



Recreate

Q4 2022

Quarterly Report





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Highlights for the fourth quarter 2022

- **Negative fair value adjustments** of investment properties of NOK 267.8* million due to increased yield levels
- **Profit before tax was negative** at NOK 412.5 million**
- **Cost reduction measures** (including staff reductions) and a **restructuring plan** was introduced in response to a stressed liquidity situation
- **Sale** of Kammerherreløkka and agreement on sale of Fornebuveien 1-3 and Inkognitogaten 33 as part of the work to repay expensive short-term loans and trade creditors
- **Impairment of goodwill** related to Evolve of NOK 72 million due to uncertainty of funding and grant of capital given the situation of the Group
- **One-off operating expenses** of NOK 9 million related to the ongoing restructuring process (including expected costs)
- **One-off operating expenses** of NOK 13 million partly related to cancellation of part of Evolve's lease contracts at Parallell of strategic reasons. This reduces leased area from seven to four floors and significantly limits the future financial obligations of Evolve by NOK 55 million and associated guarantee from Recreate ASA by NOK 11 million (not CPI adjusted)

* Includes fair value changes of owner-occupied investment property of NOK -124.8 million

** Profit before tax includes fair value changes from owner-occupied investment property (Profit before tax of NOK -287.7 million and changes in fair value of owner-occupied investment property of NOK -124.8 million (other comprehensive income), sum -412.5 million)



CEO and founder of Recreate, Emil Eriksrød, on the year 2022:

As we entered last year, I did not foresee the tough times ahead. As I look back, 2022 has been the most demanding year in the Recreate's history. Recreate, like the rest of the property industry, was hit by a perfect storm during the spring 2022. Increasing energy prices, rising interest rates and high inflation created turmoil in the financial market, resulting in tough times for the company.

After the market conditions became increasingly difficult during 2022 and the situation in the company got critical, we have taken many measures. We have sold several properties, we have made large cost reductions including a major downsizing, we have established new partnerships and we have a good ongoing dialogue with our creditors. The power of action has always been one of Recreates key characteristics, and for this past period this quality has been more important than ever before.

Unfortunately, the financial situation made restructuring and downsizing necessary. We have evaluated and reviewed our historical performance and redefined our strategy. Previously, we have proven to be good at value creation through project development. Going forward, our focus will not be on building a larger portfolio, instead we will strengthen our focus on property development and optimization through letting and project execution.

In 2022 we completed two key projects. Inkognito Park in Oslo, the listed building from 1874, has become a highly technological office building and inviting Evolve center. The Fornebu concept building, Grow, has undergone a substantial refurbishment and is leased to, among others, Schlumberger, Evolve and Rental Group. Both properties were sold in the first quarter of 2023. Going forward, developing properties for sale, will be the most important business concept for Recreate.

Further I believe that partnerships will be important for Recreate in our redefined strategy. A good example is the newly formed joint venture with XG Eiendom, a partnership that covers our interests in Skien City and enables us to develop and invest in a city at the core of our geographical focus area.

The focus on sustainability remains a high focus going forward. Sustainability is, and must be, a pillar in everything we do. Our goal is still to reduce CO2 emissions by 50% on our projects by 2030. Without the real estate industry's contribution, Norway will never reach the climate goals set in Paris. It is work we want to contribute to.

Although times are still tough and there is a lot of work ahead, I believe Recreate is on a path towards a better future. Our ability to adapt and be flexible have, over the last year, really been tested and will be a key when forming the new Recreate.

Subsequent events

- Final confirmation from financial creditors on their acceptance to suspend payment of amortization and to extend loan maturities
- 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
- Agreement to establish a joint venture (RCR Skien) 50/50 with XG Eiendom AS in March 2023, that shall own the Group's properties Arkaden, Nedre Hjellegate 11, Henrik Ibsens gate 6 and the Groups shares in the Skien Brygge development project. In addition, the parties intend that Kongens Gate 20 and Hesselberggaten 4 shall be acquired by the JV at a later stage.



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 optimalization 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

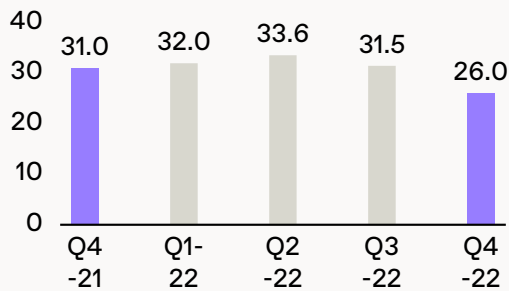
- In developing property projects, Recreate has historically worked with several different partners. Recreate will continue to cooperate with established partners and at the same time seek additional partnerships
- Recreate's goal is to have the regions best project department within early phase development 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



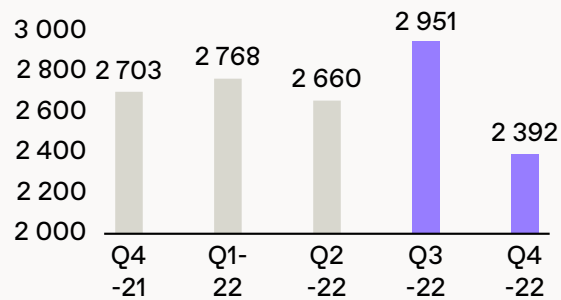
Financial Q4 2022

- Rental income of NOK 26.0 million (NOK 31.0 million) in the quarter
- Other operating income of NOK 27.8 million (NOK 4.2 million) mainly from our Flex services (Evolve)
- Negative total portfolio value changes of NOK 267.8 million* (NOK +76.7 million) mainly due to higher property yields
- Profit before tax of NOK -412.5 million (NOK 63.0 million) includes profit before tax of NOK -287.7 million and changes in fair value of owner-occupied investment property of NOK -124.8 million (other comprehensive income)
- Fair value per share of NOK 24.4 ** as of 31.12.22

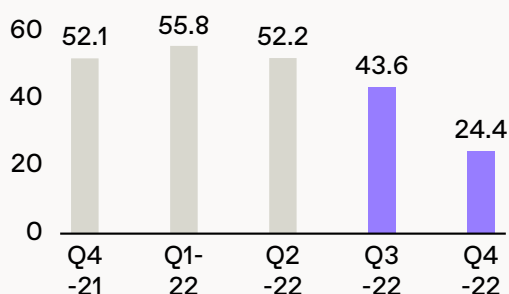
Rental income (MNOK) -5.0



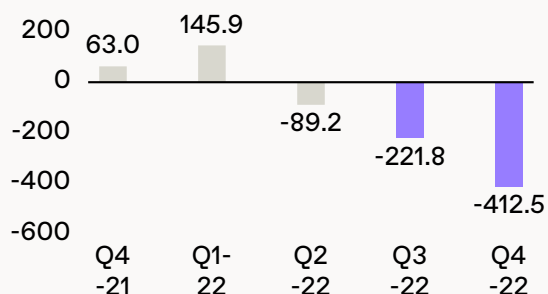
Market value of the property portfolio (MNOK) -311



Fair value per share** (NOK) -27.7



Profit before tax* (MNOK) -475.5



* Includes fair value changes of owner-occupied investment property of NOK -124.8 million

** Including fair value of subsidiaries and investments in jointly controlled entities, associates and shares. Fair values are based on third party transactions and valuations performed in Q1-22 and Q4-22.



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 26.0 million in Q4-22 compared with NOK 31.0 million in Q4-21. For the full-year of 2022 rental income was NOK 123.1 million, compared to NOK 120.6 million in 2021. 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 Q4-22 were NOK 2.9 million, and NOK 8.2 million for the full-year 2022. Total rental income including own use in Q4-22 was NOK 28.9 million, and NOK 131.3 million for the full-year 2022. The decrease is related to changes in the property portfolio and CPI adjustment.

From Q4-21 to Q4-22 there have been several changes in the property portfolio. The Group has sold seven properties the last year in line with the strategy to focus on sustainable properties centrally located. Storgata 171-175 was sold in Q4-21, Bedriftsveien 52-54 and Grønlikroken 5 in Q1-22, Østveien 665-667 and Rødmyrliia 20 in Q2-22 and Vipeveien 51 and Kammerherreløkka in Q4-22. The sale of Kammerherreløkka was completed as part of the ongoing work on reducing costs. The project Polymer Exploration Centre was completed and delivered to the tenant in Q4-21. In Q2-22 the project at Fornebuveien 1-3 was completed and the tenants moved in. The property Inkognitogaten 33 was acquired in Q3-22, and tenants moved in, and rental income have accrued from Q4-22.

In sum these changes in the property portfolio had a net positive effect of right above NOK 3 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 27.8 million in Q4-22 compared to NOK 4.2 million in Q4-21, and NOK 92.6 million (NOK 16.6 million) for the full-year 2022. Around NOK 22 million in Q4-22 is related to Evolve, and NOK 93 million for the full-year 2022.

- Total operating income came in at NOK 53.8 million (NOK 35.2 million) in the quarter, and NOK 215.7 million (NOK 137.2 million) in the full-year 2022
- Total operating cost amounted to NOK 160.2 million (NOK 29.1 million) in the quarter, and NOK 346.3 million (NOK 94.6 million) in the full-year 2022
- Net operating income from property management came in at NOK -32.8 million (NOK 6.1 million) in the quarter, and NOK -130.6 million (NOK 42.6 million) in the full-year 2022

The increase in total operating income and operating costs is mainly related to the acquisition and consolidation of Evolve from 1 January 2022. The increase in operating cost and decrease in net operating income is also due to an impairment of goodwill related to Evolve of NOK 72 million due to uncertainty of funding and grant of capital given the given the situation of the Group.



In addition, there is also one-off costs of one-off costs of NOK 9 million related to the ongoing restructuring process, and NOK 13 million related to cancellation of Evolve contracts at Parallell. The cancellation reduces leased area from seven to four floors and limit the future financial obligations of Evolve by NOK 55 million and associated guarantee from Recreate ASA by NOK 11 million (not CPI adjusted).

Net financials

Net financials amounted to NOK -38.4 million (NOK -19.9 million) in the quarter. Interest and other finance expenses amounted to NOK 40.2 million (NOK 18.6 million) in the quarter. The higher costs in Q4-22 is related to increased interest rates and short-term financing with high associated cost. Options for refinancing at longer term and at market terms are being assessed.

