance with IFRS.

## NOTE 10 SUPPLEMENTARY INFORMATION TO INVESTMENTS

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 first quarter of 2022 following a completion in Q1 2024. NewSec has valued the project and considers phase one to have a positive contribution of mNOK 58.4, with a total fair value of mNOK 473.0 compared to an estimated project cost of mNOK 414.6. There is also a letter of intent for phase two and three of Skien Brygge where the development of these two last phases is estimated in the period from 2025 to 2033. Phase two and three is estimated with a total fair value of mNOK 1 282.4 and costs amounting to mNOK 1 032.6 resulting in a positive contribution of mNOK 249.9, bringing a total positive effect from Skien Brygge of mNOK 308.3 from all three phases. R8 owns 25% of Skien Brygge.

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.

R8 Evolve offers flexible workplaces with access to 27 locations. 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 is expected in Q4-21.

# CONTACT

## CONTACT INFO

### **Emil Eriksrød**

CEO

Phone: +47 415 22 463

[emil.eriksrod@r8property.no](mailto:emil.eriksrod@r8property.no)

### **Eirik Engaas**

CFO

Phone: +47 934 99 340

[eirik.engaas@r8property.no](mailto:eirik.engaas@r8property.no)

## **Financial calendar**

Q4 report 2021 18.02.22

Annual report 2021 25.03.22

## **Analyst coverage**

Arctic Securities

Carl Frederick Bjerke

Phone: +47 21 01 31 23

[cfb@arctic.com](mailto:cfb@arctic.com)

**R8 Property**

**Head office and postal address**

Dokkvegen 11

3920 Porsgrunn

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





# 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.