



R8 PROPERTY ASA
QUARTERLY REPORT Q4 2020

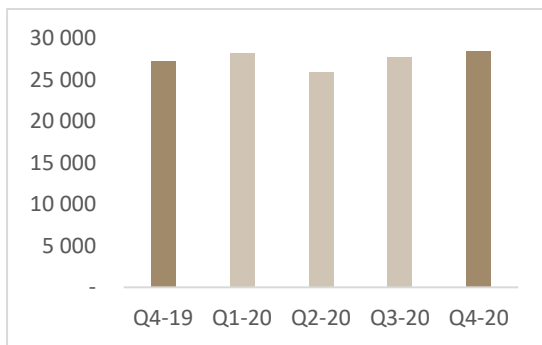
CONTENTS

Financial highlights	3
Key figures	4
Financial development	5
The Property Portfolio	8
Investments and divestments	10
Partly owned companies	11
Other information	12
Company structure	13
Financial statements	14
Contact	23
Definitions	25

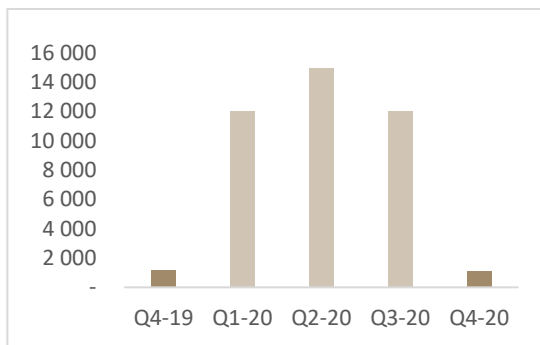
FINANCIAL HIGHLIGHTS

- Rental income of 28,4 million (27,2 million) in the quarter
- Net income from property management 1,1 million (1,2 million)
- Negative total portfolio value changes of 1,3 million (positive of 20,3 million)
- Profit before tax of -2,7 million (positive 14,9 million)
- EPRA NAV per share of 42,6 (40,7)

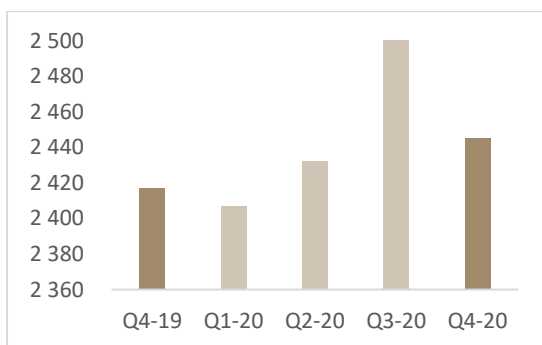
Rental income
(KNOK)



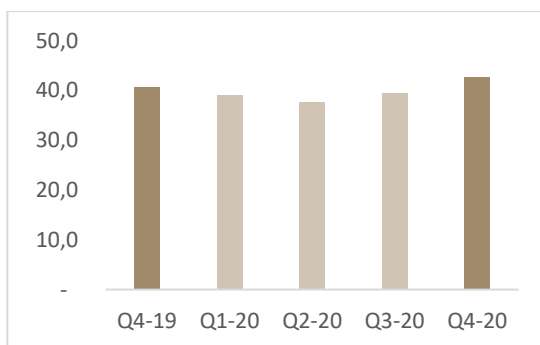
Net income property management
(KNOK)



Market value of the property portfolio
(MNOK)



EPRA NAV
(NOK per share)



KEY FIGURES

All amounts in NOK thousand	Q4-20	Q4-19	2020	2019
Rental income	28 411	27 204	114 153	99 755
Change period-on-period	4 %	55 %	14 %	42 %
Net income from property management	1 124	1 203	46 457	41 717
Change period-on-period	-7 %	-88 %	11 %	2 %
Profit before tax	-2 685	14 894	-45 109	76 635
Change period-on-period	-118 %	-15 %	-159 %	9 %
Profit after tax	6 238	11 350	-26 771	59 177
Change period-on-period	-45 %	-25 %	145 %	-3 %

Market value of property portfolio	2 445 360	2 416 805	2 445 360	2 416 805
Market value of property portfolio and other investments*	2 569 952	2 417 302	2 569 952	2 417 302
Net nominal interest-bearing debt	1 724 414	1 576 757	1 724 414	1 576 757
Loan to value of property portfolio	70,5 %	65,2 %	70,5 %	65,2 %
Loan to value of property portfolio and other investments*	67,1 %	65,2 %	67,1 %	65,2 %
Interest coverage ratio	0,1	0,2	0,6	0,6
Number of shares***	19 720	19 720	19 720	19 720

All amounts in NOK per share	Q4-20	Q4-19	2020	2019
EPRA NAV**	42,6	40,7	42,6	40,7
Change period-on-period	5 %	78 %	5 %	78 %
EPRA NNNAV**	40,8	37,8	40,8	37,8
Change period-on-period	8 %	9 %	8 %	9 %
EPRA Earnings	-0,2	-4,7	-0,8	0,4
Change period-on-period	-54 %	-430 %	-296 %	30 %

* Investments in jointly controlled entities, associates and shares.

** EPRA NAV or EPRA NNNAV does not reflect any added value from the Group's investment and development of Evolve (co-working) and Orbit Technology.

*** The number of outstanding shares increased from 1 972 064 to 19 720 640 in Q4-20, as a result of a share split with ratio 1:10 decided at the extraordinary general meeting (EGM) on October 29th 2020.

FINANCIAL DEVELOPMENT

Results

Net income from property management

The Group's rental income was up by 4,4 per cent from 27,2 million in Q4-19 to 28,4 million in Q4-20.

- Total operating income came in at 34,9 million (31,5 million) in the quarter.
- Total operating cost amounted to 33,8 million (30,3 million) in the quarter.
- Net operating income from property management came in at 1,1 million (1,2 million) in the quarter.

Several projects were completed in 2020 (including Powerhouse Telemark, Henrik Ibsens gate 40-42 and Rådhusgata 2), which has resulted in an increase in rental income and associated operating and administrative costs.