Net share of loss from associates and joint ventures was NOK -1.0 million (NOK -8.0 million) in the quarter and relates to the Group's investments in Orbit Technology. Last year this was also related to investment in Evolve.

Changes in fair value of financial instruments gave a net positive contribution of NOK 0.6 million (NOK -0.8 million) in the quarter. Interest swaps had a negative effect of NOK -9.0 million (NOK 4.0 million). Inkognitogaten 33 contributed positively with NOK 10.0 million related to the completion of the sale of 41.75 per cent of the shares. As of 31.12.22 the Group has an ownership of 50 per cent of Inkognitogaten 33 Holding AS.

In Q4-21 the Group had an ownership of 8.3 per cent in Inkognitogaten 33 and held a forward contract to acquire the remaining shares and a put option issued in Q3-21 to sell 50 per cent of these shares. This had a total negative effect of NOK 4.8 million in this quarter.

Value changes

The valuation of the investment portfolio resulted in a net negative value change of NOK 267.8 million (NOK +76.7 million) in the quarter, of which NOK -124.8 million came from own-used properties. The decrease in values is related to higher property yields. Properties with significant changes to highlight are Inkognitogaten 33, Fornebuveien 1-3, Kjelleveien 21 and sale of Kammerherreløkka. In Q4-21 the positive value change mainly resulted from increased value of Dokkvegen 20 (project Polymer Exploration Centre), project Slottsfjell Park, Dokkvegen 11 (Powerhouse Telemark), Kammerherreløkka 3 and Mulighetenes By (Arkaden).

Profit

Profit before tax in the quarter was NOK -412.5 million (NOK 63.0 million), which includes profit before tax of NOK -287.7 million and changes in fair value of owner-occupied investment property of NOK -124.8 million (other comprehensive income).

Total comprehensive income for the period was NOK -379.8 million (NOK 47.4 million) in Q4-22.

For the full-year period 2022, profit before tax was NOK -577.6 million (NOK 111.9 million), which includes profit before tax of NOK -410.9 million and changes in fair value of owner-occupied investment property of NOK -166.7 million (other comprehensive income).

Total comprehensive income for the full-year period 2022 was NOK -506.4 million (NOK 79.3 million). The decrease is mainly driven by negative value changes.



Balance sheet

The Group's assets amounted to NOK 2 920 million (NOK 2 936 million) as of 31.12.22 of which investment property, including own-used properties and properties held for sale, constituted NOK 2 381 million (NOK 2 692 million).

Other intangible assets were NOK 105.7 million (NOK 7.6 million) and the increase is related to the remaining 25 per cent of the shares in Evolve that the Group acquired 1 January 2022.

Rights of use assets amounted to NOK 213.4 million (NOK 0.04 million) as of 31.01.22 and is mainly related to leasing contracts in Evolve.

Investments in associates, jointly controlled entities and shares were NOK 9.5 million (NOK 73.7 million) at the end of Q4 2022. As of 31.12.22 this was related to investments in Orbit Technology AS and Skien Brygge Utvikling AS. The ownership in Orbit Technology AS has changed from 30.5 per cent in Q4-21 to 29.5 per cent in Q4-22. The Group's investment in Inkognitogaten 33 has changed from 8.3 per cent in Q4-21 to 50 per cent. In Q4-21 the Group held a forward contract to acquire 83.45 per cent of the shares in Inkognitogaten 33 and a put option to sell 41.75 per cent of the shares. The transaction was completed 15 July 2022 and the put option was also exercised. Share of loss from associates and joint ventures also explains the change from Q4-21 to Q4-22.

Financial derivatives as an asset in the quarter amount to NOK 30.1 million (NOK 54.1 million) and relates to interest swaps. In Q4-21 this was related to the forward contract to acquire the remaining shares in Inkognitogaten 33.

Total current assets came in at NOK 821.2 million (NOK 70.5 million) in Q4-2022. The change from Q4-21 is related to increase in assets held for sale and other receivables in connection to property transactions. Fornebuveien 1-3, Inkognitogaten 33, Storgata 106 and Versvikveien 6B are classified as held for sale as of 31 December 2022.

Financial derivatives as a liability in the quarter were NOK 0.0 million as the put option related to Inkognitogaten 33 was exercised and transaction completed in Q4-22. In Q4-21 financial derivatives as a liability was NOK 21.1 million and related to the put option of Inkognitogaten 33 and interest rate swaps.

Lease liabilities (non-current and current portion) totalled NOK 248.2 million (NOK 3.5 million) as of 31.12.22 and is related to Evolve.

Book equity totalled NOK 460.3 million (NOK 951.7 million), representing an equity ratio of 15.7 per cent (32.4 per cent). Equity per share was NOK 22.1 (NOK 45.1) based on the EPRA NRV standard and NOK 13.3 (NOK 42.3) based on EPRA NTA. The significant decrease in EPRA NTA from Q4-21 to Q4-22 is mainly due to the consolidation of Evolve in the financial statements in Q4-22 related adjustment of goodwill in accordance with EPRA BPR.

Outstanding shares at 31.12.22 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 the company being listed on Euronext Growth.



Cash flow statement

- Net cash flow from operating activities came in at NOK -17.7 million (NOK -9.3 million) in the quarter, and NOK -4.4 million (NOK -30.4 million) for the year
- The net cash flow from investment activities was NOK 24.6 million (NOK -11.8 million) in the quarter, and NOK-254.5 million (NOK -163.2 million) for the year
- Net cash flow from financing activities was NOK 38.0 million (NOK 24.2 million) in the quarter, and NOK 307.4 million (NOK 182.8 million) for the year
- Cash and cash equivalents at the end of Q4-22 came in at NOK 36.3 million (NOK 24.9 million), of which NOK 3.7 million was free funds.



Financing

Recreate ASA's total interest-bearing nominal debt as of 31.12.22 was NOK 2 045 million (NOK 1 788 million) including loans related to properties held for sale. During the fourth quarter the total interest-bearing nominal debt decreased by NOK 256 million. The decrease was mainly related to the sale of Kammerherreløkka.

Recreate ASA is not in breach of any covenant requirements at the end of Q4-22.

Interest bearing debt and maturity structure

The average remaining term for the Group's debt portfolio was 2.4 years at 31.12.22.

Maturity structure and composition of interest bearing debt

All amounts in NOK million

Maturity profile	0-1 yrs	1-3 yrs	3-5 yrs	5+ yrs	Total
Bank loans	954	424	45	303	1 726
Subordinated loans	309	9	-	-	318
Total	1 264	433	45	303	2 045
	62 %	21 %	2 %	15 %	100 %

Interest rates and maturity structure

The average interest rate of the debt portfolio was 6.12 per cent as of 31.12.22. 34 per cent of the Group's financing was hedged at a fixed rate as of 31.12.22 with a weighted average maturity of 5 years.

All amounts in NOK million

Fixed rate instruments	Amount	Interest rate (%)
1-3 years	202	2.56 %
3-4 years	49	1.74 %
4-5 years	36	1.16 %
5-6 years	75	2.06 %
6-8 years	75	2.23 %
8-10 years	157	1.75 %
Total	594	2.09 %



Key figures

All amounts in NOK thousand	Q4-22	Q4-21	2022	2021
Rental income	26 027	31 032	123 140	120 576
Change period-on-period	-16 %	9 %	2 %	6 %
Other operating income	27 822	4 211	92 562	16 619
Change period-on-period	561 %	-9 %	457 %	-9 %
Net income from property management	-106 367	6 132	-130 599	42 586
Change period-on-period	-1835 %	446 %	-407 %	-8 %
Profit before tax*	-412 519	62 983	-577 620	111 858
Change period-on-period	-755 %	2446 %	-616 %	-348 %
Profit after tax*	-379 753	47 366	-506 357	79 271
Change period-on-period	-902 %	659 %	-739 %	-396 %
Market value of the property portfolio	2 391 689	2 703 434	2 391 689	2 703 434
Fair value of the property portfolio and other investments**	2 469 566	2 942 354	2 469 566	2 942 354
Net nominal interest-bearing debt	2 045 008	1 788 313	2 045 008	1 788 313
Loan to value of property portfolio	85.5 %	66.1 %	85.5 %	66.1 %
Loan to fair value of property portfolio and other investments**	82.8 %	60.8 %	82.8 %	60.8 %
Interest coverage ratio	-0.8	0.4	-0.3	0.6
Number of shares	21 694	21 694	21 694	21 694
All amounts in NOK per share	Q4-22	Q4-21	2022	2021
Fair value per share (EPRA NRV incl. fair value adjustment)**	24.4	52.1	24.4	52.1
Change period-on-period	-53 %	19 %	-53 %	19 %
EPRA NRV	22.1	45.1	22.1	45.1
Change period-on-period	-51 %	3 %	-51 %	3 %
EPRA NTA	13.2	42.3	13.2	42.3
***Change period-on-period	-69 %	3 %	-69 %	3 %
EPRA NDV	13.7	37.4	13.7	37.4
***Change period-on-period	-63 %	5 %	-63 %	5 %
EPRA Earnings	-4.7	0.2	-5.8	0.5
***Change period-on-period	-2440 %	123 %	-1174 %	169 %

* Including changes in fair value from owner-occupied property (total comprehensive income) in 2022

** Including fair value of subsidiaries and investments in jointly controlled entities, associates and shares. Fair values are based on third party transactions and valuations performed in Q1-22 and Q4-22

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

**** Evolve is consolidated in the financial statements from 1 January 2022 and Inkognitogaten 33 from July 2022



The property portfolio





16
Management
properties

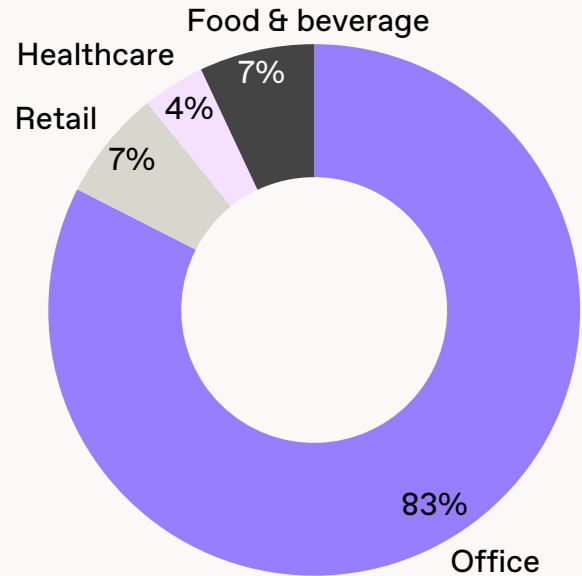
4
Project
properties

6.8 years
Average wault
Property portfolio

89 541
Total area (sqm)
Property portfolio

1 989
Average rent per
sqm
Management
portfolio

83.7 %
Occupancy
Management
portfolio



Tenant industry

Based on annual rent of the property portfolio

Recreate ASA's management portfolio as of 31.12.2022 consists of 16 buildings (24 buildings) with a total area of 67 422 square meters (82 291 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 31.12.2022 the occupancy of the management portfolio was 83.7 per cent (90.7 per cent). The decrease is related to lower occupancy for properties within Green Office and mainly the property Kjelleveien 21 due to the termination of the contract with HELFO. Changes in the property portfolio the last year have also affected the occupancy. Several properties are sold and new properties as Polymer Exploration Centre and Inkognitogaten 33 are included in the management portfolio. Sale of Kammerherreløkka in Q4-22 result in a significantly decrease in occupancy of commercial properties.

