



Recreate

1H 2023

First half-year Report 2023





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Highlights in the first six months of 2023

- **Sold Inkognitogaten 33 and Fornebuveien 1-3** with total sales value of NOK 613 million as part of the work to repay expensive short-term loans and trade creditors
- **Joint venture (RCR Property Group) agreement with XG Group AS.** Recreate has managed to secure additional funding for approx. 60% (NOK 0.95 billion) of current property values going forward
- **Strong results in the letting market** with signing of 18 contracts with an annual rent of NOK 15.8 million including Fangene på Fortet, Statens Vegvesen and Zimmer & Peacock
- **Negative fair value adjustments** of investment properties of NOK 133.5* million due to increased yield levels
- **Profit before tax was negative** at NOK 188.6 million
- **Reversal of previous impairment of right-of-use** of NOK 20.3 million due to agreed termination of unprofitable Evolve locations
- **Impairment of goodwill** related to Evolve of NOK 2.5 million due to uncertainty of funding and grant of capital given the situation of the Group
- **One-off operating expenses** of NOK 11 million related to loss from sale of Inkognitogaten 33 and Fornebuveien 1-3
- **One-off operating expenses** of NOK 5 million related to the ongoing restructuring process
- **One-off finance expenses** of NOK 14.7 million related to loss from sale of the remaining shares in Orbit Technology AS

* Includes fair value changes of owner-occupied investment property of NOK -16.2 million



CEO and founder of Recreate, Emil Eriksrød, on the first six months of 2023:

During an increasingly challenging 2022, we had to make the difficult but necessary decision to start a process of restructuring our company. During the first half of 2023 we have worked closely with our creditors as well as completed several property sales and adjusting our organization in line with the revamped strategy presented in March. The macroeconomic conditions have continued in a negative direction, with inflation contributing to market interest rates reaching their highest level in 15 years.

In hindsight I am pleased with the actions we have taken and completed during 2023, and that we acted determined and without undue delay when our financial situation required strong measures. This has contributed to a better situation for Recreate today, with a more positive company outlook – especially with our recent partial refinancing of loans originally maturing in October. We are working closely with our creditors on the remaining loans maturing in October and are positive that a solution is within reach.

Further the completion of our new joint venture “RCR Property Group” were a key milestone for Recreate. We are now in a better position to work on all remaining necessary actions required for a healthy Recreate under the revamped company strategy.

Even with all the challenges during the first half of 2023, I am very pleased with the significant number of new lease contracts we have been able to sign. It is solid proof of both our organization and our core competence as a customer centric company which is at the heart of the revamped strategy. In H1-23 we signed a total of 10,359 sqm in new/renewed lease contracts.

Going forward we will focus on optimizing our existing property portfolio, with a target level of occupancy above 95%. Additionally, we will

continue to reduce operational cost to strengthen liquidity. We have a more predictable financial situation with high percentage of hedges on interest rates, as well as suspended amortization payments.

We will continue to work hard in the 4th quarter to improve our financial situation and liquidity. In the next year Recreate will have focus on optimizing operational activities and maximizing values in the existing property portfolio.

Subsequent events

- The joint venture (RCR Property Group) with XG Group AS has been approved by all creditors and closing of the transaction has been completed
- Extended approx. 47% of its short-term interest-bearing debt with the Group's secured financial creditors, Received positive indications that the remaining secured short-term bank debt (36%) will be extended in the following weeks once formal credit approvals are obtained.
- Agreement signed in August to sell Recreate's shares (50%) in Vestsiden Terrasse AS



Revised company strategy

Value creation through letting and development

Over time Recreate has operated with a strategy centered around high growth and long-term ownership of purchased and developed properties. Due to Properties changed market conditions, mainly as a result of higher interest rates and decreasing property values, the Board of directors have decided to revise existing strategy. Going forward the company will adjust focus to harmonize company strategy with Recreate's financial position and prevailing market conditions .

The company has historically created profitability in development through project identification, development, implementation and letting. Going forward this will form the core of Recreate's revised strategy – «value creation through development and letting»

Focus on new construction and rehabilitation projects with increased capital discipline

- *Recreate will be more of a property developer, than a company seeking to build a large management portfolio. Projects must be developed with defined ROI requirements and a more flexible approach to ownership combined with focus on target value optimization and ROE to shareholders.*

Healthy economic and long-term growth

- *Recreate has taken and will continue to take active ownership measures to ensure the company's foundation for long-term, healthy economic growth by making significant adjustments to the portfolio. Ongoing and new projects must have a target 15% IRR and an opportunistic approach to ownership period.*

More development in cooperation with solid partners

- *Recreate will target more development in partnership that enable participation in larger – area defining projects – being less capital intensive for Recreate's shareholders. Recreate aims to be the most attractive partner in the geographical areas in which the company operates.*

Geographic investment area in Telemark and Vestfold

- *Recreate will target investments in the region where we already have a leading position and optimal setting for creating added value for our shareholders*

Maintain and develop internal expertise and local knowledge

- *The size of the organization has been reduced as a result of less aggressive growth ambitions. By investing in development projects, together with preferred partners, in the redefined target geographical area – Recreate seeks to be the region's preferred employer for attractive and skilled employees.*

Forward-looking and future-oriented property development

- *Recreate will continue to utilize its expertise in digitization, smart use of technology and focus on sustainable, energy efficient building.*



Core pillars in renewed strategy

Sound financial platform

- Increased focus on efficient allocation of capital over time
- Reduce financial risk by selling value-optimized properties, reducing LTV over time and establishing a sensible liquidity buffer adapted to the size of the development portfolio
- Establish a predictable cash flow from service sales and – to a greater extent – adapt the current cost base to the size of the company's property and development portfolio
- Maintain target of 15% ROE

Focused property strategy

- Recreate will focus on new construction, rehabilitation and development projects with value optimization potential
- The company will actively work to have a continuously well-diversified portfolio of projects in various stages of development – adapted to the company's financial and organizational capacity
- Sustainable property development is a core pillar for all Recreate projects, with a set goal of reducing greenhouse gas emissions by 50% by 2030 – and be a driving force for climate-efficient property development

Target geographic focus

- Recreate's geographical investment area will be the Telemark and Vestfold region where the company has a strong established position
- Recreate has been active in this region since 2010 and has established itself as a leading property developer with local knowledge – a key factor for successful property development and letting
- Recreate has historically achieved the best results with property development projects including housing, office and retail. Going forward Recreate will continue to develop attractive projects across segments

Cooperation and partnership

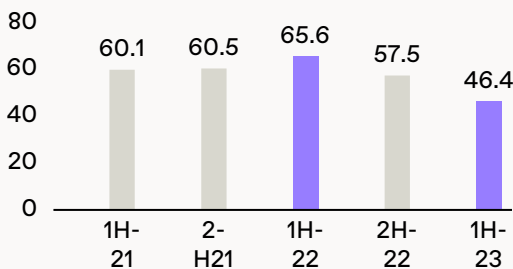
- In developing property projects, Recreate has historically worked with several different partners. Recreate will continue to cooperate with established partners and at the same time seek additional partnerships
- Recreate's goal is to have the regions best project department within early phase development and project implementation
- Letting is at the core of our value creation. The company has a large corporate network and extensive experience in Telemark and Vestfold region



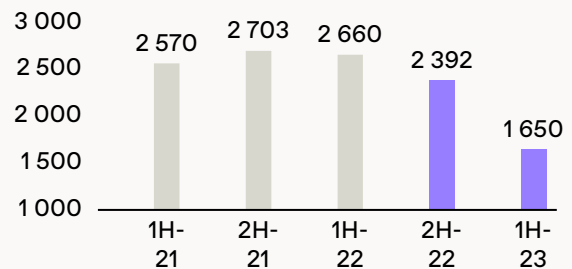
Financial 1H 2023

- Rental income of NOK 46.4 million (NOK 65.6 million) in the reported period
- Other operating income of NOK 45.2 million (NOK 44.3 million) mainly from our Flex services (Evolve)
- Negative total portfolio value changes of NOK 133.5 million* (NOK -7.0 million) mainly due to higher property yields
- Profit before tax** of NOK -188.6 million (NOK 56.7 million)
- Fair value per share*** of NOK 13.5 as of 30.06.23

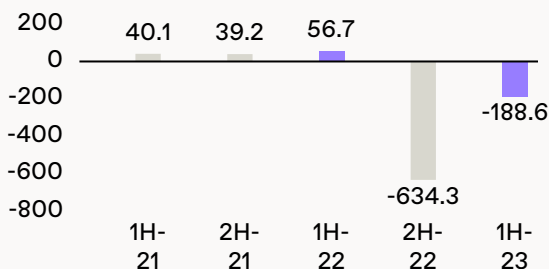
Rental income (MNOK) Δ -19.2



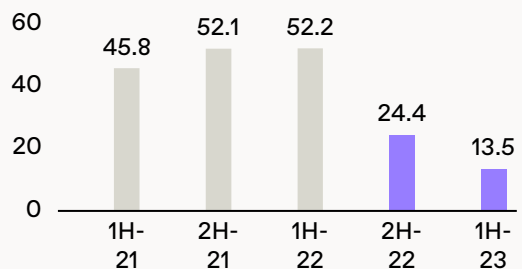
Market value of the property portfolio (MNOK) Δ -742



Profit before tax** (MNOK) Δ -245.3



Fair value per share*** (NOK) Δ -10.9



* Includes fair value changes of owner-occupied investment property of NOK -16.1 million

** includes fair value of owner-occupied investment property (other comprehensive income)

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



Financial development

Profit and loss

Net income from property management

1 January 2022 the Group acquired the remaining 25 per cent of Evolve, increasing ownership to 100 per cent. From Q1-22 and going forward Evolve is consolidated in the Total comprehensive income and balance sheet and the Group will have own used properties.

The Group had rental income of NOK 46.4 million in 1H-23 compared with NOK 65.6 million in 1H-22. According to accounting principles in IFRS for own used properties, i.e. Properties used by companies within Recreate ASA, are to be eliminated from reported rental income. Rental income from own used properties in 1H-23 were NOK 2.8 million. Total rental income including own use in 1H-23 was NOK 49.2 million. The decrease is related to changes in the property portfolio and CPI adjustment.