The Group does not have any own used properties in Q4-20 as R8 Evolve AS is not consolidated in the Total Comprehensive Income from Q4 and going forward. Of this reason there is no specification of rental income from own used properties in Q4-20 compared to previous quarters in 2020.

At the same time, covid-19 has affected the business of our tenants especially those operating within hotel, retail, and food & beverage. This has resulted in extraordinary impairments related to rental income of about 1,3 million representing 4,3 % total rental income, as well as extraordinary loss provisions of about 2,6 million in Q4-20.

In the fourth quarter of 2020 a stock option program for senior executives was introduced, resulting in a payroll cost of 6,8 million (incl. social costs).

In sum, these effects have a significant effect on the Group's Total operating costs in Q4-20.

Net financials

Net financials amounted to -2,5 million (-6,6 million) in the quarter. Interest and other finance expenses was 18,5 million (13,6 million) and share of loss from associates and joint ventures -2,9 million (0,0 million). The latter costs are related to the Group's share of the result in R8 Evolve AS which was acquired in 2020. Unrealised changes in fair value of financial instruments gave a net positive contribution of 18,8 million (5,9 million). The majority of the positive changes comes from a call option from the Groups investment in Inkognitogaten 33A AS and interest rate swaps.

Value changes

The valuation of the property portfolio resulted in a net negative value change of 1,3 million (positive 20,3 million) in the quarter. Properties with significant changes to highlight are increased value of Powerhouse Telemark, Rådhusgata 2, Henrik Ibsens gate 40-42, and a reduction in the value of Porsgrunn Næringspark and Vinkelbygget (Kjelleveien 21).

Profit

Profit before tax was -2,7 million (positive 14,9 million) in the quarter. Profit after tax was 6,2 million (11,3 million) in Q4-20.

The tax expense of 8,9 million is mainly related to tax effects on value changes in Q4, including adjustments for the previous quarter.

Other information

Orbit Technology AS was established in 2020 and consolidated in Total Comprehensive Income.

R8 Evolve AS is not consolidated in the Total Comprehensive Income (TCI) from Q4-20 and going forward. This is a result of transactions in the quarter where the ownership in R8 Evolve AS was increased to 75%, and associated agreements regarding control influence.

Balance sheet

The Group's assets amounted to 2 722 million (2 551 million) as of 31.12.20. Of this, investment property to 2 436 million (2 409 million).

Investments in associates and jointly controlled entities were 124,6 million (0,5 million) at the end of Q4 2020. Investments in R8 Evolve AS and Inkognitogaten 33A AS constitutes a large proportion of the balance sheet value.

Total current assets came in at 86,2 million (129,2 million) in Q4-2020. The decrease is related to a reduction in short term loans to associated and jointly controlled entities which amounted to 14,4 million (30,6 million) in the quarter. In addition, VAT received was significantly lower with 6,6 million (23,9) as of 31.12.20. The Group also acquired Utsikten in 2019 that is presented as "Inventory properties" in the balance.

Book equity totaled 761 million (778 million), representing an equity ratio of 28 percent (31 percent). Equity per share was 42,6 (40,7) based on the EPRA NAV standard and 40,8 (37,8) based on EPRA NNNAV. Outstanding shares at 31.12.20 totaled 19 720 640. The number of outstanding shares increased from 1 972 064 to 19 720 640 in Q4-20, as a result of a share split with ratio 1:10 decided at the extraordinary general meeting (EGM) on October 29th 2020.

Other information

R8 Evolve AS and Orbit Technology AS are not consolidated in the balance sheet in Q4-20. This is a result of transactions in the quarter (where the ownership in R8 Evolve AS was increased to 75% and the ownership in Orbit Technology AS was reduced to 50%), and associated agreements regarding control influence.

Cash flow statement

Net cash flow from operating activities came in at -15,5 million (-6,2 million) in the quarter.

The net cash flow from investment activities was -6,7 million (-173,9 million) in the quarter.

Net cash flow from financing activities was 41,3 million (212,3 million) in the quarter.

Cash and cash equivalents at the end of Q4-20 came in at 35,7 million (51,0 million).

Financing

R8 Property's total interest-bearing nominal debt as of 31.12.20 was 1 724 million (1 577 million). During the fourth quarter the total interest-bearing nominal debt decreased by 25,6 million. The decrease was mainly due to the sale of Nordre Fokserød 14 in Sandefjord.

R8 Property is not in breach of any covenant requirements at the end of Q4-20.

Interest bearing debt and maturity structure

The average remaining term for the Group's debt portfolio was 5,0 years at 31.12.20. A significant portion (28%) of the Group's debt has been refinanced in the fourth quarter of 2020.

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	342 749	854 343	219 100	265 697	1 681 889
Subordinated loans	42 525				42 525
Total	385 273	854 343	219 100	265 697	1 724 414
	22 %	50 %	13 %	15 %	100 %

Interest rates and maturity structure

The average interest rate of the debt portfolio was 3,43 per cent as of 31.12.2020. 37 per cent of the Group's financing was hedged at a fixed rate as of 31.12.20 with a weighted average maturity of 5,4 years.

Fixed rate instruments	Amount	Interest rate (%)
1-3 years	114 941	3,09 %
3-4 years	80 000	2,73 %
4-5 years	120 450	1,72 %
5-6 years	15 000	1,65 %
6-8 years	64 200	1,52 %
8-10 years	195 000	2,17 %
Total	589 591	2,25 %

1) Excluding credit margins

The Property portfolio



Foto: Ivar Kvaal

THE PROPERTY PORTFOLIO

R8 Property's management portfolio as of 31.12.2020 consists of 27 buildings with a total area of approximately 103 593 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 center where majority of tenants operates within food & beverage or healthcare

As of 31.12.2020 the occupancy is at 87 percent. However, most of the vacancy is strategic related to Arkaden. The occupancy in the Commercial Property subunit is increasing as the project is moving forward.