Average annual rent per square meter in the management portfolio was 1 989 NOK (1 612 NOK) as of 31.12.2022.

Public sector represent about 10 per cent of annual rent and 83 per cent of the annual rent derives from tenants operating within Office.

The average wault (weighted on annual rent) in the management portfolio is 6.7 years (5.8 years). The maturity profile of the contracts in the management portfolio is presented under the section Letting activity.

The net direct yield is at 4.3 per cent (5.1 per cent) based on annual rent as of 31.12.2022. Average yield on the total management portfolio (value weighted) as basis of property valuations is 5.7 per cent (5.9 per cent) as of 31.12.2022.

The total property portfolio (when including the project portfolio) has an occupancy of 80.5 per cent (87.8 per cent). The change can be explained by lower occupancy related to Kjelleveien 21 as well as Mulighetenes By (Arkaden) in the project portfolio based on strategic reasons. The entire portfolio consists of 20 properties (31) with a total area of approximately 89 541 square meters (109 816 square meters), and a market value of NOK 2 398 million (NOK 2 590 million).



Corporate units

31.12.2022	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)	(sqm)	(%)		(tNOK)	(NOK/sqm)		(tNOK)	(NOK/sqm)		(%)	(%)	(tNOK)	(NOK/sqm)		
Green Office	37 725	31 537	83.6	6	1 301 718	34 505	8.6	73 663	2 336	8.4	4.1	5.4	85 737	2 273		
City Office	26 139	22 547	86.3	7	529 578	20 260	3.5	34 239	1 519	3.5	4.5	6.1	44 110	1 688		
Commercial Prop.	3 558	2 348	66.0	3	64 800	18 212	4.5	4 345	1 850	4.5	5.8	8.1	6 671	1 875		
Total management portfolio	67 422	56 432	83.7	16	1 896 096	28 123	7.0	112 246	1 989	6.7	4.3	5.7	136 518	2 025		
Project portfolio	22 119	15 619	70.6	1	400 000	18 084	7.0	29 478	1 887							
Development portfolio	0	0	0.0	3	84 600	0	1.3									
Total project portfolio	22 119	15 619	70.6	4	484 600	21 909	6.0	29 478	1 887							
Total property portfolio	89 541	72 051	80.5	20	2 380 696	26 588	6.8	141 724	1 967							

1) Wault weighted on property market value

2) Wault weighted on annual rent

3) Includes market rent from available areas



Letting activity

During the fourth quarter of 2022 the Group signed new and renewed leases with an annual rent of NOK 3.6 million and received termination on leases totalling NOK 5.5 million. Net letting in the quarter amounted to NOK -1.9 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

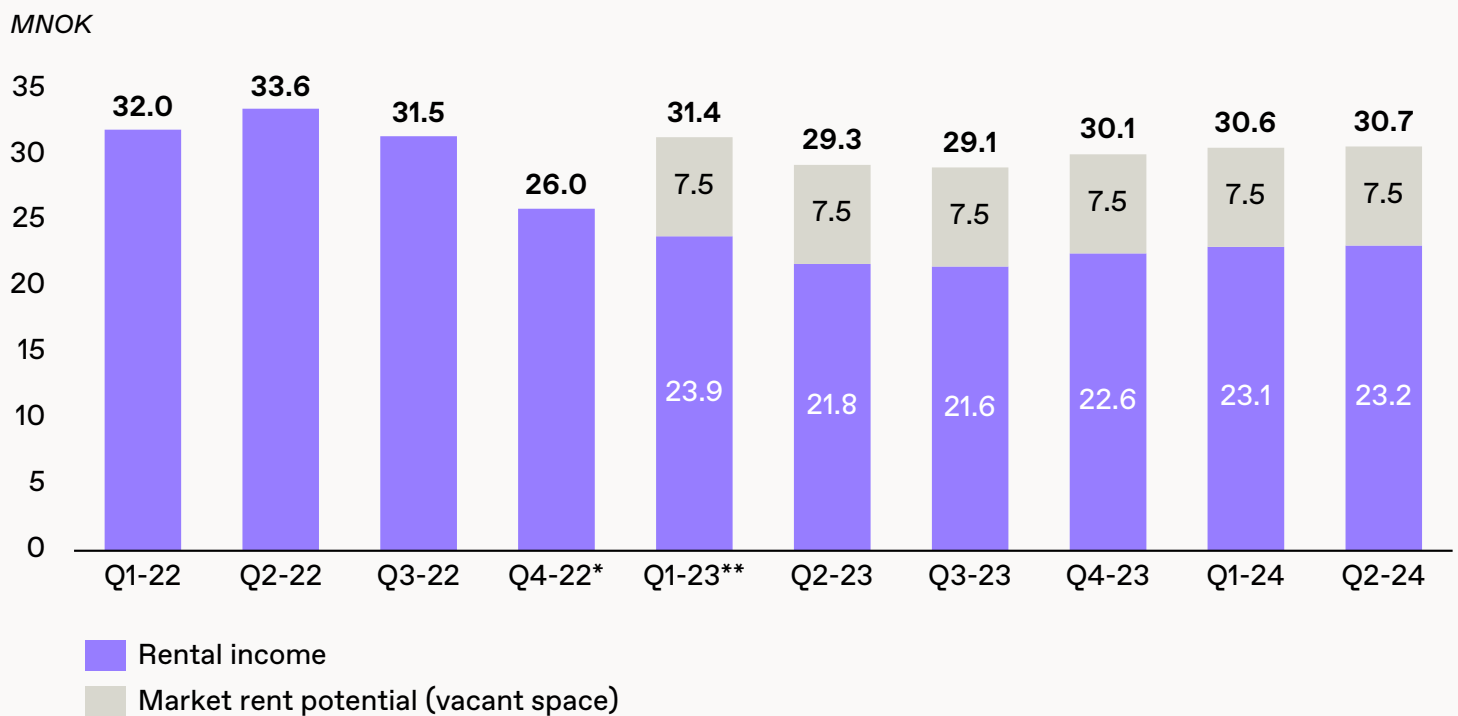
New contracts in the quarter:

Tenant	Property	Contract	Duration	Sqm
Danske Bank*	Nordre Fokserød 14	New	5+2	588
Evolve Norge AS	Arkaden	New	5	544
If Skadeforsikring NUF	Vinkelbygget	Renegotiated	3+2	261
Tango Drift AS	Arkaden	Renegotiated	6	218
4Service Gruppen AS	Dokkvegen 8 & 10	Renegotiated	2.8	201
Total				1 812

* Our shareholding related to this property was sold in Q4-22



Rental income development and market rent potential



* Divestment of Vipeveien 51, Versvikveien 6B and Storgata 106 is included in Q4-22

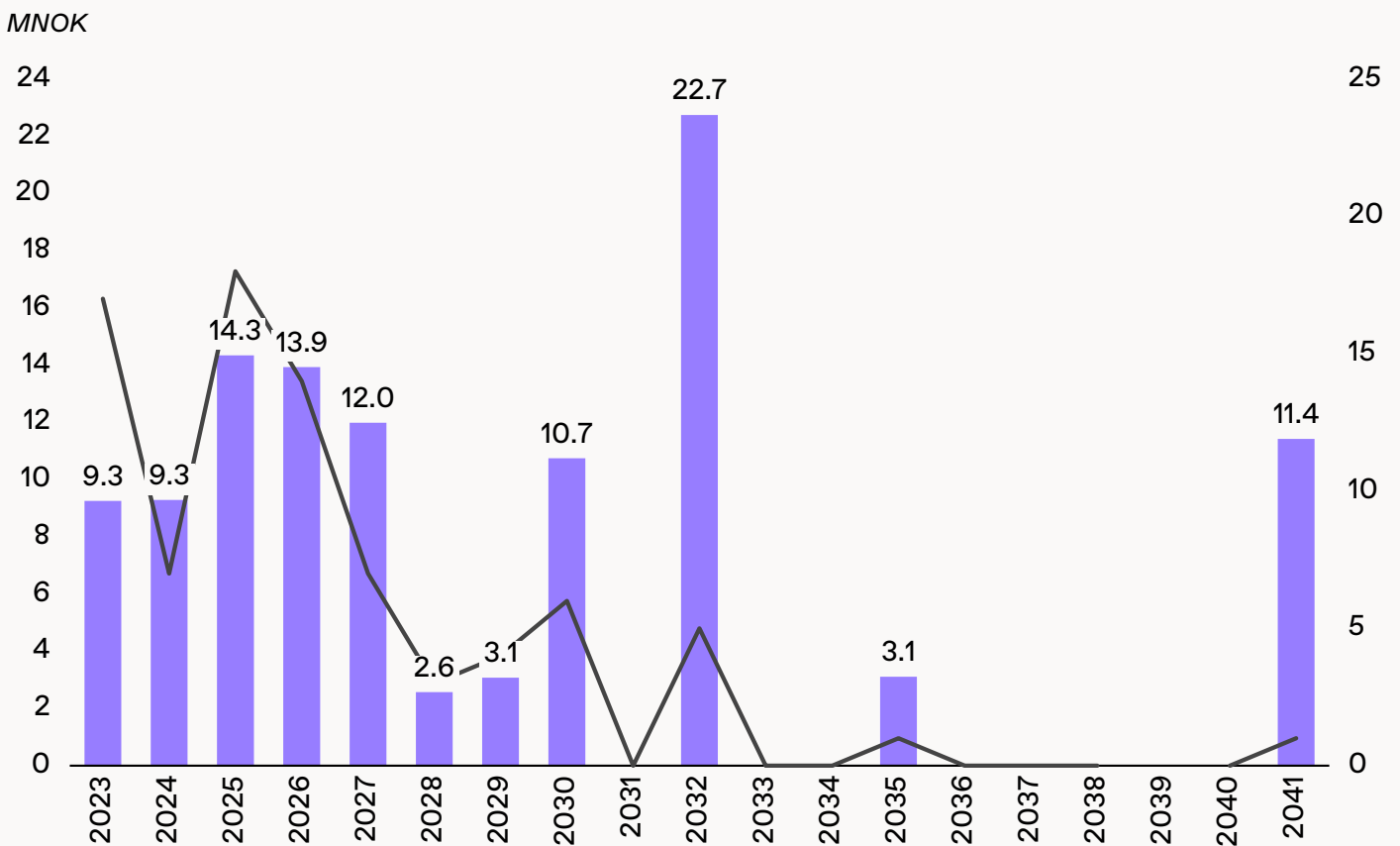
** Divestment of Kammerherreløkka (sold in December 2022 with full effect from Q1-23), Inkognitogaten 33 and Fornebuveien 1-3 is included in Q1-23