From 1H-22 to 1H-23 there have been several changes in the property portfolio. The Group has sold eight properties the last year: Bedriftsvegen 52-54 and Grønlikroken 5 in Q1-22, Østveien 665-667 and Rødmyrli 20 in Q2-22, Vipeveien 51 and Kammerherreløkka in Q4-22 and Inkognitogaten 33 and Fornebuveien 1-3 in Q1-23.

In sum these changes in the property portfolio had a net positive effect of right above NOK 23 million on rental income. At the same time CPI adjustment has contributed positively. These are the main factors resulting in lower rental income.

The Group had other operating income of NOK 45.2 million in 1H-23 compared to NOK 44.3 million in 1H-22. Around NOK 43 million in 1H-23 is related to Evolve, and NOK 39.8 million for 1H-22:

- Total operating income came in at NOK 91.6 million (NOK 109.9 million) year to date
- Total operating cost amounted to NOK 114.2 million (NOK 105.5 million) year to date
- Net operating income from property management came in at NOK -23.1 million (NOK 4.3 million) year to date

The decrease in Net income from property management is mainly related to change in property portfolio with lower revenues. In addition, there is a reversal of previous impairment of right-of-use of NOK 20.3 million due to agreed termination of unprofitable Evolve locations, and impairment of goodwill related to Evolve of NOK 2.5 million due to uncertainty of funding and grant of capital given the situation of the Group. The net effect (+ NOK 17.8 million) leads to Evolves net property income ends with approx. NOK -4 million in 1H-23 compared to NOK -14 million in 1H-22.

In 1H-23 there is one-off operating expenses of NOK 11 million related to loss from sale of Inkognitogaten 33 and Fornebuveien 1-3 (compared to NOK 7.5 MNOK in 1H-22 with the sale of Bedriftsvegen 52/58, and Grønlikroken Rødmyrli 20 and Østveien 665-667). In addition, the Group has also in 1H-23 one-off operating expenses of NOK 5 million related to the ongoing restructuring process.



Value changes

The valuation of the investment portfolio resulted in a net negative value change of NOK 133.5 million (NOK -6.9 million) year to date, of which NOK -16.3 million came from own-used properties (NOK + 27.8 million). The decrease in values is related to higher property yields. Properties with significant negative changes to highlight are the largest properties: Mulighetenes by (Arkaden), Dokkvegen 20. Kjelleveien 21, Dokkvegen 11 (Powerhouse Telemark) and Dokkvegen 8&10.

Net financials

Net financials amounted to NOK -48.2 million (NOK -30.4 million) year to date. Interest and other finance expenses amounted to NOK 55.4 million (NOK 45.7 million) year. The increased costs in 1H-23 is related to higher interest rates (both Nibor and margins) and short-term financing with high associated cost.

Share of loss from associates and joint ventures was NOK -2.2 million (NOK -2.6 million) year to date and relates to the Group's investments in Orbit Technology until remaining shares in the company was sold at the end of Q2-23. The loss of NOK 14.7 million from the sale of Orbit is reflected in Loss from investment in shares.

Changes in fair value of financial instruments gave a net positive contribution of NOK 22.7 million (NOK 71.4 million) year to date. The effect in 2023 is only related to change in market value of interest swaps. In 2022 NOK 45.1 million is related to change in market value of interest swaps and NOK 26.3 million is related to a forward contract to acquire the remaining shares in Inkognitogaten 33A AS and a put option issued in Q3-21 to sell 50 per cent of these shares.

Profit

Profit before tax year to date was NOK -188.6 million (NOK 56.7 million), which includes profit before tax of NOK -188.6 million (NOK 28.9 million) and changes in fair value of owner-occupied investment property of NOK 0 million presented under other comprehensive income (NOK 27.8 million).

Total comprehensive income (after tax) year to date was NOK -172.4 million (NOK 55.5 million).



Balance sheet

Assets

The Group's assets amounted to NOK 2 092 million (NOK 3 358 million) as of 30.06.23 of which investment property, including own-used properties and properties held for sale, constituted NOK 1 639 million (NOK 2 649 million).

All properties except Langbrygga 1 Skien and Kjelleveien 23 are presented as held for sale as of 30.06.23.

Other intangible assets were NOK 159.4 million (NOK 155.3 million) and the increase is related to significant increase in deferred tax adjusted for impairment of goodwill related to Evolve.

Rights of use assets amounted to NOK 187.6 million (NOK 199.5 million) as of 30.06.23 and is mainly related to leasing contracts in Evolve.

Investments in associates, jointly controlled entities and shares were NOK 3.0 million (NOK 44.0 million) at the end of 1H 2023. As of 30.06.23 this was only related to investments Skien Brygge Utvikling AS. As of 30.06.22 it included three other investments which have been sold the last year: Sandefjord Eiendomsinvest AS (Q4-22), Inkognitogaten33 A AS (Q1-23) and Orbit Technology AS (Q2-23).

Financial derivatives as an asset amount to NOK 52.8 million (NOK 100.0 million) year to date and is presented as of 30.06.23 as part of Assets held for sale. In 2023 it relates to interest swaps, but in 2022 it relates both to interest swaps (NOK 36.4 million) and the forward contract to acquire the remaining shares in Inkognitogaten33 A AS (NOK 63.6 million).

Total current assets came in at NOK 1 657.6 million (NOK 152.3 million) at the end of 1H-23.

The change from 1H-22 is related to increase in assets held for sale and other receivables in connection to property transactions (Rødmyrliia 20 and Ikognitogaten 33). All properties except Langbrygga 1 Skien and Kjelleveien 23 are presented as "hold for sale" as of 30.06.23.

Liabilities

The Group's total liabilities amounted to NOK 1 839 million (NOK 2 346 million) as of 30.06.23. The decrease is related to lower interest-bearing debt due to sale of several properties since end of 1H-22.

Lease liabilities (non-current and current portion) totalled NOK 199.3 million (NOK 2 12.5 million) as of 30.05.23 and is related to Evolve.

Equity

Book equity totalled NOK 253 million (NOK 1 012 million), representing an equity ratio of 12.1 per cent (30.1 per cent). Equity per share was NOK 13.1 (NOK 45.2) based on the EPRA NRV standard and NOK 6.1 (NOK 35.7) based on EPRA NTA. The significant decrease in EPRA NTA from 1H-22 to 1H-23 is mainly due to declining market value of investment properties and significant increase in financial cost (interest rates).

Outstanding shares at 30.06.23 totalled 21 694 324, the same amount as of 30.06.22..



Cash flow statement

- Net cash flow from operating activities came in at NOK -1.2 million (NOK 13.2 million) year to date
- The net cash flow from investment activities was NOK 26.0 million (NOK -112.9 million) year to date
- Net cash flow from financing activities was NOK -89.2 million (NOK 101.1 million) year to date
- Cash and cash equivalents at the end of Q2-23 came in at NOK 10.5 million (NOK 26.2 million) excluding those properties which are held for sale. Free cash on those properties amounts to NOK -1,5 million. Net cash and cash equivalents for the whole group was NOK 9.0 million.



Financing

Recreate ASA's total interest-bearing nominal debt as of 30.06.23 was NOK 1 453 million (NOK 1 903 million) including loans related to properties held for sale. During the first six months of 2023 the total interest-bearing nominal debt decreased by NOK 560 million. The decrease is mainly related to the sale of Inkognitogaten 33 and Fornebuveien 1-3.

Recreate ASA is not in breach of any covenant requirements at the end of Q2-23.

Interest bearing debt and maturity structure

The average remaining term for the Group's debt portfolio was 2.5 years and the average interest rate of the debt portfolio was 7.25 per cent as of 30.06.23

All amounts in NOK thousand

Maturity profile	0-1 yrs	1-3 yrs	3-5 yrs	5+ yrs	Total
Bank loans	868 813	65 880	43 436	301 997	1 280 126
Other loans	201 378	4 635			206 013
Total	1 070 191	70 515	43 436	301 997	1 486 139
	72 %	5 %	3 %	20 %	100 %

Hedged Interest rates and maturity structure

45 per cent of the Group's financing was hedged at a fixed rate as of 30.06.23 with a weighted average maturity of 6.8 years.

Corporate unit	Amount	Fixed rate	1 - 3 years	3 - 4 years	4 - 5 years	5 - 6 years	6 - 8 years	8 - 10 years
RCR Office	341 150	2,12 %	155 950	35 200	-	75 000	75 000	-
RCR Urban Estate	235 292	2,44 %	-	-	-	-	-	235 292
RCR Projects	96 250	1,77 %	-	48 125	-	-	-	48 125
Total	672 692	2,18 %	155 950	83 325	-	75 000	75 000	283 417



Key figures

All amounts in NOK thousand	YTD Q2-23	YTD Q2-22	2022
Rental income	46 408	65 614	123 140
Change period-on-period	-29 %	9 %	2 %
Other operating income	45 211	44 273	92 562
Change period-on-period	2 %	389 %	457 %
Net income from property management	-23 103	4 294	-130 599
Change period-on-period	-638 %	-79 %	-407 %
Profit before tax*	-188 581	56 703	-577 620
Change period-on-period	-433 %	41 %	-616 %
Profit after tax*	-172 397	55 541	-506 357
Change period-on-period	-410 %	94 %	-739 %
Market value of the property portfolio**	1 649 997	2 659 907	2 391 689
Fair value of the property portfolio and other investments***	1 667 497	2 856 077	2 445 032
Net nominal interest-bearing debt	1 486 139	1 902 798	2 045 008
Loan to value of property portfolio	90,1 %	71,5 %	85,5 %
Loan to fair value of property portfolio and other investments***	89,1 %	66,6 %	83,6 %
Interest coverage ratio	-0,0	0,2	-0,3
Number of shares	21 694	21 694	21 694
All amounts in NOK per share	YTD Q2-23	YTD Q2-22	2022
Fair value per share (EPRA NRV incl. fair value adjustment)***	13,5	52,2	22,8
Change period-on-period	-74 %	14 %	-74 %
EPRA NRV	13,1	45,2	22,1
Change period-on-period	-71 %	5 %	-71 %
EPRA NTA	6,1	35,7	13,2
****Change period-on-period	-83 %	-12 %	-83 %
EPRA NDV	6,6	32,2	13,7
****Change period-on-period	-79 %	-10 %	-79 %
EPRA Earnings	-2,8	0,4	-5,8
****Change period-on-period	-799 %	150 %	-1174 %

* Including changes in fair value from owner-occupied property (total comprehensive income) in YTD Q2-22 and 2022.

