



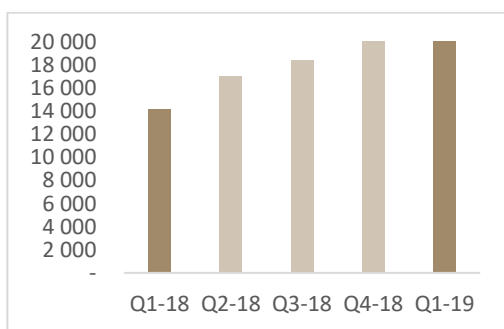
# R8 Property AS

Quarterly Report Q1 2019

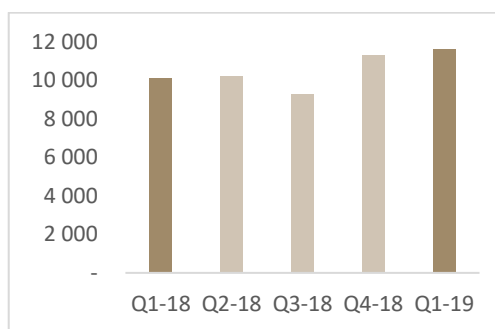
# Financial highlights

- Rental income of 20.9 million (14.2 million) in the quarter
- Net income from property management 11.6 million (10.1 million)
- Positive portfolio value changes of 27.1 million (0.2 million)
- Profit before tax of 25.7 million (10.7 million)
- EPRA NAV per share of 388.3 (327.0)

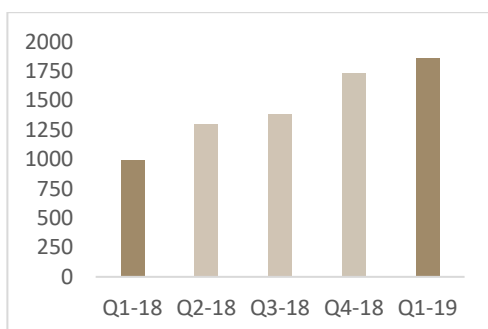
Rental income  
(tNOK)



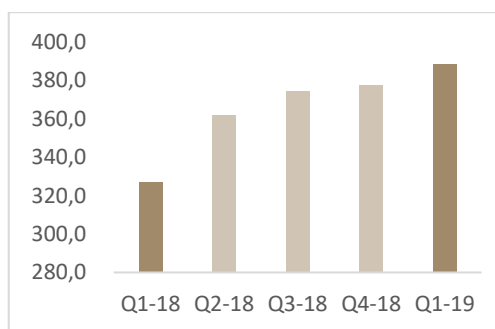
Net income property management  
(tNOK)



Market value of the property portfolio  
(tNOK)



EPRA NAV  
(NOK per share)



# Key figures

All amounts in NOK thousand	Q1-19	Q1-18	2018	2017
Rental income	20 870	14 151	70 149	55 574
Change period-on-period	47 %	1 %	35 %	7 %
Net income from property management	11 620	10 117	40 927	41 090
Change period-on-period	15 %	-15 %	1 %	1 %
Profit before tax	25 657	10 657	70 465	60 048
Change period-on-period	141 %	-64 %	-1 %	-16 %
Profit after tax	20 013	8 206	60 733	47 944
Change period-on-period	144 %	-64 %	3 %	-18 %
Market value of the property portfolio	1 856 050	986 550	1 731 500	978 550
Net nominal interest-bearing debt	1 210 090	622 064	1 123 762	618 564
Loan to value	65,2 %	63,1 %	64,9 %	63,2 %
Interest coverage ratio	1,4	1,8	1,3	1,7
Number of shares	1 519	1 000	1 365	1 000
All amounts in NOK per share	Q1-19	Q1-18	2018	2017
EPRA NAV	388,3	327,0	377,4	324,1
Change period-on-period	19 %	9 %	39 %	15 %
EPRA NNNAV	357,0	294,5	346,7	287,7
Change period-on-period	21 %	11 %	46 %	22 %
EPRA Earnings	1,3	3,4	8,3	13,5
Change period-on-period	-61 %	-35 %	-53 %	136 %



# Financial development

## Results

### **Net income from property management**

The Group's rental income was up by 47 per cent from 14.1 million in Q1-18 to 20.9 million in Q1-19.