The graph shows the historical development in contractual rental income the last 12 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 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 management portfolio

— Number of contracts expiring
■ Revenue expiring





Investments & divestments

Recreate ASA has invested NOK 25.9 million (NOK 115.3 million) in the portfolio of investment properties in the quarter. The investment mainly relates to Inkognitogaten 33, Fornebuveien 1-3 and Kjelleveien 21.

Project Development

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

Status completed projects

Inkognitogaten 33 known as Inkognito Park has undergone an internal reconstruction leaving nothing but the facade and a few historically important elements untouched. The property is fully let to Evolve and 24SevenOffice. Tenants moved in 1 October 2022.

Fornebuveien 1-3 was a rehabilitation project of a 1980's office building. In total eight floors have been rehabilitated, and Evolve and Schlumberger moved into the premises in Q2 2022.



Recreate ASA 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

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, Rambøll Norge and Evolve.

Transactions

In the fourth quarter of 2022 the Group has sold Kammerherreløkka and Vipeveien 51, and all the shares in Sandefjord Eiendomsinvest AS (Nordre Fokserød 14). The Group also entered into an option agreement to possible sale of Langbrygga 1, with an exercise date at the end of H1-23.



Investments in subsidiaries, jointly controlled entities and associates

1 January 2022 the ownership of Evolve increased from 75 per cent to 100 per cent and Evolve is now considered as a subsidiary. The Group owns 29.5 per cent of the shares in Orbit Technology and has an ownership of 25 per cent of Skien Brygge Utvikling. These investments are considered as investments in associates.

Evolve (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.

Orbit Technology (29.5%)

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 as an investment in associate.

During the second half of 2021 Orbit Technology established a US subsidiary called Getorbit.com LCC. to get a presence in the US market.



Skien Brygge (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. Phase one of the projects is expected in 2023. The development of phase two and three is estimated in the period from 2025 to 2033.

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.

In March 2023, Recreate entered into an agreement with XG Eiendom AS regarding the establishment of a joint venture (RCR Skien) that shall own the Group's properties Arkaden, Nedre Hjellegate 11, Henrik Ibsens gate 6 and the Group's shares in Skien Brygge Utvikling. Xania will also contribute with a commercial property in in the joint venture.



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. The company owns the property known as Fornebuveien 1-3 at Lysaker in Oslo.

Inkognitogaten 33 Holding AS (50%)

Recreate ASA and a group of investors own Inkognitogaten 33 Holding AS. The company owns the property known as Inkognitogaten 33 aka Inkognito Park in Oslo.

Orbit Technology AS (29.5%)

Recreate ASA and a group of investors 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

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 a project has started 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 planned to develop and sell approximately 42 houses/apartments.



Other information

Organization

At 31.12.22 the Group had 44 employees. During the quarter 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.

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 (now Recreate ASA) being listed on Euronext Growth together with a fully subscribed private placement of MNOK 75 million in June 2021.

As of 31.12.2022, Recreate ASA had 170 shareholders. Norwegian investors held 99.9 per cent of the share capital. The 10 largest shareholders at 31.12.22 were:

Shareholders	Ownership
Rising Group AS	46.0%
IKAB AS	8.7%
Brødrene Jensen AS	8.2%
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	1.2%
Total	80.8%



Outlook

Recreate outlook

Recreate is experiencing a tough financial situation, with stressed liquidity and uncertain short-term debt refinancing.

Financial creditors have confirmed their acceptance to suspend payment of amortization and to extend maturities to mid October 2023 on certain agreed terms.

Recreate has an ongoing restructuring effort, a process that is gaining positive momentum. Recent sale of properties combined with the agreement to establish a joint venture, covering the majority of the Company's investments in Skien, are key pieces of the puzzle towards a solution.

The Group has redefined the strategy, with a renewed focus on property development - a historical core quality of Recreate.

We are continuously assessing potential property sales and a focus on cost reductions and optimization of operations

General market outlook

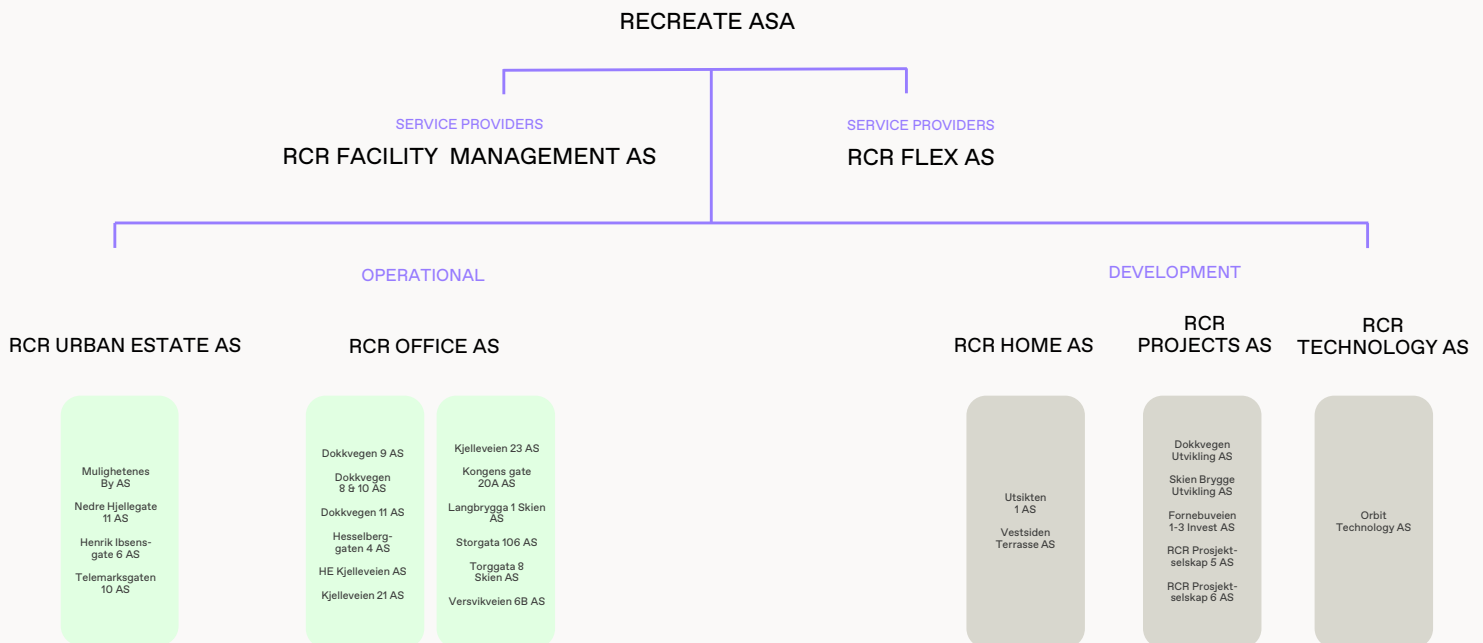
The macroeconomic outlook is uncertain with increasing inflation leading to expected higher interest rates, and recent banking turbulence questioning the stability of the financial system. Additionally, the geopolitical backdrop with the invasion of Ukraine and continued supply chain complications adds another layer of unpredictability for what is ahead.



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 31 December 2022.



The company Inkognitogaten 33 Holding AS has a temporary placement as a subsidiary of Recreate ASA (shares in Inkognitogaten 33 Holding AS are sold in January 2023).