** Includes investment property classified as held for sale.

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

**** Negative change period-on-period partly due to adjustments for goodwill related to Evolve.

***** Evolve is consolidated in the financial statements from 1 January 2022.



The property portfolio





14
Management
properties

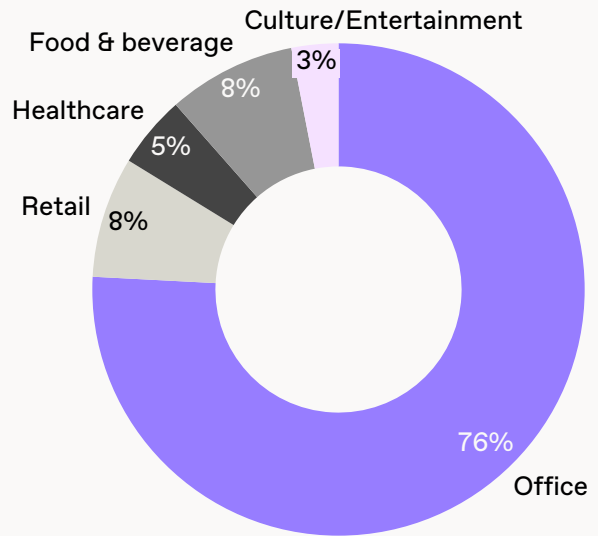
7.2 years
Average vault
Property portfolio

4
Project
properties

79 321
Total area (sqm)
Property portfolio

1 675
Average rent per
sqm
Management
portfolio

83.4 %
Occupancy
Management
portfolio



Tenant industry
Based on annual rent of the property portfolio

Recreate ASA's management portfolio as of 30.06.20223 consists of 14 buildings (18 buildings) with a total area of 57 183 square meters (76 274 square meters). The portfolio is divided into three operating subunits:

Green Office: properties with energy classification and environmental focus
City Office: other ordinary office properties
Commercial Property: properties located in the city centre where majority of tenants operates within food & beverage or healthcare

As of 30.06.2023 the occupancy of the management portfolio was 83.4 per cent (91.6 per cent). The decrease is related to lower occupancy in Kjelleveien 21 due to the termination of the contract with HELF as well as sale of several properties the last year with high occupancy rate; Kammerherreløkka and Vipeveien in Q4-22 and Fornebuveien 1-3 in Q1-23.

Average annual rent per square meter in the management portfolio was 1 675 NOK (1 752 NOK) as of 30.06.2023.

Public sector represent about 14 per cent of annual rent and 76 per cent of the annual rent derives from tenants operating within Office.

The average vault (weighted on annual rent) in the management portfolio is 6.9 years (6.7 years). The average vault of the total property portfolio (value weighted) is 7.1 years (7.3 years). The maturity profile of the contracts in the total property portfolio is presented under the section Letting activity.

The net direct yield on the management portfolio is 4.8 per cent (4.5 per cent) based on annual rent as of 30.06.2023. Average yield (value weighted) as basis of property valuations is 6.5 per cent (5.6 per cent) as of 30.06.2023.

The total property portfolio (when including the project portfolio) has an occupancy of 82.3 per cent (88.2 per cent). The change can be explained by lower occupancy in the management portfolio, partly offset by higher occupancy in the project portfolio due to new signed contract with Fangene på Fortet in Mulighetenes By (Arkaden). The entire portfolio consists of 18 properties (23) with a total area of approximately 79 321 square meters (86 483 square meters), and a market value of NOK 1 639 million (NOK 2 649 million).



Corporate units

30.06.2023	Occupancy			No. of prop. (#)	Market value		Wault ¹⁾ (yrs)	Annual rent		Wault ²⁾ (yrs)	Net direct yield (%)	Net yield (valuation) (%)	Market rent ³⁾	
	Area (sqm)	Occupancy (sqm)	(%)		(tNOK)	(NOK/sqm)		(tNOK)	(NOK/sqm)				(tNOK)	(NOK/sqm)
Green Office	34 462	28 926	83,9	5	892 400	25 895	8,6	57 696	1 995	8,4	4,3	6,2	70 219	2 038
City Office	19 163	16 208	84,6	6	251 500	13 124	2,0	17 677	1 091	2,1	6,0	7,2	26 584	1 387
Commercial Prop.	3 558	2 576	72,4	3	57 800	16 245	6,4	4 525	1 756	7,0	6,5	8,0	6 671	1 875
Total management portfolio	57 183	47 710	83,4	14	1 201 700	21 015	7,1	79 898	1 675	6,9	4,8	6,5	103 474	1 810
Project portfolio	22 138	17 587	79,4	1	365 000	16 487	8,5	32 577	1 852					
Development portfolio	0	0	0,0	3	72 304	0	1,9							
Total project portfolio	22 138	17 587	79,4	4	437 304	19 754	7,4	32 577	1 852					
Total property portfolio	79 321	65 297	82,3	18	1 639 004	20 663	7,2	112 475	1 723					

1) Wault weighted on property market value

2) Wault weighted on annual rent

3) Includes market rent from available areas



Letting activity

During first six months of 2023 the Group signed new and renewed 18 leases with an annual rent of NOK 15.8 million and received termination on leases totalling NOK 8.2 million. Net letting in the period amounted to NOK 7.6 million.

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

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

New contracts in the first six months:

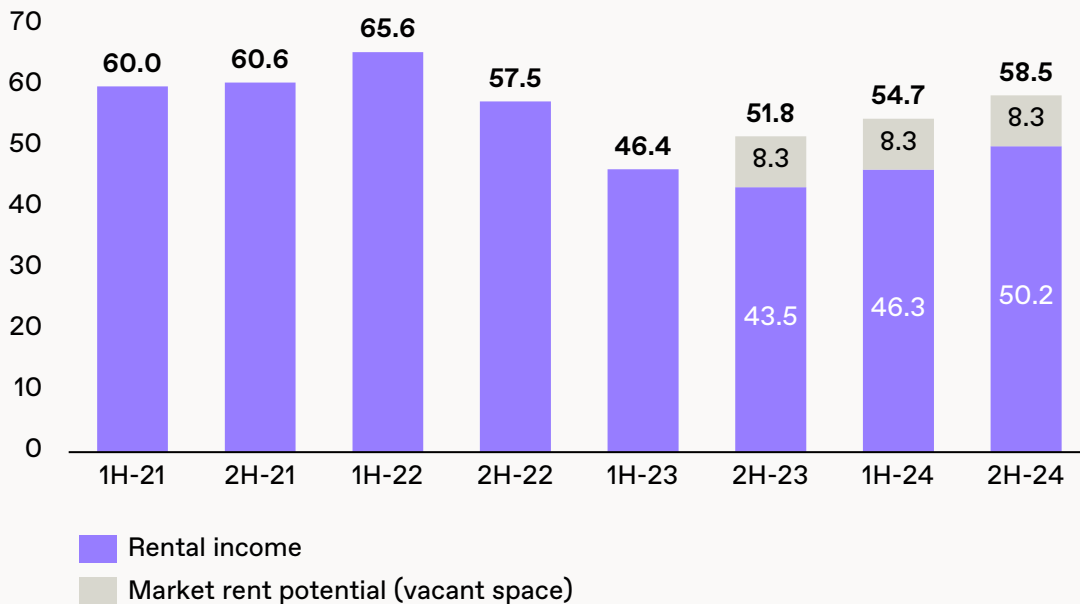
Tenant	Property	Contract	Duration	Sqm
Fangene på Fortet Skien	Arkaden	New	20+10+10	2 070
Statens Vegvesen	Vinkelbygget	New	10	1 736
Zimmer & Peacock AS	Vinkelbygget	New	10	1 585
Eramet Norway AS	Powerhouse	New	5	1 053
Arkaden Fysioterapi	Arkaden	Renegotiated	5	648
RTC Offshore AS	Torggata 8	Renegotiated	5	433
Sikkerhetsmakulering AS	Dokkvegen 8 & 10	Renegotiated	5	420
Strøm Mat & Bar AS	Nedre Hjellegate 11	Renegotiated	20*	343
Egde Consulting AS	Powerhouse	New	5	305
9 other tenants		New/Renegotiated	0.2-5	1 766
Total				10 359

* The revised lease contract adds an additional 10 years on top of the existing lease agreement set to expire in March 2038



