



R8 Property AS

Quarterly Report Q3 2019

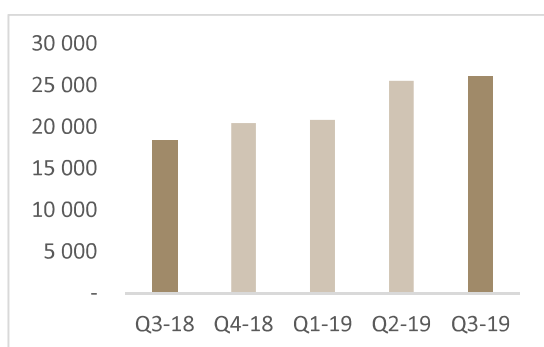
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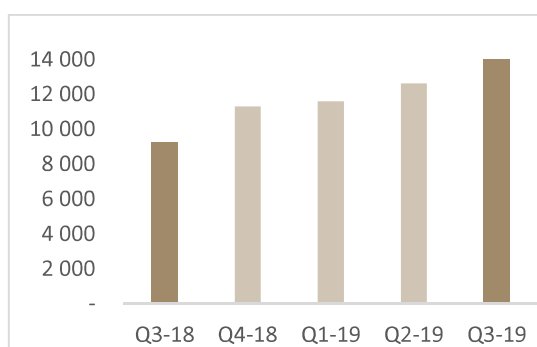
Financial highlights

- Rental income of 26.1 million (18.4 million) in the quarter
- Net income from property management 16.2 million (9.3 million)
- Negative portfolio value changes of 3.7 million (positive of 0.3 million)
- Profit before tax of 0.4 million (14.2 million)
- EPRA NAV per share of 405.1 (367.6)

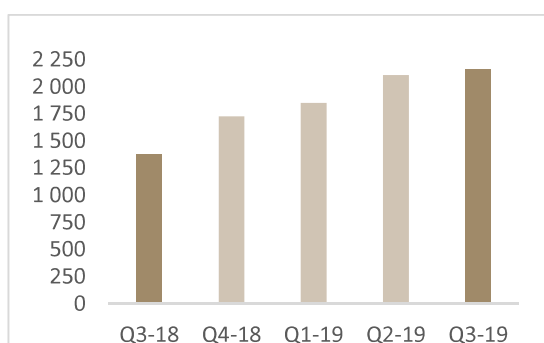
Rental income
(tNOK)



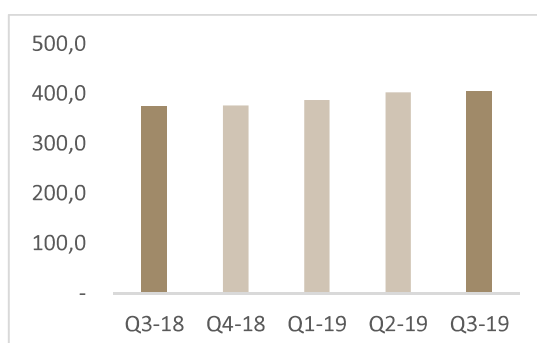
Net income property management
(tNOK)



Market value of the property portfolio
(MNOK)



EPRA NAV
(NOK per share)



Key figures

All amounts in NOK thousand	Q3-19	Q3-18	2018	2017
Rental income	26 086	18 431	70 149	55 574
Change period-on-period	42 %	32 %	26 %	7 %
Net income from property management	16 232	9 279	40 927	41 090
Change period-on-period	75 %	-11 %	-1 %	1 %
Profit before tax	425	14 157	70 465	60 048
Change period-on-period	-97 %	130 %	17 %	-16 %
Profit after tax	25	11 795	60 733	47 944
Change period-on-period	-99,8 %	152 %	27 %	-18 %
Market value of the property portfolio	2 164 750	1 378 700	1 731 500	978 550
Net nominal interest-bearing debt	1 451 820	854 693	1 123 762	618 564
Loan to value	67,1 %	62,0 %	64,9 %	63,2 %
Interest coverage ratio	1,5	1,2	1,3	1,7
Number of shares	1 630	1 365	1 365	1 000
All amounts in NOK per share	Q3-19	Q3-18	2018	2017
EPRA NAV	405,1	367,6	377,4	324,1
Change period-on-period	10 %	19 %	16 %	15 %
EPRA NNNAV	365,3	343,4	346,7	287,7
Change period-on-period	6 %	26 %	21 %	22 %
EPRA Earnings	2,3	1,5	8,3	13,5
Change period-on-period	53 %	-47%	-39 %	136 %