The average wault²⁾ (weighted on annual rent) in the management portfolio is 6,8 years. Average annual rent per square meter was 1 589 NOK of 31.12.2020.

The net direct yield is at 5,1 based on annual rent as of 31.12.2020. Average yield on the total management portfolio (value weighted) as basis of property valuations is 6,2% as of 31.12.2020.

CORPORATE UNITS Q4-20

31.12.2020	Area		Occupancy		No. of prop. (#)	Market value		Wault ¹⁾		Annual rent		Wault ²⁾	Net direct	Net yield	Market rent ³⁾	
	(sqm)	(sqm)	(%)	(%)		(tNOK)	(NOK/sqm)	(yrs)	(tNOK)	(NOK/sqm)	(yrs)		(%)	(%)	(tNOK)	(NOK/sqm)
Green Office	32 918	28 228	85,8	5	950 000	28 860	5,5	53 909	1 910	5,1	4,6	5,7	62 548	1 900		
City Office	37 659	33 604	89,2	15	663 500	17 619	5,8	40 274	1 198	5,1	5,4	5,9	49 569	1 316		
Commercial Prop.	33 016	28 294	85,7	7	668 000	20 233	9,8	49 055	1 734	9,9	5,4	7,1	61 406	1 860		
Total management portfolio	103 593	90 126	87,0	27	2 281 500	22 024	6,8	143 238	1 589	6,7	5,1	6,2	173 523	1 675		
Project Office	4 500	4 500	100,0	5	154 500	34 333	12,9									
Total project portfolio	4 500	4 500	100,0	5	154 500	34 333	12,9									
Total property portfolio	108 093	94 626	87,5	32	2 436 000	22 536	7,2									

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31 December 2020 corresponds to 9.5 per cent of market rent. The Group has no single external customers representing over 10% of the Group's revenue. Furthermore, the Group has around 93% of its estimated market value of properties and 96% of its rental income geographically from the county of Vestfold Telemark, while the rest is located in the county of Oslo.

R8 Property has one ongoing projects in Porsgrunn (research center - Polymer Exploration Center). This project is 50% owned by R8 Property. Furthermore, R8 Property are doing feasibility studies on additional four properties.

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

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

TENANT INDUSTRY Q4-20

31.12.2020	Occupancy	Wault ²⁾	Annual rent	
	(sqm)	(yrs)	(tNOK)	(NOK/sqm)
Office	62 954	5,6	100 389	1 595
Retail	10 142	5,6	11 177	1 102
Hotels	6 235	13,1	11 877	1 905
Healthcare	5 581	5,3	6 871	1 231
Food and Beverage	5 214	11,0	12 925	2 479
Total management portfolio	90 126	6,7	143 238	1 589

1) Wault weighted on property market value

2) Wault weighted on annual rent

3) includes market rent from available areas

INVESTMENTS AND DIVESTMENTS

R8 Property has invested 49,3 million (96,2 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)
Polymer Exploration Centre	50	Office	Q4-21	4 500	100	167 243	74 681
Total				4 500	100	160 315	49 551

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

R8 Home

The groups residential development projects are organized within the subunit R8 Home, currently working on three development projects in Telemark.

- Utsikten Terrasse is a high-end residential project in Skien. The project consists of 11 single homes / detached homes, all with a great view of Skien City. Expected go-to market in H1 2021.
- Vestsiden Terrasse in a residential project in Porsgrunn. The project has recently received regulatory permission of approximately 42 units, divided between single homes, detached homes and small apartment buildings. Sales is expected to start in Q4 2021.
- Skien Brygge is a large development project at the heart a Skien City Centre. The project will include approximately 400 new homes and 20 000 sqm commercial real estate. Phase one of the projects in expected in 2021.

Status ongoing projects

R8 Property started building Polymer Exploration Centre in Q2-20. This building is a specialized towards polymer/ plastic research with one tenant in Norner AS (part of SCG Chemicals). Polymer Exploration Centre has been granted 'Katapult' status from SIVA (Selskapet for industrivekst SF).

Transactions YTD 2020

There has been one property transaction in the fourth quarter of 2020, which was a divestment of the ownership in Nordre Fokserød 14 i Sandefjord. The divestment involved a decrease in the ownership to 25%, with a price corresponding to the value set by the external valuer Newsec.

In Q3-20 the ownership in Inkognitogaten 33A AS was increased from 6% to 16%. Inkognitogaten 33A AS is the parent company of the property located at Inkognitogaten 33 aka Inkognito Park in Oslo. R8 Property holds a rights option to buy out remaining shareholders within 30.06.23.

In Q1-20 Group has become part owner (25%) of Skien Brygge Utvikling AS, a project to develop a new neighbourhood in Skien city centre. This is done in a collaboration with Bane NOR Eiendom and Skien Boligbyggelag. 50% of shares in Vestsiden Terrasse AS, a housing project in Porsgrunn, was also acquired from R8 Investment AS.

In January 2020, the Group acquired 50% of the shares in Evolve, a coworking concept. This includes MAW Holding AS (R8 Evolve AS) and its four operating subsidiaries; Evolve Akersgata AS, Evolve Bjørvika AS, Evolve IT Fornebu AS and Evolve Sandaker AS.

On December 15th 2020 the Group changed the ownership stake in R8 Evolve AS and Orbit Technology AS – increasing net-ownership in R8 Evolve AS to 75%, and decreasing the ownership in Orbit Technology AS to 50%.

As a result of the transactions, and associated agreements regarding control influence, R8 Evolve AS and Orbit Technology AS are not consolidated in the Total Comprehensive Income (TCI) from Q4-20 and forward.

PARTLY OWNED COMPANIES

Dokkvegen Utvikling AS (50 %)

R8 Property and Dione AS own Dokkvegen Utvikling AS. This is a holding company with 100% ownership in Dokkvegen 20 AS.

Dokkvegen 20 AS (50 %)

R8 Property and Dione AS own Dokkvegen 20 AS. The company owns the property known as Dokkvegen 20 in Porsgrunn (4,450 sqm) where the building 'Polymer Exploration Center' (research center) is under construction.