Rental income development and market rent potential

MNOK



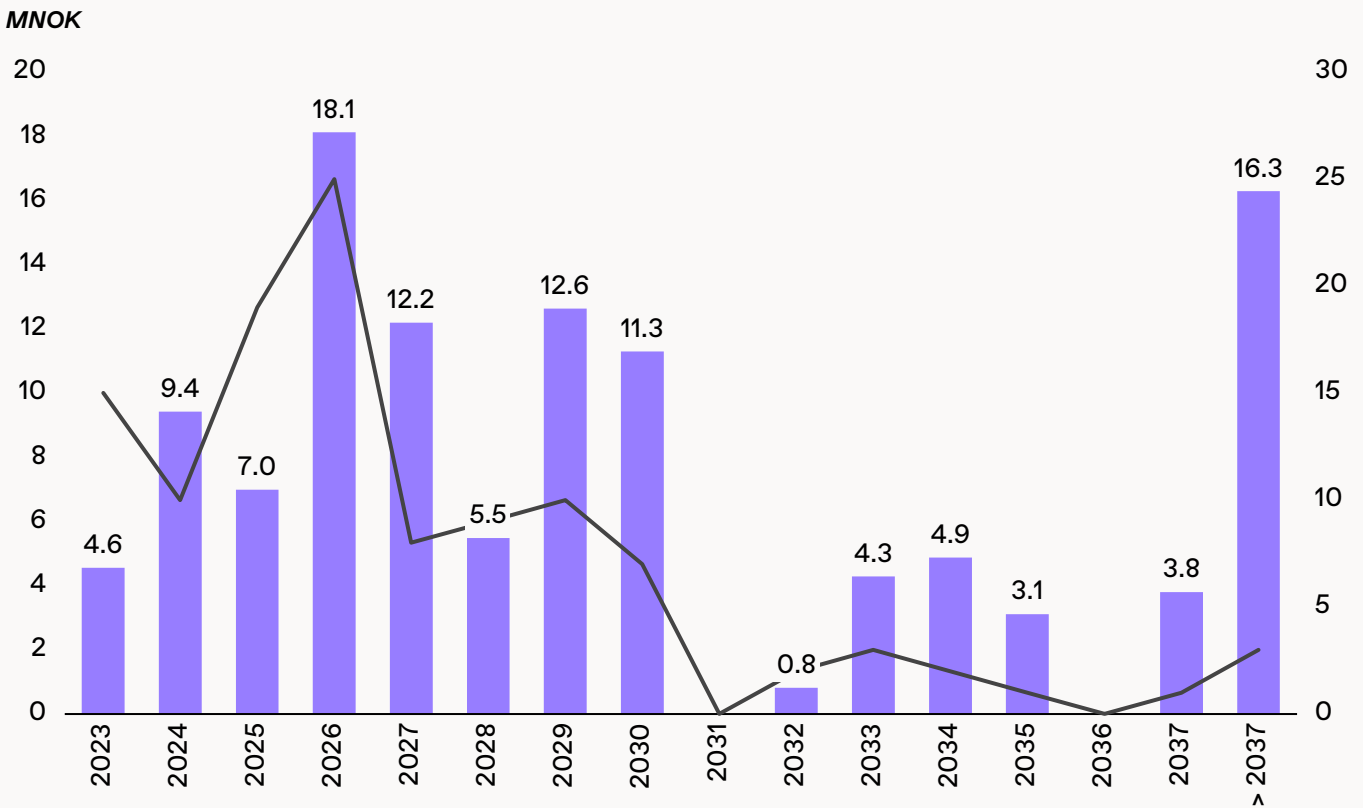
* Divestment Versvikveien 6B and Storgata 106 is included from 2H-23

The graph shows the historical development in contractual rental income the last 30 months, and the estimated development in contractual rental income and market rent potential on vacant space for the next 18 months. The figures are based on owned properties, including adjustments from signed new, renewed and terminated contracts, as well as acquisitions and divestments which will be completed (signed SPA) within the next 18 months. Future CPI adjustments are not included. Market rent is based on market rent set by external valuers.



Maturity profile in the property portfolio

— Number of contracts expiring
■ Revenue expiring





Investments & divestments

Investments

AS of 30.06.23 Recreate has invested NOK 5.1 million (NOK 79.5 million) in the portfolio of investment properties (including owner-occupied) year to date. The investment mainly relates to smaller upgrades and feasible studies.

Divestments/transactions

The Group sold two investment properties in the first six months of 2023:

- Sale of all shares in Inkognitogaten 33 Holding AS was completed in January 2023
- Sale of all shares in Fornebuveien 1-3 was completed in March 2023

In June the Group's remaining shares (29.5%) in Orbit Technology AS was sold.



Project Development

The Group does not have any ongoing projects with a total investment exceeding NOK 10 million.

Recreate has the following project and development portfolio:

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	•	
Sum Project Portfolio - zoned				71 179		

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
Sum Development Portfolio				46 400

Status other projects

The Group's residential projects are organized within the subunit RCR 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.
- Vestsiden Terrasse in a residential project in Porsgrunn. The project has recently received regulatory permission of approximately 47 units, divided between single homes, detached homes and small apartment buildings.
- 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 project is expected in 2023.

Status development projects

Together with Snøhetta, Skanska, Asplan Viak and Ramble, Recreate ASA carried out a feasibility study to determine the possibility of a Powerhouse Paris Proof office building in Tønsberg. The feasibility study was named Slottsfjell Park, and consisted of three buildings, all of them planned as Paris Proof. An initiative was sent to the planning authorities, which was rejected. A new initiative will be submitted when Tønsberg municipality has concluded the area planning, estimated in Q4 2023. LOI are signed with Capitane Hotels and Rambøll Norge.



Investments in subsidiaries, jointly controlled entities and associates

In March 2023, Recreate entered into an agreement with XG Eiendom AS/XG Group AS regarding the establishment of a joint venture (RCR Skien). This has in Q3-23 been expanded to include 5 additional properties. The new joint venture (RCR Property Group) includes 8 properties: Arkaden, Nedre Hjellegate 11, Henrik Ibsens gate 6, Kongens gate 20A, Hesselbergaten 4, Parkbygget, Sentralbygget and Vinkelbygget (Kjelleveien 21) in addition to the Recreate's shares in Dokkvegen 20 and Telemarksgata 10. XG Group AS will also contribute with three commercial properties in the joint venture.

Evolve (Subsidiary - 100%)

Evolve offers flexible workplaces with access to 25 locations. Sustainability is leading when choosing places, buildings, designs, furniture and fixtures. The offices can grow and change together with the customers and get a consistently high standard of common facilities and own offices. All meeting rooms, furniture, operating and common costs are included in the rental agreement.

The Group owns 100 per cent of RCR Flex (former R8 Evolve) from 1 January 2022.

Skien Brygge (Associate - 25%)

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.

Recreate 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.



Partly owned companies

Dokkvegen Utvikling AS (50%)

Recreate ASA 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%)

Recreate ASA and Brødrene Jensen AS own Fornebuveien 1-3 Invest AS. Until end of March-23 the company owned the property known as Fornebuveien 1-3 at Lysaker in Oslo.

Skien Brygge Utvikling AS (25%)

Recreate ASA, Bane NOR Eiendom AS and Skien Boligbyggelag own Skien Brygge Utvikling AS. The company owns land in Skien where there is an ongoing project to develop a neighbourhood in Skien including office buildings, hotel and apartments.

Telemarksgaten 10 AS (14%)

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

Vestsiden Terrasse AS (50%)

Recreate ASA and Mynd Eiendom AS own Vestsiden Terrasse AS. The company owns land in Porsgrunn where it's planned to develop and sell approximately 42 houses/apartments.



Other information

Organization

At 30.06.23 the Group had 27 employees. During the first half year there were no injuries that caused absence from work.

Share and shareholder information

Recreate ASA'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. Recreate ASA 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 350 000 options. One option gives the right to buy one share.

As of 30.06.2023, Recreate ASA had 170 shareholders. Norwegian investors held 99.9 per cent of the share capital. The 10 largest shareholders at 30.06.23 were:

Shareholders	Ownership
Rising Group AS	46.0%
IKAB AS	8.7%
Brødrene Jensen AS	7.7%
Rising Venture AS	5.5%
Acini Capital AS	2.8%
Aubert Invest AS	2.6%
Sarepta Holding AS	2.5%
Holta & Co AS	1.8%
Carucel Invest AS	1.5%
Jmc AS	1.4%
Total	80.5%



Outlook

Recreate outlook

Recreate entered 2023 with a stressed liquidity situation and uncertainty related to whether it would be able to extend its short-term debt refinancing. Since the beginning of the year, the Group has succeeded in reducing its short-term debt, the Group has succeeded in reducing its short-term debt, as well as extended approx. 47% of its short-term interest-bearing debt with the Group's secured financial creditors. Recreate has received positive indications that the remaining secured short-term bank debt (36%) will be extended in the following weeks once formal credit approvals are obtained. The Group has also positive dialogues with the remaining (16%) financial creditors (shareholders) and is working on extending the remaining loans which mature in mid-October.

Through the joint venture (RCR Property Group) with XG Group AS, Recreate has managed to secure additional funding for approx. managed to secure additional funding for approx. 60% (NOK 0.95 billion) of current property values going forward. This enables Recreate to participate in development projects with the aim to create higher market value on these properties.

As of the reporting date, the Group is still experiencing a stressed liquidity situation for the remaining properties/companies and the basis for continuing as a going concern is contingent upon being able to obtain liquidity by way of sale of properties, additional debt facilities or equity issues, in addition to a successful refinancing of the remaining short-term loans which mature in mid-October.

The financial situation in Evolve (100% subsidiary) is challenging with stressed liquidity and deferred payments under several property lease agreements until end of October 2023 in collaboration with the vast majority of Evolve's landlords. Some of these payment obligations are guaranteed by Recreate. To improve profitability and liquidity in the short term,

Evolve has reassessed and changed its price structure, implemented cost-cutting measures and terminated several non-profitable locations. To ensure continued operations, Evolve is working on a restructuring in consultation with its creditors to address the lease obligations which are set to mature in end of October 2023.

Overall, the Group and the Board of Directors consider the Group's ability to continue as a going concern to have improved, but as of the reporting date there are still uncertainty and risks related to this position. The Group is however optimistic on the ongoing processes. The recent announcement of the RCR Property Group joint venture and partial refinancing of loans are positive contributions to the restructuring process.

The Group has previously disclosed its updated strategy, with a renewed focus on property development - a historical core quality of Recreate. The Group continues to assess new development opportunities with current and possible new partners/co-investors.

Going forward, the Group will continue to focus on cost reductions and optimization of operations. The majority of already completed initiatives have had effect from Q2-23 and onwards.

General market outlook

The macroeconomic outlook is still uncertain, but Norwegian economy is solid with strong government finances smoothing business cycles. Inflation remains high through 2023 but is decreasing. Interest rates (and higher property yields) is expected to slightly increase to the end of the year and stabilize in 2024.