Financial development

Results

Net income from property management

The Group's rental income was up by 41.5 per cent from 18.4 million in Q3-18 to 26.1 million in Q3-19.

The increase in rental income from third quarter last year is mainly driven by the ongoing development of Arkaden, income from properties acquired in 2019 and the finished Hotel project at Kammerherreløkka.

- Total operating income came in at 29.9 million (19.9 million) in the quarter.
- Total operating cost amounted to 13.6 million (10.6 million) in the quarter.
- Net operating income from property management came in at 16.2 million (9.3 million) in the quarter.

Net realised financials

Net realised financials amounted to -12.1 million (+4.6 million) in the quarter.

Value changes

The valuation of the property portfolio resulted in a net negative value change of 3.7 million (+0.3 million) in the quarter. In Q3-19, the value of the property portfolio changes relates to the ongoing project portfolio and development of existing properties.

Profit

Profit before tax was 0.4 million (14.2 million) in the quarter. Profit after tax was 0.03 million (11.8 million) in Q3-19.

Balance sheet

The Group's assets amounted to 2,412 million (1,471 million) as of 30.09.19. Of this, investment property amounted to 2,165 million (1,379 million).

Intangible assets were 7.8 million (8.6 million) at the end of the third quarter of 2019.

Loans to associates and jointly controlled entities was 40.8 million (13.4 million) at the end of Q3 2019.

Total current assets came in at 182.5 million (41.2 million) in Q3-19, the increase is related to trade receivables and cash and bank deposits, as well as a committed equity issue of 130,1 million which will be paid in Q4 2019.

Book equity totaled 753 million (450 million), representing an equity ratio of 31 per cent (31 per cent). Equity per share was 405 (368) based on the EPRA NAV standard and 365 (343) based on EPRA NNNAV. Outstanding shares at 30.09.19 totaled 1.629.733.

Cash flow statement

Net cash flow from operating activities came in at -0.9 million (1.7 million) in the quarter.

The net cash flow from investment activities was -62.6 million (-22.7 million) in the quarter.

Net cash flow from financing activities was 62.1 million (16.8 million) in the quarter.

Cash and cash equivalents at the end of Q3-19 came in at 19.1 million (25.1 million).

Financing

R8 Property's total interest-bearing nominal debt as of 30.09.2019 was 1.452 billion (855 million). During the third quarter the total interest-bearing nominal debt increased by 56 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 5.73 years at 30.09.2019 (5.39 years at 30.09.2018).

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	298 260	725 847	77 733	329 528	1 431 369
Subordinated loans	20 452				20 452
Total	318 712	725 847	77 733	329 528	1 451 820
	22 %	50 %	5 %	23 %	100 %

Interest rates and maturity structure

The average interest rate of the debt portfolio was 4.59 per cent as of 30.09.2019. 33.2 per cent (33 per cent) of the Group's financing was hedged at a fixed interest rate as of 30.09.2019 with a weighted average maturity of 6.77 years.

Fixed rate instruments	Amount	Interest rate (%) ¹⁾
1-3 years	50 000	1.54
3-4 years	82 143	3.27
4-5 years	26 700	2.49
5-6 years	94 250	3.39
6-7 years	54 375	1.81
9-10 years	100 000	1.79
11-12 years ²⁾	75 000	2.23
Total	482 468	2.36

1) Excluding credit margins

2) Two years forward start from 2019 (2021)

The Property portfolio



The Property Portfolio

R8 Property's management portfolio as of 30.09.2019 consists of 25 buildings with a total area of approximately 92,473 square meters. The portfolio is divided into three operating subunits: Office, Urban Estate and Hotels.