R8 Evolve AS (75 %)

R8 Property and Alligate AS own R8 Evolve AS. This is a holding company with 100% ownership in Evolve Akersgata AS, Evolve Bjørvika AS, Evolve IT Fornebu AS and Evolve Sandaker AS.

Evolve Akersgata AS (75 %)

R8 Property and Alligate AS own Evolve Akersgata AS. The company is the operating unit for several coworking locations in Oslo.

Evolve Bjørvika AS (75 %)

R8 Property and Alligate AS own Evolve Bjørvika AS. The company is the operating unit for several coworking locations in Oslo, Asker, Drammen, Ås, Fredrikstad and Tønsberg.

Evolve IT Fornebu AS (75 %)

R8 Property and Alligate AS own Evolve IT Fornebu AS. The company is the operating unit for several coworking locations in Fornebu, Lysaker, Sandvika and Porsgrunn.

Evolve Sandaker AS (75 %)

R8 Property and Alligate AS own Evolve Sandaker AS. The company is the operating unit for several coworking locations in Oslo and Asker.

Inkognitogaten 33A AS (16%)

R8 Property and a group of investors own Inkognitogaten 33A AS. The company owns the property known as Inkognitogaten 33 aka Inkognito Park in Oslo

Kammerherreløkka AS (50 %)

R8 Property and Bane NOR Eiendom AS own Kammerherreløkka AS. The company owns one hotel building (6 282 sqm) and one office building (2 767 sqm) in Porsgrunn.

Orbit Technology AS (50 %)

R8 Property and Alligate AS own Orbit Technology AS. The company offers technology solutions that enables office sharing at scale, by turning unused office space into satellite workspaces, available and affordable for anyone.

Sandefjord Eiendomsinvest AS (25,2 %)

R8 Property and a group of investors own Sandefjord Eiendomsinvest AS. The company owns the property known as Nordre Fokserød 14 in Sandefjord.

Skien Brygge Utvikling AS (25 %)

R8 Property, Bane NOR Eiendom AS and Skien Boligbyggelag own Skien Brygge Utvikling AS. The company owns land in Skien where a project has started to develop a neighbourhood in Skien including office buildings, hotel and apartments.

Telemarksgaten 10 AS (14 %)

R8 Property and a group of investors own Telemarksgaten 10 AS. The company owns the property known as Telemarksgaten 10 in Skien.9

Vestsiden Terrasse AS (50%)

R8 Property and Mynd Eiendom AS own Vestsiden Terrasse AS. The company owns land in Porsgrunn where it's planned to develop and sell 40-50 houses/apartments.

OTHER INFORMATION

Organization

At 31.12.20 the Group had 27 employees. During the quarter there were no injuries that caused absence from work.

Legal structure

At an extraordinary general meeting (EGM) on October 29th 2020 the decision was made to transform the legal structure of R8 Property from AS (aksjeselskap) to ASA (allmennaksjeselskap). In connection with the change in legal structure the EGM elected a new Board of directors, one Board member resigned (Tommy Thovsland) while two new members joined the board (Elin Tufte Johansen and Marianne Lie).

Share and shareholder information

R8 Property's share capital is NOK 4 930 160 divided into 19 720 640 shares, with each share having a par value of NOK 0.25. The EGM in October decided on a share split with ratio 1:10 resulting in the number of outstanding shares increasing from 1 972 064 to 19 720 640.

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.

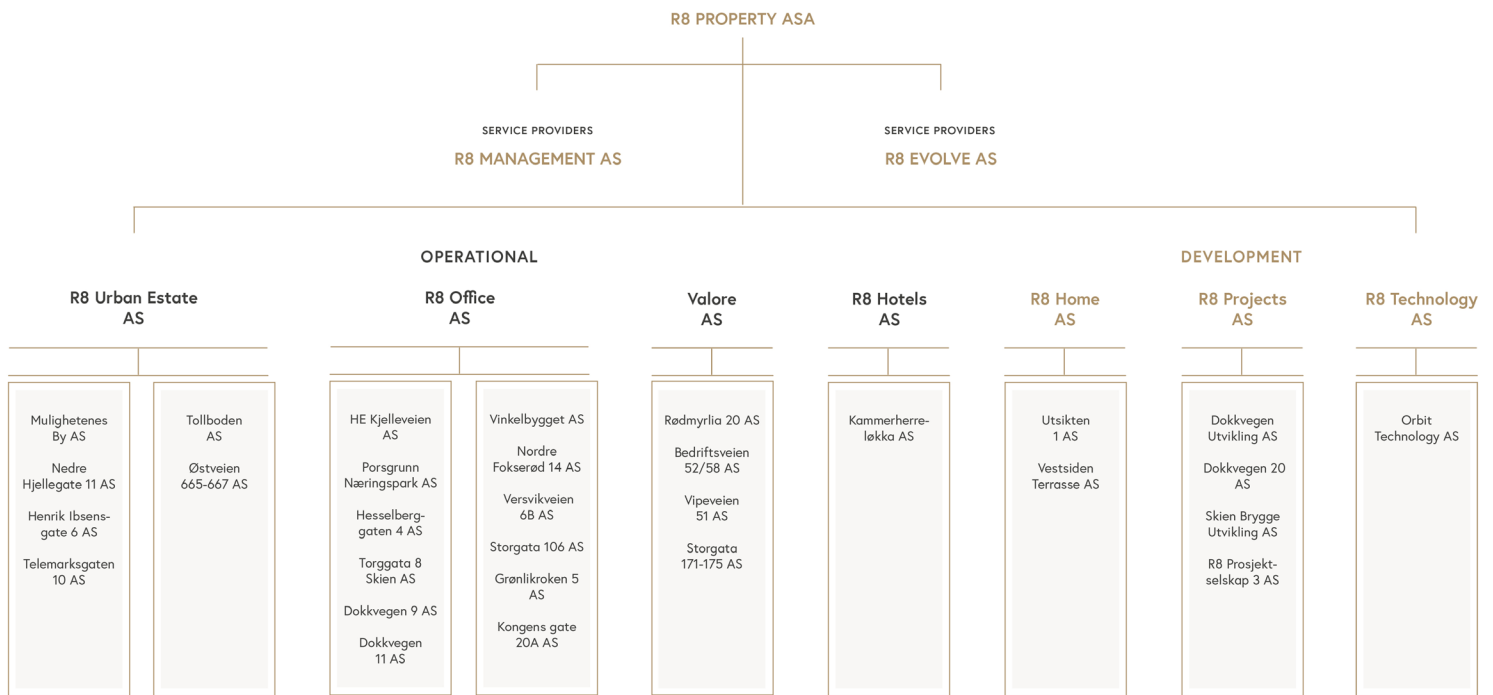
As of 31.12.2020, R8 Property had 51 shareholders. Norwegian investors held 100 per cent of the share capital. The 10 largest shareholders on 31.12.20 were:

Shareholder	Ow ership
R8 Group AS	49,6 %
Brødrene Jensen AS	13,7 %
IKAB AS	9,1 %
Sarepta Holding AS	2,8 %
Carucel Invest AS	2,4 %
Aubert Invest AS	2,1 %
RP Holding AS	1,8 %
Kabbe Holding AS	1,8 %
Holta & Co AS	1,7 %
Østerlid AS	1,1 %
Total	86,0 %

Company structure

The main purpose of the group's structure is to have flexibility in the future when the Group is aiming expand the portfolio and include other related businesses. The company structure will continually be optimized to have flexibility with regard to funding, ownership and key partners going forward.

*The company structure is updated December 31 2020.



The companies Rådhusgt 2 AS, Inkognitogaten 33A AS and HIG 40-42 Prosjekt AS has a temporary placement as a subsidiary of R8 Property. It is expected that these two companies are placed under the right segment no later than 2021.

Foto: Ivar Kvaal



Financial statements

Statement of total comprehensive income

All amounts in NOK thousand

	Note	Q4-20	Q4-19	2020	2019
Rental income	2	28 411	27 204	114 153	99 755
Other operating revenue		6 499	4 278	18 338	13 636
Total operating income		34 910	31 481	132 491	113 391
Maintenance and other operating expenses		18 002	16 421	53 208	46 363
Other property-related expenses		1 040	608	2 196	1 088
Administrative expenses		14 744	13 250	30 630	24 223
Total operating costs		33 786	30 279	86 034	71 674
Net income from property management		1 124	1 203	46 457	41 717
Changes in fair value from investment properties	3,4,5	-1 257	20 312	-46 726	78 664
Operating profit		-133	21 515	-269	120 381
Interest and other finance income		620	1 018	2 053	3 105
Share of profit (loss) from associates and joint ventures		-2 969	-	-6 882	-
Losses from investment in shares		-496	-	-496	-
Interest and other finance expense		-18 513	-13 586	-66 142	-47 360
Changes in fair value of financial instruments	4	18 806	5 947	26 628	509
Net financial items		-2 552	-6 621	-44 840	-43 746
Profit before tax		-2 685	14 894	-45 109	76 635
Tax expense		8 922	-3 544	18 338	-17 458
Profit for year		6 238	11 350	-26 771	59 177
Profit attributable to:					
Equity holders of the company		-304	3 842	-11 007	48 767
Non-controlling interest		6 542	7 508	-15 764	10 411
Total comprehensive income attributable to:					
Equity holders of the company		-304	3 842	-11 007	48 767
Non-controlling interest		6 542	7 508	-15 764	10 411
Earnings per share:					
Basic (NOK)		-0,02	0,19	-0,56	2,89
Diluted (NOK)		-0,02	0,19	-0,56	2,89
Other comprehensive income					
Net OCI that may be reclassified to profit or loss in subsequent periods		-	-	-	-
Net OCI that will not be reclassified to profit or loss in subsequent periods		-	-	-	-

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

Balance sheet

All amounts in NOK thousand

	Note	31.12.2020	31.12.2019
NON-CURRENT ASSETS			
Deferred tax asset		10 169	-
Other intangible assets		7 605	7 630
Total intangible assets		17 773	7 630
Investment property	4,5	2 436 000	2 409 000
Other operating assets		765	1 238
Right-of-use assets		127	-
Total non-current tangible assets		2 436 892	2 410 238
Investment in associates and jointly controlled entities	4	124 592	496
Financial derivatives	4	46 618	-
Other long-term receivables		9 554	3 211
Total financial assets		180 764	3 707
TOTAL NON-CURRENT ASSETS		2 635 429	2 421 575
CURRENT ASSETS			
Inventory property		9 360	7 805
Trade receivables		14 155	12 607
Other receivables		12 625	27 166
Other receivables to related parties		14 370	30 585
Total current receivables		50 510	78 163
Cash and bank deposits		35 679	51 040
TOTAL CURRENT ASSETS		86 188	129 203
TOTAL ASSETS		2 721 617	2 550 778
EQUITY			
Shareholders equity		708 382	713 469
Non-controlling interest		52 919	64 663
TOTAL EQUITY		761 300	778 131
LIABILITIES			
Interest-bearing debt		1 347 535	645 026
Deferred tax liability		79 110	84 591
Financial derivatives	4	35 646	11 789
Lease liabilities, non-current portion		3 567	4 517
Total non-current liabilities		1 465 858	745 923
Trade payables		40 926	38 465
Interest-bearing debt		376 879	931 732
Debt to related parties		6 633	20 868
Lease liabilities, current portion		1 258	-
Other current liabilities		68 764	35 659
Total current liabilities		494 459	1 026 724
TOTAL LIABILITIES		1 960 317	1 772 647
TOTAL EQUITY AND LIABILITIES		2 721 617	2 550 778