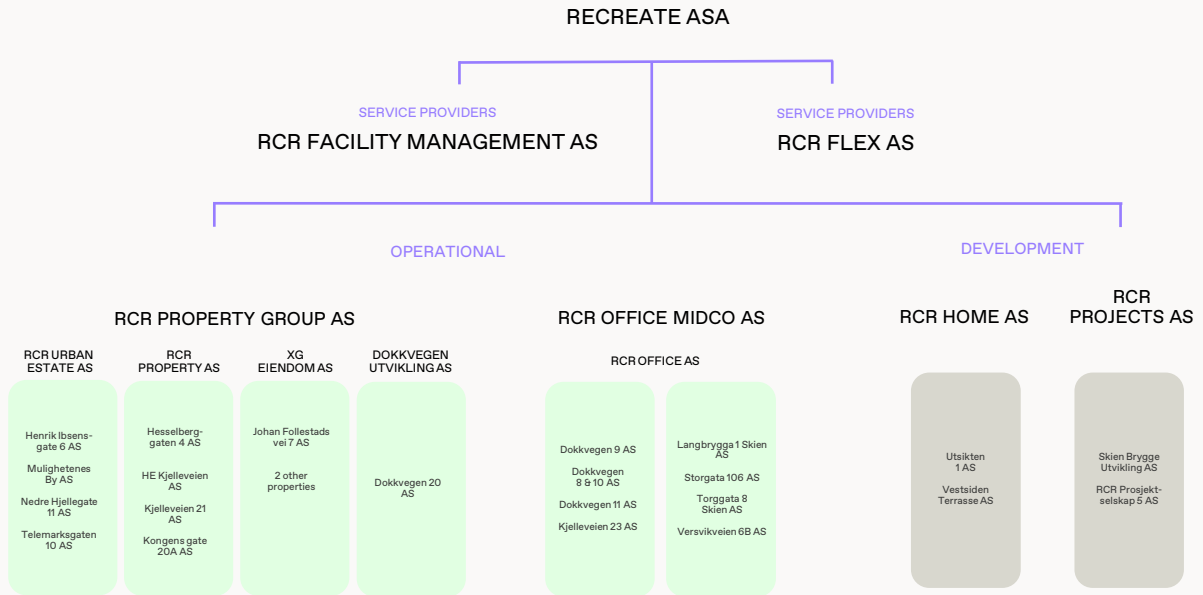
There is good activity in the letting market and limited new-build activity going forward.



Company structure

The company structure will continually be optimized to have flexibility regarding funding, ownership and key partners going forward.

The company structure is updated 28 September 2023 reflecting the new joint Venture, RCR Property Group (the JV is not included in the figures for 1H-23):



The company RCR Technology AS and Fornebuveien 1-3 Invest AS has a temporary placement as a subsidiary of Recreate ASA





Financial statements

Photo: Morten Bjerck





Statement of total comprehensive income

All amounts in NOK thousand

	Note	YTD Q2-23	YTD Q2-22	(Restated) 2022*
Rental income	2	46 408	65 614	123 140
Other operating income	2	45 211	44 273	92 562
Total operating income		91 618	109 886	215 702
Maintenance and other operating expenses		37 453	44 462	135 585
Depreciation and amortisation		29 276	24 381	127 630
Changes in fair value from owner-occupied properties	4,5	16 166	-	166 723
Other property-related expenses		3 634	4 849	7 545
Administrative expenses		28 192	31 900	75 540
Total operating costs		114 721	105 592	513 023
Net income from property management		-23 103	4 294	-297 322
Changes in fair value from investment properties	4,5	-117 288	-34 728	-255 577
Operating profit		-140 391	-30 433	-552 899
Gains from investment in shares		-	33 919	33 919
Interest and other financial income		1 564	2 390	5 501
Share of profit (loss) from associates and joint ventures		-2 363	-2 645	-4 727
Loss from investment in shares		-14 721	-	-
Interest and other financial expenses		-55 431	-45 692	-139 824
Changes in fair value of financial instruments	4	22 762	71 382	80 410
Net financial items		-48 190	59 355	-24 721
Profit before tax		-188 581	28 921	-577 620
Tax expense		16 183	4 617	71 263
Profit for the period/year		-172 397	33 539	-506 357
Changes in fair value from owner-occupied property	4,5	-	27 782	-
Change in deferred tax on comprehensive income	4	-	-5 780	-
Total comprehensive income for the period/year that will not be reclassified to profit or loss in subsequent periods		-172 397	55 541	-506 357
Profit attributable to:				
Equity holders of the company		-156 073	22 149	-427 737
Non-controlling interest		-16 324	11 390	-78 620
Earnings per share:				
Basic (NOK)		-7,19	1,53	-19,72
Diluted (NOK)		-7,20	1,52	-19,77
Other comprehensive income				
Net OCI that may be reclassified to profit or loss in subsequent periods		-	-	-
Net OCI that will not be reclassified to profit or loss in subsequent periods		-	22 002	-
Total comprehensive income attributable to:				
Equity holders of the company		-156 073	33 266	-427 737
Non-controlling interest		-16 324	22 275	-78 620

Notes 1 through to 12 form an integral part of the consolidated financial statements.

* The changes in fair value from owner-occupied property in 2022 were incorrectly classified as other comprehensive income. The numbers for 2022 have been restated to correct this classification error and Tnok 166 723 has been classified as an operating cost in the profit and loss. The restatement has no effect on the total comprehensive income for 2022. There is no effect in 2023 related to the restatement.



Balance sheet

All amounts in NOK thousand

	Note	30.06.2023	30.06.2022	31.12.2022
NON-CURRENT ASSETS				
Deferred tax asset		62 318	-	2 267
Other intangible assets		97 131	155 303	105 716
Total intangible assets		159 448	155 303	107 983
Investment property	4,5	66 400	1 894 150	1 395 300
Owner-occupied property	4,5	-	754 950	315 000
Other operating assets		7 239	10 521	9 538
Right-of-use assets		187 629	199 521	213 413
Total non-current tangible assets		261 268	2 859 143	1 933 251
Investment in jointly controlled entities, associates and shares	4	3 000	44 048	9 482
Loans to related parties		7 953	32 070	9 028
Financial derivatives	4	-	99 852	30 084
Other long-term receivables		2 666	15 467	9 424
Total financial assets		13 620	191 438	58 018
TOTAL NON-CURRENT ASSETS		434 336	3 205 883	2 099 252
CURRENT ASSETS				
Inventory property		10 992	10 807	10 992
Trade receivables		6 665	-	11 622
Other receivables		21 442	15 290	38 111
Other receivables to related parties		-	99 951	10 634
Total current receivables		39 100	126 048	71 359
Assets held for sale	4,5,6	1 608 026	-	713 594
Cash and bank deposits		10 450	26 239	36 251
TOTAL CURRENT ASSETS		1 657 576	152 287	821 204
TOTAL ASSETS		2 091 912	3 358 171	2 920 457
EQUITY				
Shareholders equity		236 696	853 388	392 866
Non-controlling interest		16 306	158 606	67 428
TOTAL EQUITY		253 003	1 011 994	460 294
LIABILITIES				
Interest-bearing debt		24 269	1 549 445	421 360
Deferred tax liability		-	74 383	-
Financial derivatives	4	-	32 778	-
Lease liabilities, non-current portion		169 335	172 143	204 375
Other non-current liabilities		6 376	9 082	9 924
Total non-current liabilities		199 980	1 837 830	635 659
Trade payables		77 378	48 495	54 474
Interest-bearing debt		109 018	353 353	1 014 965
Debt to related parties		32 917	92	31 732
Lease liabilities, current portion		29 971	40 362	43 793
Other current liabilities		33 585	66 046	68 411
Total current liabilities		282 869	508 347	1 213 375
Liabilities directly associated with the assets held for sale	6	1 356 060	-	611 129
TOTAL LIABILITIES		1 838 909	2 346 177	2 460 163
TOTAL EQUITY AND LIABILITIES		2 091 912	3 358 171	2 920 457



Statement of changes in equity

All amounts in NOK thousand

	Share capital	Share premium	Other paid- in equity	Retained earnings	Revaluation surplus	Non- controlling interest	Total equity
Equity at 01.01.2022	5 423	271 729	136 498	406 694	-	131 331	951 676
Profit for year	-	-	-	-427 737	-	-78 620	-506 357
Capital increase as of 30.06.2022	-	-	-	-	-	5 000	5 000
Capital increase as of 13.10.2022	-	-	-	-	-	7 116	7 116
Capital increase as of 14.10.2022	-	-	-	-	-	29 082	29 082
Sale of shares to non-controlling interests	-	-	-	3 043	-	20 149	23 192
Divestment of subsidiary with non-controlling interests	-	-	-	-803	-	-46 630	-47 433
Share based options	-	-	-1 981	-	-	-	-1 981
Equity at 31.12.2022	5 423	271 729	134 517	-18 804	-	67 428	460 294
Profit for year	-	-	-	-156 073	-	-16 324	-172 397
Dividends to non-controlling interests	-	-	-	-	-	-21 255	-21 255
Divestment of subsidiary with non-controlling interests	-	-	-	-	-	-13 543	-13 543
Share based options	-	-	-96	-	-	-	-96
Equity at 30.06.2023	5 423	271 729	134 421	-174 877	-	16 306	253 003

* The changes in fair value from owner-occupied property in 2022 were incorrectly classified as other comprehensive income and charged to the revaluation surplus in equity. The numbers for 2022 have been restated to correct this classification error and tnok 162 502 has been reclassified to the Retained earnings instead of the Revaluation surplus. The restatement has no effect on the total equity at 31.12.2022. There is no effect in 2023 related to the restatement.

Notes 1 through to 12 form an integral part of the consolidated financial statements.



