



Recreate

Q1 2022

Quarterly Report





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Highlights for the first quarter 2022

- Positive value changes of NOK 74.4 million (NOK 24.3 million), including value changes from owner-occupied property
- Best quarterly result in history with a profit before tax of NOK 145.9 million (NOK 38.5 million), including profit from owner-occupied property, mainly driven by positive portfolio changes
- A record number of signed new and renegotiated contracts in a quarter, with in sum 19 contracts totaling NOK 11.5 million in annual rent
- Acquisition of the remaining 25 per cent of Evolve, increasing ownership to 100 per cent from 1 January 2022



Highlights for the first quarter 2022

Subsequent events

- Agreement with Skanska to acquire Parallell a sustainable and modern 19,000 square meters office property located in Oslo, for NOK 750 million
- Proposal made to change the company's name from R8 Property ASA to Recreate ASA

CEO and founder of R8 Property Emil Eriksrød comments on the performance in the first quarter of 2022:

“We are excited to report the best quarterly result in the company’s history. The strong performance was primarily driven by positive portfolio value changes from ongoing development projects and centrally located sustainable properties, as well as NOK 25 million related to our investment in Inkognitogaten 33A AS. This demonstrates the Group’s ability to create value by utilizing its development and letting competence. Inkognito Park is currently undergoing a complete internal refurbishment and is 100 per cent pre-let to Evolve and 24SevenOffice for a duration of ten years.”

Our progress in the quarter was also supported by a record high number of new and renegotiated lease agreements, including a 20-year lease agreement with Comfort Hotel Skien Brygge AS for approximately 6,300 sqm in the upcoming development project Skien Brygge.

The trend towards a more flexible and efficient working day accelerated during Covid-19 and continues to boost demand for the flex space provider Evolve, of which we now own 100 per cent of the shares.

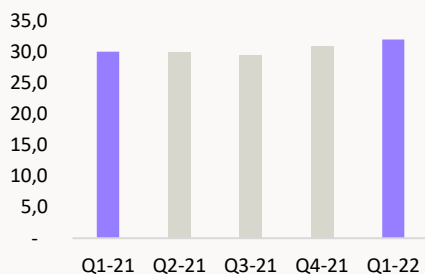
At the close of the quarter, we announced the acquisition of Parallell, a BREAAAM Excellent 19,000 square meters office property located in Oslo. This building is spot on market demand with its central location, flexible office solutions and attractive environmental features and the transaction represents a quantum leap for R8 Property as we continue to work towards a property portfolio valued at NOK 5 billion.”



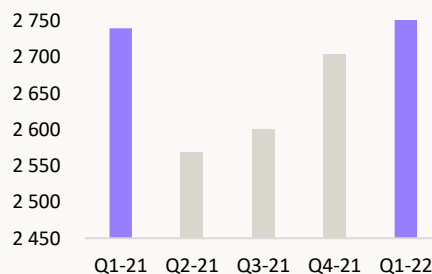
Financial Q1 2022

- Rental income of NOK 32.0 million (NOK 30.1 million) in the quarter
- Positive total portfolio value changes of NOK 74.4 million (NOK 24.3 million) mainly from Fornebuveien 1-3 and the ongoing development project, and centrally located sustainable properties Powerhouse Telemark and Kammerherreløkka (Comfort Hotell Porsgrunn)
- Positive contribution of NOK 25.2 million from the investment in Inkognitogaten 33A AS related to our ongoing rehabilitation project on the property**
- Profit before tax of NOK 145.9 million (NOK 38.5 million)
- Fair value per share of NOK 55.8 million*** as of 31.03.22

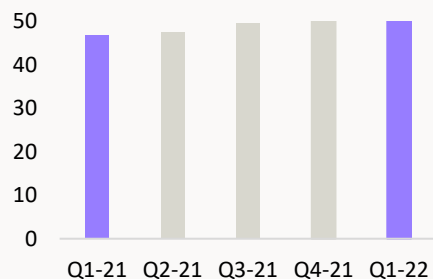
Rental income (MNOK) +2.0



Market value of the property portfolio (MNOK) +27.8



Fair value per share (NOK) +8.9



* Including owner-occupied property

** Positive value changes in the quarter related to existing shares, a forward contract to buy the remaining shares and a put option to sell 50 per cent of the shares in Inkognitogaten 33A AS.

*** Including fair value of subsidiaries and investments in jointly controlled entities, associates and shares. Fair values are based on third party transactions and valuations performed in Q4-21 and Q1-22.



Financial development

Profit and loss

Net income from property management

1 January 2022 the Group acquired the remaining 25 per cent of Evolve, increasing ownership to 100 per cent. From Q1-22 and going forward Evolve is consolidated in the Total Comprehensive Income and balance sheet and the Group will have own used properties.

The Group had rental income of NOK 32.0 million in Q1-22 compared with NOK 30.1 million in Q1-21. According to accounting principles in IFRS for own used properties, i.e. Properties used by companies within Recreate (R8 Property ASA) ASA, are to be eliminated from reported rental income. Rental income from own used properties in Q1-22 were NOK 1.7 million. Total rental income, including own use, in Q1-22 were accumulated NOK 33.7 million. The 12 per cent increase is related to changes in the property portfolio and CPI adjustment.

From Q1-21 to Q1-22 there have been several changes in the property portfolio. The Group sold five properties, Henrik Ibsensgate 40-42 and Rådhusgata 2 in Q2-21, Storgata 171-175 in Q4-21, and Bedriftsveien 52-54 and Grønlikroken 5 in Q1-22. In Q1-21 the Group acquired Fornebuveien 1-3 and Slottsfjell Park. The project Polymer Exploration Centre was completed and delivered to the tenant in Q4-21. In sum these changes in the property portfolio had a net negative effect of approximately NOK 0.2 million on rental income. At the same time CPI adjustment has contributed positively as well as there has been an increase in occupancy from Q1-21 to Q1-22. In sum, these are the main resulting in higher rental income.

- Total operating income came in at NOK 59.0 million (NOK 36.1 million) in the quarter
- Total operating cost amounted to NOK 54.5 million (NOK 24.9 million) in the quarter
- Net operating income from property management came in at NOK 4.5 million (NOK 11.2 million) in the quarter

The increase in total operating income (via other operating revenue) and total operating costs is mainly due to Evolve being acquired from 1 January 2022 and consolidated from Q1-22. In addition, operating costs have increased from Q1-21 to Q1-22 due costs related to property transactions.

Net financials

Net financials amounted to NOK 67.0 million (NOK 3.0 million) in the quarter. Interest and other finance expenses amounted to NOK 22.7 million (NOK 20.9 million) in the quarter.

Net share of loss from associates and joint ventures was NOK -1.6 million (NOK -4.1 million) in the quarter and relates to the Group's investments in Orbit Technology. In the last year's quarter this was also related to investment in Evolve.

Gains from investment in shares amounted to NOK 33.9 million (NOK 15.5 million) in the quarter and mainly relates to the acquisition of Evolve. As the acquisition was achieved in stages (step acquisitions), the Group has in accordance with IFRS measured the value of the previously held shareholding at fair value at the time of acquisition and recognized associated gains in the result. This has led to an increased value of NOK 33.3 million on the previously held ownership in Q1-22. Gains from investment in shares in Q1-21 was from divested shares in Orbit Technology.

Unrealised changes in fair value of financial instruments gave a net positive contribution of NOK 57.0 million (NOK 12.2 million). The positive change in the quarter mainly comes from interest swaps (NOK 31.8 million). In addition, the effect relates to 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 a positive effect of NOK 25.2 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 Q1-21 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 74.4 million (NOK 24.3 million) in the quarter, of which NOK 59.7 million came from own-used properties. A great contribution was related to Fornebuveien 1-3 where a major rehabilitation project is ongoing. Other properties with significant changes to highlight in the quarter are increased value of Kammerherreløkka 3 (Comfort Hotell Porsgrunn) and Dokkvegen 11 (Powerhouse Telemark). In Q1-21 the positive value change mainly resulted from Fornebuveien 1-3 and Rådhusgata 2.

Profit

Profit before tax was NOK 145.9 million (NOK 38.5 million), including profit from owner-occupied property. Profit after tax was NOK 125.4 million (NOK 32.4 million) in Q1-22, including profit from owner-occupied property.



Balance sheet

The Group's assets amounted to NOK 3 406 million (NOK 3 020 million) as of 31.03.22 of which investment property, including own-used properties, constituted NOK 2 757 million (NOK 2 731 million).