Financial statements

Photo: Morten Bjerk





Statement of total comprehensive income

All amounts in NOK thousand

	Note	Q4-22	Q4-21	2022	2021
Rental income	2	26 027	31 032	123 140	120 576
Other operating income	2	27 822	4 211	92 562	16 619
Total operating income		53 849	35 243	215 702	137 195
Maintenance and other operating expenses		46 775	19 990	135 585	69 860
Depreciation and amortisation		86 577	80	127 630	321
Other property-related expenses		1 351	1 421	7 545	3 808
Administrative expenses		25 514	7 619	75 540	20 620
Total operating costs		160 216	29 111	346 300	94 609
Net income from property management		-106 367	6 132	-130 599	42 586
Changes in fair value from investment properties	5	-142 968	76 726	-255 577	147 024
Operating profit		-249 335	82 859	-386 176	189 610
Gains from investment in shares		-	6 658	33 919	22 137
Interest and other financial income		2 250	829	5 501	2 339
Share of profit (loss) from associates and joint ventures		-1 040	-8 004	-4 727	-30 645
Interest and other financial expenses		-40 216	-18 559	-139 824	-73 712
Changes in fair value of financial instruments	4	623	-800	80 410	2 130
Net financial items		-38 383	-19 876	-24 721	-77 752
Profit before tax		-287 718	62 983	-410 897	111 858
Tax expense		31 213	-15 617	67 042	-32 587
Profit for the period/year		-256 505	47 366	-343 855	79 271
Changes in fair value from owner-occupied investment property	4, 5	-124 802	-	-166 723	-
Change in deferred tax on comprehensive income	4	1 554	-	4 221	-
Total comprehensive income for the period/year that will not be reclassified to profit or loss in subsequent periods		-379 753	47 366	-506 357	79 271
Profit attributable to:					
Equity holders of the company		-244 721	37 916	-336 134	43 146
Non-controlling interest		-11 784	9 450	-7 721	36 125
Earnings per share:					
Basic (NOK)		-9.52	1.75	-15.49	2.07
Diluted (NOK)		-9.59	1.69	-15.56	1.77
Other comprehensive income					
Net OCI that may be reclassified to profit or loss in subsequent periods		-53 495	-	-91 603	-
Net OCI that will not be reclassified to profit or loss in subsequent periods		-69 753	-	-70 898	-
Total comprehensive income attributable to:					
Equity holders of the company		-298 216	37 916	-427 737	43 146
Non-controlling interest		-81 537	9 450	-78 620	36 125

Notes 1 through to 13 form an integral part of the consolidated financial statements.



Balance sheet

All amounts in NOK thousand

	Note	31.12.2022	31.12.2021
NON-CURRENT ASSETS			
Deferred tax asset		2 267	2 603
Other intangible assets		105 716	7 589
Total intangible assets		107 983	10 191
Investment property	4.5	1 395 300	2 692 700
Owner-occupied property	4.5	315 000	-
Other operating assets		9 538	1 301
Right-of-use assets		213 413	36
Total non-current tangible assets		1 933 251	2 694 037
Investment in jointly controlled entities, associates and shares	4	9 482	73 754
Loans to related parties		9 028	54 097
Financial derivatives	4	30 084	21 118
Other long-term receivables		9 424	12 562
Total financial assets		58 019	161 531
TOTAL NON-CURRENT ASSETS		2 099 253	2 865 759
CURRENT ASSETS			
Inventory property		10 992	10 734
Trade receivables		11 622	12 729
Other receivables		38 111	11 270
Other receivables to related parties		10 634	10 928
Total current receivables		71 360	45 662
Assets held for sale	4,5,6	713 594	-
Cash and bank deposits		36 251	24 855
TOTAL CURRENT ASSETS		821 204	70 517
TOTAL ASSETS		2 920 457	2 936 276
EQUITY			
Shareholders equity		392 866	820 345
Non-controlling interest		67 428	131 331
TOTAL EQUITY		460 294	951 676
LIABILITIES			
Interest-bearing debt		421 360	1 477 278
Deferred tax liability		-	90 139
Financial derivatives	4	-	21 086
Lease liabilities, non-current portion		204 375	2 352
Other non-current liabilities		9 924	5 684
Total non-current liabilities		635 659	1 596 540
Trade payables		54 474	23 968
Interest-bearing debt		1 014 965	308 009
Debt to related parties		31 732	3 026
Lease liabilities, current portion		43 793	1 179
Other current liabilities		68 411	51 879
Total current liabilities		1 213 375	388 060
Liabilities directly associated with the assets held for sale	6	611 129	-
TOTAL LIABILITIES		2 460 163	1 984 600
TOTAL EQUITY AND LIABILITIES		2 920 457	2 936 276

Notes 1 through to 13 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	Revaluation surplus	Non-controlling interest	Total equity
Equity at 01.01.2021	4 930	200 291	140 340	362 820	-	52 919	761 300
Profit for year	-	-	-	43 146	-	36 125	79 271
Capital increase as of 05.06.2021	493	74 507	-	-	-	-	75 000
Acquisitions/capital increase subsidiaries	-	-	-	-	-	43 000	43 000
Share based options	-	-	-3 842	-	-	-	-3 842
Change in non-controlling interest	-	-	-	728	-	-713	15
Cost of equity transactions directly in equity	-	-3 069	-	-	-	-	-3 069
Equity at 31.12.2021	5 423	271 729	136 498	406 694	-	131 331	951 675
Profit for year	-	-	-	-336 134	-	-7 721	-343 855
Other comprehensive income	-	-	-	-	-91 603	-70 898	-162 502
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	72 800	-91 603	67 428	460 294

Notes 1 through to 13 form an integral part of the consolidated financial statements.



Statement of cash flows

All amounts in NOK thousand

	Note	Q4-22	Q4-21	2022	2021
Profit before tax		-287 718	62 983	-410 897	111 858
Expensed interest and fees on loan		38 075	18 559	128 049	73 712
Expensed interest and fees on leases		2 141	-	8 030	-
Interest and fees paid on loans		-28 745	-16 062	-91 512	-67 847
Share of profit from associates and jointly controlled entities		1 040	8 004	4 727	30 645
Gains/losses from investment in shares	7	5 859	-6 658	1 092	-22 137
Depreciation and amortisation	8	73 162	140	77 346	321
Depreciation on leases		13 414	-	50 285	-
Other adjustments		25 687	898	39 183	999
Change in market value investment properties	4, 5	142 968	-76 726	255 577	-147 024
Change in market value financial instruments	4	-623	800	-80 410	-2 130
Change in working capital		-2 963	-1 278	14 159	-8 834
Net cash flow from operating activities		-17 703	-9 339	-4 372	-30 436
Proceeds from sales of investment properties and companies		27 513	8 354	59 438	43 187
Proceeds from sales of shares		5 983	7 500	7 230	42 100
Purchase of shares		-	-5 000	-6 850	-
Purchase of business net of cash		-	-	-151 465	-105 161
Upgrades and construction of investment properties		-25 091	-22 319	-117 771	-156 251
Purchase of intangible assets and other plant and equipment		-1 606	-340	-11 314	-408
Net payment financial assets		16 000	-	-35 536	13 300
Dividends from associates and jointly controlled entities		1 766	-	1 766	-
Net cash flow from investment activities		24 565	-11 805	-254 502	-163 233
Proceeds interest-bearing debt		46 806	113 137	467 181	414 417
Repayment interest-bearing debt		-4 067	-81 458	-263 100	-282 773
Proceeds loans from other related parties		10 044	-7 511	168 510	-41 815
Proceeds from convertible loans		-	-	-	42 783
Proceeds from equity		-	-	-	50 233
Payment of principal portion of lease liabilities		-14 780	-	-55 221	-
Repayment of other liabilities		-	-	-10 000	-
Net cash flow from financing activities		38 004	24 168	307 370	182 845
Change in cash and cash equivalents		44 865	3 024	48 495	-10 824
Cash and cash equivalents at end of period from assets held for sale	6	-37 099	-	-37 099	-
Cash and cash equivalents at beginning of period		28 485	21 831	24 855	35 679
Cash and cash equivalents at end of period		36 251	24 855	36 250	24 855

Notes 1 through to 13 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 2021. 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 2021. There are no significant changes in accounting policies compared with those used when preparing the financial statements for 2021.

The interim financial statements report of Recreate ASA was approved at a Board meeting February 13th 2023 and have not been audited. The financial reporting covers Recreate ASA and subsidiaries.

NOTE 2 INFORMATION ABOUT REVENUE STREAMS

Rental income from investment properties:

The Group's rental income was reduced by 16.1 per cent from 31.0 million in Q4-21 to 26.0 million in Q4-22

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 operating segments have been changed during the period by having reduced the number of segments from three to two. Residential Properties is no longer reported as a standalone segment.

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

All amounts in NOK thousand

Q4-22	Commercial Properties ¹⁾	Coworking	Eliminations ²⁾	Consolidated
INCOME STATEMENT				
Total operating income	34 868	24 039	-5 057	53 849
- of which is rental income	28 910	-	-2 883	26 027
- of which is other operating income	5 958	24 039	-2 174	27 822
Total operating costs	113 260	52 013	-5 057	160 216
Net income	-78 392	-27 975	-	-106 367
Fair value adjustments investment property	-142 968	-	-	-142 968
Net fair value financial derivatives	623	-	-	623
Net financial items	-35 650	-3 233	-123	-39 006
Segment profit	-256 386	-31 208	-123	-287 718
BALANCE SHEET				
Investment property	1 395 300	-	-	1 395 300
Investment property held for sale	57 000	-	-	57 000
Owner-occupied property	315 000	-	-	315 000
Owner-occupied property held for sale	613 397	-	-	613 397
Inventory property	10 992	-	-	10 992
Total assets from operating segments	2 391 689	-	-	2 391 689
Deferred tax liability	28 337	-28 337	-	-
Interest bearing debt	1 426 350	9 975	-	1 436 325
Interest bearing debt related to assets held for sale	576 950	-	-	576 950
Total liabilities from operating segments	2 031 637	-18 362	-	2 013 275
RECONCILIATIONS				
<i>Reconciliation of revenue:</i>				
Total operating income from the segments				53 849
Other operating income				-
The Group's total operating income				53 849
<i>Reconciliation of profit:</i>				
Segment profit				-287 718
Total other comprehensive income before tax				-124 802
The Group's profit before tax				-412 519
<i>Reconciliation of balance sheet:</i>				
Total assets from operating segments				2 391 689
Non-current assets				388 953
Current assets				96 618
Assets held for sale (adjusted for property held for sale above)				43 197
The Group's total assets				2 920 457
Total liabilities from operating segments				2 013 275
Equity				460 294
Non-current liabilities				214 298
Current liabilities				198 410
Liabilities related to assets held for sale (adjusted for liabilities related to assets held for sale above)				34 179
The Group's total equity and liabilities				2 920 457

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



Q4-21	Commercial Properties	Coworking	Eliminations ²⁾	Consolidated
INCOME STATEMENT				
Total operating income	35 243	-	-	35 243
- of which is rental income	31 032	-	-	31 032
- of which is other operating income	4 211	-	-	4 211
Total operating costs	29 111	-	-	29 111
Net income	6 132	-	-	6 132
Fair value adjustments investment property	76 726	-	-	76 726
Net fair value financial derivatives	-800	-	-	-800
Net financial items	-19 076	-	-	-19 076
Segment profit	62 983	-	-	62 983
BALANCE SHEET				
Investment property	2 692 700	-	-	2 590 400
Inventory property	10 734	-	-	10 645
Total assets from operating segments	2 703 434	-	-	2 601 045
Deferred tax liability	90 139	-	-	90 139
Interest bearing debt	1 785 287	-	-	1 785 287
Total liabilities from operating segments	1 875 426	-	-	1 875 426
RECONCILIATIONS				
<i>Reconciliation of revenue:</i>				
Total operating income from the segments				35 243
Other operating income				-
The Group's total operating income				35 243
<i>Reconciliation of profit:</i>				
Segment profit				62 983
Total other comprehensive income before tax				-
The Group's profit before tax				62 983
<i>Reconciliation of balance sheet:</i>				
Total assets from operating segments				2 703 434
Non-current assets				173 059
Current assets				59 782
The Group's total assets				2 936 276
Total liabilities from operating segments				1 875 426
Equity				951 676
Non-current liabilities				29 123
Current liabilities				80 051
The Group's total equity and liabilities				2 936 276

* The comparable amounts for Q4 2021 has been changed in accordance with the revised use of segments.