As of 30.09.2019 the occupancy is at 86.6 per cent. However, the majority of the vacancy is strategic related to Arkaden and Parkbygget. The occupancy in the Urban Estate subunit is increasing as the project is moving forward.

The average wault²⁾ (weighted on annual rent) in the management portfolio is 5.9 years. Average annual rent per square meter was 1,202 NOK of 30.09.2019.

The net direct yield is at 5.4 based on annual rent as of 30.09.2019. The net yield is expected to be positively influenced with completion of ongoing Office projects. Average yield on the total management portfolio (value weighted) as basis of property valuations is 6,5% as of 30.09.2019

CORPORATE LEGAL SEGMENTS Q3-19

30.09.2019	Area (sqm)	Occupancy (%)	No. of prop. (#)	Market value		Wault ¹⁾	Annual rent		Wault ²⁾	Net direct yield	Net yield (valuation)	Market rent	
				(tNOK)	(NOK/sqm)	(yrs)	(tNOK)	(NOK/sqm)	(yrs)	(%)	(%)	(tNOK)	(NOK/sqm)
Office	56 124	88,5	17	1 095 500	19 519	3,1	66 216	1 180	3,0	5,6	6,3	82 320	1 467
Urban Estate	27 300	82,6	6	465 500	17 051	8,8	30 899	1 132	8,9	5,0	7,1	45 142	1 654
Hotels	9 049	86,5	2	303 000	33 484	12,9	14 041	1 552	12,9	5,2	6,3	21 457	2 371
Total management portfolio	92 473	86,6	25	1 864 000	20 157	6,1	111 156	1 202	5,9	5,4	6,5	148 918	1 610
Project Office	16 149	92,3	3	300 750	18 623	12,2							
Total project portfolio	16 149	92,3	3	300 750	18 623	12,2							
Total property portfolio	108 622	87,4	28	2 164 750	19 929	7,0							

1) Wault weighted on property market value

2) Wault weighted on annual rent

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 30.09.19 corresponds to 10.0 per cent average of market rent. When calculating net yield, maintenance and property-related costs are deducted from contractual annualised rental income, which is then divided by the market value.

R8 Property has three on-going project, the new building Powerhouse Telemark and Polymer Exploration Center, both in Porsgrunn, and Rådhusgata 2 AS located in Skien. All properties will be included in operating unit Office.

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

Corporate legal segments in the table above follow the legal 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.

OPERATING SEGMENTS Q3-19

30.09.2019	Area (sqm)	Wault ²⁾ (yrs)	Annual rent	
			(tNOK)	(NOK/sqm)
Office	65 760	3,0	73 073	1 111
Retail	11 724	5,2	12 614	1 076
Health care	4 714	6,4	6 139	1 302
Food and Beverage	4 086	14,3	7 615	1 864
Hotels	6 189	14,4	11 717	1 893
Total management portfolio	92 473	5,9	111 156	1 202

Investments and divestments

R8 Property has invested 62.6 (20.0 million) 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) ¹⁾	Of which accrued (tNOK)
Powerhouse Telemark	100	Office	Q2-20	8 361	91	256 500	171 397
Rådhusgata 2	100	Office	Q1-20	3 286	86	90 211	60 573
Polymer Exploration Centre	50	Office	Q2-21	4 450	100	154 825	12 200
Total				14 416	88	511 760	238 006

¹⁾ 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) 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 8,361 square meters. The occupancy is as of 30.09.2019 at 91 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 'Food and Beverage'.