Other intangible assets were NOK 154.2 million (NOK 7.6 million) and the increase is related to the remaining 25 per cent of the shares in Evolve that the Group acquired 1 January 2022.

Rights of use assets amounted to NOK 232.7 million (NOK 0.09 million) as of 31.03.22, and is mainly related to leasing contracts in Evolve.

Investments in associates, jointly controlled entities and shares were NOK 44.8 million (NOK 118.3 million) at the end of Q1 2022. Investments in Orbit Technology AS and Inkognitogaten 33 A AS constitute a large proportion of the balance sheet value. The ownership in Inkognitogaten 33 A AS is reduced from 16.6 per cent in Q1-21 to 8.3 per cent in Q1-22. The ownership in Orbit Technology AS has changed from 35.5 per cent in Q1-21 to 29.9 per cent in Q1-22. Share of loss from associates and joint ventures also explains the change from Q1-21 to Q1-22.

Financial derivatives as an asset in the quarter amount to NOK 84.5 million (NOK 43.4 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 87.0 million (NOK 96.7 million) in Q1-2022.

Financial derivatives as a liability in the quarter were NOK 31.5 million (NOK 20.1 million). This is related to an option to sell shares in Inkognitogaten 33 A AS issued in Q3-21.

Lease liabilities (non-current and current portion) totalled NOK 245.8 million (NOK 4.4 million) as of 31.03.22 and is related to Evolve.

Book equity totalled NOK 1 077.2 million (NOK 794.1 million), representing an equity ratio of 31.6 per cent (26.3 per cent). Equity per share was NOK 48.8 (NOK 44.2) based on the EPRA NRV standard and NOK 39.2 (NOK 41.3) based on EPRA NTA. The decrease in EPRA NTA from Q1-21 to Q1-22 is due to the consolidation of Evolve in the financial statements in Q1-22 related adjustment of goodwill in accordance with EPRA BPR.

Outstanding shares at 31.03.22 totalled 21 694 324. The number of outstanding shares increased from 19 720 640 at the end of Q1-21 to 21 694 324 on 30 June 2021 in connection with the company being listed on Euronext Growth.



Cash flow statement

- Net cash flow from operating activities came in at NOK 5.6 million (NOK +3.4 million) in the quarter
- The net cash flow from investment activities was NOK -31.8 million (NOK -138.0 million) in the quarter
- Net cash flow from financing activities was NOK 20.6 million (NOK +129.9 million) in the quarter
- Cash and cash equivalents at the end of Q1-22 came in at NOK 19.3 million (NOK +31.0 million)

Financing

Recreate (R8 Property ASA)'s total interest-bearing nominal debt as of 31.03.22 was NOK 1 799 million (NOK 1 994 million). During the first quarter the total interest-bearing nominal debt increased by NOK 13.9 million. The increase was mainly due to refinancing and progress in construction projects with ongoing construction loans.

Recreate (R8 Property ASA) is not in breach of any covenant requirements at the end of Q1-22.

Interest bearing debt and maturity structure

The average remaining term for the Group's debt portfolio was 3.5 years at 31.03.22.

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	244 013	1 124 507	46 020	312 698	1 727 238
Subordinated loans	55 511	16 423			71 935
Total	299 525	1 140 930	46 020	312 698	1 799 173
	17 %	63 %	3 %	17 %	100 %

Interest rates and maturity structure

The average interest rate of the debt portfolio was 3.87 per cent as of 31.03.2022. 44 per cent of the Group's financing was hedged at a fixed rate as of 31.03.22 with a weighted average maturity of 5.0 years.

Fixed rate instruments	Amount	Interest rate (%)
1-3 years	233 670	2,76 %
3-4 years	86 350	1,55 %
4-5 years	49 688	0,00 %
5-6 years	62 600	1,53 %
6-8 years	120 000	2,13 %
8-10 years	239 511	1,53 %
Total	791 818	2,16 %



Key figures

All amounts in NOK million	Q1-22	Q1-21	2021	2020
Rental income	32 027	30 067	120 576	114 153
Change period-on-period	7 %	5 %	6 %	14 %
Net income from property management	4 503	11 192	42 586	46 457
Change period-on-period	-60 %	-14 %	-8 %	11 %
Profit before tax*	145 897	38 501	111 858	-45 109
Change period-on-period	279 %	-143 %	-348 %	-159 %
Profit after tax*	125 392	32 397	79 271	-26 771
Change period-on-period	287 %	-141 %	-396 %	-145 %
Market value of the property portfolio	2 767 784	2 740 242	2 703 434	2 445 360
Fair value of the property portfolio and other investments**	2 963 645			
Net nominal interest-bearing debt	1 799 173	1 994 354	1 785 287	1 724 414
Loan to value of property portfolio	65,0 %	72,8 %	66,0 %	70,5 %
Loan to fair value of property portfolio and other investments**	60,7 %			
Interest coverage ratio	0,3	1,3	0,6	0,6
Number of shares	21 694	19 720	21 694	19 720
All amounts in NOK per share	Q1-22	Q1-21	2021	2020
Fair value per share (EPRA NRV incl. fair value adjustment)**	55,8	46,9	52,1	43,8
***Change period-on-period	19 %	N/A	19 %	N/A
EPRA NRV	48,8	44,2	45,1	43,8
***Change period-on-period	10 %	N/A	3 %	N/A
EPRA NTA****	39,2	41,3	42,3	41,0
***Change period-on-period	-5 %	N/A	3 %	N/A
EPRA NDV****	35,1	36,8	37,4	35,6
***Change period-on-period	-5 %	N/A	5 %	N/A
EPRA Earnings	1,0	-0,4	0,5	-0,8
***Change period-on-period	350 %	N/A	169 %	N/A

* Including profit from owner-occupied property

** Including fair value of subsidiaries and investments in jointly controlled entities, associates and shares. Fair values are based on third party transactions and valuations performed in Q4-21 and Q1-22

*** 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 Q1-21 and 2020

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

***** Evolve is consolidated in the financial statements from 1 January 2022



The property portfolio

Photo: Skanska





The property portfolio

23

Management properties

5

Project properties

7.2 years

Average vault (property portfolio)

102 944

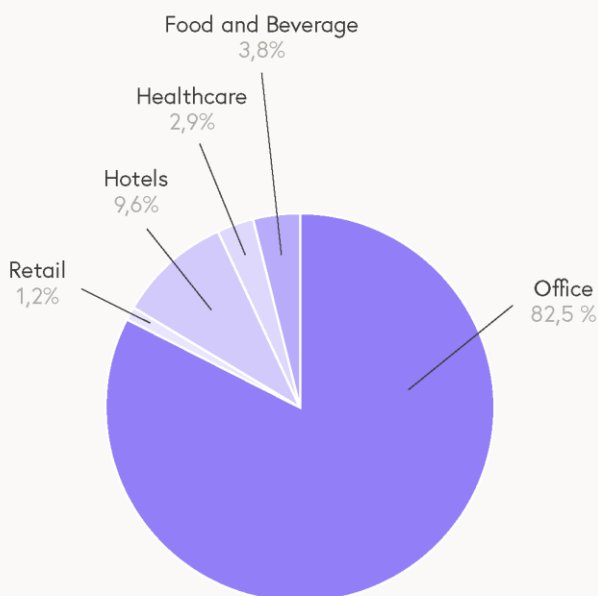
Total area (sqm) (property portfolio)

1 695

Average rent per sqm (management portfolio)

92.2 %

Occupancy (management portfolio)



Recreate (R8 Property ASA)'s management portfolio as of 31.03.2022 consists of 23 buildings (27 buildings) with a total area of 81 127 square meters (87 972 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 31.03.2022 the occupancy of the total property portfolio was 92.2 per cent (88.0 per cent). The increase is mainly related to higher occupancy for properties within Green Office and City Office due changes in the property portfolio, including completion of Polymer Exploration Centre in Porsgrunn, as well as new lease contracts. Average annual rent per square meter was 1 695 NOK (1 622 NOK) as of 31.03.2022. Public sector represent about 23 per cent of annual rent and 83 per cent of the annual rent derives from tenants operating within Office.

The average vault (weighted on annual rent) in the management portfolio is 6.8 years (5.9 years). The maturity profile of the contracts in the management portfolio is presented under Letting activity.

The net direct yield is at 4.7 per cent (5.0 per cent) based on annual rent as of 31.03.2022. Average yield on the total management portfolio (value weighted) as basis of property valuations is 5.5 per cent (5.9 per cent) as of 31.03.2022.