The increase in rental income from first quarter last year is mainly driven by the acquisition and development of Arkaden Storsenter in April 2018 and the completion of the project Nordre Fokserød Building 2 in the second quarter 18.

- Total operating income came in at 24.6 million (17.9 million) in the quarter.
- Total operating cost amounted to 12.9 million (7.8 million) in the quarter.
- Net operating income from property management came in at 11.6 million (10.1 million) in the quarter.

### **Net realised financials**

Net realised financials amounted to -9.4 million (-5.7 million) in the quarter.

### **Value changes**

The valuation of the property portfolio resulted in a net positive value change of 27.1 million (0.2 million) in the quarter. In Q1-19, almost all of the value changes relates to Arkaden and the ongoing project portfolio.

### **Profit**

Profit before tax was 25.7 million (10.7 million) in the quarter. Profit after tax was 20.0 million (8.2 million) in Q1-19.

## Balance sheet

The Group's assets amounted to 1,920 million (1,013 million) as of 31.03.19. Of this, investment property amounted to 1,856 million (987 million).

Intangible assets was 7.5 million (0.2 million) at the end of the first quarter of 2019.

Loans to associates and jointly controlled entities was 9.9 million (11.3 million) at the end of the first quarter of 2019.

Total current assets came in at 35.0 million (13.0 million) in Q1-19, the increase is related to trade receivables and cash and bank deposits.

Book equity totaled 563 million (282 million), representing an equity ratio of 29 per cent (28 per cent). Book equity per share was 371 (282). Equity per share was 388,3 (327) based on the EPRA NAV standard and 357,0 (294,5) based on EPRA NNAV. Outstanding shares at 31.03.19 totaled 1.518.614.

## Cash flow statement

Net cash flow from operating activities came in at 2.6 million (1.5 million) in the quarter.

The net cash flow from investment activities was -75.2 million (-9.1 million) in the quarter.

Net cash flow from financing activities was 69.7 million (8.2 million) in the quarter.

The net change in cash and cash equivalents was -2.6 million (0.5 million) in the quarter. Cash and cash equivalents at the end of Q1-19 came in at 17.8 million (2.1 million).

## Financing

R8 Property's total interest bearing nominal debt as of 31.03.2019 was 1.211 million (622 million). During the first quarter the total interest bearing nominal debt increased by 86 million. The increase was mainly due to project investments.

### Interest bearing debt and maturity structure

The average remaining term for the Group's debt portfolio was 5.6 years at 31.03.2019 (2.2 years at 31.03.2018).

### Maturity structure and composition of interest bearing debt

*All amounts in NOK thousand*

Maturity profile	0-1 yrs	1-3 yrs	3-5 yrs	5+ yrs	Total
Bank loans	227 246	583 170	72 699	305 927	1 189 043
Subordinated loans	-	21 048	-	-	21 048
<b>Total</b>	<b>227 246</b>	<b>604 218</b>	<b>72 699</b>	<b>305 927</b>	<b>1 210 090</b>
	19 %	50 %	6 %	25 %	100 %

### Interest rates and maturity structure

The average interest rate of the debt portfolio was 4.33 per cent as of 31.03.2019. 35 per cent (45 per cent) of the Group's financing was hedged at a fixed interest rate as of 31.03.2019 with a weighted average maturity of 6.0 years.

Fixed rate instruments	Amount	Interest rate (%)
1-3 years	50 000	1.54
3-4 years	83 929	3.27
4-5 years	6 300	3.44
5-6 years	14 750	4.05
6-7 years	120 625	2.51
9-10 years	75 000	2.06
11-12 years*	75 000	2.23
<b>Total</b>	<b>425 604</b>	<b>2.49</b>

\*To years forward start from 2019 (2021)

# The Property Portfolio

R8 Property's management portfolio as of 31.03.2019 consists of 17 buildings with a total area of approximately 77,553 square meters. The portfolio is divided into three operating units: Office, Retail and Hotels.