R8 Property will start building Polymer Exploration Centre in Q1-20. This building is a specialized towards polymer/plastic research with one tenant in Norner AS (part of SCG Chemicals). Polymer Exploration Centre has been granted 'Katapult' status from SIVA (Selskapet for industrivekst SF)

Transactions YTD 2019

Purchased properties	Area	Transaction quarter	No of sqm
Østveien 665 - 667	Tønsberg	Q1-19	1 368
Rødmyrlia	Skien	Q2-19	3 485
Vipeveien 51	Porsgrunn	Q2-19	3 015
Bedriftsveien 52-58	Skien	Q2-19	2 966
Storgata 171-175	Porsgrunn	Q2-19	850
Langbrygga 1	Skien	Q2-19	1 249
Total			12 933

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 one hotel building (6,282 sqm) and one office building (2,767 sqm) in Porsgrunn.

Telemarksgaten 10 AS (14 %)

Other information

Organization

At 30.09.19 the Group had 22 employees. During the quarter there were no injuries that caused absence from work.

Share and shareholder information

R8 Property's share capital is NOK 4,074,332 divided into 1,629,733 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 September 30th 2019, R8 Property had 37 shareholders. Norwegian investors held 100 per cent of the share capital. The 10 largest shareholders on 30.09.19 were:

Shareholder	% holding
R8 Group AS	64,3
IKAB AS	8,9
Carucel Invest AS	2,9
Brødrene Jensen AS	2,7
Kabbe Holding AS	2,2
RP Holding AS	2,0
Heimberg Holding AS	1,4
Østerlid AS	1,4
Thovsland Holding AS	1,2
Aubert Invest AS	1,2
Holta & Co AS	1,2
Total	89,3

R8 Property completed a private placement with subscription deadline 30.09.2019. Upon registration in Q4, the company will issue 342.331 new shares in accordance with subscription rights.



Financial statements

Financial statements

Statement of total comprehensive income

All amounts in NOK thousand

	Q3-19	Q3-18	YTD Q3-19	YTD Q3-18	2018
Rental income	26 086	18 431	72 551	49 638	70 149
Other operating revenue	3 785	1 425	9 358	7 428	13 581
Total operating income	29 872	19 856	81 910	57 067	83 730
Maintenance and other operating expenses	10 280	2 814	29 942	11 940	17 876
Other property-related expenses	18	242	480	605	877
Administrative expenses	3 341	7 521	10 973	14 919	24 049
Total operating costs	13 639	10 577	41 395	27 464	42 803
Net income from property management	16 232	9 279	40 514	29 602	40 927
Changes in value from investment properties	-3 662	263	58 352	21 797	37 626
Operating profit	12 571	9 542	98 867	51 399	78 553
Share of profit of a joint venture	-	10 110	-	10 110	14 364
Interest and other finance income	456	324	2 087	817	1 304
Interest and other finance expense	-11 500	-8 149	-33 774	-21 601	-30 350
Net realised financials	-11 044	2 286	-31 687	-10 673	-14 682
Unrealised changes in value of financial instruments	-1 102	2 329	-5 438	7 874	6 593
Net financial items	-12 146	4 614	-37 125	-2 799	-8 088
Profit before tax	425	14 157	61 742	48 600	70 465
Tax expense	-400	-2 361	-13 914	-8 853	-9 732
Profit for period/year	25	11 795	47 828	39 747	60 733
Change in deferred tax on comprehensive income	-	-	-	-	-
Total comprehensive income for the period/year	25	11 795	47 828	39 747	60 733
Profit attributable to:					
Equity holders of the company	2 302	11 234	44 925	38 094	58 424
Non-controlling interest	-2 277	562	2 903	1 653	2 308
Total comprehensive income attributable to:					
Equity holders of the company	2 302	11 234	44 925	38 094	58 424
Non-controlling interest	-2 277	562	2 903	1 653	2 308