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 2021 for further information. Set out below is a summary of assets and liabilities measured at fair value divided between the different valuation hierarchies set out in IFRS 7.

ASSETS MEASURED AT FAIR VALUE

	31.12.2022	31.12.2021	31.12.2021
Assets at fair value through profit or loss			
- Investment properties (level 3) ¹⁾	1 452 300	2 692 700	2 692 700
- Derivatives (Level 2 and 3) ²⁾	30 084	21 118	21 118
- Equity instruments (level 3)	-	17 045	17 045
- Less: investment properties held for sale	-57 000	-	-
Total	1 425 384	2 730 863	2 730 863
Assets at fair value through other comprehensive income			
- Owner-occupied properties (level 3) ¹⁾	928 397	-	-
- Less: owner-occupied properties held for sale	-613 397	-	-
Total	315 000	-	-

LIABILITIES MEASURED AT FAIR VALUE

	31.12.2022	31.12.2021	31.12.2021
Liabilities at fair value through profit or loss			
- Derivatives (level 2 and 3)	-	21 086	21 086
Total	-	21 086	21 086

¹⁾ There have been no acquisition of properties in fourth quarter. In third quarter, the Group acquired the investment property Inkognitogaten 33 A for MNOK 440.0. Kammerherreløkka was sold for 284.5 during fourth quarter. Furthermore, the Group has also sold Vipeveien 51 for MNOK 32.5. Previously, Østveien 665-667 and Rødmyrlia 20 were sold in Q2 for MNOK 49.0, and Grønlikroken 5 and Bedriftsveien 52/58 were sold in Q1 for MNOK 66.2.



NOTE 5 INVESTMENT PROPERTIES

All amounts in NOK thousand

	Q4-22	Q4-21	2022
VALUE OF INVESTMENT PROPERTIES			
Opening balance previous period	1 826 650	2 590 400	2 692 700
Reclassification to owner-occupied property	-	-	-661 300
Purchase of investment properties	-	-	-
Projects and upgrades in the property portfolio	6 385	35 670	29 444
Capitalised borrowing costs	396	1 254	396
Sale of investment property	-238 163	-11 350	-353 363
Change in value of investment properties	-99 685	76 726	-227 082
Change in value of investment properties sold during the period	-43 283	-	-28 494
Less: Classified as held for sale ¹⁾	-57 000	-	-57 000
Total value of investment property	1 395 300	2 692 700	1 395 300
VALUE OF OWNER OCCUPIED PROPERTIES			
Opening balance previous period	1 113 800	-	-
Reclassification from investment property	-	-	661 300
Purchase of owner occupied properties	-	-	423 567
Projects and upgrades in the property portfolio	19 168	-	90 022
Sale of owner occupied property	-79 771	-	-79 771
Change in value of owner occupied properties	-124 802	-	-166 723
Less: Classified as held for sale ¹⁾	-613 397	-	-613 397
Total value of owner occupied property	315 000	-	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, Fornebuveien 1-3 and Inkognitogaten 33A.

The Group has lease contracts regarding real estate properties, service cars and other inventory. Outstanding right-of-use assets as per 31.12.2022 is tNOK 213 3413.

¹⁾ Fornebuveien 1-3, Inkognitogaten 33, Storgata 106 and Versvikveien 6B are classified as held for sale as of 31.12. Storgata 106 and Versvikveien 6B is in contract for the amount of MNOK 57. The transaction is expected to be completed during 2023. For more information about the ongoing transactions of Fornebuveien 1-3 and Inkognitogaten 33, see note 12.

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 Q4-22

31.12.2022	Area (sqm)	Occupancy		No. of prop. (#)	Market value		Wault ¹⁾ (yrs)	Annual rent		Wault ²⁾ (yrs)	Net direct yield		Net yield (valuation)		Market rent ³⁾	
		(sqm)	(%)		(tNOK)	(NOK/sqm)		(tNOK)	(NOK/sqm)		(%)	(%)	(tNOK)	(NOK/sqm)		
Green Office	37 725	31 537	83.6	6	1 301 718	34 505	8.6	73 663	2 336	8.4	4.1	5.4	85 737	2 273		
City Office	26 139	22 547	86.3	7	529 578	20 260	3.5	34 239	1 519	3.5	4.7	6.1	44 110	1 688		
Commercial Prop.	3 558	2 348	66.0	3	64 800	18 212	4.5	4 345	1 850	4.5	5.8	8.1	6 671	1 875		
Total management portfolio	67 422	56 432	83.7	16	1 896 096	28 123	7.0	112 246	1 989	6.7	4.3	5.7	136 518	2 025		
Project portfolio	22 119	15 619	70.6	1	400 000	18 084	7.0	29 478	1 887							
Development portfolio	0	0	0.0	3	84 600	0	1.3									
Total project portfolio	22 119	15 619	70.6	4	484 600	21 909	6.0	29 478	1 887							
Total property portfolio	89 541	72 051	80.5	20	2 380 696	26 588	6.8	141 724	1 967							

The calculation of net yield is based on the valuers' assumption of ownership costs, which on 31 December 2022 corresponds to 10.3 per cent of market rent. The Group has no single external customer representing over 10 per cent of the Group's revenue in the total property portfolio. Furthermore, the Group has around 74 per cent of its estimated marked value of properties and 77 per cent of its rental income geographically from the county of Vestfold Telemark, while the rest is located in the Oslo area.

The property Mulighetenes By (Arkaden) is considered the property as 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 Q4-22

31.12.2022	Occupancy (sqm)	Wault ²⁾ (yrs)	Annual rent	
			(tNOK)	(NOK/sqm)
Office	52 809	6.9	105 961	2 006
Retail	379	4.0	474	1 249
Healthcare	1 802	2.9	2 560	1 421
Food and Beverage	1 442	5.7	3 252	2 255
Total management portfolio	56 432	6.7	112 246	1 989

Our tenant portfolio is divided into five different industries/segments: Office, Hotels, Food & Beverage, Healthcare and Retail – with Office as the majority at approx. 83 per cent of the revenue. The Group's tenant portfolio is diversified in number of tenants as well as in business sectors and segments. Public tenants make up approx. 10 per cent of the group's rental income, another approx. 30 per cent of our revenue comes from large private tenants within banking, insurance and professional services etc.



CORPORATE UNITS Q4-21

31.12.2021	Area (sqm)	Occupancy (sqm) (%)	No. of prop. (#)	Market value (tNOK) (NOK/sqm)	Wault ¹⁾ (yrs)	Annual rent (tNOK) (NOK/sqm)	Wault ²⁾ (yrs)	Net direct yield (%)	Net yield (valuation) (%)	Market rent ³⁾ (tNOK) (NOK/sqm)
Green Office	32 390	29 128 89.9	5	944 550 29 162	5.2	56 991 1 957	4.5	5.3	5.6	64 130 1 980
City Office	38 702	35 355 91.4	13	644 150 16 644	3.8	42 403 1 199	3.8	4.6	6.0	53 422 1 380
Commercial Prop.	11 199	10 128 90.4	6	306 150 27 337	13.3	20 915 2 065	13.2	5.6	6.4	22 283 1 990
Total management portfolio	82 291	74 611 90.7	24	1 894 850 23 026	6.1	120 309 1 612	5.8	5.1	5.9	139 834 1 699
Project portfolio	21 817	16 208 74.3	1	449 100 20 585	8.1	29 666 1 830				
Development portfolio	4 858	4 858 100.0	5	348 750 0	12.7					
Total project portfolio	26 675	21 066 79.0	6	797 850 29 910	10.1	29 666 1 408				
Total property portfolio	108 966	95 677 87.8	30	2 692 700 24 711	7.3	149 976 1 568				

The calculation of net yield was based on the valuers' assumption of ownership costs, which at 31 December 2021 corresponded to 9.1 per cent of market rent. The Group had no single external customer representing over 10% of the Group's revenue in the total property portfolio. Furthermore, the Group had around 91% of its estimated marked value of properties and 91% of its rental income geographically from the county of Vestfold Telemark, while the rest was located in the Oslo area.

Recreate had one ongoing newbuild project in Porsgrunn (research center - Polymer Exploration Center) in 2021. This is included in development portfolio. The project was owned 50% by Recreate. Furthermore, Recreate had feasibility studies on additional four properties.

In the fourth quarter of 2021 the Group reassessed the property Mulighetenes By (Arkaden) as a project and this is included in the project portfolio.