As of 31.03.2019 the occupancy is at 87.9 per cent. However, most of the vacancy connects to strategic vacancy. The occupancy in the Retail unit is increasing as the project is moving forward.

The average wault in the portfolio is 6.6 years. Average 12 months rolling rent per square meter was 1,217 as of 31.03.2019.

The net yield is at 5.5 based on gross rent as of 31.03.2019. The net yield is expected to be positively influenced with completion of ongoing Office projects.

31.03.2019	Area (sqm)	Occu- pancy (%)	No. Of properties (#)	Wault (yrs)	Market value		12 month rolling rent (NOK /sqm)		Net yield (%)	Market rent	
					(tNOK)	(NOK/sqm)	(tNOK)			(tNOK)	(NOK/sqm)
Office	45 220	89,2	11	3,4	965 000	21 340	58 841	1301	5,8	72 429	1 602
Retail*	26 051	82,7	5	8,0	410 300	15 750	23 407	898	5,0	42 061	1 615
Hotels	6 282	100,0	1	15,0	203 500	32 394	12 150	1 934	5,7	13 808	2 198
<b>Total management portfolio</b>	<b>77 553</b>	<b>87,9</b>	<b>17</b>	<b>6,6</b>	<b>1 578 800</b>	<b>69 484</b>	<b>94 397</b>	<b>1 217</b>	<b>5,5</b>	<b>114 490</b>	<b>1 476</b>
Project Office	14 416	87,0	3	11,1	277 250	19 232					
<b>Total project portfolio</b>	<b>14 216</b>	<b>87,0</b>	<b>3</b>	<b>11,1</b>	<b>277 250</b>	<b>19 232</b>					
<b>Total property portfolio</b>	<b>91 969</b>	<b>87,8</b>	<b>20</b>	<b>7,6</b>	<b>1 856 050</b>	<b>88 716</b>					

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31.03.19 corresponds to 10.7 per cent of market rent.

\* Retail consists of Food and Beverage, Office space, Healthcare and commercial Retail.

Parking areas are not included in this overview.



# Investments and divestments

R8 Property has invested 68.4 million in the portfolio of investment properties in the quarter.

## Project development

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

Project	Ownership (%)	Unit	Expected completion	Project area (sqm)	Occupancy (%)	Est. total project cost (tNOK) <sup>1)</sup>	Of which accrued (tNOK)
Powerhouse Telemark	100	Office	Q3-20	8 361	100	264 800	95 900
Rådhusgata 2	100	Office	Q4-19	3 286	86	68 244	16 367
Kammerherreløkka(næring)	50	Office	Q2-19	2 769	49	81 313	68 413
<b>Total</b>				<b>14 416</b>	<b>87</b>	<b>264 800</b>	<b>95 900</b>

<sup>1)</sup> Total project cost (Including book value at date of investment decision/cost of land)

### Status ongoing projects

R8 Property is building Powerhouse Telemark in Porsgrunn. This is aiming for BREEAM Excellent classification. During an estimated lifecycle of 60 years a Powerhouse produces more renewable energy than it uses for materials, production, operation, renovation and demolition. The project is 8,358 square meters. The occupancy is as of 31.03.2019 at 100 per cent.

R8 Property is also renovating Eeks Gård (Rådhusgata 2) in Skien. NAV Skien is to be the main tenant, occupying 86% of the property (total project area 3,286 square meters. The remaining areas are at ground level, and expected tenants are in segments 'Retail' and 'Food and Beverage'.

The Office building of the Kammerherreløkka development project is nearing completion, with expected finish date in late June 2019. As of March 31th 2019 49% of the area is occupied, vacancy is expected to decline rapidly with the completion of ongoing processes with potential tenants.

### Transactions

R8 Property purchased one property in the Tønsberg area in Q1-19.

