



R8 PROPERTY ASA
QUARTERLY REPORT Q4 2021

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HIGHLIGHTS FOR THE FOURTH QUARTER 2021

- Positive portfolio value changes of NOK 76.7 million (NOK -1.3 million)
- Profit before tax of NOK 63.0 million (NOK -2.7 million), mainly driven by positive value changes
- Agreement made to acquire the remaining 25 per cent of Evolve, increasing R8 Property's ownership to 100 per cent effective from 1 January 2022
- Evolve property portfolio valued at NOK 195 million (100 per cent basis) based on external third-party valuation in Q4 2021
- Fair value per share NOK 52.10

Subsequent events

- Firm lease agreement with Comfort Hotel Skien Brygge AS for approximately 6,300 sqm in the upcoming development project Skien Brygge. The lease contract will have a duration of 20 years, starting at project completion expected in Q4 2024
- In January 2022, R8 Property entered into a market making agreement with SpareBank 1 Markets AS to enhance liquidity in the trading of the company's shares
- Sale of Grønlikroken 5 and agreement on sale of three properties, Bedriftsveien 52/58, Rødmyrlia 20 and Østveien 665-667

CEO and founder Emil Eriksrød comments on the performance in 2021:

"2021 has been an exciting year for R8 Property. We successfully listed on Euronext Growth in June, and in 2021, we generated a 19 per cent growth in value adjusted equity, which is well in line with our long-term target of an average annual return of 15 per cent.

In Q4, we saw a significant increase in office occupancy in Oslo, driven by demand for flexible office solutions. The shift in employees' preferences for a more flexible and efficient working day with less time spent commuting has accelerated due to Covid-19. R8 Property identified this development early on and acquired - and further developed - the flex space provider Evolve. In addition, we have established Orbit Technology, a partly owned subsidiary which offers technology solutions that enable office sharing at scale.

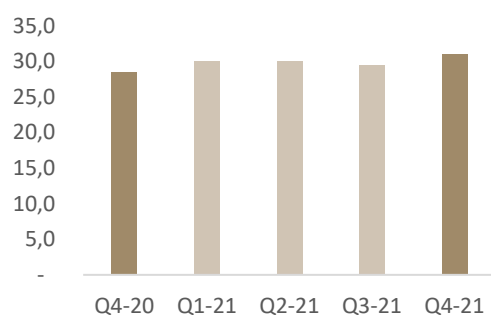
We finish the year with a strong performance in the fourth quarter, as demonstrated by our year-end fair value per share of NOK 52.10. The attractiveness of our property portfolio has been confirmed through several new lease contracts which were signed or extended during the year, and the good momentum continues going into 2022.

Environmental footprint, innovation and technology are ever more important features for tenants' decision-making process. With our attractive portfolio of sustainable commercial properties centrally located in urban areas and city hubs in Norway, R8 Property is well-positioned to meet market demand."

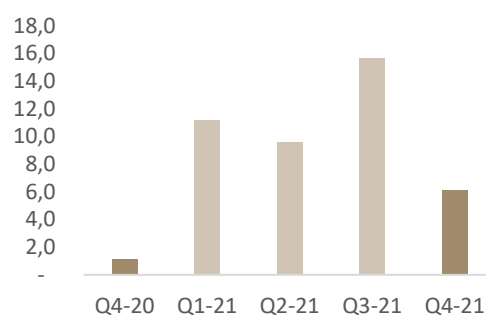
FINANCIAL Q4 2021

- Rental income of NOK 31.0 million (NOK 28.4 million) in the quarter
- Net income from property management of NOK 6.1 million (NOK 1.1 million)
- Positive total portfolio value changes of NOK 76.7 million (NOK -1.3 million)
- Profit before tax of NOK 63.0 million (NOK -2.7 million)
- EPRA NRV per share of NOK 45.1 (NOK 43.8)*

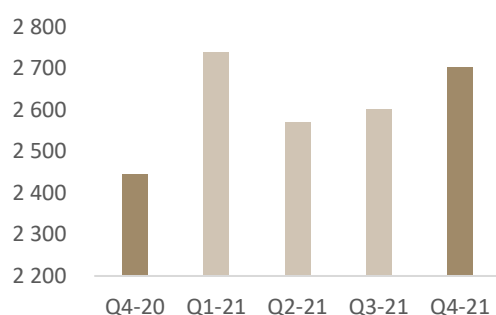
Rental income
(MNOK)



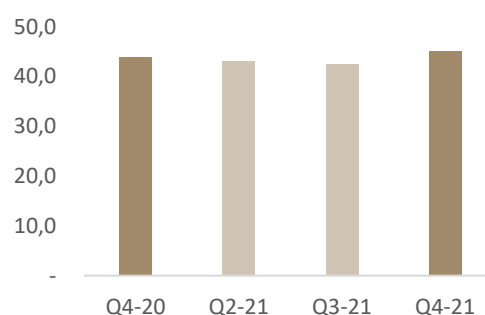
Net income property management
(MNOK)



Market value of the property portfolio
(MNOK)



EPRA NRV*
(NOK per share)



*From Q2-21 EPRA reporting has been prepared according to the EPRA BPR of 2019. Former reporting was in accordance with 2016 EPRA BPR. Key figure is therefore not calculated for Q1-21.

KEY FIGURES

All amounts in NOK thousand	Q4-21	Q4-20	2021	2020
Rental income	31 032	28 411	120 576	114 153
Change period-on-period	9 %	4 %	6 %	14 %
Net income from property management	6 132	1 124	42 586	46 457
Change period-on-period	446 %	-7 %	-8 %	11 %
Profit before tax	62 983	-2 685	111 858	-45 109
Change period-on-period	-2446 %	-118 %	-348 %	-159 %
Profit after tax	47 366	6 238	79 271	-26 771
Change period-on-period	659 %	-45 %	-396 %	-145 %
Market value of the property portfolio	2 703 434	2 445 360	2 703 434	2 445 360
Fair value of the property portfolio and other investments*	2 942 354			
Net nominal interest-bearing debt	1 785 287	1 724 414	1 785 287	1 724 414
Loan to value of property portfolio	66,0 %	70,5 %	66,0 %	70,5 %
Loan to fair value of property portfolio and other investments*	60,7 %			
Interest coverage ratio	0,4	0,1	0,6	0,6
Number of shares	21 694	19 720	21 694	19 720
All amounts in NOK per share	Q4-21	Q4-20	2021	2020
Fair value per share (EPRA NRV incl. fair value adjustment)*	52,1			
**Change period-on-period	N/A			
EPRA NRV	45,1	43,8	45,1	43,8
**Change period-on-period	3 %	N/A	3 %	N/A
EPRA NTA	42,3	41,0	42,3	41,0
**Change period-on-period	3 %	N/A	3 %	N/A
EPRA NDV	37,4	35,6	37,4	35,6
**Change period-on-period	5 %	N/A	5 %	N/A
EPRA Earnings	0,2	-0,7	0,5	-0,8
**Change period-on-period	123 %	N/A	169 %	N/A

* Including fair value of investments in jointly controlled entities, associates and shares. Fair values are based on third party transactions and valuations performed in 2021.

** From Q2-21 EPRA key figures have been prepared according to the EPRA BPR of 2019. Former reporting was in accordance with 2016 EPRA BPR. Change in period-on-period is therefore not calculated for Q4-20 and 2020.

FINANCIAL DEVELOPMENT

Profit and loss

Net income from property management

The Group had rental income of NOK 31.0 million in Q4-21 compared with NOK 28.4 million in Q4-20. The 9.2 per cent increase is related to changes in the property portfolio and impairments due to Covid-19 last year.

- Total operating income came in at NOK 35.2 million (NOK 34.9 million) in the quarter.
- Total operating cost amounted to NOK 29.1 million (NOK 33.8 million) in the quarter.
- Net operating income from property management came in at NOK 6.1 million (NOK 1.1 million) in the quarter.

From Q4-20 to Q4-21 there have been several changes in the property portfolio. The Group sold three properties, Henrik Ibsensgate 40-42 and Rådhusgata 2 in Q2-21, and Storgata 171-175 in Q4-21. In Q1-21 the Group acquired Fornebuveien 1-3 and Slottsfjell Park. In sum these changes in the property portfolio had a net negative effect of approximately NOK 2 million on rental income. At the same time CPI adjustment has contributed positively as well as there has been a slight increase in occupancy from Q4-20 to Q4-21 resulting in higher rental income. In addition, Q4-20 was a quarter affected by Covid-19 and extraordinary impairments related to rental income of about NOK 1.3 million was made and extraordinary loss provisions of NOK 2.6 million. This had a negative effect on operating costs. In sum, these are the main factors explaining the development in operating income, costs and net income from property management from Q4-20 to Q4-21.