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

Statement of changes in equity

All amounts in NOK thousand

	Share capital	Share premium	Other paid-in equity	Retained earnings	Non-controlling interest	Total equity
Equity at 01.01.2019	3 411	117 406	43 910	320 220	47 358	532 305
Profit for year	-	-	-	48 767	10 411	59 177
Corporate merger (konsernfusjon) as of 29.03.2019	85	10 649	-	-	-	10 734
Capital increase as of 29.03.2019	300	37 512	-37 812	-	-	-
Capital increase as of 09.05.2019	278	34 725	-	-	-	35 002
Capital increase as of 27.11.2019	856	-	129 230	-	-	130 086
Acquisitions/capital increase subsidiaries	-	-	-	-	31 886	31 886
Decrease in non-controlling interest	-	-	-	4 841	-24 992	-20 151
Cost of equity transactions directly in equity	-	-	-908	-	-	-908
Equity at 31.12.2019	4 930	200 291	134 420	373 828	64 663	778 131
Profit for year	-	-	-	-11 007	-15 764	-26 771
Acquisitions/capital increase subsidiaries	-	-	-	-	4 020	4 020
Shared based options	-	-	5 920	-	-	5 920
Equity at 31.12.2020	4 930	200 291	140 340	362 820	52 919	761 300

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

The Group decided to perform a stock split during the year, dividing the number of shares in the ratio 1:10 i.e. creating ten new shares for every share in the Group. As a result, the face value is reduced by the same ratio from NOK 2.5 to NOK 0.25 pr share.

Statement of cash flows

All amounts in NOK thousand

	Note	Q4-20	Q4-19	2020	2019
Profit before tax		-2 685	14 894	-45 109	76 635
Expensed interest and fees on loans and leases		18 513	14 043	64 089	47 360
Interest and fees paid on loans and leases		-14 424	-9 090	-59 439	-42 793
Share of profit from associates and jointly controlled entities		2 969	-	6 882	-
Depreciation and amortisation	7	121	195	495	779
Other adjustments		2 649	-	2 649	-
Change in market value investment properties	4, 5	1 257	-20 312	46 726	-78 664
Change in market value financial instruments	4	-18 806	-5 947	-26 628	-509
Change in working capital		-5 083	-	-2 767	-7 090
Net cash flow from operating activities		-15 490	-6 217	-13 101	-4 283
Proceeds from sales of investment properties and companies		47 441	6 200	47 441	6 200
Proceeds from sales of shares		24 855	-	25 015	-
Purchase of shares		-34 719	-	-121 902	-
Upgrades and construction of investment properties		-44 098	-99 678	-183 531	-294 694
Change in working capital related to investment properties		-	-	-	-
Purchase of investment property		-	-80 461	-	-89 656
Purchase of intangible assets and other plant and equipment		-257	-	-	-836
Net payment financial assets		-	-	14 795	-
Net cash flow from investment activities		-6 778	-173 938	-218 182	-378 985
Proceeds interest-bearing debt		40 467	128 044	190 395	345 867
Repayment interest-bearing debt		-6 148	-5 995	-20 091	-24 678
Change in loans to other related parties		111	-18 738	6 606	-16 399
Net payment from convertible loans		6 857	-	37 936	-
Proceeds from equity		-	130 086	-	130 086
Cost of equity transactions		-	-908	-	-908
Contributions from non-controlling interests		-	-20 151	1 076	-20 151
Net cash flow from financing activities		41 288	212 339	215 922	413 818
Change in cash and cash equivalents		19 019	32 183	-15 361	30 550
Cash and cash equivalents at beginning of period		16 660	18 857	51 040	20 490
Cash and cash equivalents at end of period		35 679	51 040	35 679	51 040

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

NOTE 1 ACCOUNTING PRINCIPLES

This interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are prepared in accordance with applicable IFRS standards and interpretations. The accounting principles that have been used in the preparation of the interim financial statements are in conformity with the principles used in preparation of the annual financial statements for 2020. The interim report presents condensed financial statements, and do not contain all the information required for full annual financial statements. The report should therefore be read in conjunction with the financial statements for 2020. There are no significant changes in accounting policies compared with those used when preparing the financial statements for 2020.

The interim financial statements report of R8 Property AS was approved at a Board meeting on 26th March 2021 and have not been audited. The financial reporting covers R8 Property AS and subsidiaries.

NOTE 2 INFORMATION ABOUT REVENUE STREAMS

Rental income from investment properties:

The Group's rental income was up by 4.4 per cent from 27.2 million in Q4-19 to 28.4 million in Q4-20.

Other operating revenue:

The majority of other operating revenue relates to R8 Management, the group's real estate service provider.

NOTE 3 SEGMENT INFORMATION

All amounts in NOK thousand

The Groups 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 Q4-20

31.12.2020	Area			No. of prop. (#)	Market value		Wault ¹⁾ (yrs)	Annual rent		Wault ²⁾ (yrs)	Net direct yield	Net yield (valuation)	Market rent ³⁾	
	(sqm)	Occupancy (sqm)	(%)		(tNOK)	(NOK/sqm)		(tNOK)	(NOK/sqm)		(%)	(%)	(tNOK)	(NOK/sqm)
Green Office	32 918	28 228	85,8	5	950 000	28 860	5,5	53 909	1 910	5,1	4,6	5,7	62 548	1 900
City Office	37 659	33 604	89,2	15	663 500	17 619	5,8	40 274	1 198	5,1	5,4	5,9	49 569	1 316
Commercial Prop.	33 016	28 294	85,7	7	668 000	20 233	9,8	49 055	1 734	9,9	5,4	7,1	61 406	1 860
Total management portfolio	103 593	90 126	87,0	27	2 281 500	22 024	6,8	143 238	1 589	6,7	5,1	6,2	173 523	1 675
Project Office	4 500	4 500	100,0	5	154 500	34 333	12,9							
Total project portfolio	4 500	4 500	100,0	5	154 500	34 333	12,9							
Total property portfolio	108 093	94 626	87,5	32	2 436 000	22 536	7,2							

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31 December 2020 corresponds to 9.5 per cent of market rent. The Group has no single external customers representing over 10% of the Group's revenue. Furthermore, the Group has around 93% of its estimated marked value of properties and 96% of its rental income geographically from the county of Vestfold Telemark, while the rest is located in the county of Oslo.