The total property portfolio (when including the project portfolio) has an occupancy of 88.3 per cent (85.8 per cent). The change is mainly a net effect of higher occupancy related to properties within Green Office and City Office and lower occupancy related to Mulighetenes By (Arkaden) in the project portfolio based on strategic reasons. The entire portfolio consists of 28 properties (34) with a total areal of approximately 102 944 square meters (114 689 square meters), and a market value of NOK 2 757 million (NOK 2 731 million).



The property portfolio

31.03.2022	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	37 248	34 868	93,6	6	1 165 450	31 289	7,8	68 564	1 966	6,4	5,2	5,4	74 301	1 995
City Office	32 680	29 856	91,4	11	682 750	20 892	4,1	37 415	1 253	3,9	3,6	5,4	48 026	1 470
Commercial Prop.	11 199	10 103	90,2	6	325 200	29 038	13,3	20 869	2 066	13,1	5,3	6,1	22 363	1 997
Total management portfolio	81 127	74 827	92,2	23	2 173 400	26 790	7,5	126 848	1 695	6,8	4,7	5,5	144 690	1 784
Project Office	21 817	16 097	73,8	5	583 650	26 752	6,4							
Total project portfolio	21 817	16 097	73,8	5	583 650	26 752	6,4							
Total property portfolio	102 944	90 924	88,3	28	2 757 050	26 782	7,2							

¹⁾ Wault weighted on property market value

²⁾ Wault weighted on annual rent

³⁾ Includes market rent from available areas



Letting activity

During the first quarter of 2022 the Group signed new and renewed leases with an annual rent of NOK 11.5 million and received termination on leases totalling NOK 6.9 million. Net letting in the quarter amounted to NOK 4.6 million.

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

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

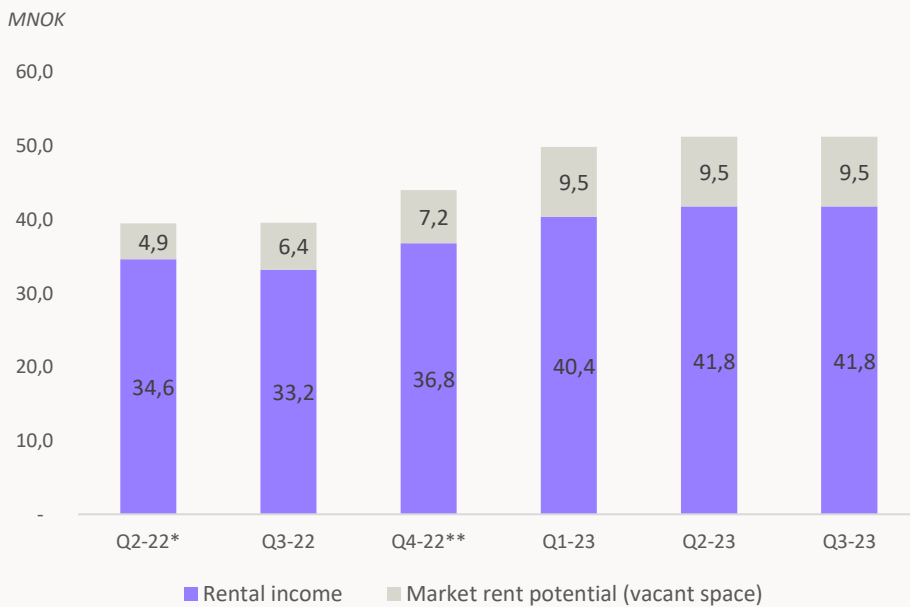
New contracts in the quarter:

Tenant	Property	Contract	Duration	Sqm
Comfort Hotel Skien Brygge AS	Skien Brygge	New	20	6 300
TSG Holdco AS	Versvikveien 6B	Renegotiated	3+3+3	2 273
Trainor Elsikkerhet AS	Kjelleveien 21	New	4	2 201
Asplan Viak AS	Kjelleveien 21	Renegotiated	1	1 229
Sterner AS	Vipeveien 51	Renegotiated	10	1 181
RTC Offshore AS	Torggata 8	Renegotiated	3	520
Aplia AS	Torggata 8	Renegotiated	6	519
Sikkerhetsmakulering AS	Dokkvegen 8 & 10	New	3	304
Other		New/renegotiated	1-15	1092
Total				15 619



Letting activity

Rental income development and market rent potential



*Consolidation of Inkognitogaten 33A (Inkognito Park) in Q2-22, with significant rental income from Q4-22

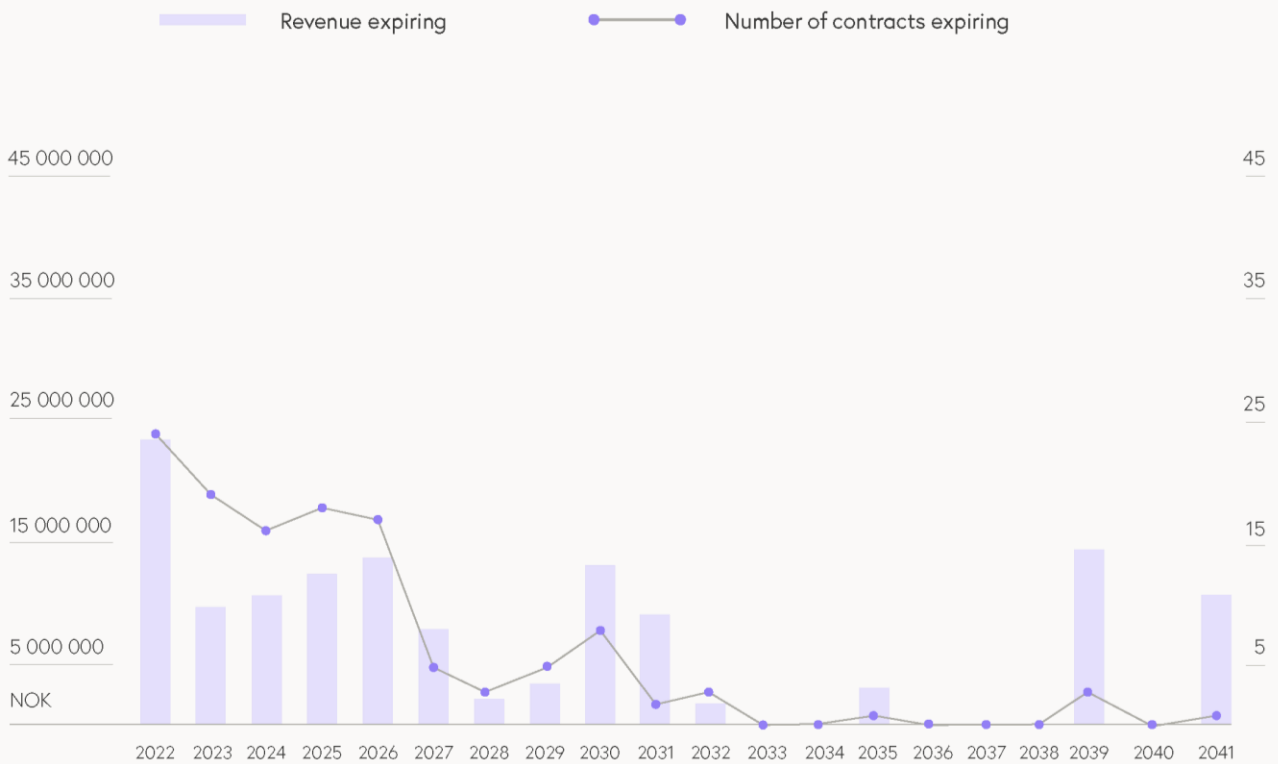
** Acquisition of Lørenveien 73 (Parallell) in Q4-22, with significant rental income effect from Q1-23

The graph above shows the estimated development in contractual rental income and market rent potential on vacant space for the next six quarters. The figures are based on all reported events, including adjustments from signed new, renewed and terminated contracts, as well as acquisitions and divestments which will be completed within the next 18 months. Future CPI adjustments are not included. Market rent is based on market rent set by Newsec.



Letting activity

Maturity profile in the management portfolio





Investments & divestments

Recreate (R8 Property ASA) has invested NOK 56.6 million (NOK 34.5 million)¹⁾ 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)
Inkognito Park ¹⁾	8,3	Q3-22	3 263	100	105 868	75 415
Fornebuveien 1-3	50	Q2-22	6 976	95	88 629	67 046
Total			10 239	97	194 497	142 461

¹⁾ Inkognitogaten 33A AS is not consolidated in the financial statements due to an ownership below 20%, and is treated as investment in shares.