Net financials

Net financials amounted to NOK -19.9 million (NOK -2.5 million) in the quarter. Interest and other finance expenses amounted to NOK 18.5 million (NOK -18.5 million) in the quarter. Net share of loss from associates and joint ventures was NOK 8.0 million (NOK -3.0 million) in the quarter and relates to the Group's investments in R8 Evolve and Orbit Technology. R8 Evolve accounted for NOK -7.5 million and Orbit Technology NOK -0.5 million in the quarter.

Unrealised changes in fair value of financial instruments gave a net negative contribution of NOK 0.8 million (NOK +18.8 million). The change in the quarter is related to the sum of a positive effect from interest swaps (NOK 4 million), and a negative effect from a forward contract to acquire the remaining shares in Inkognitogaten 33 A AS and a put option issued in Q3-21 to sell 50 per cent of these shares (in total NOK -4.8 million). The forward contract was originally an option and during the second quarter of 2021 the Group made an irreversible commitment to buy the underlying asset and consequently considers the option as a forward contract until the settlement date which is estimated in Q2 2022. The positive result in Q4-20 was related to the call option in Inkognitogaten 33 A AS.

Value changes

The valuation of the investment portfolio resulted in a net positive value change of NOK 76.7 million (NOK -1.3 million) in the quarter. Properties with significant changes to highlight in the quarter are increased value of Dokkvegen 20 (project Polymer Exploration Centre), project Slottsfjell Park, Dokkvegen 11 (Powerhouse Telemark), Kammerherreløkka 3 and Mulighetenes By (Arkaden). In Q4-20 the negative value change resulted mainly from Dokkvegen 8 & 10 and Kjelleveien 21.

Profit

Profit before tax was NOK 63.0 million (NOK -2.7 million) in the quarter. Profit after tax was NOK 47.4 million (NOK 6.2 million) in Q4-21. For the full-year period 2021, profit before tax was NOK 111.9 million (NOK -45.1 million). Profit after tax was NOK 79.3 million (NOK -26.8 million) in 2021. The increase is mainly driven by positive value changes.

Balance sheet

The Group's assets amounted to NOK 2 934 million (NOK 2 722 million) as of 31.12.21 of which investment property constituted NOK 2 693 million (NOK 2 436 million).

Investments in associates, jointly controlled entities and shares were NOK 73.8 million (NOK 124.6 million) at the end of Q4 2021. Investments in R8 Evolve AS, Orbit Technology AS and Inkognitogaten 33 A AS constitute a large proportion of the balance sheet value. The ownership in Inkognitogaten 33 A AS was reduced from 16.6 per cent to 8.3 per cent in Q3-21. The ownership in Orbit Technology AS has changed from 50 per cent in Q4-20 to 30.5 per cent in Q4-21. In addition, share of loss from associates and joint ventures explains the change from Q4-20 to Q4-21.

Financial derivatives as an asset in the quarter amount to NOK 21.1 million (NOK 46.6 million) and relates to interest swaps and the forward contract to acquire the remaining shares in Inkognitogaten 33 A.

Total current assets came in at NOK 70.5 million (NOK 86.2 million) in Q4-2021.

Financial derivatives as a liability in the quarter were NOK 21.1 million (NOK 35.6 million). This is related to interest rate swaps as well as an option to sell shares in Inkognitogaten 33 A AS issued in Q3-21.

Book equity totalled NOK 951.7 million (NOK 761.3 million), representing an equity ratio of 32.4 per cent (28.0 per cent). Equity per share was NOK 45.1 (NOK 43.8) based on the EPRA NRV standard and NOK 42.3 (NOK 41.0) based on EPRA NTA.

Outstanding shares at 31.12.21 totalled 21 694 324. The number of outstanding shares increased from 19 720 640 at the end of Q1-21 to 21 694 324 on 30 June 2021 in connection with R8 Property ASA being listed on Euronext Growth.

Other information

Orbit Technology AS is not consolidated in the Total Comprehensive Income (TCI) from Q1-21. This is due to changes in ownership.

Cash flow statement

Net cash flow from operating activities came in at NOK -9.3 million (NOK -15.5 million) in the quarter.

The net cash flow from investment activities was NOK -11.8 million (NOK -6.8 million) in the quarter.

Net cash flow from financing activities was NOK 24.2 million (NOK 41.3 million) in the quarter.

Cash and cash equivalents at the end of Q4-21 came in at NOK 24.9 million (NOK 35.7 million).

Financing

R8 Property's total interest-bearing nominal debt as of 31.12.21 was NOK 1 785 million (NOK 1 724 million). During the fourth quarter the total interest-bearing nominal debt increased by NOK 33.3 million. The increase was mainly due to refinancing and progress in construction projects with ongoing construction loans.

R8 Property is not in breach of any covenant requirements at the end of Q4-21.

Interest bearing debt and maturity structure

The average remaining term for the Group's debt portfolio was 3.6 years at 31.12.21.

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	251 132	1 112 546	34 762	316 418	1 714 858
Subordinated loans	54 276	16 153			70 429
Total	305 408	1 128 699	34 762	316 418	1 785 287
	17 %	63 %	2 %	18 %	100 %

Interest rates and maturity structure

The average interest rate of the debt portfolio was 3.31 per cent as of 31.12.2021. 40 per cent of the Group's financing was hedged at a fixed rate as of 31.12.21 with a weighted average maturity of 5.3 years.

Fixed rate instruments	Amount	Interest rate (%)
1-3 years	188 670	2,94 %
3-4 years	116 350	1,72 %
4-5 years	15 000	1,65 %
5-6 years	62 600	1,53 %
6-8 years	75 000	2,06 %
8-10 years	234 823	1,99 %
Total	692 443	2,16 %

The Property portfolio



Photo: Ivar Kvaal

THE PROPERTY PORTFOLIO

24

Management
properties

6

Project
properties

7.3 years

Average vault
(property
portfolio)

108 966

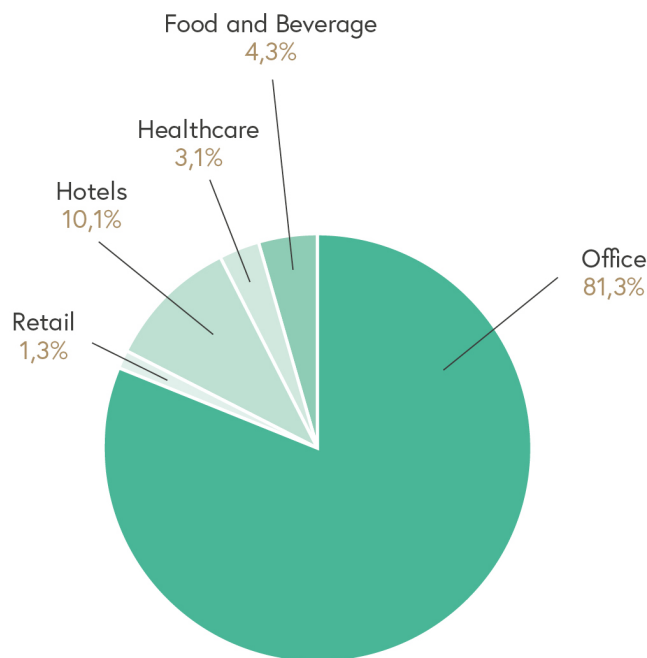
Total area (sqm)
(property
portfolio)

1 612

Average rent per
sqm (management
portfolio)

90.7 %

Occupancy
(management
portfolio)



Tenant industry based on annual
rent in the management portfolio

R8 Property's management portfolio as of 31.12.2021 consists of 24 buildings (26 buildings) with a total area of approximately 82 291 square meters (81 776 square meters). The portfolio is divided into three operating subunits:

Green Office: properties with energy classification and environmental focus

City Office: other ordinary office properties

Commercial Property: properties located in the city centre where majority of tenants operates within food & beverage or healthcare

As of 31.12.2021 the occupancy was 90.7 per cent (88.1 per cent). The increase is mainly related to higher occupancy for properties within Green Office. Average annual rent per square meter was 1 612 NOK (1 609 NOK) as of 31.12.2021. Public sector represent about 25 per cent of annual rent and 81 per cent of the annual rent derives from tenants operating within Office.