Statement of cash flows

All amounts in NOK thousand

	Note	YTD Q2-23	YTD Q2-22	2022
Profit before tax		-188 581	28 921	-410 897
Expensed interest and fees on loan		50 343	42 078	128 049
Expensed interest and fees on leases		5 089	3 614	8 030
Interest and fees paid on loans		-37 756	-39 444	-91 512
Share of profit from associates and jointly controlled entities		2 363	2 645	4 727
Gains/losses from investment in shares	7	14 721	-31 766	1 092
Depreciation and amortisation	8	5 029	3 489	77 346
Depreciation on leases		24 247	22 327	50 285
Other adjustments		-10 602	5 199	39 183
Change in market value investment properties	4, 5	133 454	34 728	255 577
Change in market value financial instruments	4	-22 762	-71 382	-80 410
Change in working capital		23 292	12 765	14 159
Net cash flow from operating activities		-1162	13 174	-4 372
Proceeds from sales of investment properties and companies		32 477	31 925	59 438
Proceeds from sales of shares		32	1 247	7 230
Purchase of shares		-	-6 850	-6 850
Purchase of business net of cash		-	-	-151 465
Upgrades and construction of investment properties		-13 380	-82 034	-117 771
Purchase of intangible assets and other plant and equipment		-509	-5 622	-11 314
Net payment financial assets		7 417	-51 536	-35 536
Dividends from associates and jointly controlled entities		-	-	1 766
Net cash flow from investment activities		26 037	-112 869	-254 502
Proceeds interest-bearing debt		1 790	395 045	467 181
Repayment interest-bearing debt		-52 160	-245 448	-263 100
Proceeds loans from other related parties		4 674	-	182 561
Repayments loans from other related parties		-	-14 051	-14 051
Proceeds from seller credits		3 500	-	-
Dividends to non-controlling interests		-15 066	-	-
Payment of principal portion of lease liabilities		-31 945	-24 467	-55 221
Repayment of other liabilities		-	-10 000	-10 000
Net cash flow from financing activities		-89 208	101 079	307 370
Change in cash and cash equivalents		-64 334	1 384	48 495
Cash and cash equivalents at end of period from assets held for sale	6	1 434	-	-37 099
Cash and cash equivalents at beginning of period		73 350	24 855	24 855
Cash and cash equivalents at end of period		10 450	26 239	36 251

Notes 1 through to 12 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 2022. 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 2022. There are no significant changes in accounting policies compared with those used when preparing the financial statements for 2022.

NOTE 2 INFORMATION ABOUT REVENUE STREAMS

Rental income from investment properties:

The Group's rental income was reduced by 19.2 per cent from 65,6 million in first half 2022 to 46.4 million in first half 2023

Other operating income:

The majority of other operating income relates to the coworking subsidiary RCR Flex (Evolve) and RCR Facility Management, the Group's real estate service provider.

NOTE 3 SEGMENT INFORMATION

The 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
- △ Coworking, which is a supplier of flexible office spaces

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 recognised in accordance with IAS 40. Income from Coworking is considered revenue from contracts with customers (IFRS 15).

All amounts in NOK thousand

YTD Q2-23	Commercial Properties ¹⁾	Coworking	Eliminations ²⁾	Consolidated
INCOME STATEMENT				
Total operating income	53 484	43 023	-4 889	91 618
- of which is rental income	49 289	-	-2 881	46 408
- of which is other operating income	4 196	43 023	-2 008	45 211
Total operating costs	54 594	65 016	-4 889	114 721
Net income	-1 110	-21 993	-	-23 103
Fair value adjustments investment property	-117 288	-	-	-117 288
Net fair value financial derivatives	22 762	-	-	22 762
Net financial items	-62 796	-6 916	-1 240	-70 952
Segment profit	-158 431	-28 909	-1 240	-188 581
BALANCE SHEET				
Investment property	1 339 004	-	-	1 339 004
Investment property held for sale	-	-	-	-
Owner-occupied property	300 000	-	-	300 000
Owner-occupied property held for sale	-	-	-	-
Inventory property	10 992	-	-	10 992
Total assets from operating segments	1 649 997	-	-	1 649 997
Deferred tax liability	40 021	-35 987	-	4 034
Interest bearing debt	1 441 984	11 238	-	1 453 222
Interest bearing debt related to assets held for sale	576 950	-	-	576 950
Total liabilities from operating segments	2 058 956	-24 750	-	2 034 206
RECONCILIATIONS				
Reconciliation of revenue:				
Total operating income from the segments				91 618
Other operating income				-
The Group's total operating income				91 618
Reconciliation of profit:				
Segment profit				-188 581
Total other comprehensive income before tax				-
The Group's profit before tax				-188 581
Reconciliation of balance sheet:				
Total assets from operating segments				1 649 997
Non-current assets				394 398
Current assets				47 518
Assets held for sale (adjusted for property held for sale above)				-
The Group's total assets				2 091 912
Total liabilities from operating segments				2 034 206
Equity				253 003
Non-current liabilities				179 105
Current liabilities				202 549
Liabilities related to assets held for sale (adjusted for liabilities related to assets held for sale above)				-576 950
The Group's total equity and liabilities				2 091 912

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



YTD Q2-22	Commercial Properties ¹⁾	Coworking	Eliminations ²⁾	Consolidated
INCOME STATEMENT				
Total operating income	38 932	17 218	-5 243	50 908
- of which is rental income	35 246	-	-1 659	33 587
- of which is other operating income	3 686	17 218	-3 583	17 321
Total operating costs	39 141	17 218	-5 243	51 117
Net income	-209	-	-	-209
Fair value adjustments investment property	-49 368	-	-	-49 368
Net fair value financial derivatives	14 391	-	-	14 391
Net financial items	-20 310	-1 263	-305	-21 878
Segment profit	-55 496	-1 263	-305	-57 063
BALANCE SHEET				
Investment property	1 894 150	-	-	1 894 150
Owner-occupied property	754 950	-	-	754 950
Inventory property	10 807	-	-	10 807
Total assets from operating segments	2 659 907	-	-	2 659 907
Deferred tax liability	176 227	-101 844	-	74 383
Interest bearing debt	1 891 990	10 808	-	1 902 798
Total liabilities from operating segments	2 068 217	-91 037	-	1 977 180
RECONCILIATIONS				
Reconciliation of revenue:				
Total operating income from the segments				50 908
Other operating income				-
The Group's total operating income				50 908
Reconciliation of profit:				
Segment profit				-57 063
Total other comprehensive income before tax				-
The Group's profit before tax				-57 063
Reconciliation of balance sheet:				
Total assets from operating segments				2 659 907
Non-current assets				556 784
Current assets				141 480
The Group's total assets				3 358 171
Total liabilities from operating segments				1 977 180
Equity				1 011 994
Non-current liabilities				214 003
Current liabilities				154 994
The Group's total equity and liabilities				3 358 171

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

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 2022 for further information. Set out below is a summary of assets and liabilities measured at fair value divided between the different valuation hierarchies set out in IFRS 7.

ASSETS MEASURED AT FAIR VALUE

	30.06.2023	30.06.2022	31.12.2022
Assets at fair value through profit or loss			
- Investment properties (level 3) ¹⁾	1 339 004	1 894 150	1 452 300
- Derivatives (Level 2 and 3) ²⁾	52 846	99 852	30 084
- Equity instruments (level 3)	-	21 385	-
- Less: investment properties held for sale	-	-	-57 000
Total	1 391 850	1 425 384	1 425 384
Assets at fair value through other comprehensive income			
- Owner-occupied properties (level 3) ¹⁾	300 000	754 950	928 397
- Less: owner-occupied properties held for sale	-	-	-613 397
Total	300 000	754 950	315 000

LIABILITIES MEASURED AT FAIR VALUE

	30.06.2023	30.06.2022	31.12.2022
Liabilities at fair value through profit or loss			
- Derivatives (level 2 and 3)	-	-	-
Total	-	-	-

1) There have been no acquisition of properties year to date. In first half, the Group sold the investment property Inkognitogatogaten 33 AS for MNOK 350 and Fornebuveien 1-3 AS for MNOK 281.

2) Derivatives consist of fair value of interest rate swaps.



NOTE 5 INVESTMENT PROPERTIES

All amounts in NOK thousand

	YTD Q2-23	YTD Q2-22	2022
VALUE OF INVESTMENT PROPERTIES			
Opening balance previous period	1 395 300	2 692 700	2 692 700
Reclassification to owner-occupied property	-	-661 300	-661 300
Purchase of investment properties	-	-	-
Projects and upgrades in the property portfolio	4 385	10 183	29 444
Capitalised borrowing costs	-	-	396
Sale of investment property	-	-115 200	-353 363
Change in value of investment properties	-117 681	-32 233	-227 082
Change in value of investment properties sold during the period	-	-	-28 494
Less: Classified as held for sale ¹⁾	-1 215 604	-	-57 000
Total value of investment property	66 400	1 894 150	1 395 300
Opening balance previous period	315 000	-	0
Reclassification from investment property	-	661 300	661 300
Purchase of owner occupied properties	-	-	423 567
Projects and upgrades in the property portfolio	-	69 360	90 022
Sale of owner occupied property	-	-	-79 771
Change in value of owner occupied properties	-15 000	24 290	-166 723
Less: Classified as held for sale ¹⁾	-300 000	-	-613 397
Total value of owner occupied property	-0	754 950	315 000

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

Owner-occupied property shown above relates solely to the properties Powerhouse Telemark which during the period has been reclassified to held for sale.

The Group has lease contracts regarding real estate properties, service cars and other inventory. Outstanding right-of-use assets as per 30.06.2022 is TNOK 187 629.

1) Veststien Terrasse, Storgata 106, Versvikveien 6B, Hesselberggaten 4, Dokkvegen 8810, Powerhouse Telemark (Dokkvegen 11), Dokkvegen 9, Kjelleveien 21, Torggata 8, Kongensgate 20A, Mulighetenes By (Arkaden), Nedre Hjellegate 11, Henrik Ibsensgate 6 and Dokkvegen 20 are classified as held for sale as of 30.06.2023. The total amount expected for the group of properties classified as held for sale as of reporting date is MNOK 1 572. The sale of these properties are expected to be completed during the next twelve months.

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 Q2-23

30.06.2023	Area		Occupancy		No. of prop.		Market value		Wault ¹⁾		Annual rent		Wault ²⁾		Net direct yield		Net yield (valuation)		Market rent ³⁾	
	(sqm)	(sqm)	(%)	(#)	(tNOK)	(NOK/sqm)	(yrs)	(tNOK)	(NOK/sqm)	(yrs)	(%)	(%)	(tNOK)	(NOK/sqm)						
Green Office	34 462	28 926	83,9	5	892 400	25 895	8,6	57 696	1 995	8,4	4,3	6,2	70 219	2 038						
City Office	19 163	16 208	84,6	6	251 500	13 124	2,0	17 677	1 091	2,1	6,0	7,2	26 584	1 387						
Commercial Prop.	3 558	2 576	72,4	3	57 800	16 245	6,4	4 525	1 756	7,0	6,5	8,0	6 671	1 875						
Total management portfolio	57 183	47 710	83,4	14	1 201 700	21 015	7,1	79 898	1 675	6,9	4,8	6,5	103 474	1 810						
Project portfolio	22 138	17 587	79,4	1	365 000	16 487	8,5	32 577	1 852											
Development portfolio	0	0	0,0	3	72 304	0	1,9													
Total project portfolio	22 138	17 587	79,4	4	437 304	19 754	7,4	32 577	1 852											
Total property portfolio	79 321	65 297	82,3	18	1 639 004	20 663	7,2	112 475	1 723											

The calculation of net yield is based on the valuers' assumption of ownership costs, which on 30 June 2023 corresponds to 11.3 per cent of market rent. The Group has one single external customer representing over 10 per cent of the Group's revenue in the total property portfolio, that is Norner AS with 12.1 per cent of the Group's revenue. Furthermore, the Group has around 100 per cent of its estimated marked value of properties and 100 per cent of its rental income geographically from the county of Vestfold Telemark.