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

TENANT INDUSTRY Q4-21

31.12.2021	Occupancy (sqm)	Wault ²⁾ (yrs)	Annual rent (tNOK) (NOK/sqm)
Office	62 019	4.5	97 843 1 578
Retail	1 288	3.3	1 520 1 180
Hotels	6 234	17.0	12 118 1 944
Healthcare	2 870	3.7	3 705 1 291
Food and Beverage	2 200	6.8	5 123 2 329
Total management portfolio	74 611	5.8	120 309 1 612

1) Wault weighted on property market value

2) Wault weighted on annual rent

3) Includes market rent from available areas

NOTE 6 DISPOSAL GROUP

During 2022, the Group has entered into contracts for the purpose of sale of four properties. The properties consists of both investment properties and owner-occupied properties. The investment properties are Storgata 106 and Versvikveien 6B located in Porsgrunn and the owner-occupied properties are Fornebuveien 1-3 and Inkognitogaten 33 located in Oslo. All four properties will be sold through corporate wrappers. The investment properties classified as held for sale are in contract for the amount of MNOK 57. The owner-occupied properties are expected to be sold for MNOK 613 according to accepted offers. All transactions are expected to be completed during 2023, starting with Inkognitogaten 33, following Fornebuveien 1-3. For information about the change in value of these properties, see note 5.

All amounts in NOK thousand

	2022	2021
Assets		
Investment property	57 000	0
Owner-occupied property	613 397	0
Other long-term receivables	628	0
Trade receivables	929	0
Other receivables	4 541	0
cash and bank deposits	37 099	0
Assets held for sale	713 594	0
Liabilities		
Deferred tax liability	-5 780	0
Long term interest-bearing debt	-360 029	0
Other non-current liabilities	-493	0
Trade payables	-22 829	0
Short term interest-bearing debt	-216 922	0
Other current liabilities	-5 076	0
Liabilities directly associated with assets held for sale	-611 129	0
Net assets directly associated with disposal group	102 464	0

The financing of Storgata 106 and Versvikveien 6B is placed in its entirety in RCR Office AS (seller company). It is expected that MNOK 45.6, which represents 80% of the value of the investment properties, will be repaid on the fleet loan in RCR Office AS when completing these two sales.

NOTE 7 TRANSACTIONS WITH RELATED PARTIES

The Group has sold Kammerherreløkka AS to Bane NOR during the quarter for a fair value of the investment property of MNOK 284.5. Before the transaction, Kammerherreløkka was owned 50% by the Group and 50% by Bane NOR. The Group has also received MNOK 12.0 from Rising Group AS.



NOTE 8 KEY FIGURES

All amounts in NOK thousand

INTEREST COVERAGE RATIO (ICR)

	Q4-22	Q4-21	2022
Net income from property management	-106 367	6 132	-130 599
Depreciation and amortisation (excl. IFRS 16)	86 577	140	77 346
Net realised financials	2 250	829	5 501
Net effect from leases	-	-4	-
EBITDA adjusted	-17 541	7 098	-47 752
Interest cost	40 216	18 273	136 075
Other financial expenses	-	286	3 749
Applicable net interest cost	40 216	18 559	139 824
Interest Coverage Ratio (ICR)*	-0.4	0.4	-0.3

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

NOTE 9 BUSINESS COMBINATIONS

On 1 January 2022, the Group acquired the remaining 25% av shares in RCR Flex AS ("Evolve"). Evolve is a co-working company with office spaces in southern Norway. Evolve offers a variety of packages to suit the need for the typical office user, enabling office users to have a cluster of offices available in close connection and without having to sign a lease for plenty of years. The acquisition of Evolve is considered a strategic advantage for the Group being able to combine the Group's real estate development with co-working.

The Group acquired shares in Evolve throughout 2020 - 2022. As a result of the last purchase in 2022 the Group controls 100% of the shares and controls the company. Before this last purchase, there was an existing shareholder agreement regulation the parties influence, even when the Group by 2021 had 75% of the shares in Evolve the Group considered not having control over Evolve.

The purchase of Evolve is considered a business combination. The fair value of the identifiable assets and liabilities of Evolve as at the date of acquisitions were:

All amounts in NOK thousand

	Fair value recognised on acquisition
Assets	
Deferred tax	18 696
Intangible assets	3 635
Operating assets	6 694
Right-of-use assets	222 321
Trade and other receivables	10 666
Cash and cash equivalents	650
	262 663
Liabilities	
Interest-bearing debt	-45 953
Lease liabilities	-252 990
Trade payables	-10 670
Other liabilities	-17 892
	-327 505
Total identifiable net assets at fair value	-64 842
Goodwill arising on acquisitions	159 842
Purchase consideration	95 000

The purchase consideration of mNOK 95 consists of mNOK 85 in cash and mNOK 10 in short term loan to Alligate (the seller of the last 25% of shares in Evolve).

The Group has acquired Evolve in steps from 2020 to 2022. Before the acquisition date, the Group has treated the investment in Evolve as jointly controlled entity in line with IAS 28. At the date of acquisition, the difference between fair value and book value is recognised over the profit and loss statement.

Book value at acquisition	61 660
Fair value at acquisition	95 000
P&L effect*	33 340

* The effect in P&L is recognised in Q12022 at the date of acquisition.

Evolve is consolidated from 01.01.2022. The revenue generated from Evolve from 01.01.2022 to 31.12.2022 is mNOK 83.9. The result before tax from Evolve in the same period is negative mNOK 63.0.

NOTE 10 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	Q4-22 / 31.12.2022	Q4-21 / 31.12.2021	2022 / 31.12.2022
EPRA Earnings per share (EPS)	NOK	-4.7	0.2	-5.8
EPRA NRV per share	NOK	22.1	45.1	22.1
EPRA NTA per share	NOK	13.3	42.3	13.3
EPRA NDV per share	NOK	13.7	37.4	13.7
EPRA net initial yield	%	4.5 %	4.7 %	4.5 %
EPRA "topped-up" net initial yield	%	5.0 %	5.0 %	5.0 %
EPRA vacancy rate	%	13.0 %	7.2 %	13.0 %
EPRA cost ratio (including direct vacancy costs)	%	68.9 %	38.3 %	57.7 %
EPRA cost ratio (excluding direct vacancy costs)	%	52.3 %	27.4 %	43.8 %
EPRA LTV	%	84.3 %	66.9 %	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

	Q4-22 / 31.12.2022	Q4-21 / 31.12.2021	2022 / 31.12.2022
Profit for period/year	-256 505	47 366	-343 855
Add:			
Changes in value of investment properties	142 968	-76 726	255 577
Tax on changes in value of investment properties ¹⁾	-18 611	18 865	-42 803
Profits or losses on disposal of investment properties, development properties held for investment and other interests	12 658	4 726	49 972
Changes in value of other investment interests	-10 213	4 873	-40 127
Tax on changes in value of other investment interests swaps ¹⁾	-	-	-
Changes in value of interest rate swaps	9 590	-4 074	-40 283
Tax on changes in value of interest rate swaps ¹⁾	-2 110	896	8 862
Share of profit jointly controlled entities - fair value adjustments	-	8 004	-
Reversal of deferred tax EPRA adjustments jointly controlled entities ¹⁾	-	-	-
Net income non-controlling interest of subsidiaries	26 548	-560	33 440
Reversal of tax non-controlling interests of subsidiaries ¹⁾	-5 841	123	-7 357
EPRA Earnings	-101 515	3 493	-126 574

¹⁾ 22 per cent from 2022 and 22 per cent for 2021.

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	Q4-22 / 31.12.2022	Q4-21 / 31.12.2021	31.12.2022
NAV - book value of equity	460 294	951 676	460 294
Hybrid instruments	378	1 264	378
Diluted NAV	460 672	952 940	460 672
Less: Non-controlling interest	-67 428	-131 331	-67 428
Fair value of interest rate swaps	-26 494	6 393	-26 494
Goodwill as a result of deferred tax	-5 640	-5 640	-5 640
Deferred tax	119 640	159 783	119 640
Net reinstatement value (EPRA NRV)	480 750	982 145	480 750
<i>EPRA NRV per share</i>	22.1	45.1	22.1
Goodwill as per the IFRS	-89 366	-1 372	-89 366
Intangible assets as per the IFRS	-10 710	-577	-10 710
Estimated real deferred tax ¹⁾	-91 957	-57 789	-91 957
Net tangible assets (EPRA NTA)	288 717	922 408	288 717
<i>EPRA NTA per share</i>	13.3	42.3	13.3
Fair value of interest rate swaps according to above	26 494	-6 393	26 494
Deferred tax as per the IFRS	-27 683	-101 994	-27 683
Fair value adjustment of interest bearing debt	-	-	-
Intangible assets according to above	10 710	577	10 710
Net disposal value (EPRA NDV)	298 239	814 598	298 239
<i>EPRA NDV per share</i>	13.7	37.4	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 annulised 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

	Q4-22 / 31.12.2022	Q4-21 / 31.12.2021	31.12.2022
Investment property - consolidated ¹⁾	2 380 697	2 692 700	2 380 697
Investment property - share of JVs	-	-	-
Total Property portfolio	2 380 697	2 692 700	2 380 697
Less: projects and development sites	-484 600	-797 850	-484 600
Completed property portfolio	1 896 097	1 894 850	1 896 097
Allowance for estimated purchasers' costs	9 480	9 474	9 480
Gross up completed property portfolio valuation	1 905 577	1 904 324	1 905 577
12 months rolling rent	96 565	100 176	96 565
Estimated ownership cost	11 697	10 537	11 697
Annualised net rents	84 867	89 639	84 867
Add: notional rent expiration of rent free periods or other lease incentives	10 697	5 206	10 697
Topped-up net annualised rent	95 565	94 845	95 565
EPRA NIY	4.5 %	4.7 %	4.5 %
EPRA 'topped-up' NIY	5.0 %	5.0 %	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

	Q4-22 / 31.12.2022	Q4-21 / 31.12.2021	31.12.2022
Estimated market rent vacant space	17 716	10 081	17 716
Total market rent whole portfolio	136 518	139 834	136 518
EPRA vacancy rate*	13.0 %	7.2 %	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 informasjon 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

	Q4-22 / 31.12.2022	Q4-21 / 31.12.2021	31.12.2022
Total operating cost	160 216	29 111	346 300
Share of joint ventures expences	-	-	-
Less: Costs related to non-property activities and external customers	-129 538	-10 827	-228 344
Less: Ground rent cost	-255	-92	-886
Less: Investment property depreciation	-	-	-
Less: Gains/losses on sale of properties & disposals	-12 658	-6 356	-46 550
EPRA Cost (including direct vacancy cost)	17 765	11 835	70 520
Direct vacancy cost	4 277	3 364	16 929
EPRA Cost (excluding direct vacancy cost)	13 488	8 471	53 591
Gross rental income less ground rent	25 772	30 939	122 254
Share of joint ventures	-	-	-
Total gross rental income less ground rent	25 772	30 939	122 254
EPRA Cost Ratio (including vacancy cost)	68.9 %	38.3 %	57.7 %
EPRA Cost Ratio (excluding vacancy cost)	52.3 %	27.4 %	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

				Q4-22 / 31.12.2022	Q4-21 / 31.12.2021	31.12.2022
	Group as reported	Share of material associates	Non-controlling interests	Combined EPRA LTV	Combined EPRA LTV	Combined EPRA LTV
Net debt	2 067 244	6 423	- 398 144	1 675 523	1 580 842	1 675 523
Total property value	2 399 443	8 820	- 421 198	1 987 065	2 361 712	1 987 065
Debt ratio (LTV) %	86.2	72.8	94.5	84.3	66.9	84.3

NOTE 11 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. Phase one of the project is expected in 2023. 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. Recreate 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 29.5% of the company through RCR Technology AS.