The average vault (weighted on annual rent) in the management portfolio is 5.8 years (6.1 years). The maturity profile of the contracts in the management portfolio is presented on the next page.

The net direct yield is at 5.1 per cent (5.0 per cent) based on annual rent as of 31.12.2021. Average yield on the total management portfolio (value weighted) as basis of property valuations is 5.9 per cent (6.0 per cent) as of 31.12.2021.

The total property portfolio (when including the project portfolio) has an occupancy of 87.8 per cent (87.5 per cent). The change is mainly a net effect of higher occupancy related to properties within Green Office and lower occupancy related to Mulighetenes By (Arkaden) in the project portfolio based on strategic reasons. The entire portfolio consists of 30 properties (32) with a total areal of approximately 108 966 square meters (108 093 square meters), and a market value of NOK 2 693 million (NOK 2 436 million).

THE PROPERTY PORTFOLIO

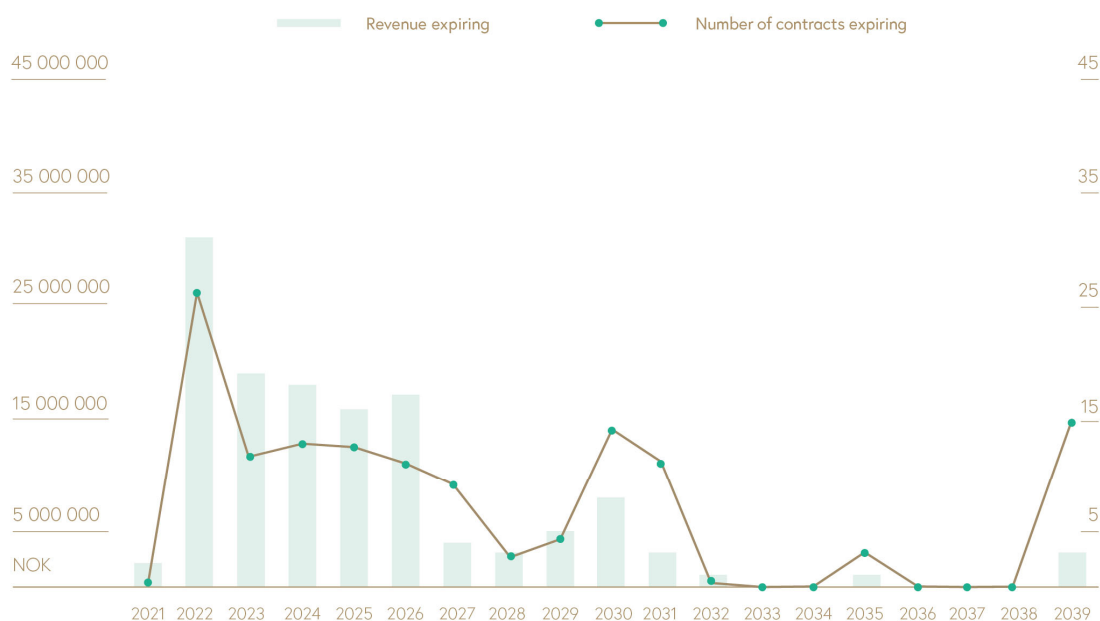
31.12.2021	Area (sqm)	Occupancy (sqm)	Occupancy (%)	No. of properties	Market value (tNOK)	Market value (NOK/sqm)	Wault ¹⁾ (yrs)	Annual rent (tNOK)	Annual rent (NOK/sqm)	Wault ²⁾ (yrs)	Net direct yield (%)	Net yield (valuation) (%)	Market rent ³⁾ (tNOK)	Market rent ³⁾ (NOK/sqm)
Green Office	32 390	29 128	89,9	5	944 550	29 162	5,2	56 991	1 957	4,5	5,3	5,6	64 130	1 980
City Office	38 702	35 355	91,4	13	644 150	16 644	3,8	42 403	1 199	3,8	4,6	6	53 422	1 380
Commercial Prop.	11 199	10 128	90,4	6	306 150	27 337	13,3	20 915	2 065	13,2	5,6	6,4	22 283	1 990
Total management portfolio	82 291	74 611	90,7	24	1 894 850	23 026	6,1	120 309	1 612	5,8	5,1	5,9	139 834	1 699
Project Office	26 675	21 066	79	6	797 850	29 910	10,1							
Total project portfolio	26 675	21 066	79	6	797 850	29 910	10,1							
Total property portfolio	108 966	95 677	87,8	30	2 692 700	24 711	7,3							

1) Wault weighted on property market value

2) Wault weighted on annual rent

3) Includes market rent from available areas

Maturity profile in the management portfolio



Letting activity

During the fourth quarter of 2021 the Group signed new and renewed leases with an annual rent of NOK 0.9 million and received termination on leases totalling NOK 1.4 million. Net letting in the quarter amounted to NOK -0.5 million.

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

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

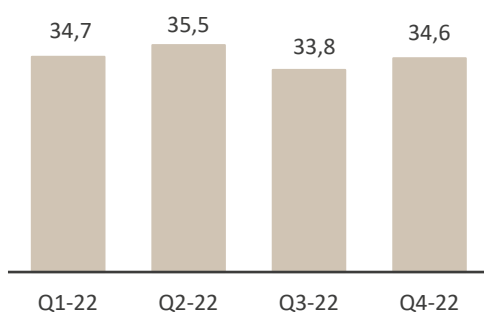
New contracts in the quarter

Tenant	Property	Contract	Duration (years)	Sqm
Brunvoll Mar-EI AS	Dokkvegen 8 & 10	New	10	422
Spillorama Skien AS	Henrik Ibsensgate 6	Renegotiated	5	377
Cita Boligstyling AS	Rødmyrlia AS	New	2	133
Other (2 tenants)		New/renegotiated	1	66
Total				998

12 month rolling rent

As of 31.12.2021 the 12 month rolling rent of the property portfolio totals NOK 138.6 million

The 12 month rolling rent is based on signed lease contracts and adjusted for changes in rent related to signed SPAs of properties which will be completed within the next 12 months.



INVESTMENTS AND DIVESTMENTS

R8 Property has invested NOK 115.3 million (NOK 49.3 million)²⁾ in the portfolio of investment properties in the quarter.

Project Development

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

Project	Ownership (%)	Expected completion	Project area (sqm)	Occupancy (%)	Est. total project cost (tNOK)	Of which accrued (tNOK)
Polymer Exploration Centre ¹⁾	50	Q4-21	4 858	100	175 264	174 171
Inkognito Park ²⁾	8,3	Q3-22	3 263	100	105 868	45 869
Fornebuveien 1-3	50	Q2-22	6 976	95	88 629	13 695
Total			15 097	97,69	369 761	233 735

¹⁾Total project cost for Polymer Exploration Centre includes book value at date of investment decision/cost of land.

²⁾Inkognitogaten 33A AS is not consolidated in the financial statements due to an ownership below 20%, and is treated as investment in shares.

R8 Property has the following project and development portfolio, in addition to the ongoing projects presented above:

Project Portfolio – zoned

Project	Ownership	Location	Segment	Area	Zoning	Building permit
Skien Brygge – phase 1	25 %	Skien	Commercial/Residential	14 825	Approved	Approved
Skien Brygge – phase 2	25 %	Skien	Commercial/Residential	23 925	Approved	
Skien Brygge – phase 3	25 %	Skien	Commercial/Residential	19 525	Approved	
Utsikten	100 %	Skien	Residential	1 496	Approved	Approved
Vestsiden Terrasse	50 %	Porsgrunn	Residential	4 257	Approved	
Arkaden – phase 3	100 %	Skien	Commercial/Residential	7 151	Approved	

Development Portfolio

Project	Ownership	Location	Segment	Area
Slottsfjell Park	100 %	Tønsberg	Commercial	17 000
Powerhouse Tønsberg	100 %	Tønsberg	Commercial	11 000
Porsgrunn Næringspark	100 %	Porsgrunn	Commercial	18 400
Kammerherreløkka	50 %	Porsgrunn	Commercial	2 800

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). The building has been handed over to the tenant Norner.

Inkognito Park is undergoing an internal reconstruction leaving nothing but the facade and a few historically important elements untouched. The property is fully let to Evolve and 24 Seven Office. The demolition of internal floors and walls are finalized and a design and build contract has been agreed with AF Byggefornyelse on the rebuild.