Balance sheet

All amounts in NOK thousand

	30.09.2019	30.09.2018	31.12.2018
Deferred tax assets	745	351	859
Intangible assets	7 822	8 635	7 350
Investment property	2 164 750	1 378 700	1 731 500
Other operating assets	15 008	6 036	5 733
Investment in jointly controlled entities, associates and shares	496	20 957	496
Loan to associates and jointly controlled entities	40 845	13 358	8 921
Other long-term receivables	32	2 105	3 032
Total non-current assets	2 229 698	1 430 141	1 757 890
Trade receivables	17 139	5 675	10 518
Other receivables	146 280	10 466	16 065
Cash and bank deposits	19 074	25 094	20 490
Total current assets	182 493	41 235	47 073
TOTAL ASSETS	2 412 190	1 471 376	1 804 963
Shareholders equity	705 310	427 321	484 947
Non-controlling interest	47 640	22 746	47 358
Total equity	752 950	450 066	532 305
Interest-bearing debt	1 153 561	726 699	953 718
Deferred tax liability	83 493	74 418	71 647
Financial derivatives	16 832	10 114	11 394
Debt to group companies	41 473	-	-
Other liabilities	-	-	-
Total non-current liabilities	1 295 359	811 231	1 036 759
Interest-bearing debt	298 260	127 995	170 044
Trade payables and other payables	65 622	82 085	65 854
Debt to group companies	-	-	-
Total current liabilities	363 882	210 079	235 898
Total liabilities	1 659 240	1 021 310	1 272 657
TOTAL EQUITY AND LIABILITIES	2 412 190	1 471 376	1 804 963

Changes in equity

All amounts in NOK thousand

	Share capital	Share premium	Other paid-in equity	Retained earnings	Non-controlling interest	Total equity
Equity at 31.12.2018	3 411	117 406	43 909	320 220	47 358	532 305
Profit year to date	-	-	-	44 925	2 903	47 828
Merger	85	10 649	-	-	-	10 734
Debt conversion	578	72 237	-37 812	-	-	35 003
Non-authorized increase in capital ¹⁾	-	-	130 086	-	-	130 086
Change in non-controlling interest	-	-	-	-378	-2 622	-3 000
Cost of equity transactions directly in equity	-	-	-	-6	-	-6
Equity at 30.09.2019	4 074	200 292	136 183	364 761	47 640	752 950

1) Equity was increased by a private placement (capital increase) 30.09.2019 of tNOK 130,086 by issuing 342,331 shares. The transaction will be registered in Brønnøysundsregistrene in Q4 2019.

Statement of cash flows

All amounts in NOK thousand

	Q3-19	Q3-18	2018
Profit before tax	425	14 157	70 465
Expensed interest and fees on loans from financial institutions	11 044	8 149	27 437
Share of profit of a joint venture	-	-	-14 364
Interest and fees paid on loans from financial institutions	-11 044	-7 411	-33 731
Depreciation and amortisation	821	171	1 538
Change in market value investment properties	3 662	-264	-37 626
Change in market value financial instruments	1 102	-2 329	-6 593
Change in working capital	-7 343	-10 734	-3 673
Net cash flow from operating activities	-1 334	1 739	3 453
Purchase of business net of cash	-	8 730	7 146
Upgrades and construction of investment properties	-62 562	-20 034	-135 554
Purchase of intangible assets and other plant and equipment	-	-11 422	-362
Net cash flow from investment activities	-62 562	-22 726	-128 770
Proceeds interest-bearing debt	67 475	25 967	125 752
Proceeds from loan	-	18 900	-
Repayment interest-bearing debt	-7 702	-11 122	-28 649
Net payment of loans to associates and jointly controlled entities	2 339	-16 981	-11 794
Proceeds from/repayment of equity	-	-	59 909
Cost of equity transactions	-	-	-
Dividends paid	-	-	-
Net cash flow from financing activities	62 112	16 765	35 541
Change in cash and cash equivalents	-1 784	-4 222	18 926
Cash and cash equivalents at beginning of period	20 858	29 317	1 564
Cash and cash equivalents at end of period	19 074	25 095	20 490

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 13th November 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, Urban Estate (former 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.