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

Project Portfolio – zoned						
Project	Ownership	Location	Segment	Area	Zoning	Building permit
Skien Brygge – phase 1	25 %	Skien	Commercial/Residential	14 825	Approved	Approved
Skien Brygge – phase 2	25 %	Skien	Commercial/Residential	23 925	Approved	
Skien Brygge – phase 3	25 %	Skien	Commercial/Residential	19 525	Approved	
Utsikten	100 %	Skien	Residential	1 496	Approved	Approved
Vestsiden Terrasse	50 %	Porsgrunn	Residential	4 257	Approved	
Arkaden – phase 3	100 %	Skien	Commercial/Residential	7 151	Approved	
Development Portfolio						
Project	Ownership	Location	Segment	Area		
Slottsfjell Park	100 %	Tønsberg	Commercial	17 000		
Powerhouse Tønsberg	100 %	Tønsberg	Commercial	11 000		
Porsgrunn Næringspark	100 %	Porsgrunn	Commercial	18 400		
Kammerherreløkka	50 %	Porsgrunn	Commercial	2 800		



Investments & divestments

Status ongoing projects

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 Byggfornyelse 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 Group's 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.
- 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.

- 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

Recreate (R8 Property ASA) 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 building were all of them were planned as Paris Proof.

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

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

Transactions

In the first quarter of 2022 the Group has sold two properties, Bedriftsveien 52-58 and Grønlikroken 5 in Skien.

The Group has also acquired the remaining 25 per cent of Evolve, increasing the ownership to 100 per cent from 1 January 2022.



Investments in subsidiaries, jointly controlled entities and associates

1 January 2022 the ownership of Evolve increased from 75 per cent to 100 per cent and Evolve is now considered as a subsidiary. The Group owns 29.9 per cent of the shares in Orbit Technology and the investment is considered as a joint venture. The Group also has an ownership of 25 per cent of Skien Brygge Utvikling and this investment is considered as investment in associate.

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 9.6 million per 31.03.22. 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.

Recreate (R8 Property) 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 31.03.22 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, the Group has launched Recreate Hybrid. Recreate Hybrid is a combination of an ordinary, permanent lease and a membership in Evolve. 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 Recreate (R8 Property ASA), 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.

The Group owns 100 per cent of R8 Evolve from 1 January 2022. An external valuation was performed in Q4-21, estimating a company value of NOK 195 million (100 per cent basis).



Partly owned companies

Dokkvegen Utvikling AS (50%)

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

Fornebuveien 1-3 Invest AS (50%)

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

Inkognitogaten 33 A AS (8.3%)

Recreate (R8 Property ASA) and a group of investors own Inkognitogaten 33 A AS. The company owns the property known as Inkognitogaten 33 aka Inkognito Park in Oslo. The Group has exercised an option to increase ownership, and in Q2-22 the company will be consolidated in the Group's financial statements.

Kammerherreløkka AS (50%)

Recreate (R8 Property ASA) 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 (29.9%)

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

Sandefjord Eiendomsinvest AS (25.2%)

Recreate (R8 Property ASA) 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%)

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

Telemarksgaten 10 AS (14%)

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

Vestsiden Terrasse AS (50%)

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



Other information

Organization

At 31.03.22 the Group had 41 employees. During the quarter there were no injuries that caused absence from work.

Share and shareholder information

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

The Group has a share-options scheme for senior executives consisting of 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 (now Recreate (R8 Property ASA) ASA) being listed on Euronext Growth together with a fully subscribed private placement of MNOK 75 million in June 2021.

As of 31.03.2022, Recreate (R8 Property ASA) had 181 shareholders. Norwegian investors held 99.9 per cent of the share capital. The 10 largest shareholders at 31.03.22 were:

Shareholders	Ownership
R8 Group AS	45,1%
Brødrene Jensen AS	13,5%
IKAB AS	8,7%
Acini Capital AS	2,8%
Sarepta Holding AS	2,5%
Aubert Invest AS	2,5%
Holta & Co AS	1,8%
Carucel Invest AS	1,6%
R-Venture AS	1,2%
Kabbe Holding AS	1,2%
Total	80.8%



Market outlook

Key drivers in the general marketplace that could influence the Groups business going forward, hence are ongoing considerations for the Group:

- Geopolitical tension (including the war in Ukraine)
- Significant increase in commodity prices (including energy prices)
- Increasing construction costs
- Challenges within the supply chain
- Increasing interest rates
- Inflation expected to stay strong
- Expected limited supply of new office spaces in the short to medium term

Being a real estate developer with an accompanying management portfolio the sentiment in the marketplace is monitored continuously. Increasing interest rates and construction costs is an ongoing concern, with increase in cost of financing potentially contributing to yield expansion. Higher construction cost is expected to limit new supply of office premises, on top of a slim pipeline from projects during the pandemic.

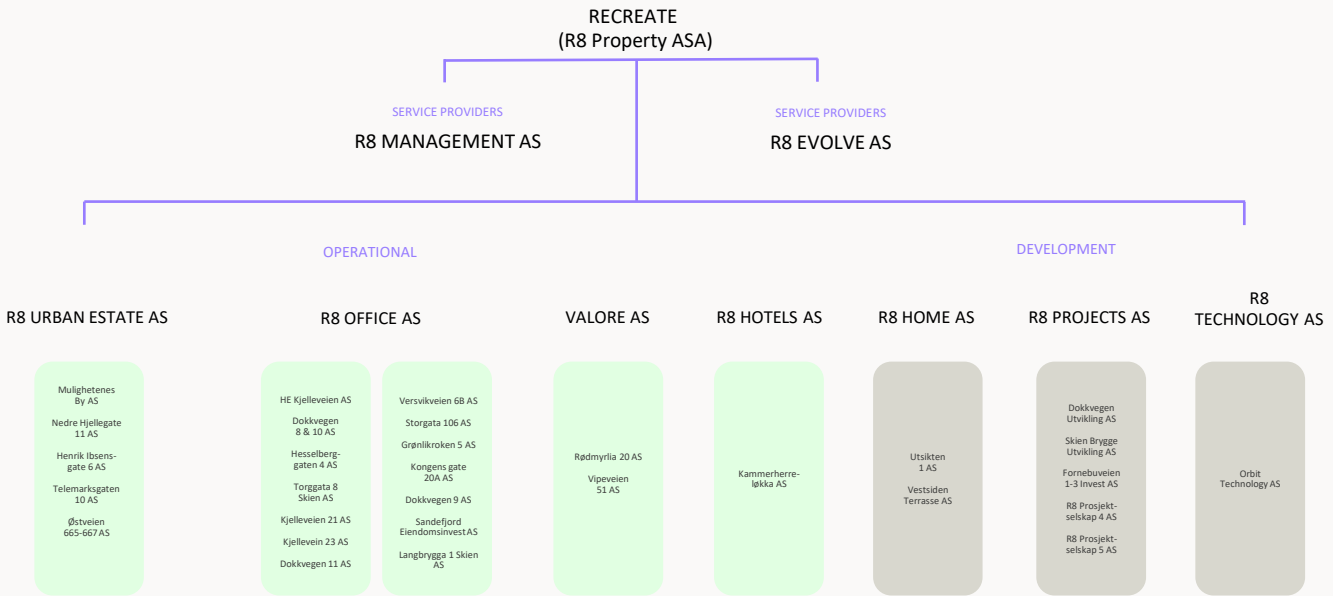
However, increasing demand for office spaces and expected strong CPI – coupled with increasing constructions costs - could contribute to an upward pressure on rental income that may partially counter the effect of potential higher yields.



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 March 2022.