Fornebuveien 1-3 is a rehabilitation project of a 1980's office building. The building consist of three vertical volumes with four office floors in each volume. In total eight floors are under rehabilitation. Evolve and Schlumberger are tenants.

Status other projects - 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 9 single homes /detached homes, all with a great view of Skien City. Expected go-to market in H1 2022.
- Vestsiden Terrasse is 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 are expected to start in H1 2022.
- Skien Brygge is a large development project at the heart of Skien City Centre. The project will include approximately 400 new homes and 20 000 sqm commercial real estate. Phase one of the projects is expected in 2022. In Q1-22 Skien Brygge entered a 20-year lease contract with Comfort Hotel Skien Brygge AS.

Status development projects

R8 Property carried out a feasibility study together with Snøhetta, Skanska, Asplan Viak and Rambøll to determine the possibility of building a Powerhouse Paris Proof office building in Tønsberg. The feasibility study consisted of three buildings - all of them were planned as Paris Proof.

A planning initiative has been sent to the planning authorities. The initiative was rejected. A new initiative will be submitted after Tønsberg kommune area planning has concluded.

LOI are signed with Capitane Hotels, Rambøll Norge and Evolve.

Transactions

In the fourth quarter of 2021 the Group has sold one property, Storgata 171-175 in Porsgrunn.

Investments in jointly controlled entities and associates

The Group has investments in R8 Evolve and Orbit Technology with ownership shares of 75 per cent and 30.5 per cent respectively. These investments are considered as joint ventures due to ownership and associated agreements regarding control influence. The Group also has an ownership of 25 per cent of Skien Brygge Utvikling and this investment is considered as investment in associate.

In December 2021 the Group made an agreement to acquire the remaining shares of R8 Evolve, increasing the ownership by 25 per cent. As of 01.01.2022 the Group has 100 per cent ownership and control of the company.

Orbit Technology

Orbit Technology offers a two-sided technology platform for supply and demand of office space. The subscription-based platform matches free office space with market needs in real time. The technology also ensures that the buildings are smarter through simpler access control and user administration. The Group's investment in Orbit Technology is considered a joint venture with a book value of NOK 11.9 million per 31.12.21 (includes booked loan for conversion). Latest transaction in Q4-21 implied a total fair value of Orbit Technology at NOK 150 million.

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

Skien Brygge

Skien Brygge is a long-term project which involves the development of both residential and commercial properties. The development project is structured in three phases. The project is going as planned and commencement of phase one is expected in the second quarter of 2022 following a completion in Q1 2025. The development of phase two and three last phases is estimated in the period from 2025 to 2033.

R8 owns 25 per cent of Skien Brygge Utvikling which currently involves phase one of the project. The Group has also signed a letter of intent for phase two and three of the project with the same ownership as phase one. Skien Brygge is considered as an investment in an associate. As of 31.12.21 the investment had a book value of NOK 3 million.

Newsec has presently valued phase one of the project at NOK 75 million (100 per cent basis).

Evolve

Evolve offers flexible workplaces with access to 27 locations. To meet the office users changed behaviour needs after Covid-19, R8 has launched R8 Hybrid. R8 Hybrid is a combination of an ordinary, permanent lease and a membership in Evolve Business Space. The benefits are many: The employer keeps their environment, meeting points and predictability that comes with a traditional office; the employees get flexibility to work efficiently where they want and reduced commuting time. In addition, users get access to video conferencing and beautiful meeting rooms, all closer to where people live. For R8 Property, this is a unique tool and competitive advantage, that adapts to the "new normal" in working life, post-Covid. Many companies can manage with fewer fixed square meters, when a possible shortage of space in "peak hours" can be covered through access to available capacity in Evolve.

R8 owns 75 per cent of R8 Evolve. As of 31.12.21 the investment had a book value of NOK 41.7 million.

In Q4-21 an external valuation was performed, and the company was estimated to NOK 195 million (100 per cent basis).

PARTLY OWNED COMPANIES

Dokkvegen Utvikling AS (50%)

R8 Property and Dione AS own Dokkvegen Utvikling AS. This is a holding company with 100 per cent ownership in Dokkvegen 20 AS in Porsgrunn (4 858 sqm) where the building 'Polymer Exploration Center' (research center) is under construction.

Fornebuveien 1-3 Invest AS (50%)

R8 Property and Brødrene Jensen AS own Fornebuveien 1-3 Invest AS. The company owns the property known as Fornebuveien 1-3 at Lysaker in Oslo.

Inkognitogaten 33 A AS (8.3%)

R8 Property and a group of investors own Inkognitogaten 33 A 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 (6 272 sqm) and one office building (2 786 sqm) in Porsgrunn.

Orbit Technology AS (30.5%)

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

R8 Evolve AS (75%)

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

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.

Vestsiden Terrasse AS (50%)

R8 Property and Mynd Eiendom AS own Vestsiden Terrasse AS. The company owns land in Porsgrunn where planned to develop and sell approximately 42 houses/apartments.

OTHER INFORMATION

Organization

At 31.12.21 the Group had 34 employees. During the quarter there were no injuries that caused absence from work.

Share and shareholder information

R8 Property's share capital is NOK 5 423 581 divided into 21 694 324 shares, with each share having a par value of NOK 0.25. R8 Property has one class of shares. All shares provide equal rights, including the right to any dividends. Each share carries one vote.

The Group has a share-options scheme for senior executives consisting of 400 000 options. One option gives the right to buy one share.

The number of outstanding shares increased from 19 720 640 in Q1-21 to 21 694 324 in Q2-21 as a result of R8 Property ASA being listed on Euronext Growth together with a fully subscribed private placement of MNOK 75 million in June 2021.

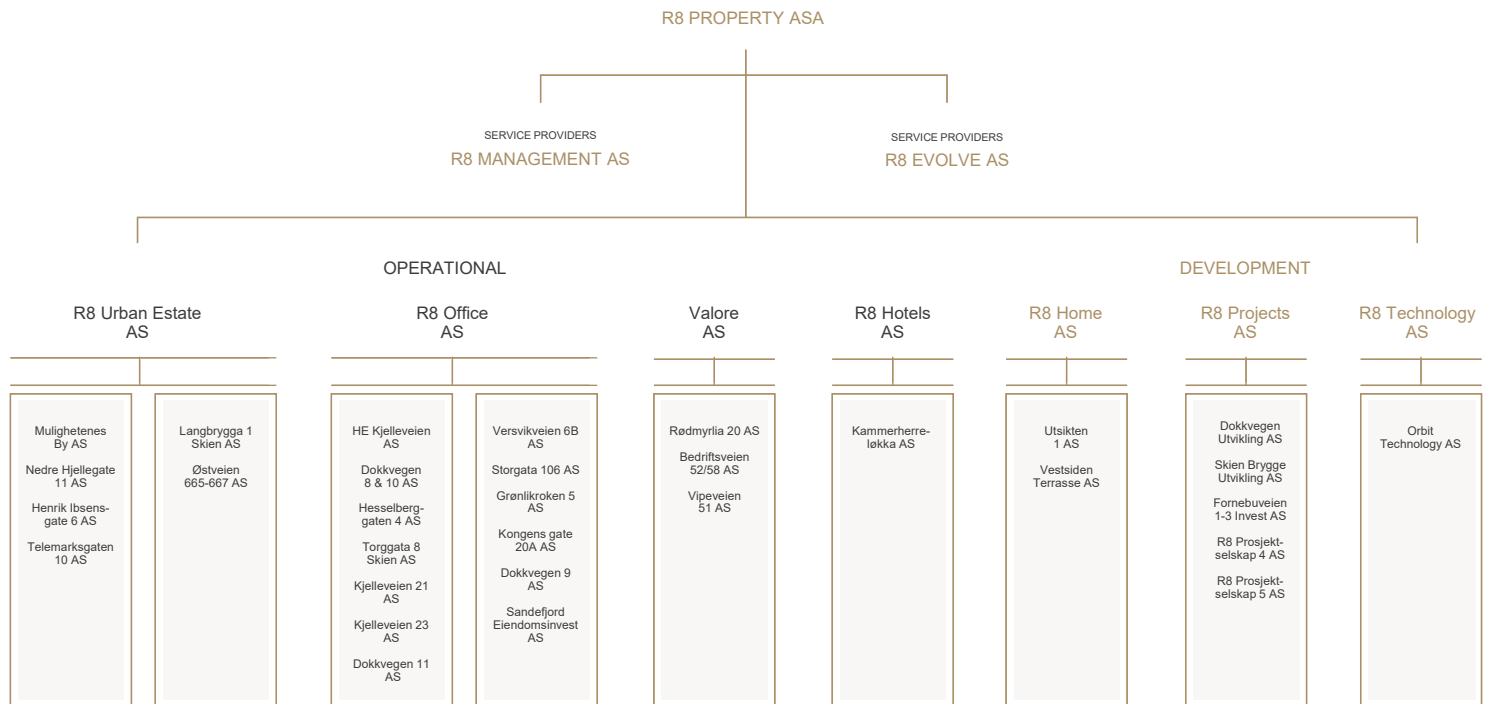
As of 31.12.2021, R8 Property had 178 shareholders. Norwegian investors held 99.9 per cent of the share capital. The 10 largest shareholders at 31.12.21 were:

Shareholder	Ownership
R8 Group AS	45,10 %
Brødrene Jensen AS	13,50 %
IKAB AS	8,70 %
Acini Capital AS	2,80 %
Sarepta Holding AS	2,50 %
Aubert Invest AS	2,50 %
Holta & Co AS	1,80 %
Carucel Invest AS	1,60 %
R-Venture AS	1,20 %
Kabbe Holding AS	1,20 %
Total	80,80 %

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 31 December 2021.



The company Inkognitogaten 33A AS has a temporary placement as a subsidiary of R8 Property. It is expected that this company is placed under the right segment no later than 2022.

Photo: Ivar Kvaal



Financial statements

Statement of total comprehensive income

All amounts in NOK thousand

	Note	Q4-21	Q4-20	2021	2020
Rental income	2	31 032	28 411	120 576	114 153
Other operating revenue	2	4 211	6 499	16 619	18 338
Total operating income		35 243	34 910	137 195	132 491
Maintenance and other operating expenses		20 071	18 002	70 181	53 208
Other property-related expenses		1 421	1 040	3 808	2 196
Administrative expenses		7 619	14 744	20 620	30 630
Total operating costs		29 111	33 786	94 609	86 034
Net income from property management		6 132	1 124	42 586	46 457
Changes in fair value from investment properties	4,5	76 726	-1 257	147 024	-46 726
Operating profit		82 859	-133	189 610	-269
Gains from investment in shares		6 658	-	22 137	-
Interest and other finance income		829	620	2 339	2 053
Share of profit (loss) from associates and joint ventures		-8 004	-2 969	-30 645	-6 882
Losses from investment in shares		-	-496	-	-496
Interest and other finance expense		-18 559	-18 513	-73 712	-66 142
Changes in fair value of financial instruments	4	-800	18 806	2 130	26 628
Net financial items		-19 876	-2 552	-77 752	-44 840
Profit before tax		62 983	-2 685	111 858	-45 109
Tax expense		-15 617	8 922	-32 587	18 338
Profit for year		47 366	6 238	79 271	-26 771
Profit attributable to:					
Equity holders of the company		37 916	-304	43 146	-11 007
Non-controlling interest		9 450	6 542	36 125	-15 764
Total comprehensive income attributable to:					
Equity holders of the company		37 916	-304	43 146	-11 007
Non-controlling interest		9 450	6 542	36 125	-15 764
Earnings per share:					
Basic (NOK)		1,75	-0,02	2,07	-0,56
Diluted (NOK)		1,69	-0,02	1,77	-0,56

Notes 1 through to 10 form an integral part of the consolidated financial statements.

Balance sheet

All amounts in NOK thousand

	Note	31.12.2021	31.12.2020
NON-CURRENT ASSETS			
Deferred tax asset		2 603	10 169
Other intangible assets		7 589	7 605
Total intangible assets		10 191	17 773
Investment property	4,5	2 692 700	2 436 000
Other operating assets		1 301	765
Right-of-use assets		36	127
Total non-current tangible assets		2 694 037	2 436 892
Investment in jointly controlled entities, associates and shares	4	73 754	124 592
Loans to related parties		54 097	-
Financial derivatives	4	21 118	46 618
Other long-term receivables		12 562	9 554
Total financial assets		161 531	180 764
TOTAL NON-CURRENT ASSETS		2 865 759	2 635 429
CURRENT ASSETS			
Inventory property		10 734	9 360
Trade receivables		12 729	14 155
Other receivables		11 270	12 625
Other receivables to related parties		10 928	14 370
Total current receivables		45 662	50 510
Cash and bank deposits		24 855	35 679
TOTAL CURRENT ASSETS		70 517	86 188
TOTAL ASSETS		2 936 276	2 721 617
EQUITY			
Shareholders equity		820 345	708 382
Non-controlling interest		131 331	52 919
TOTAL EQUITY		951 676	761 300
LIABILITIES			
Interest-bearing debt		1 480 313	1 347 535
Deferred tax liability		90 139	79 110
Financial derivatives	4	21 086	35 646
Lease liabilities, non-current portion		2 352	3 567
Other non-current liabilities		5 684	-
Total non-current liabilities		1 599 575	1 465 858
Trade payables		23 968	40 926
Interest-bearing debt		304 974	376 879
Debt to related parties		3 026	6 633
Lease liabilities, current portion		1 179	1 258
Other current liabilities		51 879	68 764
Total current liabilities		385 025	494 459
TOTAL LIABILITIES		1 984 600	1 960 317
TOTAL EQUITY AND LIABILITIES		2 936 276	2 721 617

Notes 1 through to 10 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 01.01.2020	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
Share based options	-	-	5 920	-	-	5 920
Equity at 31.12.2020	4 930	200 291	140 340	362 820	52 919	761 300
Profit for year	-	-	-	43 146	36 125	79 271
Capital increase as of 05.06.2021	493	74 507	-	-	-	75 000
Acquisitions/capital increase subsidiaries	-	-	-	-	43 000	43 000
Share based options	-	-	-3 842	-	-	-3 842
Change in non-controlling interest	-	-	-	728	-713	15
Cost of equity transactions directly in equity	-	-3 069	-	-	-	-3 069
Equity at 31.12.2021	5 423	271 729	136 498	406 694	131 331	951 676

Notes 1 through to 10 form an integral part of the consolidated financial statements.

Statement of cash flows

All amounts in NOK thousand

	Note	Q4-21	Q4-20	2021	2020
Profit before tax		62 983	-2 685	111 858	-45 109
Expensed interest and fees on loans and leases		18 559	18 513	73 712	64 089
Interest and fees paid on loans and leases		-16 062	-14 424	-67 847	-59 439
Share of profit from associates and jointly controlled entities		8 004	2 969	30 645	6 882
Gains from investment in shares	6	-6 658	-	-22 137	-
Depreciation and amortisation	7	140	121	321	495
Other adjustments		898	2 649	999	2 649
Change in market value investment properties	4, 5	-76 726	1 257	-147 024	46 726
Change in market value financial instruments	4	800	-18 806	-2 130	-26 628
Change in working capital		-1 278	-5 083	22 166	-2 767
Net cash flow from operating activities		-9 339	-15 490	564	-13 101
Proceeds from sales of investment properties and companies		8 354	47 441	43 187	47 441
Proceeds from sales of shares		7 500	24 855	42 100	25 015
Purchase of shares		-5 000	-34 719	-23 271	-121 902
Purchase of business net of cash		-	-	-105 161	-
Upgrades and construction of investment properties		-22 319	-44 098	-187 251	-183 531
Purchase of intangible assets and other plant and equipment		-340	-257	-408	-
Net payment financial assets		-	-	13 300	14 795
Net cash flow from investment activities		-11 805	-6 778	-217 504	-218 182
Proceeds interest-bearing debt		113 137	40 467	414 417	190 395
Repayment interest-bearing debt		-81 458	-6 148	-259 502	-20 091
Net payments of loans to other related parties		-7 511	111	-41 815	6 606
Proceeds from convertible loans		-	6 857	42 783	37 936
Proceeds from equity		-	-	50 233	-
Contributions from non-controlling interests		-	-	-	1 076
Net cash flow from financing activities		24 168	41 288	206 116	215 922
Change in cash and cash equivalents		3 024	19 019	-10 824	-15 361
Cash and cash equivalents at beginning of period		21 831	16 660	35 679	51 040
Cash and cash equivalents at end of period		24 855	35 679	24 855	35 679

Notes 1 through to 10 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 ASA was approved at a Board meeting February 17th 2022 and have not been audited. The financial reporting covers R8 Property ASA and subsidiaries.