CORPORATE LEGAL SEGMENTS Q3-19

30.09.2019	Area (sqm)	Occupancy (%)	No. of prop. (#)	Market value		Wault ¹⁾	Annual rent		Wault ²⁾	Net direct yield	Net yield (valuation)	Market rent	
				(tNOK)	(NOK/sqm)	(yrs)	(tNOK)	(NOK/sqm)	(yrs)	(%)	(%)	(tNOK)	(NOK/sqm)
Office	56 124	88,5	17	1 095 500	19 519	3,1	66 216	1 180	3,0	5,6	6,3	82 320	1 467
Urban Estate	27 300	82,6	6	465 500	17 051	8,8	30 899	1 132	8,9	5,0	7,1	45 142	1 654
Hotels	9 049	86,5	2	303 000	33 484	12,9	14 041	1 552	12,9	5,2	6,3	21 457	2 371
Total management portfolio	92 473	86,6	25	1 864 000	20 157	6,1	111 156	1 202	5,9	5,4	6,5	148 918	1 610
Project Office	16 149	92,3	3	300 750	18 623	12,2							
Total project portfolio	16 149	92,3	3	300 750	18 623	12,2							
Total property portfolio	108 622	87,4	28	2 164 750	19 929	7,0							

1) Wault weighted on property market value

2) Wault weighted on annual rent

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 30.09.19 corresponds to 10.0 per cent average of market rent. When calculating net yield, maintenance and property-related costs are deducted from contractual annualised rental income, which is then divided by the market value.

R8 Property has three on-going project, the new building Powerhouse Telemark and Polymer Exploration Center, both in Porsgrunn, and Rådhusgata 2 AS located in Skien. All properties will be included in operating unit Office.

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

Corporate legal segments in the table above follow the legal 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.

OPERATING SEGMENTS Q3-19

30.09.2019	Area (sqm)	Wault ²⁾ (yrs)	Annual rent	
			(tNOK)	(NOK/sqm)
Office	65 760	3,0	73 073	1 111
Retail	11 724	5,2	12 614	1 076
Health care	4 714	6,4	6 139	1 302
Food and Beverage	4 086	14,3	7 615	1 864
Hotels	6 189	14,4	11 717	1 893
Total management portfolio	92 473	5,9	111 156	1 202

CORPORATE LEGAL SEGMENTS Q3-18

30.09.2018	Area (sqm)	Occupancy (%)	No. of prop. (#)	Market value		Wault ¹⁾	Annual rent		Wault ²⁾	Net direct yield	Net yield (valuation)	Market rent	
				(tNOK)	(NOK/sqm)	(yrs)	(tNOK)	(NOK/sqm)	(yrs)	(%)	(%)	(tNOK)	(NOK/sqm)
Office	45 220	91,5	12	948 500	20 975	4,0	59 153	1 308	3,8	5,7	6,2	69 863	1 545
Urban Estate	24 683	79,8	3	344 200	13 945	8,6	21 180	858	8,6	4,2	7,5	38 805	1 572
Total management portfolio	69 903	87,3	15	1 292 700	18 493	5,2	80 333	1 149	5,1	5,3	6,5	108 668	1 555
Project Office	8 358	88,0	1	86 000	10 290								
Total project portfolio	8 358	88,0	1	86 000	10 290								
Total property portfolio	78 261	87,4	16	1 378 700	17 617								

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 30.09.18 corresponds to 6.9 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.

NOTE 3 INVESTMENT PROPERTIES

All amounts in NOK thousand

	Q3-19	Q3-18	2018
VALUE OF INVESTMENT PROPERTIES			
Closing balance previous period	2 112 050	1 297 050	978 550
Other movements			
Purchase and sales of investment property	-6 200	18 200	578 500
Investment and upgrades in the property portfolio	56 580	62 246	133 221
Capitalised borrowing costs	5 982	941	3 603
Change in value from investment properties	-3 662	263	37 626
Investment property	2 164 750	1 378 700	1 731 500

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.