R8 Property has one ongoing projects in Porsgrunn (research center - Polymer Exploration Center). This project is 50% owned by R8 Property. Furthermore, R8 Property are doing feasibility studies on additional four properties.

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

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

TENANT INDUSTRY Q4-20

31.12.2020	Occupancy		Wault ²⁾		Annual rent	
	(sqm)	(%)	(yrs)	(tNOK)	(NOK/sqm)	(NOK/sqm)
Office	62 954		5,6	100 389		1 595
Retail	10 142		5,6	11 177		1 102
Hotels	6 235		13,1	11 877		1 905
Healthcare	5 581		5,3	6 871		1 231
Food and Beverage	5 214		11,0	12 925		2 479
Total management portfolio	90 126		6,7	143 238		1 589

CORPORATE UNITS Q4-19

31.12.2019	Area			No. of prop. (#)	Market value		Wault ¹⁾ (yrs)	Annual rent		Wault ²⁾ (yrs)	Net direct yield	Net yield (valuation)	Market rent ³⁾	
	(sqm)	Occupancy (sqm)	(%)		(tNOK)	(NOK/sqm)		(tNOK)	(NOK/sqm)		(%)	(%)	(tNOK)	(NOK/sqm)
Green Office	26 463	23 287	88,0	4	702 000	26 528	3,2	41 790	1 795	3,4	5,5	6,0	47 890	1 810
City Office	32 772	28 439	86,8	13	409 500	12 495	3,3	29 050	1 021	3,3	6,2	7,0	37 534	1 145
Commercial Prop.	35 827	28 769	80,3	8	769 500	21 478	10,3	50 515	1 756	10,4	5,1	6,8	67 192	1 875
Total management portfolio	95 062	80 495	84,7	25	1 881 000	19 787	6,1	121 355	1 508	6,1	5,5	6,5	152 616	1 605
Project Office	17 788	15 719	88,4	7	528 000	29 683	11,4							
Total project portfolio	17 788	15 719	88,4	7	528 000	29 683	11,4							
Total property portfolio	112 850	96 214	85,3	32	2 409 000	21 347	7,3							

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31 December 2019 corresponds to 10.2 per cent of market rent.

R8 Property had in 2019 three on-going projects, the new building Powerhouse Telemark and Polymer Exploration Center, both in Porsgrunn, and Rådhusgata 2 AS located in Skien.

TENANT INDUSTRY Q4-19

31.12.2019	Occupancy		Wault ²⁾		Annual rent	
	(sqm)	(%)	(yrs)	(tNOK)	(NOK/sqm)	(NOK/sqm)
Office	53 008		4,2	78 459		1 480
Retail	11 108		5,3	13 788		1 241
Hotels	6 178		14,2	11 614		1 880
Healthcare	5 551		5,6	6 781		1 222
Food and Beverage	4 650		12,2	10 714		2 304
Total management portfolio	80 495		6,1	121 355		1 508

1) Wault weighted on property market value

2) Wault weighted on annual rent

3) includes market rent from available areas

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 2019 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

	31.12.2020	31.12.2019	31.12.2019
Assets at fair value through profit or loss			
- Investment properties (level 3)	2 436 000	2 409 000	2 409 000
- Derivatives (level 3) ¹⁾	46 618	-	-
- Equity instruments (level 3) ²⁾	34 374	-	-
Total	2 516 993	2 409 000	2 409 000

LIABILITIES MEASURED AT FAIR VALUE

	31.12.2020	31.12.2019	31.12.2019
Liabilities at fair value through profit or loss			
- Derivatives (level 2)	35 646	11 789	11 789
Total	35 646	11 789	11 789

¹⁾ Financial derivatives as an asset results from an option right to acquire the remaining shares in Inkognitogaten 33 A AS. This option is in-the-money and give rise to a positive increase fair value of the option during the quarter.

²⁾ The investment of shares in Inkognitogaten 33 A AS is measured using fair value considering that fair value can be measured accurately and reliably for this investment. The other investments in associates and jointly controlled entities is measured at amortised cost because the fair value can not be measured in a reliable and sufficient way.

NOTE 5 INVESTMENT PROPERTIES

All amounts in NOK thousand

	Q4-20	Q4-19	2020
VALUE OF INVESTMENT PROPERTIES			
Opening balance previous period	2 508 000	2 164 750	2 409 000
Other movements			
Purchase of investment properties		127 689	16 000
Projects and upgrades in the property portfolio	46 759	88 581	164 415
Capitalised borrowing costs	2 498	7 668	13 311
Sale of investment property	-120 000	-	-120 000
Change in value from investment properties	-1 257	20 312	-46 726
Total value of investment property	2 436 000	2 409 000	2 436 000

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.

The Group has lease contracts regarding service cars. Outstanding right-of-use assets as per 31.12.2020 is tNOK 127,3.

NOTE 6 TRANSACTIONS WITH RELATED PARTIES

The Group acquired 50% of the shares in Vestsiden Terrasse AS for the amount of mNOK 2,9 as of February 2020 from R8 Investment AS, a subsidiary of R8 Group AS. The ownership in Vestsiden Terrasse AS is also treated as subsidiary with full consolidation due to control. R8 Property ASA has sold 25% of the shares in R8 Evolve AS for the amount of mNOK 25 to Alligate AS, which is partly owned by R8 Group AS and Brødrene Jensen AS. Related party Alligate AS has also acquired a porportion of Orbit Technology AS for the amount of mNOK 8.

NOTE 7 KEY FIGURES

All amounts in NOK thousand

DEBT RATIO (LTV)

	31.12.2020	31.12.2019	31.12.2019
Net nominal interest-bearing debt	1 724 414	1 576 757	1 576 757
Total market value of the property portfolio	2 445 360	2 416 805	2 416 805
Debt ratio (LTV) % of Property Portfolio	70,5	65,2	65,2
Net nominal interest-bearing debt	1 724 414	1 576 757	1 576 757
Total market value of the property portfolio including other investments*	2 569 952	2 417 302	2 417 302
Debt ratio (LTV) % of Property Portfolio including other investments*	67,1	65,2	65,2

* Investments in jointly controlled entities, associates and shares.