NOTE 2 INFORMATION ABOUT REVENUE STREAMS

Rental income from investment properties:

The Group's rental income was up by 9,15 per cent from 28.4 million in Q4-20 to 31.0 million in Q4-21.

Other operating revenue:

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

NOTE 3 SEGMENT INFORMATION

The operating segments are formally divided on the basis of products and services. The Group is organised into two reportable segments as follows, divided by the nature of their characteristics in regards to the assets, activities and income streams:

- Commercial Properties, which is a supplier of commercial property to customers
- Residential Properties, which provides new housing units to customers

There has been no aggregation of segments in the reported segments presented above. The operating segment of the Group as of today represent their own nature in regards to when and how income is generated (through sales or assets appreciation) and the products or services provided. The chief operating decision maker is the executive board and the CEO, which are the highest decision-making authority of the Group. Geographically, all of the Group's operations takes place in Norway. There is no single customer representing over 10% of the Group's total operating income. The rest of the Group's operations counts for less than 10% measured in revenue, profit or loss or combined assets and is not presented as a own segment below.

The Group's accounting principles applied to both the segment reporting and the profit & loss statement are identical. Income related to Commercial property is presented according to IFRS 16. Change in fair value of investment property is recognised in accordance with IAS 40. Income from Residential Properties is considered revenue from contracts with customers (IFRS 15).

All amounts in NOK thousand

Q4-21	Commercial Properties ¹⁾	Residential Properties	Eliminations ²⁾	Consolidated
INCOME STATEMENT				
Total operating income	34 230	746	266	35 243
- of which is rental income	31 032	-	-	31 032
- of which is other operating revenue	3 198	746	266	4 211
Total operating costs	28 196	649	266	29 111
Net income	6 034	97	-	6 132
Fair value adjustments investment property	76 726	-	-	76 726
Net fair value financial derivatives	-800	-	-	-800
Net financial items	-18 981	-102	7	-19 076
Segment profit	62 980	-5	7	62 983
BALANCE SHEET				
Investment property	2 692 700	-	-	2 692 700
Inventory property	-	10 734	-	10 734
Total assets from operating segments	2 692 700	10 734	-	2 703 434
Deferred tax liability	90 918	-779	-	90 139
Interest bearing debt	1 774 902	10 385	-	1 785 287
Total liabilities from operating segments	1 865 820	9 606	-	1 875 426
RECONCILIATIONS				
<i>Reconciliation of revenue:</i>				
Total operating income from the segments				35 243
Other operating income				-
The Group's total operating income				35 243
<i>Reconciliation of profit:</i>				
Segment profit				62 983
Total other comprehensive income before tax				-
The Group's profit before tax				62 983
<i>Reconciliation of balance sheet:</i>				
Total assets from operating segments				2 703 434
Non-current assets				173 059
Current assets				59 782
The Group's total assets				2 936 276
Total liabilities from operating segments				1 875 426
Equity				951 676
Non-current liabilities				29 123
Current liabilities				80 051
The Group's total equity and liabilities				2 936 276

1) For key metrics of the segment Commercial Properties - see Note 5 Investment Property

2) Eliminations consists of intercompany transactions made at arm lengths principles

The financial report has in 2020 changed the structure of its reportable segments, see the annual report of 2020, hence earlier periods for comparable amounts has been restated.

Q4-20	Commercial Properties	Residential Properties	Eliminations	Consolidated
INCOME STATEMENT				
Total operating income	34 420	507	-18	34 910
- of which is rental income	28 411	-	-	28 411
- of which is other operating revenue	6 009	507	-18	6 499
Total operating costs	33 317	487	-18	33 786
Net income	1 104	21	-	1 124
Fair value adjustments investment property	-1 257	-	-	-1 257
Net fair value financial derivatives	18 806	-	-	18 806
Net financial items	-21 394	37	-	-21 358
Segment profit	-2 742	57	-	-2 685
BALANCE SHEET				
Investment property	2 436 000	-	-	2 436 000
Inventory property	-	9 360	-	9 360
Total assets from operating segments	2 436 000	9 360	-	2 445 360
Deferred tax liability	79 402	-292	-	79 110
Interest bearing debt	1 714 007	10 407	-	1 724 414
Total liabilities from operating segments	1 793 409	10 115	-	1 803 524
RECONCILIATIONS				
<i>Reconciliation of revenue:</i>				
Total operating income from the segments				34 910
Other operating income				-
The Group's total operating income				34 910
<i>Reconciliation of profit:</i>				
Segment profit				-2 685
Total other comprehensive income before tax				-
The Group's profit before tax				-2 685
<i>Reconciliation of balance sheet:</i>				
Total assets from operating segments				2 445 360
Non-current assets				199 429
Current assets				76 829
The Group's total assets				2 721 617
Total liabilities from operating segments				1 803 524
Equity				761 300
Non-current liabilities				39 213
Current liabilities				117 581
The Group's total equity and liabilities				2 721 617

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 2020 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

	31.12.2021	31.12.2020	31.12.2021
Assets at fair value through profit or loss			
- Investment properties (level 3) ¹⁾	2 692 700	2 436 000	2 692 700
- Derivatives (Level 2 and 3) ^{2) 4)}	21 118	46 618	21 118
- Equity instruments (level 3) ³⁾	17 045	34 374	17 045
Total	2 730 863	2 516 992	2 730 863

LIABILITIES MEASURED AT FAIR VALUE

	31.12.2021	31.12.2020	31.12.2021
Liabilities at fair value through profit or loss			
- Derivatives (level 2 and 3) ⁴⁾	21 086	35 646	21 086
Total	21 086	35 646	21 086

1) One of the Group's investment properties, Storgata 171-175, have been sold in Q4 for the amount of mNOK 11.35 and hence considered in level 1 of the fair value hierarchy at the Q4 report.

2) Financial derivatives as an asset relates to a forward contract to acquire the remaining shares in Inkognitogaten 33 A AS. The forward contract was originally an option and during the second quarter of 2021 the Group made an irreversible commitment to buy the underlying asset and as a consequence, considers the option as a forward contract until the settlement date which is estimated in Q2 2022. The contract give rise to a decrease in fair value during the quarter.

3) 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.

4) Derivatives consist of both fair value of interest rate swaps and fair value of option contracts.

NOTE 5 INVESTMENT PROPERTIES

All amounts in NOK thousand

	Q4-21	Q4-20	2021
VALUE OF INVESTMENT PROPERTIES			
Opening balance previous period	2 590 400	2 508 000	2 436 000
Other movements			
Purchase of investment properties	-	-	230 890
Projects and upgrades in the property portfolio	35 670	46 759	150 494
Capitalised borrowing costs	1 254	2 498	4 322
Sale of investment property	-11 350	-120 000	-276 030
Change in value from investment properties	76 726	-1 257	147 024
Total value of investment property	2 692 700	2 436 000	2 692 700

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 31.12.2021 is tNOK 36,0.

SPECIFICATION OF INVESTMENT PROPERTIES

All amounts in NOK thousand

The Group's investment properties is organised into three corporate units:

Green Office: properties with energy classification and environmental focus

City Office: other ordinary office properties

Commercial Property: properties located in the city center where majority of tenants operates within food & beverage or healthcare

The units do not have their own profit responsibility. Financial results are reported as economical and non-economical key figures ("key performance indicators"). These key performance indicators are reported and analysed by unit to the chief operating decision maker, who is the executive board and the CEO, which are the highest decision-making authority of the Group, for the purpose of resource allocation and assessment of unit performance. The Group reports information based upon these three units.

CORPORATE UNITS Q4-21

31.12.2021	Area (sqm)	Occupancy (sqm)	(%)	No. of prop. (#)	Market value (tNOK)	(NOK/sqm)	Wault ¹⁾ (yrs)	Annual rent (tNOK)	(NOK/sqm)	Wault ²⁾ (yrs)	Net direct yield (%)	Net yield (valuation) (%)	Market rent ³⁾ (tNOK)	(NOK/sqm)
Green Office	32 390	29 128	89,9	5	944 550	29 162	5,2	56 991	1 957	4,5	5,3	5,6	64 130	1 980
City Office	38 702	35 355	91,4	13	644 150	16 644	3,8	42 403	1 199	3,8	4,6	6,0	53 422	1 380
Commercial Prop.	11 199	10 128	90,4	6	306 150	27 337	13,3	20 915	2 065	13,2	5,6	6,4	22 283	1 990
Total management portfolio	82 291	74 611	90,7	24	1 894 850	23 026	6,1	120 309	1 612	5,8	5,1	5,9	139 834	1 699
Project Office	26 675	21 066	79,0	6	797 850	29 910	10,1							
Total project portfolio	26 675	21 066	79,0	6	797 850	29 910	10,1							
Total property portfolio	108 966	95 677	87,8	30	2 692 700	24 711	7,3							

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

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

During the fourth quarter the Group has reassessed the property Mulighetenes By (Arkaden) and considers the property as a project. This affect presented key figures for the management portfolio and the property portfolio from previous quarters. Figures for Q4-20 presented below have been restated.