RCR Flex (former R8 Evolve) offers flexible workplaces with access to 25 locations. The Group owns 100 per cent of RCR Flex from 1 January 2022.

NOTE 12 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

Recreate is experiencing a tough financial situation, with stressed liquidity and uncertain short-term debt refinancing. A restructuring process was also adopted and commenced in the end of 2022, and an important part of this process is a credit committee approval obtained from the financial creditors in January 2023. All the financial creditors have confirmed their acceptance to suspend payment of amortization and to extend loan maturities to mid October 2023 on certain agreed terms. In order to improve the financial situation of the Group, property transactions have also taken place. In Q1 2023 the Group has sold shares in Inkognitogaten 33 Holding AS and entered an agreement on sale of Fornebuveien 1-3, reducing interest-bearing debt of which a larger proportion is expensive short-term debt. As part of the ongoing restructuring processes, the Group has redefined the Group's strategy, involving a change in focus from building and growing a property portfolio towards becoming the best at developing properties to a great extent in partnerships. The Group has taken the first steps towards this strategy and this will be the focus going forward. In March 2023 Recreate entered into an agreement to establish a joint venture 50/50 with XG Eiendom AS that shall own the Group's properties Arkaden, Nedre Hjellegate 11, Henrik Ibsens gate 6 and the Groups shares in the Skien Brygge development project. In addition, the parties intend that Kongens Gate 20 and Hesselberggaten 4 shall be acquired by the JV at a later stage. Xania will contribute with a commercial property in in the joint venture. The property company contributed by Xania has a net cash position and the joint venture will therefore be financed to further develop the properties.

NOTE 13 MATERIAL UNCERTAINTY REGARDING ABILITY TO CONTINUE AS GOING CONCERN

The second half of 2022 has been challenging for Recreate. Throughout the year market conditions have changed with increased interest rates, rising inflation and energy costs, resulting in higher property yields, as well as challenging funding markets and a limited transaction market. This has resulted in a tough financial situation for Recreate, with stressed liquidity and uncertain short-term debt refinancing. To strengthen the liquidity and financial position, both short-term and long-term, several initiatives have been implemented. Since November 2022, Recreate has sold Kammerherreløkka (December 2022) in Porsgrunn, Inkognitogaten 33 (January 2023) and Fornebuveien 1-3 (March 2023) in Oslo/Lysaker and has several ongoing processes. Through these completed transactions, interest-bearing debt is reduced, and a larger proportion of expensive short-term debt has been paid down. Cost reduction measures were introduced in the last part of 2022, also involving salary reductions, temporary layoffs and staff reductions with a greater effect expected from Q2-23. A financial restructuring process was adopted and commenced at the end of 2022, and a final credit committee approval was obtained from the relevant financial creditors in January 2023. The financial creditors involved in the restructuring process have confirmed their acceptance to suspend payment of amortization and to extend loan maturities to mid-October 2023 on certain agreed terms.

As of today, the Group is still experiencing a stressed liquidity situation and the basis for continuing as a going concern is contingent upon obtaining significant new capital from, sales of properties or other investments, additional borrowings, placement etc., as well as a successful refinancing of the short-term liabilities in 2023. The Group's financial condition may result in selling investment properties at prices below the booked market value in the current financial statement.

The Group and the Board of Directors would like to point out that there exists a material uncertainty regarding the Group's ability to continue as a going concern. The Group is however optimistic that the ongoing processes mentioned above will be successful, and in accordance with the Accounting Act § 3-3a, the Group therefore confirms that the financial statements have been prepared under the assumption of a going concern.



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

	Q4-22	Q4-21	2022	2021
Rental income	28 945	31 032	131 306	120 576
Other operating income	5 958	4 211	17 978	16 619
Total operating income	34 903	35 243	149 284	137 195
Maintenance and other operating expenses	15 930	20 071	81 652	70 181
Other property-related expenses	981	1 421	5 895	3 808
Administrative expenses	21 562	7 619	64 594	20 620
Total operating costs	41 207	29 111	154 874	94 609
Net income from property management	-6 304	6 132	-5 590	42 586
Changes in fair value from investment properties	-267 769	76 726	-422 300	147 024
Operating profit	-274 074	82 859	-427 890	189 610
Gains from investment in shares	-	6 658	579	22 137
Interest and other financial income	1 850	829	5 466	2 339
Share of profit (loss) from associates and joint ventures	-25 397	-8 004	-53 863	-30 645
Impairment loss from investment in shares	-38 695	-	-38 695	-
Interest and other financial expenses	-36 583	-18 559	-129 736	-73 712
Changes in fair value of financial instruments	623	-800	80 410	2 130
Net financial items	-98 202	-19 876	-135 840	-77 752
Profit before tax	-372 276	62 983	-563 730	111 858
Tax expense	25 863	-15 617	57 373	-32 587
Profit for year	-346 413	47 366	-506 357	79 271



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Financial calendar

Annual General Meeting

14.04.23

Half-yearly report 2023

25.08.23

Annual report 2023

22.03.24

Analyst coverage

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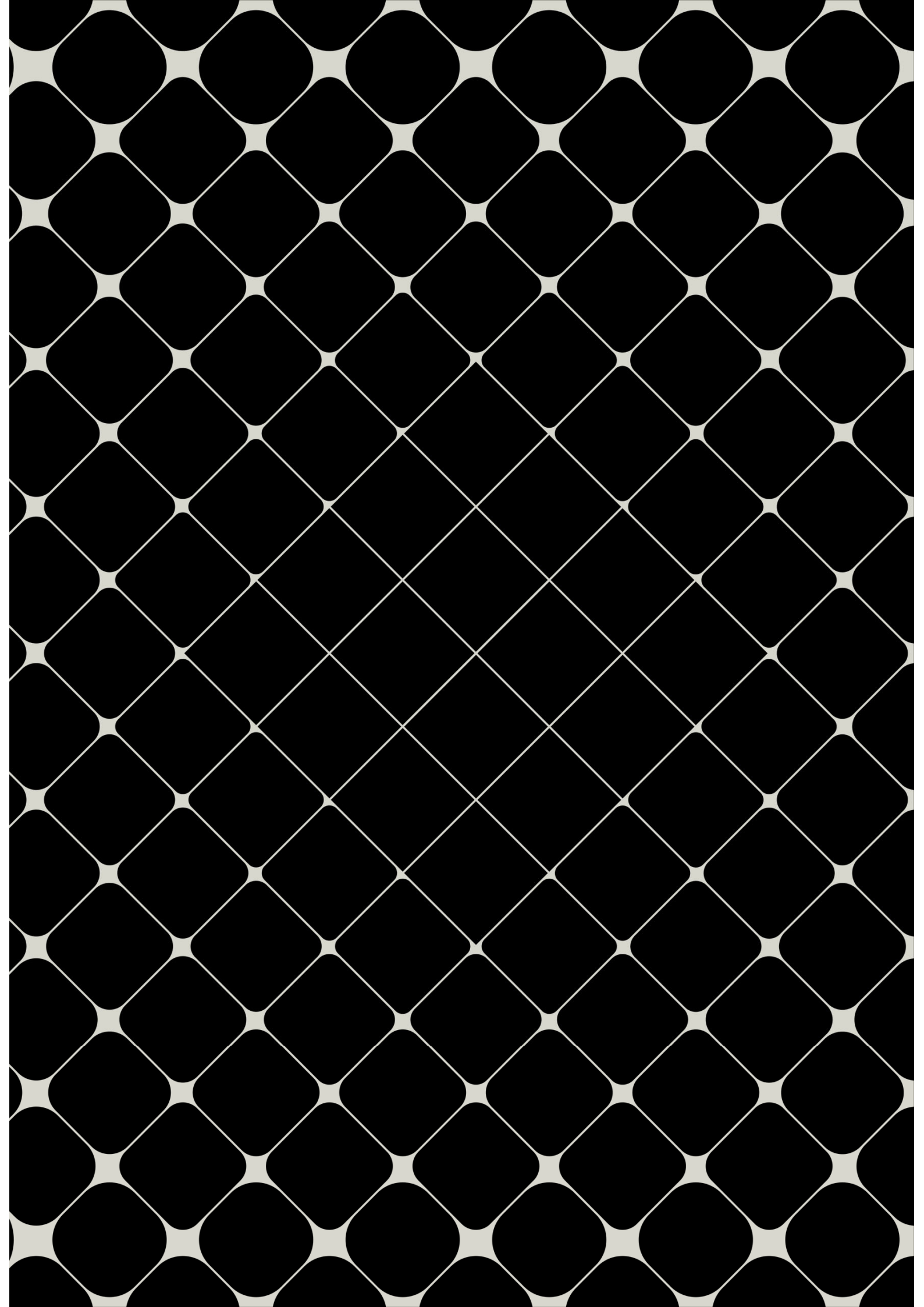
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Definitions

Annual rent	The contractual annual rent from the properties of the Group including forward starting contracts and excluding any market contribution.
Cash earnings	Result from property management less 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.



Recreate