	30.09.2019	30.09.2018	31.12.2018
Assets measured at fair value with change over the result			
- Investment property (Level 3)	2 164 750	1 378 700	1 731 500
Total	2 164 750	1 378 700	1 731 500
Financial liabilities measured at fair value with change over the result			
- Derivatives (Level 2)	16 832	10 114	11 394
Total	16 832	10 114	11 394

NOTE 5 KEY FIGURES

All amounts in NOK thousand

DEBT RATIO (LTV)

	Q3-19	Q3-18	2018
Net nominal interest-bearing debt	1 451 820	854 693	1 123 762
Total market value of the property portfolio	2 164 750	1 378 700	1 731 500
Debt ratio (LTV) %	67,1	62,0	64,9

INTEREST COVERAGE RATIO (ICR)

	Q3-19	Q3-18	2018
Net income from property management	16 232	9 279	40 927
Depreciation	821	462	1 538
EBITDA adjusted	17 053	9 741	42 465
Interest cost	11 500	8 241	33 678
Other finance expense	-	-	275
Applicable net interest cost	11 500	8 241	33 953
Interest Coverage Ratio (ICR)	1,5	1,2	1,3

NOTE 6 EPRA REPORTING

The following performance indicators have been prepared in accordance with best practices as defined by EPRA (European Public Real Estate Association) in its Best Practices Recommendations guide.

EPRA Reporting - summary	Unit	Q3-19 / 30.09.2019	Q3-18 / 30.09.2018	2018 / 31.12.2018
EPRA Earnings per share (EPS)	NOK	2,3	1,5	8,3
EPRA NAV per share	NOK	405,1	367,6	377,4
EPRA NNAV per share	NOK	365,3	343,4	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

	Q3-19	Q3-18	2018
Profit for period/year	25	11 795	60 733
Add:			
Changes in value of investment properties	3 662	-263	-37 626
Tax on changes in value of investment properties ¹⁾	-806	61	8 654
Changes in value of financial instruments	1 102	-2 329	-6 593
Tax on changes in value of financial instruments ¹⁾	-242	536	1 516
Share of profit jointly controlled entities - fair value adjustments	-	-7 785	-17 533
Reversal of deferred tax EPRA adjustments jointly controlled entities ¹⁾	-	-	3 169
Net income non-controlling interest of subsidiaries	-92	-	2 868
Reversal of tax non-controlling interests of subsidiaries ¹⁾	20	-	-660
Change in tax rate ¹⁾	-	-	-3 263
EPRA Earnings	3 669	2 015	11 266

¹⁾ 22 per cent from Q2 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

	Q3-19	Q3-18	2018
NAV - book value of equity	622 864	450 066	494 493
Less: Non-controlling interest	-47 640	-	-47 358
Deferred property tax	71 812	43 735	58 974
Fair value of financial derivative instruments	13 129	7 788	8 888
EPRA NAV	660 165	501 589	514 996
Market value on property portfolio	2 164 750	1 378 700	1 731 500
Tax value on property portfolio	1 131 687	873 003	1 069 560
Basis for calculation of tax on gain on sale	1 033 063	505 697	661 940
Less: Market value of tax on gain on sale (5 per cent tax rate)	51 653	25 285	33 097
Net market value on financial derivatives	16 832	10 114	11 394
Tax expense on realised financial derivatives ¹⁾	-3 703	-2 326	-2 407
Less: net result from realisation of financial derivatives	13 129	7 788	8 888
Book value of interest bearing debt	1 451 820	854 693	1 123 762
Nominal value of interest bearing debt	1 451 820	854 693	1 123 762
Basis for calculation of tax on realisation of interest bearing debt	-	-	-
Less: Market value of tax on realisation	-	-	-
EPRA NNAV	595 383	468 516	473 012

¹⁾ 22 per cent from Q3 2019 and 23 per cent for 2018.

Contact

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Financial calendar

Annual report 2019	19.03.2020
Annual General Meeting	02.04.2020

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Definitions

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.