INTEREST COVERAGE RATIO (ICR)

	Q4-20	Q4-19	2020
Net income from property management	1 124	1 203	46 457
Depreciation (excl. IFRS 16)	121	239	495
Net realised financials	620	1 018	2 053
Net effect from leases	-	-	-1
EBITDA adjusted	1 865	2 459	49 004
Interest cost	17 869	13 277	78 799
Other finance expense	644	309	644
Applicable net interest cost	18 513	13 586	79 443
Interest Coverage Ratio (ICR)	0,1	0,2	0,6

NOTE 8 EPRA REPORTING

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

EPRA Reporting - summary	Unit	Q4-20 / 31.12.2020	Q4-19 / 31.12.2019	2020 / 31.12.2020
EPRA Earnings per share (EPS)	NOK	-0,2	-0,5	-0,8
EPRA NAV per share	NOK	42,6	40,7	42,6
EPRA NNAV per share	NOK	40,8	37,8	40,8

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 financial derivatives and gains/losses on the sale of properties and their associated tax effects.

All amounts in NOK thousand

	Q4-20 / 31.12.2020	Q4-19 / 31.12.2019	2020 / 31.12.2020
Profit for period/year	6 238	11 350	-26 771
Add:			
Changes in value of investment properties	1 257	-20 312	46 726
Tax on changes in value of investment properties ¹⁾	-277	4 469	-10 280
Changes in value of financial instruments	-18 806	-5 947	-26 628
Tax on changes in value of financial instruments ¹⁾	2 865	1 308	-5 248
Share of profit jointly controlled entities - fair value adjustments	2 969	-	6 882
Reversal of deferred tax EPRA adjustments jointly controlled entities ¹⁾	-	-	-
Net income non-controlling interest of subsidiaries	1 999	-210	-211
Reversal of tax non-controlling interests of subsidiaries ¹⁾	-538	46	45
Change in tax rate ¹⁾	-	-	-
EPRA Earnings	-4 293	-9 296	-15 485

¹⁾ 22 per cent from 2020 and 22 per cent for 2019.

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

	31.12.2020	31.12.2019	31.12.2020
NAV - book value of equity	761 300	778 131	761 300
Less: Non-controlling interest	-52 919	-64 663	-52 919
Deferred property tax	150 058	79 395	150 058
Fair value of financial derivative instruments	-18 815	9 196	-18 815
EPRA NAV	839 625	802 060	839 625
Market value on property portfolio	2 436 000	2 409 000	2 436 000
Tax value on property portfolio	1 352 105	1 455 350	1 352 105
Basis for calculation of tax on gain on sale	1 083 895	953 640	1 083 895
Less: Market value of tax on gain on sale (5 per cent tax rate)	54 195	47 683	54 195
Net market value on financial derivatives	-10 972	11 789	-10 972
Tax expense on realised financial derivatives ¹⁾	-7 842	-2 594	-7 842
Less: Net result from realisation of financial derivatives	-18 815	9 196	-18 815
Book value of interest bearing debt	1 724 414	1 581 274	1 724 414
Nominal value of interest bearing debt	1 724 414	1 581 274	1 724 414
Basis for calculation of tax on realisation of interest bearing debt	-	-	-
Less: Market value of tax on realisation	-	-	-
EPRA NNAV	804 245	745 180	804 245

¹⁾ 22 per cent from 2020 and 22 per cent for 2019.

NOTE 9 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

R8 Property's tenant portfolio is diversified in number of tenants as well as in business sectors and segments. Public tenants make up approx. 25% of the group's rental income, another approx. 25% of our revenue comes from large private tenants within banking, telecom, insurance etc.

Our tenant portfolio is divided into five different industries/segments: Office, Hotels, Food & Beverage, Healthcare and Retail – with Office as the majority at approx. 70 percent of the revenue. Retail, Food & Beverage and Hotels are the segments experiencing the greatest effect from the pandemic, our expectations are that Food & Beverage will rebound in line with declining social limitations while we expect Hotels and Retail segments to be difficult for an extended period of time. Property values within our Office segment are considered strong, especially due to public and large private tenants. Hotels and retail are the segments we experience is affected the most of the pandemic, with future uncertainty in travel, conventions and shopping habits – although we believe that future uncertainty is already reflected in existing property values.

In Q1 2021 the Group has agreed in principle to divest two properties in the portfolio to external parties. The transactions are expected to be completed in Q1-21 and Q2-21 respectively. Property values in both transactions are set at- or above latest valuation by external expert (Newsec). A possible net positive effect will be incorporated in Q1-21.

Further the Group invested in a new property located at Fornebu, Lysaker in January 2021. The property is approx. 8400 sqm with potential for both short-term and long-term value creation. With several new leases agreed after takeover we expect a net positive influence in Q1-21.

CONTACT

CONTACT INFO

Emil Eriksrød

CEO

Phone: +47 415 22 463

emil.eriksrod@r8property.no

Eirik Engaas

CFO

Phone: +47 934 99 340

eirik.engaas@r8property.no

Financial calendar

Annual report 2020	26.03.21
Annual General Meeting	15.04.20
Q1 report 2021	06.05.21
Q2 report 2021	01.09.21
Q3 report 2021	11.11.21
Q4 report 2021	17.02.22
Annual report 2021	24.03.22

R8 Property

Head office and postal address

Dokkvegen 11

3920 Porsgrunn

www.r8property.no



DEFINITIONS

Annual rent	The contractual annual rent from the properties of the Group including forward starting contracts and excluding any market contribution.
Cash earnings	Result from property management less 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 NAV	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 NAV is to demonstrate the fair value of net assets given a long-term investment horizon.
EPRA NNAV	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. 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.
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.