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





Financial statements

Photo: Morten Bjerck





Statement of total comprehensive income

All amounts in NOK thousand

	Note	Q1-22	Q1-21	2021
Rental income	2	32 027	30 067	120 576
Other operating revenue	2	26 952	6 065	16 619
Total operating income		58 979	36 132	137 195
Maintenance and other operating expenses		32 079	15 937	70 181
Other property-related expenses		2 564	727	3 808
Administrative expenses		19 832	8 275	20 620
Total operating costs		54 475	24 939	94 609
Net income from property management		4 503	11 192	42 586
Changes in fair value from investment properties	4,5	14 640	24 282	147 024
Operating profit		19 143	35 474	189 610
Gains from investment in shares		33 919	15 479	22 137
Interest and other finance income		427	322	2 339
Share of profit (loss) from associates and joint ventures		-1 596	-4 099	-30 645
Interest and other finance expense		-22 710	-20 887	-73 712
Changes in fair value of financial instruments	4	56 991	12 213	2 130
Net financial items		67 032	3 027	-77 752
Profit before tax*		86 175	38 501	111 858
Tax payable		-	-	-
Tax expense		-5 959	-6 103	-32 587
Profit for the period/year		80 216	32 397	79 271
Changes in fair value from owner-occupied investment property*	4, 5	59 722	-	-
Change in deferred tax on comprehensive income	4	-14 546	-	-
Total comprehensive income for the period/year that will not be reclassified to profit or loss in subsequent periods		125 392	32 397	79 271
*Profit before tax + changes in fair value from owner-occupied investment property = Profit before tax including owner-occupied property				
Profit attributable to:				
Equity holders of the company		96 683	22 572	43 146
Non-controlling interest		28 709	9 826	36 125
Other comprehensive income				
Net OCI that may be reclassified to profit or loss in subsequent periods		25 232	-	-
Net OCI that will not be reclassified to profit or loss in subsequent periods		19 944	-	-
Total comprehensive income attributable to:				
Equity holders of the company		71 451	22 572	43 146
Non-controlling interest		8 765	9 826	36 125
Earnings per share:				
Basic (NOK)		4,46	1,14	2,07
Diluted (NOK)		4,40	1,08	1,77

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



Balance sheet

All amounts in NOK thousand

	Note	31.03.2022	31.03.2021	31.12.2021
NON-CURRENT ASSETS				
Deferred tax asset		71	10 244	2 603
Other intangible assets		154 185	7 566	7 589
Total intangible assets		154 257	17 810	10 191
Investment property	4,5	1 982 550	2 730 680	2 692 700
Owner-occupied property	4,5	774 500	-	-
Other operating assets		7 629	874	1 301
Right-of-use assets		232 735	92	36
Total non-current tangible assets		2 997 414	2 731 646	2 694 037
Investment in jointly controlled entities, associates and sh	4	44 789	118 310	73 754
Loans to related parties		23 069	-	54 097
Financial derivatives	4	84 479	43 415	21 118
Other long-term receivables		15 228	12 472	12 562
Total financial assets		167 565	174 196	161 531
TOTAL NON-CURRENT ASSETS		3 319 235	2 923 652	2 865 759
CURRENT ASSETS				
Inventory property		10 734	9 562	10 734
Trade receivables		16 851	15 663	12 729
Other receivables		40 106	14 130	11 270
Other receivables to related parties		-	26 278	10 928
Total current receivables		67 691	65 634	45 662
Cash and bank deposits		19 294	31 029	24 855
TOTAL CURRENT ASSETS		86 985	96 663	70 517
TOTAL ASSETS		3 406 221	3 020 315	2 936 276
EQUITY				
Shareholders equity		917 176	731 339	820 345
Non-controlling interest		160 040	62 754	131 331
TOTAL EQUITY		1 077 216	794 093	951 676
LIABILITIES				
Interest-bearing debt		1 499 994	1 518 409	1 477 278
Deferred tax liability		90 398	82 092	90 139
Financial derivatives	4	31 487	20 068	21 086
Lease liabilities, non-current portion		202 017	3 224	2 352
Other non-current liabilities		7 415	-	5 684
Total non-current liabilities		1 831 311	1 623 793	1 596 540
Trade payables		81 415	34 314	23 968
Interest-bearing debt		299 179	475 945	308 009
Debt to related parties		68	6 905	3 026
Lease liabilities, current portion		43 866	1 216	1 179
Other current liabilities		73 165	84 050	51 879
Total current liabilities		497 693	602 429	388 060
TOTAL LIABILITIES		2 329 004	2 226 222	1 984 600
TOTAL EQUITY AND LIABILITIES		3 406 221	3 020 315	2 936 276

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	Revaluation surplus	Non-controlling	Total equity
Equity at 01.01.2021	4 930	200 291	140 340	362 820	-	52 919	761 300
Profit for year	-	-	-	43 146	-	36 125	79 271
Capital increase as of 05.06.2021	493	74 507	-	-	-	-	75 000
Acquisitions/capital increase subsidiaries	-	-	-	-	-	43 000	43 000
Share based options	-	-	-3 842	-	-	-	-3 842
Change in non-controlling interest	-	-	-	728	-	-713	15
Cost of equity transactions directly in equi	-	-3 069	-	-	-	-	-3 069
Equity at 31.12.2021	5 423	271 729	136 498	406 694	-	131 331	951 675
Profit for year	-	-	-	71 451	-	8 765	80 216
Other comprehensiv income	-	-	-	-	25 232	19 944	45 176
Share based options	-	-	149	-	-	-	149
Equity at 31.03.2022	5 423	271 729	136 647	478 144	25 232	160 040	1 077 217

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



Statement of cash flows

All amounts in NOK thousand

	Note	Q1-22	Q1-21	2021
Profit before tax		86 175	38 501	111 858
Expensed interest and fees on loans and leases		22 710	20 887	73 712
Interest and fees paid on loans and leases		-18 746	-21 931	-67 847
Share of profit from associates and jointly controlled entities		1 596	4 099	30 645
Gains from investment in shares	6	-31 766	-15 479	-22 137
Depreciation and amortisation	7	2 002	60	321
Other adjustments		170	512	999
Change in market value investment properties	4, 5	-14 640	-24 282	-147 024
Change in market value financial instruments	4	-56 991	-12 213	-2 130
Change in working capital		15 122	13 281	-8 834
Net cash flow from operating activities		5 631	3 436	-30 436
Proceeds from sales of investment properties and companies		33 256	-	43 187
Proceeds from sales of shares		1 247	15 000	42 100
Purchase of shares		-6 850	-	-
Purchase of business net of cash		-	-91 662	-105 161
Upgrades and construction of investment properties		-34 432	-61 300	-156 251
Purchase of intangible assets and other plant and equipment		-	-	-408
Net payment financial assets		-25 000	-	13 300
Net cash flow from investment activities		-31 778	-137 962	-163 233
Proceeds interest-bearing debt		218 626	242 276	414 417
Repayment interest-bearing debt		-192 989	-143 274	-282 773
Net payments of loans to other related parties		-5 050	-11 908	-41 815
Proceeds from convertible loans		-	42 783	42 783
Proceeds from equity		-	-	50 233
Net cash flow from financing activities		20 587	129 876	182 845
Change in cash and cash equivalents		-5 561	-4 650	-10 824
Cash and cash equivalents at beginning of period		24 855	35 679	35 679
Cash and cash equivalents at end of period		19 294	31 029	24 855

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 2021. The interim report presents condensed financial statements, and do not contain all the information required for full annual financial statements. The report should therefore be read in conjunction with the financial statements for 2021. There are no significant changes in accounting policies compared with those used when preparing the financial statements for 2021.

The interim financial statements report of R8 Property ASA was approved at a Board meeting May 5th 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 6.5 per cent from 30.0 million in Q1-21 to 32.0 million in Q1-22

Other operating revenue:

The majority of other operating revenue relates to the coworking subsidiary, R8 Evolve and 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
- △ Coworking, which is a supplier of flexible office spaces

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

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

All amounts in NOK thousand

Q1-22	Commercial Properties ¹⁾	Residential Properties	Coworking	Eliminations ²⁾	Consolidated
INCOME STATEMENT					
Total operating income	34 493	-	21 479	3 007	58 979
- of which is rental income	30 333	-	-	1 694	32 027
- of which is other operating revenue	4 160	-	21 479	1 313	26 952
Total operating costs	25 336	443	25 690	3 007	54 475
Net income	9 157	-443	-4 210	-	4 503
Fair value adjustments investment property	14 640	-	-	-	14 640
Net fair value financial derivatives	56 991	-	-	-	56 991
Net financial items	12 793	-92	-2 660	-	10 040
Segment profit	84 424	-535	-6 871	-	86 175
BALANCE SHEET					
Investment property	1 982 550	-	-	-	1 982 550
Owner-occupied property	774 500	-	-	-	774 500
Inventory property	-	10 734	-	-	10 734
Total assets from operating segments	2 757 050	10 734	-	-	2 767 784
Deferred tax liability	197 211	-905	-105 908	-	90 398
Interest bearing debt	1 778 010	10 417	10 745	-	1 799 173
Total liabilities from operating segments	1 975 221	9 512	-95 162	-	1 889 570
RECONCILIATIONS					
<i>Reconciliation of revenue:</i>					
Total operating income from the segments					58 979
Other operating income					-
The Group's total operating income					58 979
<i>Reconciliation of profit:</i>					
Segment profit					86 175
Total other comprehensive income before tax					-
The Group's profit before tax					86 175
<i>Reconciliation of balance sheet:</i>					
Total assets from operating segments					2 767 784
Non-current assets					562 185
Current assets					76 251
The Group's total assets					3 406 221
Total liabilities from operating segments					1 889 570
Equity					1 077 216
Non-current liabilities					240 920
Current liabilities					198 514
The Group's total equity and liabilities					3 406 221