#### Transactions YTD 2019

Purchased properties	Area	Unit	Transaction quarter	No of sqm
Østveien 665 - 667	Tønsberg	Retail	Q1-19	1 368
<b>Total</b>				

# Partly owned companies

## **Mulighetenes By AS (73 %)**

R8 Property and a group of investors own Mulighetenes By AS. The company owns the property known as Arkaden Storsenter (22,413 sqm) in Skien.

## **Laugstol Eiendom AS (73 %)**

R8 Property and a group of investors own Laugstol Eiendom AS. The company owns the property known as Nedre Hjellegate 11 (343 sqm) in Skien.

## **Henrik Ibsensgate 6 AS (73 %)**

R8 Property and a group of investors own Henrik Ibsensgate 6 AS. The company owns the property known as Henrik Ibsensgate 6 (1,927 sqm) in Skien.

## **Kammerherreløkka AS (50 %)**

R8 Property and Bane NOR Eiendom AS own Kammerherreløkka AS. The company owns the on-going project on Kammerherreløkka in Porsgrunn where one hotel building (6,282 sqm) and one office building (2,767 sqm) is expected to be completed in March 2019. The hotelbuilding is fully let to Choice Comfort Hotel Porsgrunn.

## **Telemarksgaten 10 AS (13 %)**

R8 Property and a group of investors own Telemarksgaten 10 AS. The company owns the property known as Telemarksgaten 10 in Skien.



# Other information

## Organization

At 31.03.19 the Group had 17 employees. During the quarter there were no injuries that caused absence from work.

## Share and shareholder information

R8 Property's share capital is NOK 3,796,535 divided into 1,518,614 shares, with each share having a par value of NOK 2.5. R8 Property has one class of shares. All shares provide equal rights, including the right to any dividends. Each of the shares carries one vote.

As of March 31th 2019, R8 Property had 34 shareholders. Norwegian investors held 100 per cent of the share capital. The 10 largest shareholders on 31.03.19 were:

Shareholder	% holding
R8 Group AS	66,4
IKAB AS	9,5
Kabbe Holding AS	2,3
RP Holding AS	2,2
Heimberg Holding AS	1,5
Østerlid AS	1,4
Thovsland Holding AS	1,3
Aubert Invest AS	1,3
Holta & Co AS	1,3
Freezing Point Invest AS	1,2
<b>Total</b>	<b>88,4</b>

# Financial statements

## Statement of total comprehensive income

All amounts in NOK thousand

	Q1-19	Q1-18	2018
Rental income	20 870	14 151	70 149
Other operating revenue	3 692	3 781	13 581
<b>Total operating income</b>	<b>24 562</b>	<b>17 931</b>	<b>83 730</b>
Maintenance and other operating expenses	6 592	2 978	17 876
Other property-related expenses	119	56	877
Administrative expenses	6 230	4 780	24 049
<b>Total operating costs</b>	<b>12 941</b>	<b>7 814</b>	<b>42 803</b>
<b>Net income from property management</b>	<b>11 620</b>	<b>10 117</b>	<b>40 927</b>
Changes in value from investment properties	27 113	237	37 626
<b>Operating profit</b>	<b>38 734</b>	<b>10 355</b>	<b>78 553</b>
Share of profit of a joint venture	-	-	14 364
Interest and other finance income	378	215	1 304
Interest and other finance expense	-9 764	-5 895	-30 350
<b>Net realised financials</b>	<b>-9 386</b>	<b>-5 679</b>	<b>-14 682</b>
Unrealised changes in value of financial instruments	-3 691	5 982	6 593
<b>Net financial items</b>	<b>-13 077</b>	<b>302</b>	<b>-8 088</b>
<b>Profit before tax</b>	<b>25 657</b>	<b>10 657</b>	<b>70 465</b>
Tax expense	-5 643	-2 451	-9 732
<b>Profit for period/year</b>	<b>20 013</b>	<b>8 206</b>	<b>60 733</b>
Change in deferred tax on comprehensive income	-	-	-
<b>Total comprehensive income for the period/year</b>	<b>20 013</b>	<b>8 206</b>	<b>60 733</b>
<b>Profit attributable to:</b>			
Equity holders of the company	15 851	8 206	58 424
Non-controlling interest	4 163	-	2 308
<b>Total comprehensive income attributable to:</b>			
Equity holders of the company	15 851	8 206	58 424
Non-controlling interest	4 163	-	2 308