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 Q4-21

31.12.2021	Occupancy (sqm)	Wault ²⁾ (yrs)	Annual rent (tNOK)	(NOK/sqm)
Office	62 019	4,5	97 843	1 578
Retail	1 288	3,3	1 520	1 180
Hotels	6 234	17,0	12 118	1 944
Healthcare	2 870	3,7	3 705	1 291
Food and Beverage	2 200	6,8	5 123	2 329
Total management portfolio	74 611	5,8	120 309	1 612

CORPORATE UNITS Q4-20

31.12.2020	Area		Occupancy		No. of prop. (#)	Market value		Wault ¹⁾ (yrs)	Annual rent		Wault ²⁾ (yrs)	Net direct yield (%)	Net yield (valuation)		Market rent ³⁾	
	(sqm)	(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.	11 199	10 193	91,0		6	288 000	25 717	10,5	21 687	2 128	10,7	5,7	7,1		23 605	2 108
Total management portfolio	81 776	72 025	88,1		26	1 901 500	23 253	6,4	115 870	1 609	6,1	5,0	6,0		135 722	1 660
Project Office	26 317	22 601	85,9		6	534 500	34 333	10,3								
Total project portfolio	26 317	22 601	85,9		6	534 500	20 310	10,3								
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% of market rent.

R8 Property had one on-going project (research center - Polymer Exploration Center) in Q4-2020.

TENANT INDUSTRY Q4-20

31.12.2020	Occupancy		Wault ²⁾		Annual rent	
	(sqm)	(%)	(yrs)	(tNOK)	(NOK/sqm)	(NOK/sqm)
Office	58 928		5,3	91 984		1 561
Retail	1 248		3,8	1 503		1 204
Hotels	6 235		13,1	11 877		1 905
Healthcare	3 094		3,3	4 081		1 319
Food and Beverage	2 520		7,9	6 426		2 550
Total management portfolio	72 025		6,1	115 870		1 609

1) Wault weighted on property market value

2) Wault weighted on annual rent

3) Includes market rent from available areas

NOTE 6 TRANSACTIONS WITH RELATED PARTIES

The Group has sold 5% of the shares in Orbit Technology AS to Brødrene Jensen AS for the amount of mNOK 7.5. Furthermore, the Group has paid back mNOK 30.0 on a subordinated loan from Brødrene Jensen AS and subsequently received mNOK 13.5 from Brødrene Jensen AS as a new subordinated loan. Brødrene Jensen AS is a shareholder of the Group.

NOTE 7 KEY FIGURES

All amounts in NOK thousand

DEBT RATIO (LTV)

	31.12.2021	31.12.2020	31.12.2021
Net nominal interest-bearing debt	1 785 287	1 724 414	1 785 287
Total market value of the property portfolio	2 703 434	2 445 360	2 703 434
Debt ratio (LTV) % of Property Portfolio	66,0	70,5	66,0

INTEREST COVERAGE RATIO (ICR)

	Q4-21	Q4-20	2021
Net income from property management	6 132	1 124	42 586
Depreciation (excl. IFRS 16)	140	121	321
Net realised financials	829	620	2 339
Net effect from leases	-4	-	-4
EBITDA adjusted	7 098	1 865	45 242
Interest cost	18 273	17 869	73 426
Other finance expense	286	644	286
Applicable net interest cost	18 559	18 513	73 712
Interest Coverage Ratio (ICR)*	0,4	0,1	0,6

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

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	Q4-21 / 31.12.2021	Q4-20 / 31.12.2020	2021 / 31.12.2021
EPRA Earnings per share (EPS)	NOK	0,2	-0,7	0,5
EPRA NRV per share	NOK	45,1	43,8	45,1
EPRA NTA per share	NOK	42,3	41,0	42,3
EPRA NDV per share	NOK	37,4	35,6	37,4
EPRA net initial yield	%	4,7 %	5,0 %	4,7 %
EPRA "topped-up" net initial yield	%	5,0 %	5,3 %	5,0 %
EPRA vacancy rate	%	7,2 %	10,1 %	7,2 %
EPRA cost ratio (including direct vacancy costs)	%	38,3 %	58,0 %	47,7 %
EPRA cost ratio (excluding direct vacancy costs)	%	27,4 %	48,4 %	36,5 %

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

EPRA EARNINGS

EPRA Earnings is a measure of the underlying development in the property portfolio and is calculated as net income after tax adjusted for non-controlling interests, excluding value changes on investment properties, unrealised changes in the market value of interest rate swaps and gains/losses on the sale of properties and their associated tax effects.

All amounts in NOK thousand

	Q4-21 / 31.12.2021	Q4-20 / 31.12.2020	2021 / 31.12.2021
Profit for period/year	47 366	6 238	79 271
Add:			
Changes in value of investment properties	-76 726	1 257	-147 024
Tax on changes in value of investment properties ¹⁾	18 865	-277	39 259
Profits or losses on disposal of investment properties, development properties held for investment and other interests	4 726	189	8 096
Tax on profits or losses on disposal of investment properties, development properties held for investment and other interests ¹⁾	-	-	-
Acquisition costs on share deals and non-controlling joint venture interest	-	-	-
Tax on acquisition costs on share deals and non-controlling joint venture interest ¹⁾	-	-	-
Changes in value of other investment interests	4 873	-50 485	25 853
Tax on changes in value of other investment interests swaps ¹⁾	-	-	-
Changes in value of interest rate swaps	-4 074	31 679	-27 982
Tax on changes in value of interest rate swaps ¹⁾	896	-6 969	6 156
Share of profit jointly controlled entities - fair value adjustments	8 004	2 969	30 645
Reversal of deferred tax EPRA adjustments jointly controlled entities ¹⁾	-	-	-
Net income non-controlling interest of subsidiaries	-560	1 999	-3 767
Reversal of tax non-controlling interests of subsidiaries ¹⁾	123	-538	829
Change in tax rate ¹⁾	-	-	-
EPRA Earnings	3 494	-13 939	11 336

1) 22 per cent from 2021 and 22 per cent for 2020.

EPRA NET ASSET VALUE METRICS

EPRA NET REINSTATEMENT VALUE (NRV):

The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included. NRV does not include any real estate transfer tax as property transactions in Norway generally do not levied such taxes, hence no adjustments for RETT is being done.

EPRA NET TANGIBLE ASSETS (NTA):

The underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystallising levels of deferred tax liability. The Group has chosen the second option in the EPRA BPR to adjust for deferred tax, estimating the real tax liability based on how the company has completed property transactions lately.

EPRA NET DISPOSAL VALUE (NDV):

Shareholders are interested in understanding the full extent of liabilities and resulting shareholder value if company assets are sold and/or liabilities are not held until maturity. For this purpose, the EPRA Net Disposal Value provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the Balance Sheet, net of any resulting tax. This measure should not be viewed as a "liquidation NAV" because, in many cases, fair values do not represent liquidation values.

