



Recreate

Q4 2022

Presentation





Agenda

- 1 Highlights & key figures
- 2 Development in the quarter & outlook
- 3 Project and development portfolio
- 4 Revised company strategy
- 5 Financial statements



Highlights in the quarter

- **Negative fair value adjustments** of investment properties of NOK 267.8* million due to increased yield levels
- **Profit before tax was negative** at NOK 412.5 million*
- **Cost reduction measures** (including staff reductions) and a **restructuring plan** was introduced in response to a stressed liquidity situation. NOK 9 million in costs related to the ongoing restructuring process
- **Sale** of Kammerherreløkka and agreement on sale of Fornebuveien 1-3 and Inkognitogaten 33 as part of the work to reduce costs
- **Impairment of goodwill** related to Evolve of NOK 72 million due to uncertainty of funding and grant of capital given the situation of the Group
- **One-off operating expenses** of NOK 13 million partly related to cancellation of Evolve contracts at Parallell of strategic reasons. This significantly limits the future financial obligations of Evolve by NOK 55 million and associated guarantee from Recreate ASA by NOK 11 million (not CPI adjusted)

Subsequent events

- **Sale of all shares in Inkognitogaten 33 Holding AS** was completed in January 2023
- **Sale of all shares in Fornebuveien 1-3** was completed in March 2023
- **Agreement to establish a joint venture (RCR Skien) 50/50 with XG Eiendom AS** in March 2023, that shall own the Group's properties Arkaden, Nedre Hjellegate 11, Henrik Ibsens gate 6 and the Groups shares in the Skien Brygge development project. In addition, the parties intend that Kongens Gate 20 and Hesselberggaten 4 shall be acquired by the JV at a later stage.

* Profit before tax for Q4-22 includes fair value changes from owner-occupied investment property



Overview of actions taken from early Q4 2022 until report date

1. **Engaged** ABG Sundal Collier ASA and Advokatfirmaet Thommessen AS as external advisors
2. **Sale of properties** with gross property value of approximately NOK 915 million* to reduce costs and improve liquidity
3. **Agreement to establish joint venture** with XG Eiendom to own and develop properties in Skien area
4. **Group estimated Loan to Value (LTV)** as of 31.03.2023: 77 per cent (management assessment)
5. **Signed letters of intent** for the sale and partial sale of several properties, including Langbrygga 1 and Hesselberggata 4 in Skien
6. **Implemented several cost reduction** initiatives including reduction in personnel costs in the range of 50 per cent (through staff reductions, temporary layoffs and salary reductions)
7. **New lease contract** with Statens Vegvesen in Kjelleveien 21 in Tønsberg - duration of 10 years
8. **Revised company strategy** for Recreate ASA – *“value creation through letting and development”*
9. **Interest rate risk management** through increased hedging. Group estimated hedging of total financing as of 31.03.2023: 53 per cent (management assessment)
10. **Additional processes** ongoing

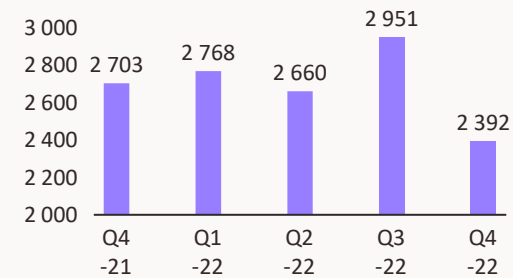
* Sale of Kammerherreløkka, Fornebuveien 1-3 and Inkognitogaten 33



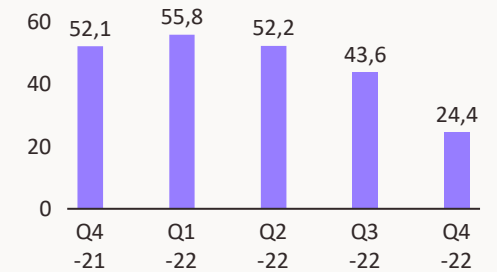
Key figures

Finance	Q4-22	Q4-21
Rental income	26.0	31.0
Other operating income	27.8	4.2
Property portfolio value changes*	-267.8	76.7
Market value on property portfolio	2 392	2 703
Profit before tax**	-412.5	63.0
Fair value per share***	24.4	52.1

Market value of the property portfolio (MNOK) -311



Fair value per share (NOK) - 27.7



* Q4-22: Includes fair value changes of owner-occupied investment property of NOK -124.8 million

** Profit before tax for Q4-22 includes profit before tax of NOK -287.7 million and changes in fair value of owner-occupied investment property of NOK -124.8 million