## Balance sheet

All amounts in NOK thousand

	31.03.2019	31.03.2018	31.12.2018
Deferred tax assets	2 671	-	859
Intangible assets	7 504	209	7 350
Investment property	1 856 050	986 550	1 731 500
Other operating assets	5 571	2 056	5 733
Investment in jointly controlled entities, associates and shares	496	-	496
Loan to associates and jointly controlled entities	9 959	11 368	8 921
Other long-term receivables	3 032	-	3 032
<b>Total non-current assets</b>	<b>1 885 283</b>	<b>1 000 184</b>	<b>1 757 890</b>
Trade receivables	14 519	5 554	10 518
Other receivables	2 685	5 349	16 065
Cash and bank deposits	17 842	2 128	20 490
<b>Total current assets</b>	<b>35 046</b>	<b>13 031</b>	<b>47 073</b>
<b>TOTAL ASSETS</b>	<b>1 920 329</b>	<b>1 013 215</b>	<b>1 804 963</b>
Shareholders equity	513 045	282 614	484 947
Non-controlling interest	50 008	1	47 358
<b>Total equity</b>	<b>563 053</b>	<b>282 615</b>	<b>532 305</b>
Interest-bearing debt	982 844	562 433	953 718
Deferred tax liability	74 497	52 264	71 647
Financial derivatives	15 086	12 006	11 394
Debt to group companies	5	22 246	-
Other liabilities	-	-	-
<b>Total non-current liabilities</b>	<b>1 072 431</b>	<b>648 949</b>	<b>1 036 759</b>
Interest-bearing debt	227 246	59 631	170 044
Trade payables and other payables	57 598	21 750	65 854
Debt to group companies	-	270	-
<b>Total current liabilities</b>	<b>284 845</b>	<b>81 651</b>	<b>235 898</b>
<b>Total liabilities</b>	<b>1 357 276</b>	<b>730 600</b>	<b>1 272 657</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 920 329</b>	<b>1 013 215</b>	<b>1 804 963</b>

## Changes in equity

All amounts in NOK thousand

	Share capital	Share premium	Other paid-in equity	Retained earnings	Non-controlling interest	Total equity
<b>Equity at 31.12.2017</b>	<b>2 500</b>	<b>3 500</b>	<b>6 858</b>	<b>261 552</b>	-	<b>274 409</b>
Profit for year	-	-	-	58 424	2 308	<b>60 733</b>
Capital increase 26.04.2018	911	113 906	-	-	-	<b>114 818</b>
Non-authorised increase in capital	-	-	37 812	-	-	<b>37 812</b>
Change in non-controlling interest	-	-	-	244	45 050	<b>45 294</b>
Cost of equity transactions directly in equity	-	-	-760	-	-	<b>-760</b>
<b>Equity at 31.12.2018</b>	<b>3 411</b>	<b>117 406</b>	<b>43 909</b>	<b>320 220</b>	<b>47 358</b>	<b>532 305</b>
Profit for period	-	-	-	15 851	4 163	20 013
Capital increase 26.04.2018	85	10 649	-	-	-	<b>10 734</b>
<b>Equity at 31.03.2019</b>	<b>3 496</b>	<b>128 055</b>	<b>43 909</b>	<b>336 071</b>	<b>51 521</b>	<b>563 053</b>