The property Mulighetenes By (Arkaden) is considered a project and included in the project portfolio. Recreate are doing feasibility studies on three properties which is included in the development portfolio.

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

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

TENANT INDUSTRY Q2-23

30.06.2023	Occupancy (sqm)	Wault ²⁾ (yrs)	Annual rent (tNOK)	Annual rent (NOK/sqm)
Office	44 056	7,0	73 666	1 672
Retail	408	3,5	528	1 293
Healthcare	1 811	2,4	2 560	1 414
Food and Beverage	1 435	9,1	3 144	2 191
Total management portfolio	47 710	6,9	79 898	1 675



CORPORATE UNITS Q2-22

30.06.2022	Area (sqm)	Occupancy (sqm)	Occupancy (%)	No. of prop. (#)	Market value		Wault ¹⁾ (yrs)	Annual rent		Wault ²⁾ (yrs)	Net direct yield (%)	Net yield (valuation) (%)	Market rent ³⁾	
					(tNOK)	(NOK/sqm)		(tNOK)	(NOK/sqm)				(tNOK)	(NOK/sqm)
Green Office	37 248	34 696	93,1	6	1 127 250	30 263	7,7	68 247	1 967	6,2	4,7	5,5	74 317	1 995
City Office	29 196	26 101	89,4	8	640 600	21 941	4,1	34 886	1 337	4,0	3,8	5,5	45 463	1 557
Commercial Prop.	9 830	9 104	92,6	4	314 150	31 958	13,8	19 331	2 123	13,6	5,0	5,9	21 367	2 174
Total management portfolio	76 274	69 901	91,6	18	2 082 000	27 296	7,5	122 464	1 752	6,7	4,5	5,6	141 147	1 851
Project portfolio	21 817	16 582	76,0	1	447 000	20 489	7,8	30 016	1 810					
Development portfolio	0	0	0,0	4	120 100	0	1,0							
Total project portfolio	21 817	16 582	76,0	5	567 100	25 993	6,3	30 016	1 810					
Total property portfolio	98 091	86 483	88,2	23	2 649 100	27 007	7,3	152 479	1 763					

The calculation of net yield is based on the valuers' assumption of ownership costs, which on 30 June 2022 corresponds to 9.3 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 12.1 per cent of the Group's revenue. Furthermore, the Group has around 87 per cent of its estimated marked value of properties and 89 per cent of its rental income geographically from the county of Vestfold Telemark, while the rest is located in the Oslo area.

During the fourth quarter the Group has reassessed the property Mulighetenes By (Arkaden) and considers the property as a project. This is included in the project portfolio. Recreate are doing feasibility studies on five properties which is included in the development portfolio.

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

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

TENANT INDUSTRY Q2-22

30.06.2022	Occupancy (sqm)	Wault ²⁾ (yrs)	Annual rent	
			(tNOK)	(NOK/sqm)
Office	58 505	5,8	102 010	1 744
Retail	648	3,3	747	1 153
Hotels	6 234	16,5	12 117	1 944
Healthcare	2 593	3,4	3 351	1 292
Food and Beverage	1 921	6,4	4 238	2 206
Total management portfolio	69 901	6,7	122 464	1 752

NOTE 6 DISPOSAL GROUP

The Group has entered into contracts for the purpose of sale of 17 properties. The properties consists of both investment properties and owner-occupied properties. The investment properties are in the following cities: Tønsberg, Porsgrunn and Skien. All properties will be sold through corporate wrappers. The investment properties classified as held for sale are listed or in contract for the amount of MNOK 1 272. The owner-occupied properties are expected to be sold for MNOK 300 according to hired real estate broker. A group of investment properties will be sold into a new joint venture with XG Eiendom AS. The rest of the properties classified as held for sale, including both investment properties and owner-occupied properties, will either be sold or entered into a joint venture. All transactions are expected to be completed during the next 12 months.

For information about the change in value of these properties classified as held for sale, see note 5.

All amounts in NOK thousand

	Q2-2023	2022
Assets		
Other intangible assets	5 640	-
Investment property	1 272 604	57 000
Owner-occupied property	300 000	613 397
Other operating assets	235	-
Financial derivatives	52 846	-
Other long-term receivables	9 866	628
Trade receivables	4 662	929
Other receivables	5 732	4 541
cash and bank deposits	-1 434	37 099
Assets held for sale	1 650 151	713 594
Liabilities		
Deferred tax liability	-46 159	-5 780
Long term interest-bearing debt	-391 679	-360 029
Other non-current liabilities	-3 394	-493
Trade payables	-10 352	-22 829
Short term interest-bearing debt	-928 255	-216 922
Other current liabilities	-18 346	-5 076
Liabilities directly associated with assets held for sale	-1 398 185	-611 129
Net assets directly associated with disposal group	251 967	102 464

The cash effects of completion of transactions is as of reporting date unclear.

NOTE 7 TRANSACTIONS WITH RELATED PARTIES

The Group has sold Fornebuveien 1-3 AS to a company where Brødrene Jensen AS is shareholder for a fair value of the investment property of MNOK 281. The Group has also sold the remaining shares in Orbit Technology AS to Alligate for TNOK 32. Alligate is a company controlled by Brødrene Jensen AS.



NOTE 8 KEY FIGURES

All amounts in NOK thousand

INTEREST COVERAGE RATIO (ICR)

	YTD Q2-23	YTD Q2-22	2022
Net income from property management	-23 103	4 294	-297 322
Depreciation and amortisation (excl. IFRS 16)	5 029	3 490	77 346
Fair value adjustments of owner-occupied properties	16 166	-	166 723
Net realised financials	1 564	1 963	5 501
Net effect from leases	-	-	-
EBITDA adjusted	-344	9 747	-47 752
Interest cost	55 351	45 610	136 075
Other financial expenses	80	-108	3 749
Applicable net interest cost	55 431	45 502	139 824
Interest Coverage Ratio (ICR)*	-0,0	0,2	-0,3

* Interest expense on project financing, i.e. on new buildings and renovations, is excluded in interest coverage ratio.

NOTE 9 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	30.06.2023	30.06.2022	31.12.2022
EPRA Earnings per share (EPS)	NOK	-2,8	-0,7	-5,8
EPRA NRV per share	NOK	13,1	45,2	22,1
EPRA NTA per share	NOK	6,1	35,7	13,3
EPRA NDV per share	NOK	6,6	32,2	13,7
EPRA net initial yield	%	4,9 %	4,3 %	4,5 %
EPRA "topped-up" net initial yield	%	5,2 %	4,5 %	5,0 %
EPRA vacancy rate	%	15,4 %	6,2 %	13,0 %
EPRA cost ratio (including direct vacancy costs)	%	66,9 %	55,2 %	57,7 %
EPRA cost ratio (excluding direct vacancy costs)	%	47,5 %	43,1 %	43,8 %
EPRA LTV	%	95,6 %	71,4 %	84,3 %

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

	30.06.2023	30.06.2022	31.12.2022
Profit for period/year	-172 397	33 730	-343 855
Add:			
Changes in value of investment properties	133 454	34 728	255 577
Tax on changes in value of investment properties ¹⁾	-21 467	-7 058	-42 803
Profits or losses on disposal of investment properties, development properties held for investment and other interests	13 270	6 071	49 972
Changes in value of other investment interests	-	-27 292	-40 127
Tax on changes in value of other investment interests swaps ¹⁾	-	-	-
Changes in value of interest rate swaps	-22 762	-44 091	-40 283
Tax on changes in value of interest rate swaps ¹⁾	5 008	9 700	8 862
Share of profit jointly controlled entities - fair value adjustments	-	-11 379	-
Reversal of deferred tax EPRA adjustments jointly controlled entities ¹⁾	-	-	-
Net income non-controlling interest of subsidiaries	5 423	1 337	33 440
Reversal of tax non-controlling interests of subsidiaries ¹⁾	-1193	-294	-7 357
EPRA Earnings	-60 664	-4 549	-126 574

¹⁾ 22 per cent

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	30.06.2023	30.06.2022	31.12.2022
NAV - book value of equity	253 003	1 011 994	460 294
Hybrid instruments	-	1 264	378
Diluted NAV	253 003	1 013 258	460 672
Less: Non-controlling interest	-16 306	-158 605	-67 428
Fair value of interest rate swaps	-47 836	-27 157	-26 494
Goodwill as a result of deferred tax	-5 640	-5 640	-5 640
Deferred tax	100 707	157 106	119 640
Net reinstatement value (EPRA NRV)	283 928	978 962	480 750
EPRA NRV per share	13,1	44,9	22,1
Goodwill as per the IFRS	-86 970	-147 009	-89 366
Intangible assets as per the IFRS	-10 160	-2 654	-10 710
Estimated real deferred tax ¹⁾	-54 908	-53 177	-91 957
Net tangible assets (EPRA NTA)	131 889	776 121	288 717
EPRA NTA per share	6,1	35,6	13,3
Fair value of interest rate swaps according to above	47 836	27 157	26 494
Deferred tax as per the IFRS	-45 800	-103 929	-27 683
Fair value adjustment of interest bearing debt	-	-	-
Intangible assets according to above	10 160	2 654	10 710
Net disposal value (EPRA NDV)	144 086	702 003	298 239
EPRA NDV per share	6,6	32,2	13,7

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

EPRA NET INITIAL YIELD (NIY)

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

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

The 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

	30.06.2023	30.06.2022	31.12.2022
Investment property - consolidated ¹⁾	1 639 004	2 649 100	2 380 697
Investment property - share of JVs	-	-	-
Total Property portfolio	1 639 004	2 649 100	2 380 697
Less: projects and development sites	-437 304	-567 100	-484 600
Completed property portfolio	1 201 700	2 082 000	1 896 097
Allowance for estimated purchasers' costs	6 009	10 410	9 480
Gross up completed property portfolio valuation	1 207 709	2 092 410	1 905 577
12 months rolling rent	68 383	99 875	96 565
Estimated ownership cost	9 659	11 117	11 697
Annualised net rents	58 724	88 758	84 867
Add: notional rent expiration of rent free periods or other lease incentives	3 228	5 844	10 697
Topped-up net annualised rent	61 952	94 602	95 565
EPRA NIY	4,9 %	4,3 %	4,5 %
EPRA 'topped-up' NIY	5,2 %	4,5 %	5,0 %

1) owner-occupied investment property and property held for sale is included.