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



Q1-21	Commercial Properties ¹⁾	Residential Properties	Cow orking	Eliminations ²⁾	Consolidated
INCOME STATEMENT					
Total operating income	35 830	330	-	-29	36 132
- of which is rental income	30 067	-	-	-	30 067
- of which is other operating revenue	5 763	330	-	-29	6 065
Total operating costs	24 409	559	-	-29	24 939
Net income	11 421	-229	-	-	11 192
Fair value adjustments investment property	24282	-	-	-	24 282
Net fair value financial derivatives	12213	-	-	-	12 213
Net financial items	-9061	-106	-	-19	-9 186
Segment profit	38 855	-335	-335	-19	38 501
BALANCE SHEET					
Investment property	2 730 680	-	-	-	2 730 680
Inventory property	-	9 562	-	-	9 562
Total assets from operating segments	2 730 680	9 562	-	-	2 740 242
Deferred tax liability	82 694	-602	-	-	82 092
Interest bearing debt	1 983 972	10 382	-	-	1 994 354
Total liabilities from operating segments	2 066 666	9 780	-	-	2 076 446
RECONCILIATIONS					
<i>Reconciliation of revenue:</i>					
Total operating income from the segments					36 132
Other operating income					-
The Group's total operating income					36 132
<i>Reconciliation of profit:</i>					
Segment profit					38 501
Total other comprehensive income before tax					-
The Group's profit before tax					38 501
<i>Reconciliation of balance sheet:</i>					
Total assets from operating segments					2 740 242
Non-current assets					192 972
Current assets					87 101
The Group's total assets					3 020 315
Total liabilities from operating segments					2 076 446
Equity					794 093
Non-current liabilities					23 292
Current liabilities					126 484
The Group's total equity and liabilities					3 020 315

NOTE 4 INFORMATION ABOUT FAIR VALUE OF ASSETS & LIABILITIES

All amounts in NOK thousand

The valuation methods and principles are unchanged in the quarter. See the annual financial statements for 2021 for further information. Set out below is a summary of assets and liabilities measured at fair value divided between the different valuation hierarchies set out in IFRS 7.

ASSETS MEASURED AT FAIR VALUE

	31.03.2022	31.03.2021	31.12.2021
Assets at fair value through profit or loss			
- Investment properties (level 3) ¹⁾	1 982 550	2 730 680	2 692 700
- Derivatives (Level 2 and 3) ^{2,4)}	84 479	43 415	21 118
- Equity instruments (level 3) ³⁾	21 076	34 213	17 045
Total	2 088 105	2 808 308	2 730 863
Assets at fair value through other comprehensive income			
- Owner-occupied property (level 3) ¹⁾	774 500	-	-
Total	774 500	-	-

LIABILITIES MEASURED AT FAIR VALUE

	31.03.2022	31.03.2021	31.12.2021
Liabilities at fair value through profit or loss			
- Derivatives (level 2 and 3) ⁴⁾	31 487	20 068	21 086
Total	31 487	20 068	21 086

1) Two of the Group's investment properties, Grønlikroken 5 and Bedriftsveien 52/58, have been sold in Q1 for the amount of mNOK 46.58 and hence considered in level 1 of the fair value hierarchy at the Q1 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 an increase 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

	Q1-22	Q1-21	2021
VALUE OF INVESTMENT PROPERTIES			
Opening balance previous period	2 692 700	2 436 000	2 590 400
Other movements	-661 300	-	-
Purchase of investment properties	-	230 890	-
Projects and upgrades in the property portfolio	3 107	38 445	35 670
Capitalised borrowing costs	-	1 063	1 254
Sale of investment property	-66 200	-	-11 350
Change in value from investment properties	14 243	24 282	76 726
Total value of investment property	1 982 550	2 730 680	2 692 700
Other movements	661 300	-	-
Purchase of owner occupied properties	-	-	-
Projects and upgrades in the property portfolio	53 478	-	-
Capitalised borrowing costs	-	-	-
Sale of owner occupied property	-	-	-
Change in value on owner occupied properties	59 722	-	-
Total value of owner occupied property	774 500	-	-

Investment properties are valued at fair value based on independent external valuations. The valuation method is included at level 3 in the valuation hierarchy, see Note 4.

Owner-occupied property shown above relates solely to the properties Kammerherreløkka (office building), Powerhouse Telemark and Fornebuveien 1-3.

The Group has lease contracts regarding real estate properties, service cars and other inventory. Outstanding right-of-use assets as per 31.03.2022 is tNOK 232 735.

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 Q1-22

31.03.2022	Area (sqm)	Occupancy (sqm)	Occupancy (%)	No. of prop. (#)	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	37 248	34 868	93,6	6	1 165 450	31 289	7,8	68 564	1 966	6,4	5,2	5,4	74 301	1 995
City Office	32 680	29 856	91,4	11	682 750	20 892	4,1	37 415	1 253	3,9	3,6	5,4	48 026	1 470
Commercial Prop.	11 199	10 103	90,2	6	325 200	29 038	13,3	20 869	2 066	13,1	5,3	6,1	22 363	1 997
Total management portfolio	81 127	74 827	92,2	23	2 173 400	26 790	7,5	126 848	1 695	6,8	4,7	5,5	144 690	1 784
Project Office	21 817	16 097	73,8	5	583 650	26 752	6,4	-	-	-	-	-	-	-
Total project portfolio	21 817	16 097	73,8	5	583 650	26 752	6,4	-	-	-	-	-	-	-
Total property portfolio	102 944	90 924	88,3	28	2 757 050	26 782	7,2	-	-	-	-	-	-	-

The calculation of net yield is based on the valuers' assumption of ownership costs, which on 31 March 2022 corresponds to 8.9 per cent of market rent. The Group has one single external customer representing over 10 per cent of the Group's revenue, that is Heflo with 11.8 per cent of the Group's revenue. Furthermore, the Group has around 88 per cent of its estimated marked value of properties and 89 per cent of its rental income geographically from the county of Vestfold Telemark, while the rest is located in the Oslo area.

The project in Porsgrunn, Polymer Exploration Center, is completed and is from Q1-22 reclassified from Project Office to Green Office.

R8 Property are doing feasibility studies on five properties. During the fourth quarter the Group has reassessed the property Mulghetenes 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 Q1-21 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 Q1-22

31.03.2022	Occupancy (sqm)	Wault ²⁾ (yrs)	Annual rent (tNOK)	Annual rent (NOK/sqm)
Office	62 235	5,8	104 662	1 682
Retail	1 288	2,9	1 520	1 180
Hotels	6 234	16,7	12 118	1 944
Healthcare	2 870	3,4	3 699	1 289
Food and Beverage	2 200	6,8	4 851	2 205
Total management portfolio	74 827	6,8	126 848	1 695



CORPORATE UNITS Q1-21

31.03.2021	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	28 414 87,7	5	942 000 29 083	5,2	54 536 1 919	4,9	4,7	5,7	62 599 1 933
City Office	44 383	38 832 87,5	16	883 180 19 899	5,8	49 386 1 272	5,1	5,1	5,8	66 659 1 502
Commercial Prop.	11 199	10 193 91,0	6	287 000 25 627	10,4	21 659 2 125	10,5	5,6	7,1	23 605 2 108
Total management portfolio	87 972	77 439 88,0	27	2 112 180 24 010	6,2	125 580 1 622	5,9	5,0	5,9	152 864 1 738
Project Office	26 717	20 926 78,3	7	618 500 23 150	9,8					
Total project portfolio	26 717	20 926 78,3	7	618 500 23 150	9,8					
Total property portfolio	114 689	98 365 85,8	34	2 730 680 23 809	7,0					

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31 March 2021 corresponds to 9.7% of market rent.

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.