NET ASSET VALUE	Q4-21 / 31.12.2021	Q4-20 / 31.12.2020	31.12.2021
NAV - book value of equity	951 676	761 300	951 676
Hybrid instruments	1 264	51 673	1 264
Diluted NAV	952 940	812 973	952 940
Less: Non-controlling interest	-131 331	-52 919	-131 331
Fair value of interest rate swaps	6 393	32 007	6 393
Goodwill as a result of deferred tax	-5 640	-5 640	-5 640
Deferred tax	159 768	140 253	159 768
Net reinstatement value (EPRA NRV)	982 131	926 675	982 131
<i>EPRA NRV per share</i>	<i>45,1</i>	<i>43,8</i>	<i>45,1</i>
Goodwill as per the IFRS	-1 372	-1 372	-1 372
Intangible assets as per the IFRS	-577	-594	-577
Estimated real deferred tax ¹⁾	-57 788	-57 039	-57 788
Net tangible assets (EPRA NTA)	922 394	867 671	922 394
<i>EPRA NTA per share</i>	<i>42,3</i>	<i>41,0</i>	<i>42,3</i>
Fair value of interest rate swaps according to above	-6 393	-32 007	-6 393
Deferred tax as per the IFRS	-101 980	-83 214	-101 980
Fair value adjustment of interest bearing debt	-	-	-
Intangible assets according to above	577	594	577
Net disposal value (EPRA NDV)	814 598	753 043	814 598
<i>EPRA NDV per share</i>	<i>37,4</i>	<i>35,6</i>	<i>37,4</i>

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

EPRA NET INITIAL YIELD (NIY)

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

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

The table below relates solely to the segment "commercial properties" as defined in note 6 in the Group's annual report.

All amounts in NOK thousand

	Q4-21 / 31.12.2021	Q4-20 / 31.12.2020	31.12.2021
Investment property - consolidated	2 692 700	2 436 000	2 692 700
Investment property - share of JVs	-	-	-
Total Property portfolio	2 692 700	2 436 000	2 692 700
Less: projects and development sites	-797 850	-534 500	-797 850
Completed property portfolio	1 894 850	1 901 500	1 894 850
Allowance for estimated purchasers' costs	9 474	9 508	9 474
Gross up completed property portfolio valuation	1 904 324	1 911 008	1 904 324
12 months rolling rent	100 176	104 323	100 176
Estimated ownership cost	10 537	9 477	10 537
Annualised net rents	89 639	94 846	89 639
Add: notional rent expiration of rent free periods or other lease incentives	5 206	5 957	5 206
Topped-up net annualised rent	94 845	100 803	94 845
EPRA NIY	4,7 %	5,0 %	4,7 %
EPRA 'topped-up' NIY	5,0 %	5,3 %	5,0 %

* During the fourth quarter the Group has reassessed the property Mulighetenes By (Arkaden) and considers the property as a project. The reduction in 12 months rolling rent and increase in projects and development sites compared to Q3 2021 is mainly due to the aforementioned change in consideration of Mulighetenes By.

EPRA VACANCY RATE

EPRA vacancy rate is calculated based on the estimated rent value (ERV) of vacant space divided by the estimated rent value of the whole property portfolio of completed properties.

All amounts in NOK thousand

	Q4-21 / 31.12.2021	Q4-20 / 31.12.2020	31.12.2021
Estimated market rent vacant space	10 081	13 732	10 081
Total market rent whole portfolio	139 834	135 722	139 834
EPRA vacancy rate*	7,2 %	10,1 %	7,2 %

* During the fourth quarter the Group has reassessed the property Mulighetenes By (Arkaden) and considers the property as a project. The reduction in total market rent whole portfolio compared to Q3 2021 is mainly due to the aforementioned change in consideration of Mulighetenes By.

EPRA COST RATIO

The EPRA cost ratios are aimed at providing a consistent base-line from which companies can provide further information around costs where appropriate and for stakeholders to receive transparent and consistent reporting between real estate companies. The EPRA cost ratios analyses administrative and operating cost, both including and excluding costs of direct vacancy, against gross rental income.

All amounts in NOK thousand

	Q4-21 / 31.12.2021	Q4-20 / 31.12.2020	31.12.2021
Total operating cost	29 111	33 786	94 609
Share of joint ventures expenses	-	-	-
Less: Costs related to non-property activities and external customers	-10 827	-15 737	-30 320
Less: Ground rent cost	-92	-221	-709
Less: Investment property depreciation	-	-	-
Less: Gains/losses on sale of properties & disposals	-6 356	-1 474	-6 356
EPRA Cost (including direct vacancy cost)	11 835	16 355	57 223
Direct vacancy cost	3 364	2 707	13 527
EPRA Cost (excluding direct vacancy cost)	8 471	13 648	43 696
Gross rental income less ground rent	30 939	28 191	119 867
Share of joint ventures	-	-	-
Total gross rental income less ground rent	30 939	28 191	119 867
EPRA Cost Ratio (including vacancy cost)	38,3 %	58,0 %	47,7 %
EPRA Cost Ratio (excluding vacancy cost)	27,4 %	48,4 %	36,5 %

Comment: Capital expenditures related to the property portfolio is generally being capitalised and as a consequence adjusted for through fair value recognised in the profit and loss statement. Overhead and other property related costs are being recognised in the profit and loss statement.

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

Our tenant portfolio is divided into five different industries/segments: Office, Hotels, Food & Beverage, Healthcare and Retail – with Office as the majority at approx. 82 percent of the revenue. 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 and professional services etc.

The corona pandemic outbreak has impacted the Group's tenants, financials and property values. The property values within our Office segment/industry are considered to be strong. We see an improvement in the market and optimism among our tenants operating in the other industries/segments.

In December 2021 the Group made an agreement to acquire the remaining shares of R8 Evolve, increasing the ownership by 25%. As of 01.01.2022 the Group has 100% ownership and control of the company.

In Q1 2022 the Group has divested one property, and entered agreements on sale of three properties in the portfolio to external parties.

NOTE 10 SUPPLEMENTARY INFORMATION TO INVESTMENTS

Skien Brygge is a long-term project which involves the development of both residential and commercial properties. The development project is structured in three phases. The project is going as planned and commencement of phase one is expected in the second quarter of 2022 following a completion in Q1 2025. NewSec has recently valued the project and considers phase one to have a positive contribution of mNOK 75, with a total fair value of mNOK 589 compared to an estimated project cost of mNOK 514. There is also a letter of intent for phase two and three of Skien Brygge where the development of these two last phases is estimated in the period from 2025 to 2033. Phase two and three is estimated with a total fair value of mNOK 1 326 and costs amounting to mNOK 1 068 resulting in a positive contribution of mNOK 258, bringing a total positive effect from Skien Brygge of mNOK 333 from all three phases. R8 owns 25% of Skien Brygge.

Orbit Technology offers technology solutions that enables office sharing at scale, by turning unused office space into satellite workspaces, available and affordable for anyone. The Group owns 30.5% of the company through R8 Technology AS. The investment is considered a joint venture with a book value of mNOK 11.9 per 31.12.21 (includes booked loan for conversion). Latest transaction in Q4-21 implied a total fair value of Orbit Technology at mNOK 150.

R8 Evolve offers flexible workplaces with access to 27 locations. R8 owns 75 per cent of R8 Evolve. As of 31.12.21 the investment had a book value of NOK 41.7 million. An external valuation was performed in Q4-21, estimating a company value of NOK 195 million (100 per cent basis).

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Financial calendar

Annual report 2021	25.03.2022
Annual General Meeting 2021	08.04.2022
Q1 report 2022	06.05.2022
Q2 report 2022	19.08.2022
Q3 report 2022	11.11.2022
Q4 report 2022	17.02.2023
Annual report 2022	31.03.2023

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DEFINITIONS

Annual rent	The contractual annual rent from the properties of the Group including forward starting contracts and excluding any market contribution.
Cash earnings	Result from property management less net realised financial and payable tax.
Contractual rent	Annual cash rental income being received as of relevant date.
EPRA Earnings	Net income after tax excluding value changes on investment properties, unrealised changes in the market value of financial derivatives and gains/losses on the sale of properties and their associated tax effects. EPRA earnings are intended to give an indication of the underlying development in the property portfolio.
EPRA Net Reinvestment Value (NRV)	EPRA NRV is a NAV metric which uses IFRS equity, excludes deferred tax in relation to financial instruments and investment properties, fair value adjustments of financial instruments and goodwill as a result of deferred tax.
EPRA Net Tangible Assets (NTA)	EPRA NTA is a NAV metric which uses IFRS equity including only estimated real tax liability and excludes fair value of financial instruments, goodwill and intangible assets as per the balance sheet.
EPRA Net Disposal Value (NDV)	EPRA NDV is a NAV metric which uses IFRS equity included all deferred tax liabilities, including fair value of financial instruments and excludes goodwill as per the balance sheet.
EPRA Net Initial Yield (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.
EPRA Vacancy Rate	Estimated market rental value (ERV) of vacant space divided by ERV of the whole portfolio.
EPRA Cost Ratios	Administrative and operating costs (included and excluded costs of direct vacancy) divided by gross rental income.
Loan-to-value ("LTV")	Net nominal value of interest-bearing liabilities 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.
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.