## Statement of cash flows

All amounts in NOK thousand

	Q1-19	Q1-18	2018
Profit before tax	25 657	10 657	70 465
Expensed interest and fees on loans from financial institutions	9 764	5 895	27 437
Share of profit of a joint venture	-	-	-14 364
Interest and fees paid on loans from financial institutions	-9 957	-5 833	-33 731
Depreciation and amortisation	1 011	291	1 538
Change in market value investment properties	-27 113	-237	-37 626
Change in market value financial instruments	3 691	-5 982	-6 593
Change in working capital	-438	-3 308	-3 673
<b>Net cash flow from operating activities</b>	<b>2 615</b>	<b>1 482</b>	<b>3 453</b>
Purchase of business net of cash	-	-1 376	7 146
Upgrades and construction of investment properties	-75 059	-7 763	-135 554
Purchase of intangible assets and other plant and equipment	-154	-	-362
<b>Net cash flow from investment activities</b>	<b>-75 212</b>	<b>-9 138</b>	<b>-128 770</b>
Proceeds interest-bearing debt	75 725	9 325	125 752
Proceeds from loan	-	-5 825	-
Repayment interest-bearing debt	-5 992	4 720	-28 649
Net payment of loans to associates and jointly controlled entities	-	-	-11 794
Proceeds from/repayment of equity	-	-	59 909
Cost of equity transactions	-	-	-
Dividends paid	-	-	-
<b>Net cash flow from financing activities</b>	<b>69 732</b>	<b>8 220</b>	<b>35 541</b>
Change in cash and cash equivalents	-2 865	564	18 926
Cash equivalents at acquisitions as of 01.01	217	-	-
Cash and cash equivalents at beginning of period	20 490	1 564	1 564
<b>Cash and cash equivalents at end of period</b>	<b>17 842</b>	<b>2 128</b>	<b>20 490</b>

## 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 2018. 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 2018. There are no significant changes in accounting policies compared with those used when preparing the financial statements for 2018.

The interim financial statements report of R8 Property AS was approved at a Board meeting on 7 May 2019 and have not been audited. The financial reporting covers R8 Property AS and subsidiaries.

## NOTE 2 SEGMENT INFORMATION

All amounts in NOK thousand

The Groups investment properties is organised into three operating units: Office, Retail and Hotels.

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 segment performance. The Group reports the segment information based upon these three units.

### OPERATING SEGMENTS Q1-19

31.03.2019	Area (sqm)	Occupancy (%)	properties (#)	Wault (yrs)	Market value (tNOK)	(NOK/sqm)	12 month rolling rent (tNOK) (NOK/sqm)		Net yield (%)	Market rent (tNOK) (NOK/sqm)	
Office	45 220	89,2	11	3,4	965 000	21 340	58 841	1 301	5,8	72 429	1 602
Retail	26 051	82,7	5	8,0	410 300	15 750	23 407	898	5,0	42 061	1 615
Hotels	6 282	100,0	1	15,0	203 500	32 394	12 150	1 934	5,7	13 808	2 198
<b>Total management portfolio</b>	<b>77 553</b>	<b>87,9</b>	<b>17</b>	<b>6,6</b>	<b>1 578 800</b>	<b>69 484</b>	<b>94 397</b>	<b>1 217</b>	<b>5,5</b>	<b>114 490</b>	<b>1 476</b>
Project Office	14 416	87,0	3	11,1	277 250	19 232					
<b>Total project portfolio</b>	<b>14 416</b>	<b>87,0</b>	<b>3</b>	<b>11,1</b>	<b>277 250</b>	<b>19 232</b>					
<b>Total property portfolio</b>	<b>91 969</b>	<b>87,8</b>	<b>20</b>	<b>7,6</b>	<b>1 856 050</b>	<b>88 716</b>					

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31.03.19 corresponds to 10.7 per cent of market rent. R8 Property has one on-going project, the new building (Powerhouse Telemark) in Porsgrunn in the operating unit Office.

Parking areas are not included in this overview.

### OPERATING SEGMENTS Q1-18

30.09.2017	Area (sqm)	Occupancy (%)	properties (#)	Wault (yrs)	Market value (tNOK)	(NOK/sqm)	12 month rolling rent (tNOK) (NOK/sqm)		Net yield (%)	Market rent (tNOK) (NOK/sqm)	
Office	42 917	89,1	11	2,9	890 000	20 738	56 677	1 349	5,9	66 219	1 543
<b>Total management portfolio</b>	<b>42 917</b>	<b>89,1</b>	<b>11</b>	<b>2,9</b>	<b>890 000</b>	<b>20 738</b>	<b>56 677</b>	<b>1 349</b>	<b>5,9</b>	<b>66 219</b>	<b>1 543</b>
Project portfolio	10 616		1		96 550	9 095					
<b>Total property portfolio</b>	<b>53 533</b>		<b>12</b>	<b>2,9</b>	<b>986 550</b>	<b>29 832</b>					

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31.03.18 corresponds to 7.1 per cent of market rent. R8 Property has one on-going project, one new building (Powerhouse Telemark) in Porsgrunn.