*** 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 Q1-22 and Q4-22



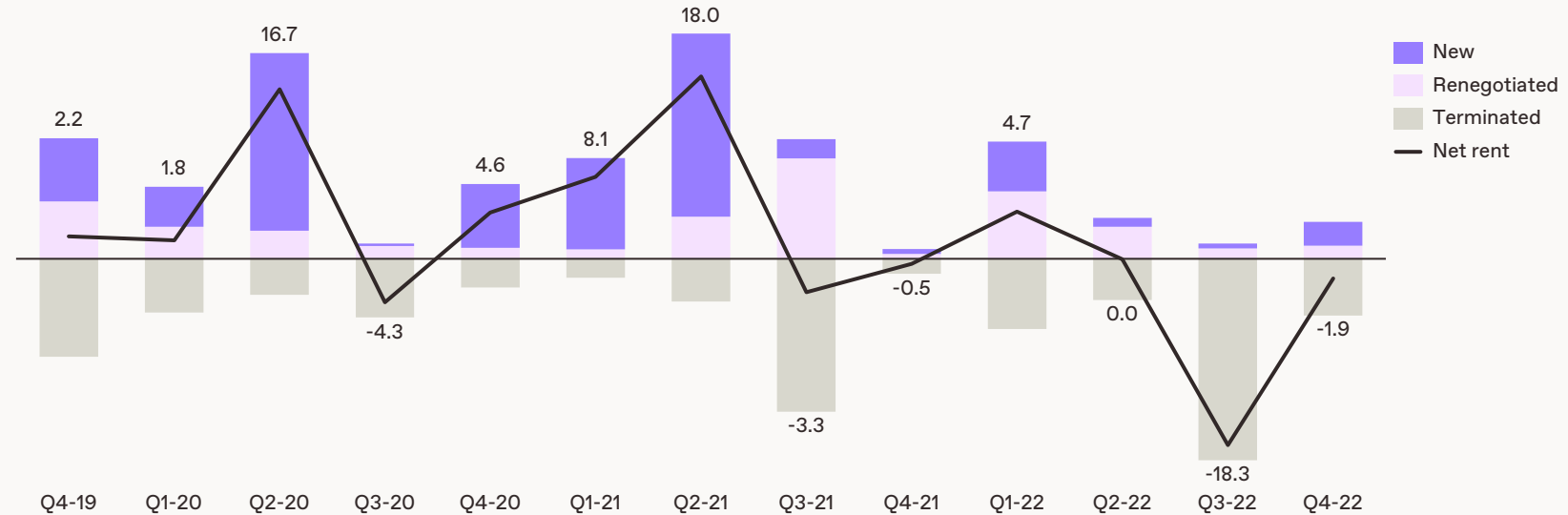
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Letting & occupancy Q4 2022

- Net letting in the quarter of NOK – 1.9 million
- 3 new leases of NOK 2.3 million
- 3 renewed leases of NOK 1.3 million
- 10 terminated contracts of NOK 5.5 million



Management Portfolio (ownership ≥ 50%)

Occupancy
83.7 %

Annual rental income
112.2 MNOK

WAULT (annual rent)
6.7 years

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

** Terminated contracts = contracts that have been terminated in the actual quarter prior to actual expiration date on contract + contracts that have ended in the quarter according to expiration date in contract



New lease contracts

Tenant	Property	Contract	Duration	Sqm
Danske Bank*	Nordre Fokserød 14	New	5+2	588
Evolve Norge AS	Arkaden	New	5	544
If Skadeforsikring NUF	Vinkelbygget	Renegotiated	3+2	261
Tango Drift AS	Arkaden	Renegotiated	6	218
4Service Gruppen AS	Dokkvegen 8 & 10	Renegotiated	2,8	201
Total				1812