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

	30.06.2023	30.06.2022	31.12.2022
Estimated market rent vacant space	15 972	8 942	17 716
Total market rent whole portfolio	103 474	144 690	136 518
EPRA vacancy rate*	15,4 %	6,2 %	13,0 %

*The current market rent is higher than 12 months' rolling rent due to previously signed lease agreements which has not been adjusted for the change in market conditions and that turnover-based rent is added as market rent.



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

	30.06.2023	30.06.2022	31.12.2022
Total operating cost	114 721	105 592	346 300
Share of joint ventures expenses	-	-	-
Less: Costs related to non-property activities and external customers	-70 308	-63 943	-228 344
Less: Ground rent cost	-314	-388	-886
Less: Investment property depreciation	-	-	-
Less: Gains/losses on sale of properties & disposals	-13 270	-3 665	-46 550
EPRA Cost (including direct vacancy cost)	30 829	37 596	70 520
Direct vacancy cost	8 934	7 937	16 929
EPRA Cost (excluding direct vacancy cost)	21 895	29 659	53 591
Gross rental income less ground rent	46 093	63 266	122 254
Share of joint ventures	-	-	-
Total gross rental income less ground rent	46 093	63 266	122 254
EPRA Cost Ratio (including vacancy cost)	66,9 %	59,4 %	57,7 %
EPRA Cost Ratio (excluding vacancy cost)	47,5 %	46,9 %	43,8 %

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.

EPRA LTV

EPRA LTV is a metric to determine the percentage of debt comparing to the appraised value of the properties. In the BPR guidelines released in March 2022, EPRA introduced EPRA LTV as a recommended disclosure. The EPRA LTV is based on a proportionate consolidation. The Group has included its share of net debt and net assets of its material associates as well as deducted for any non-controlling interests.

All amounts in NOK thousand

	30.06.2023	30.06.2022	31.12.2022			
	Group as reported	Share of material associates	Non-controlling interests	Combined EPRA LTV	Combined EPRA LTV	Combined EPRA LTV
Net debt	1 578 282	8 439	81 788	1 504 933	1 615 477	1 675 523
Total property value	1 663 510	9 649	98 852	1 574 307	2 262 611	1 987 065
Debt ratio (LTV) %	94,9	87,5	82,7	95,6	71,4	84,3

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 was in 2022 postponed due to high building costs, but is currently now ongoing and building is expected to start during Q4-23. NewSec has previously valued the project and considers phase one to have a positive contribution of mNOK 75, with a total fair value of mNOK 589 compared to an estimated project cost of mNOK 514. 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 1 326 and costs amounting to mNOK 1 068 resulting in a positive contribution of mNOK 258, bringing a total positive effect from Skien Brygge of mNOK 333 from all three phases. Recreate owns 25% of Skien Brygge.

RCR Flex (Evolve) offers flexible workplaces with access to 25 locations.

All of Recreate shares in Orbit Technology AS was sold in June-23. Orbit has announced in Sep-23 that all operations will shut down.

NOTE 11 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

See CEO comments under chapter "Highlights for the first six months of 2023" in the Financial Report.

NOTE 12 MATERIAL UNCERTAINTY REGARDING THE ABILITY TO CONTINUE AS GOING CONCERN

See chapter "Outlook" in the Financial Report



Statement of total comprehensive income (excl. Coworking (Evolve)). As basis for comparison to previous reported TCI without consolidation of Evolve

All amounts in NOK thousand

	Note	YTD Q2-23	YTD Q2-22	2022
Rental income	2	49 192	68 967	131 306
Other operating income	2	4 196	9 159	17 978
Total operating income		53 388	78 126	149 284
Maintenance and other operating expenses		31 616	28 289	83 873
Depreciation and amortisation		318	393	513
Changes in fair value from owner-occupied properties		-	-	-
Other property-related expenses		508	2 980	5 895
Administrative expenses		23 635	27 925	64 594
Total operating costs		56 078	59 586	154 874
Net income from property management		-2 690	18 540	-5 590
Changes in fair value from investment properties	4,5	-133 454	-6 946	-422 300
Operating profit		-136 144	11 594	-427 890
Gains from investment in shares		-	579	579
Interest and other financial income		2 273	2 352	5 466
Share of profit (loss) from associates and joint ventures		-10 363	-17 023	-53 863
Impairment loss from investment in shares		-14 721	-	-38 695
Interest and other financial expenses		-49 225	-41 468	-129 736
Changes in fair value of financial instruments	4	22 762	71 382	80 410
Net financial items		-49 273	15 822	-135 840
Profit before tax		-185 417	27 416	-563 730
Tax expense		13 021	-5 215	57 373
Profit for year		-172 397	22 201	-506 357



Contact info

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Financial calendar

Annual report 2023	22.03.24
Annual General Meeting	11.04.24

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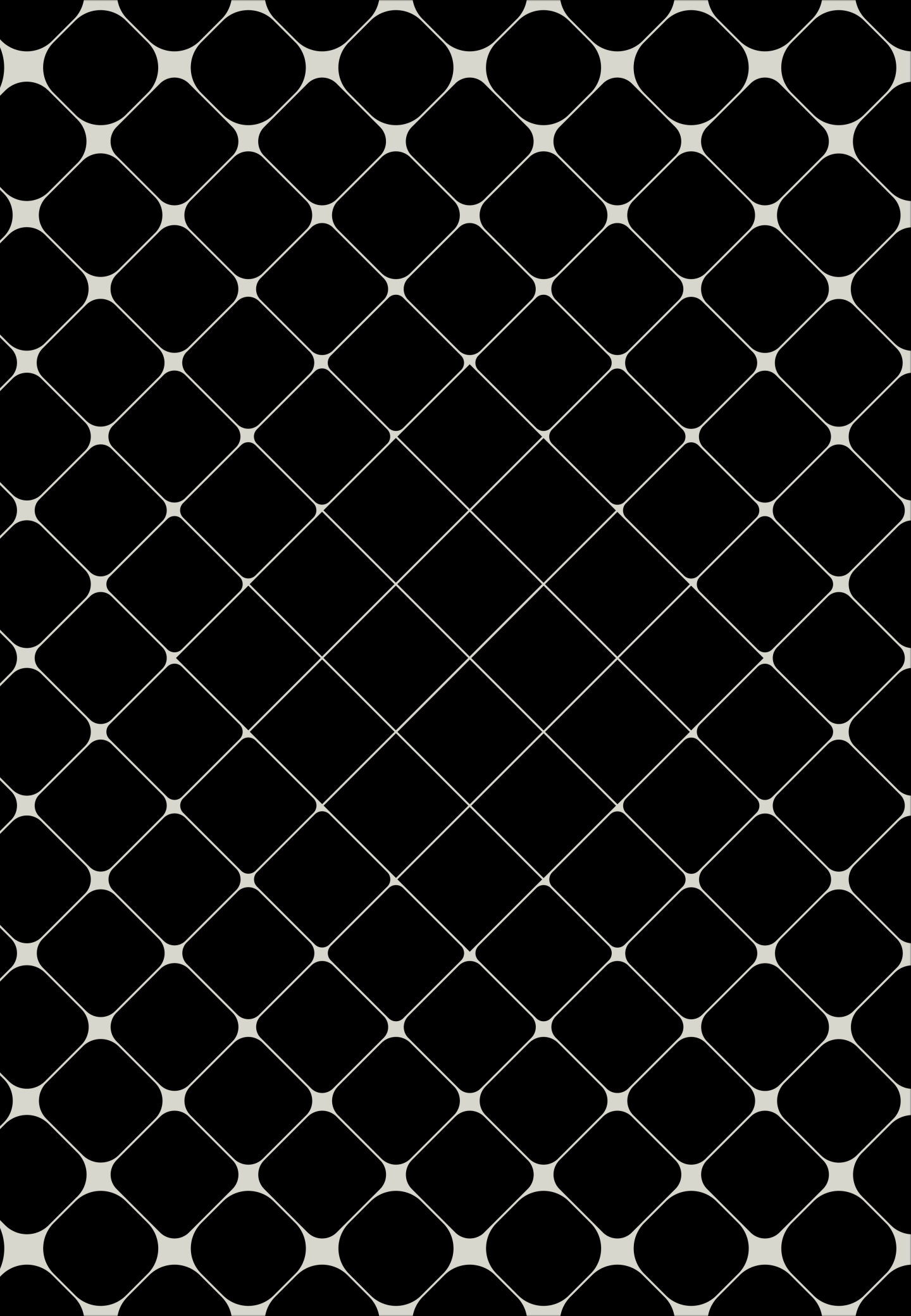
Statement of responsibility

The Board and CEO have considered and approved the condensed consolidated financial statements for the period 1 January to 30 June 2023. We confirm to the best of our knowledge that the condensed financial statements for the above-mentioned period:

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

Porsgrunn, 28 September 2023

Emil Eriksrød, CEO
George Emil Aubert, Chair of the Board
Knut Bråthen, Board Member
Else Christina Maria Sundby, Board Member
Marianne Lie, Board Member





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.
EPRA LTV	Debt divided by market value of the properties.
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.



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