## NOTE 3 INVESTMENT PROPERTIES

All amounts in NOK thousand

	Q1-19	Q1-18	2018
<b>VALUE OF INVESTMENT PROPERTIES</b>			
Closing balance previous period	1 731 500	978 550	978 550
<b>Other movements</b>			
Purchase of investment property	22 800	7 417	578 500
Investment and upgrades in the property portfolio	70 422	-	133 221
Capitalised borrowing costs	4 098	345	3 603
Change in value from investment properties	27 230	237	37 626
<b>Investment property</b>	<b>1 856 050</b>	<b>986 550</b>	<b>1 731 500</b>

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



## NOTE 4 INFORMATION ON THE FAIR VALUE OF ASSETS AND LIABILITIES

All amounts in NOK thousand

The valuation methods and principles are unchanged in the quarter. See the annual financial statements for 2018 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.

	31.03.2019	31.03.2018	31.12.2018
<b>Assets measured at fair value with change over the result</b>			
- Investment property (Level 3)	1 856 050	986 550	1 731 500
<b>Total</b>	<b>1 856 050</b>	<b>986 550</b>	<b>1 731 500</b>
<b>Financial liabilities measured at fair value with change over the result</b>			
- Derivatives (Level 2)	15 086	12 006	11 394
<b>Total</b>	<b>15 086</b>	<b>12 006</b>	<b>11 394</b>

## KEY FIGURES

All amounts in NOK thousand

### DEBT RATIO (LTV)

	Q1-19	Q1-18	2018
Net nominal interest-bearing debt	1 210 090	622 064	1 123 762
Total market value of the property portfolio	1 856 050	986 550	1 731 500
<b>Debt ratio (LTV) %</b>	<b>65,2</b>	<b>63,1</b>	<b>64,9</b>

### INTEREST COVERAGE RATIO (ICR)

	Q1-19	Q1-18	2018
Net income from property management	11 620	10 117	40 927
Depreciation	1 011	291	1 538
<b>EBITDA adjusted</b>	<b>12 632</b>	<b>10 408</b>	<b>42 465</b>
Interest cost	9 232	5 679	33 678
Other finance expense	-	-	275
<b>Applicable net interest cost</b>	<b>9 232</b>	<b>5 679</b>	<b>33 953</b>
<b>Interest Coverage Ratio (ICR)</b>	<b>1,4</b>	<b>1,8</b>	<b>1,3</b>

## 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	Q1-19 / 31.03.2019	Q1-18 / 31.03.2018	2018 / 31.12.2018
EPRA Earnings per share (EPS)	NOK	1,3	3,4	8,3
EPRA NAV per share	NOK	388,3	327,0	377,4
EPRA NNAV per share	NOK	357,0	294,5	346,7

The details for the calculation of the key figures are shown in the following tables:

### EPRA EARNINGS

EPRA Earnings is a measure of the underlying development in the property portfolio and is calculated as net income after tax 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.

All amounts in NOK thousand

	Q1-19	Q1-18	2018
Profit for period/year	20 013	8 206	60 733
<b>Add:</b>			
Changes in value of investment properties	-27 113	-237	-37 626
Tax on changes in value of investment properties <sup>1)</sup>	5 965	55	8 654
Changes in value of financial instruments	3 691	-5 982	-6 593
Tax on changes in value of financial instruments <sup>1)</sup>	-812	1 376	1 516
Share of profit jointly controlled entities - fair value adjustments	-	-	-17 533
Reversal of deferred tax EPRA adjustments jointly controlled entities <sup>1)</sup>	-	-	3 169
Net income non-controlling interest of subsidiaries	361	-	2 868
Reversal of tax non-controlling interests of subsidiaries <sup>1)</sup>	-79	-	-660
Change in tax rate <sup>1)</sup>	-	-	-3 263
<b>EPRA Earnings</b>	<b>2 025</b>	<b>3 417</b>	<b>11 266</b>

<sup>1)</sup> 22 per cent from Q1 2019 and 23 per cent for 2018.