TENANT INDUSTRY Q1-21

31.03.2021	Occupancy (sqm)	Wault ²⁾ (yrs)	Annual rent (tNOK) (NOK/sqm)
Office	64 734	5,2	103 335 1 596
Retail	1 169	4,1	1 438 1 230
Hotels	6 237	12,9	11 877 1 904
Healthcare	3 086	3,1	4 081 1 322
Food and Beverage	2 213	7,1	4 850 2 192
Total management portfolio	77 439	5,9	125 580 1 622

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 1,3% of the shares in Orbit Technology AS to Brødrene Jensen AS for the amount of mNOK 1.25. Furthermore, the Group has paid back mNOK 3.0 on a subordinated loan from R8 Group AS. The Group has purchased 25 % of the shares in R8 Evolve AS from Alligate AS for the amount of mNOK 20. Alligate AS is controlled (75%) by Brødrene Jensen AS and R8 Group AS. Brødrene Jensen AS and R8 Group AS are shareholders of the Group.

NOTE 7 KEY FIGURES

INTEREST COVERAGE RATIO (ICR)

	Q1-22	Q1-21	2021
Net income from property management	4 503	11 192	42 586
Depreciation (excl. IFRS 16)	2 002	60	321
Net realised financials	-	15 800	2 339
Net effect from leases	-0	-	-4
EBITDA adjusted	6 505	27 053	45 242
Interest cost	22 713	20 887	73 426
Other finance expense	-3		286
Applicable net interest cost	22 710	20 887	73 712
Interest Coverage Ratio (ICR)*	0,3	1,3	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	Q1-22 / 31.03.2022	Q1-21 / 31.03.2021	2021 / 31.12.2021
EPRA Earnings per share (EPS)	NOK	1,0	-0,4	0,5
EPRA NRV per share	NOK	48,8	44,2	45,1
EPRA NTA per share	NOK	39,2	41,3	42,3
EPRA NDV per share	NOK	35,1	36,8	37,4
EPRA net initial yield	%	4,5 %	4,7 %	4,7 %
EPRA "topped-up" net initial yield	%	4,7 %	4,9 %	5,0 %
EPRA vacancy rate	%	6,2 %	11,9 %	7,2 %
EPRA cost ratio (including direct vacancy costs)	%	52,7 %	59,9 %	47,7 %
EPRA cost ratio (excluding direct vacancy costs)	%	37,1 %	42,9 %	36,5 %
EPRA LTV	%	67,8 %	78,3 %	67,9 %

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

	Q1-22 / 31.03.2022	Q1-21 / 31.03.2021	2021 / 31.12.2021
Profit for period/year	80 216	32 397	79 271
Add:			
Changes in value of investment properties	-14 640	-24 282	-147 024
Tax on changes in value of investment properties ¹⁾	3 803	5 342	39 259
Profits or losses on disposal of investment properties, development properties held for investment and other interests	2 153	-	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	-25 160	3 365	25 853
Tax on changes in value of other investment interests sw aps ¹⁾	-	-	-
Changes in value of interest rate sw aps	-31 832	-15 578	-27 982
Tax on changes in value of interest rate sw aps ¹⁾	7 003	3 427	6 156
Share of profit jointly controlled entities - fair value adjustments	-	-11 379	30 645
Reversal of deferred tax EPRA adjustments jointly controlled entities ¹⁾	-	-	-
Net income non-controlling interest of subsidiaries	827	-514	-3 767
Reversal of tax non-controlling interests of subsidiaries ¹⁾	-182	113	829
Change in tax rate ¹⁾	-	-	-
EPRA Earnings	22 188	-7 109	11 336

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

EPRA NET ASSET VALUE METRICS

EPRA NET REINSTATEMENT VALUE (NRV):

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

EPRA NET TANGIBLE ASSETS (NTA):

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

EPRA NET DISPOSAL VALUE (NDV):

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

NET ASSET VALUE	Q1-22 / 31.03.2022	Q1-21 / 31.03.2021	31.12.2021
NAV - book value of equity	1 077 216	794 093	951 676
Hybrid instruments	1 264	96 926	1 264
Diluted NAV	1 078 480	891 019	952 940
Less: Non-controlling interest	-160 040	-62 754	-131 331
Fair value of interest rate sw aps	-23 492	13 993	6 393
Goodwill as a result of deferred tax	-5 640	-5 640	-5 640
Deferred tax	174 928	150 602	159 783
Net reinstatement value (EPRA NRV)	1 064 237	987 220	982 145
<i>EPRA NRV per share</i>	<i>48,8</i>	<i>44,2</i>	<i>45,1</i>
Goodwill as per the IFRS	-147 009	-1 372	-1 372
Intangible assets as per the IFRS	-1 536	-	-577
Estimated real deferred tax ¹⁾	-60 474	-63 862	-57 789
Net tangible assets (EPRA NTA)	855 217	921 986	922 408
<i>EPRA NTA per share</i>	<i>39,2</i>	<i>41,3</i>	<i>42,3</i>
Fair value of interest rate sw aps according to above	23 492	-13 993	-6 393
Deferred tax as per the IFRS	-114 453	-86 741	-101 994
Fair value adjustment of interest bearing debt	-	-	-
Intangible assets according to above	1 536	-	577
Net disposal value (EPRA NDV)	765 792	821 253	814 598
<i>EPRA NDV per share</i>	<i>35,1</i>	<i>36,8</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 annualised 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

	Q1-22 / 31.03.2022	Q1-21 / 31.03.2021	31.12.2021
Investment property - consolidated ¹⁾	2 757 050	2 730 680	2 692 700
Investment property - share of JVs	-	-	-
Total Property portfolio	2 757 050	2 730 680	2 692 700
Less: projects and development sites	-583 650	-618 500	-797 850
Completed property portfolio	2 173 400	2 112 180	1 894 850
Allowance for estimated purchasers' costs	10 867	10 561	9 474
Gross up completed property portfolio valuation	2 184 267	2 122 741	1 904 324
12 months rolling rent	107 431	110 725	100 176
Estimated ownership cost	10 499	11 468	10 537
Annualised net rents	96 932	99 257	89 639
Add: notional rent expiration of rent free periods or other lease incentives	6 198	4 724	5 206
Topped-up net annualised rent	103 130	103 982	94 845
EPRA NIY	4,5 %	4,7 %	4,7 %
EPRA 'topped-up' NIY	4,7 %	4,9 %	5,0 %

1) owner-occupied investment property is included

EPRA VACANCY RATE

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

All amounts in NOK thousand

	Q1-22 / 31.03.2022	Q1-21 / 31.03.2021	31.12.2021
Estimated market rent vacant space	8 975	18 164	10 081
Total market rent whole portfolio	144 690	152 864	139 834
EPRA vacancy rate*	6,2 %	11,9 %	7,2 %

* During the fourth quarter of 2021 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

	Q1-22 / 31.03.2022	Q1-21 / 31.03.2021	31.12.2021
Total operating cost	54 475	24 939	94 609
Share of joint ventures expenses	-	-	-
Less: Costs related to non-property activities and external customers	-35 451	-6 942	-30 320
Less: Ground rent cost	-3	-3	-709
Less: Investment property depreciation	-	-	-
Less: Gains/losses on sale of properties & disposals	-2 153	-	-6 356
EPRA Cost (including direct vacancy cost)	16 869	17 995	57 223
Direct vacancy cost	4 991	3 921	13 527
EPRA Cost (excluding direct vacancy cost)	11 878	12 907	43 696
Gross rental income less ground rent	32 024	30 064	119 867
Share of joint ventures	-	-	-
Total gross rental income less ground rent	32 024	30 064	119 867
EPRA Cost Ratio (including vacancy cost)	52,7 %	59,9 %	47,7 %
EPRA Cost Ratio (excluding vacancy cost)	37,1 %	42,9 %	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.



EPRA LTV

EPRA LTV is a metric to determine the percentage of debt comparing to the appraised value of the properties. In the BPR guidelines released in March 2022, EPRA introduced EPRA LTV as a recommended disclosure. The EPRA LTV is based on a proportionate consolidation. The Group has included its share of net debt and net assets of its non-control associates. In the disclosures below the Group do not have property related joint ventures or material associates.

All amounts in NOK thousand

			Q1-22 / 31.03.2022	Q1-21 / 31.03.2021	31.12.2021
	Group as reported	Share of non-control associates	Combined EPRA LTV	Combined EPRA LTV	Combined EPRA LTV
Net debt	1 878 766	24 739	1 903 505	2 171 415	1 836 645
Total property value	2 767 784	41 027	2 808 811	2 773 847	2 703 434
Debt ratio (LTV) %	67,9	60,3	67,8	78,3	67,9

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. 83 percent of the revenue. The Group’s tenant portfolio is diversified in number of tenants as well as in business sectors and segments. Public tenants make up approx. 23% 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.

In April 2022 the Group made an agreement with Skanska to acquire Parallell a sustainable and modern 19,000 square meters office property located in Oslo, for NOK 750 million. In May 2022 an proposal made to change the company’s name from R8 Property ASA to Recreate ASA.

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. New Sec 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 29.9% of the company through R8 Technology AS. The investment is considered a joint venture with a book value of mNOK 9.6 per 31.03.22. 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. The Group owns 100 per cent of R8 Evolve from 1 January 2022. An external valuation was performed in Q4-21, estimating a company value of NOK 195 million (100 per cent basis).



Statement of total comprehensive income for the operating segments: Commercial properties and Residential properties (Excl. coworking (Evolve))

As basis for comparison to previous reported TCI without consolidation of Evolve

All amounts in NOK thousand

	Q1-22	Q1-21	2021
Rental income	33 704	30 067	120 576
Other operating revenue	5 473	6 065	16 619
Total operating income	39 176	36 132	137 195
Maintenance and other operating expenses	12 152	15 937	70 181
Other property-related expenses	1 406	727	3 808
Administrative expenses	16 904	8 275	20 620
Total operating costs	30 462	24 939	94 609
Net income from property management	8 714	11 192	42 586
Changes in fair value from investment properties	74 362	24 282	147 024
Operating profit	83 076	35 474	189 610
Gains from investment in shares	579	15 479	22 137
Interest and other finance income	590	322	2 339
Share of profit (loss) from associates and joint ventures	-7 170	-4 099	-30 645
Interest and other finance expense	-19 950	-20 887	-73 712
Changes in fair value of financial instruments	56 991	12 213	2 130
Net financial items	31 040	3 027	-77 752
Profit before tax	114 116	38 501	111 858
Tax payable		-	-
Tax expense	-22 064	-6 103	-32 587
Profit for year	92 052	32 397	79 271



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Financial calendar

Q2 report 2022

19.08.22

Q3 report 2022

11.11.22

Q4 report 2022

17.02.23

Annual report 2022

31.03.23

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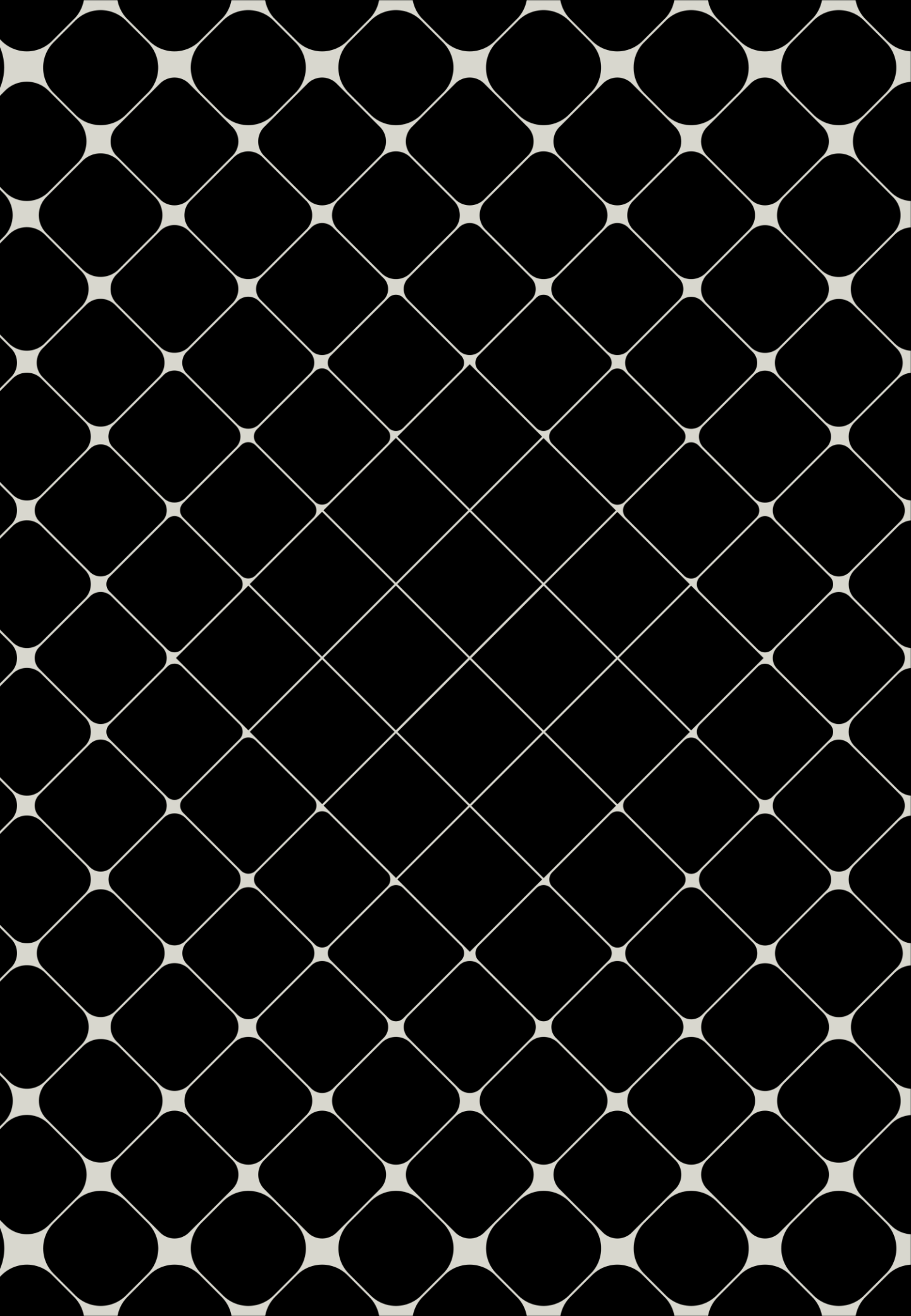
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Definitions

Annual rent	The contractual annual rent from the properties of the Group including forward starting contracts and excluding any market contribution.
Cash earnings	Result from property management less net realised financial and payable tax.
Contractual rent	Annual cash rental income being received as of relevant date.
EPRA Earnings	Net income after tax excluding value changes on investment properties, unrealised changes in the market value of financial derivatives and gains/losses on the sale of properties and their associated tax effects. EPRA earnings are intended to give an indication of the underlying development in the property portfolio.
EPRA Net Reinvestment Value (NRV)	EPRA NRV is a NAV metric which uses IFRS equity, excludes deferred tax in relation to financial instruments and investment properties, fair value adjustments of financial instruments and goodwill as a result of deferred tax.
EPRA Net Tangible Assets (NTA)	EPRA NTA is a NAV metric which uses IFRS equity including only estimated real tax liability and excludes fair value of financial instruments, goodwill and intangible assets as per the balance sheet.
EPRA Net Disposal Value (NDV)	EPRA NDV is a NAV metric which uses IFRS equity included all deferred tax liabilities, including fair value of financial instruments and excludes goodwill as per the balance sheet.
EPRA Net Initial Yield (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.
EPRA Vacancy Rate	Estimated market rental value (ERV) of vacant space divided by ERV of the whole portfolio.
EPRA Cost Ratios	Administrative and operating costs (included and excluded costs of direct vacancy) divided by gross rental income.
EPRA LTV	Debt divided by market value of the properties.
Management properties	Properties that are actively managed by the company.
Market rent	The annualised market rent of the management properties, fully let as of the relevant date, expressed as the average of market rents estimated by the independent professionally qualified valuers.
Market value of property portfolio	The market value of all the properties owned by the parent company and subsidiaries, regardless of their classification for accounting purposes.
Net yield	Net rent divided by the market value of the management properties of the Group.
Project properties	Properties where it has been decided to start construction of a new building and/or renovation.
Interest Coverage Ratio ("ICR")	Net income from property management excluding depreciation and amortisation for the Group, divided by net interest on interest-bearing nominal debt and fees and commitment fees related to investment activities.
Total area	Total area including the area of management properties, project properties and land / development properties.
WAULT	Weighted Average Unexpired Lease Term measured as the remaining contractual rent amounts of the current lease contracts of the management properties of the Group.



Recreate