### EPRA NAV AND EPRA NNAV - NET ASSET VALUE

The objective with EPRA NAV is to demonstrate the fair value of net assets given a long-term investment horizon. EPRA NAV is calculated as net asset value adjusted to include market value of all properties in the portfolio and interest-bearing debt, and to exclude certain items not expected to crystallise in a long-term investment property business model such as e.g. financial derivatives and deferred tax on the market value of investment properties.

The objective with EPRA NNAV is to report the fair value of net assets in the Group on the basis that these are immediately realised. EPRA NNAV is EPRA NAV adjusted to reflect the fair value of debt and derivatives and in order to include deferred tax on value changes.

All amounts in NOK thousand

	Q1-19	Q1-18	2018
<b>NAV - book value of equity</b>	<b>563 053</b>	<b>282 615</b>	<b>494 493</b>
Less: Non-controlling interest	-50 008	-	-47 358
Deferred property tax	64 939	35 113	58 974
Fair value of financial derivative instruments	11 767	9 245	8 888
<b>EPRA NAV</b>	<b>589 750</b>	<b>326 973</b>	<b>514 996</b>
Market value on property portfolio	1 856 050	986 550	1 731 500
Tax value on property portfolio	1 140 752	522 068	1 069 560
Basis for calculation of tax on gain on sale	715 298	464 482	661 940
<b>Less: Market value of tax on gain on sale (5 per cent tax rate)</b>	<b>35 765</b>	<b>23 224</b>	<b>33 097</b>
Net market value on financial derivatives	15 086	12 006	11 394
Tax expense on realised financial derivatives <sup>1)</sup>	-3 319	-2 761	-2 407
<b>Less: net result from realisation of financial derivatives</b>	<b>11 767</b>	<b>9 245</b>	<b>8 888</b>
Book value of interest bearing debt	1 210 090	622 064	1 123 762
Nominal value of interest bearing debt	1 210 090	622 064	1 123 762
Basis for calculation of tax on realisation of interest bearing debt	-	-	-
<b>Less: Market value of tax on realisation</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EPRA NNAV</b>	<b>542 219</b>	<b>294 504</b>	<b>473 012</b>

<sup>1)</sup> 22 per cent from Q1 2019 and 23 per cent for 2018.

# Definitions

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12 months rolling rent	The contractual rent of the management properties of the Group for the next 12 months as of a certain date, adjusted for signed new contracts and contracts expiring during such period.
Cash earnings	Result from property management less payable tax.
Contractual rent	Annual cash rental income being received as of relevant date.
Loan-to-value ("LTV")	Net nominal value of interest-bearing liabilities (excluding debt to group companies) divided by the market value of the property portfolio.
Management properties	Properties that are actively managed by the company.
Market rent	The annualised market rent of the management properties, fully let as of the relevant date, expressed as the average of market rents estimated by the independent professionally qualified valuers.
Market value of property portfolio	The market value of all the properties owned by the parent company and subsidiaries, regardless of their classification for accounting purposes.
Net yield	Net rent divided by the market value of the management properties of the Group.
Occupancy	Estimated market rent of occupied space of the management properties, divided by the market rent of the total space of the management portfolio.
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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# Contact

## Contact info

Emil Eriksrød  
CEO  
Phone: +47 415 22 463  
emil@r8property.no

Eirik Engaas  
CFO  
Phone: +47 934 99 340  
eirik@r8property.no

## Financial calendar

Q2 report 2019 28.08.2019

Q3 report 2019 13.11.2019

## R8 Property

Head office and postal address

Dokkvegen 10  
3920 Porsgrunn

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