Kjelleveien 21 (Vinkelbygget), Tønsberg

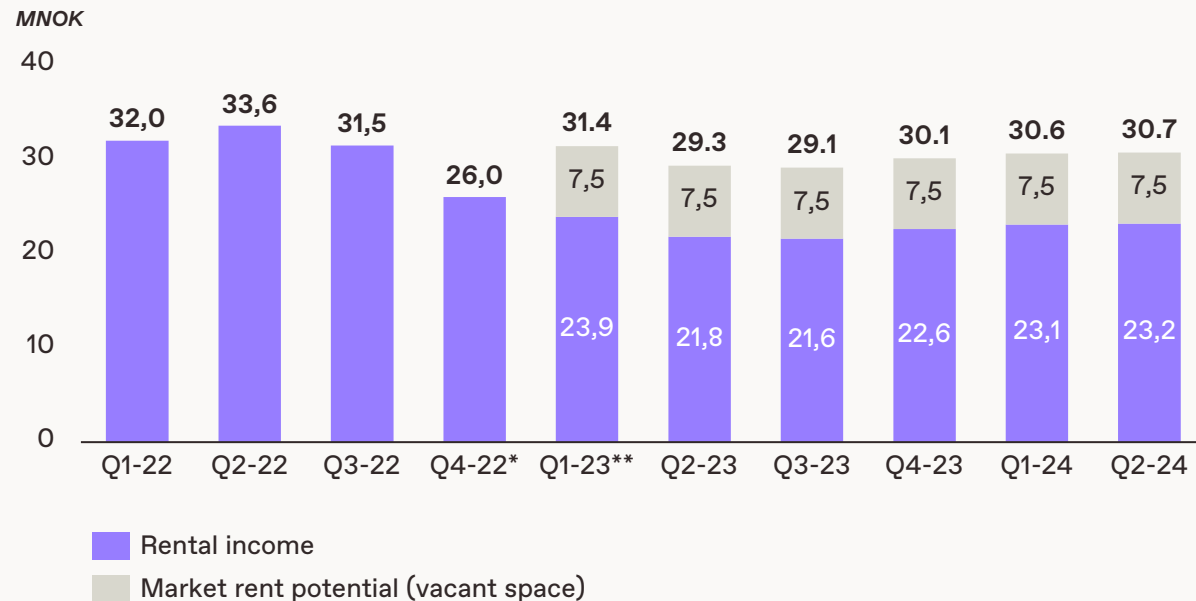


Arkaden, Skien

* Recreate's shareholding related to this property was sold in Q4-22



Rental income development & market rent potential



- The graph shows the historical development in contractual rental income the last 12 months, and the estimated development in contractual rental income and market rent potential on vacant space for the next 18 months
- The figures are based on owned properties, 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 external valuers

* Divestment of Vipeveien 51, Versvikveien 6B, Storgata 106 is included in Q4-22

** Divestment of Kammerherreløkka (sold in December 2022 with full effect from Q1-23), Inkognitogaten 33 and Fornebuveien 1-3 is included in Q1-23



Financial development

- Rental income of NOK 26.0 million in Q4-22 (NOK 28.9 when including owner-occupied property) compared with NOK 31.0 million in Q4-21. The 19 per cent decline (7 per cent including owner-occupied property) is related to changes in the property portfolio
- Other operating income of NOK 27.8 million in Q4-22, compared with NOK 4.2 million in Q4-21. This is mainly related to the consolidation of Evolve
- Impairment of goodwill related to Evolve of NOK 72 million due to uncertainty of funding and grant of capital given the given the situation of the Group.
- Negative change in fair value of investment properties of NOK 267.8 million (including effect from owner-occupied property) is mainly related to Inkognitogaten 33, Fornebuveien 1-3, Kjelleveien 21 and sale of Kammerherreløkka
- One-off operating expenses of NOK 9 MNOK related to costs of the ongoing restructuring process and NOK 13 million related to cancellation of Evolve contracts at Parallell. The cancellation reduces leased area from seven to four floors and limit the future financial obligations of Evolve by NOK 55 million and associated guarantee from Recreate ASA by NOK 11 million (not CPI adjusted)
- Interest and other finance expenses amounted to NOK 40.2 million (NOK 18.6 million) in the quarter. The higher costs in Q4-22 is related to increased interest rates and short-term financing with high associated cost. Options for refinancing at longer term and at market terms are being assessed. A larger proportion of expensive short-term debt are paid off in relation to the property sales of Inkognitogaten 33 and Fornebuveien 1-3 in 2023.
- Share of profit (loss) from associates and joint ventures affected Net financials with a negative contribution of NOK -1.0 million from the investment in Orbit Technology



The property portfolio

Corporate units

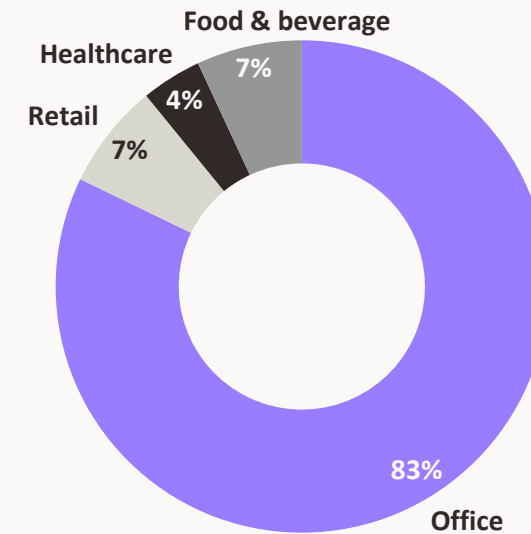
31.12.2022	Area (sqm)	Occupancy (sqm)	Occupancy (%)	No. of prop. (#)	Market value (tNOK)	Market value (NOK/sqm)	Wault ¹⁾ (yrs)	Annual rent (tNOK)	Annual rent (NOK/sqm)	Wault ²⁾ (yrs)	Net direct yield (%)	Net yield (valuation) (%)	Market rent ³⁾ (tNOK)	Market rent ³⁾ (NOK/sqm)
Green Office	37 725	31 537	83.6	6	1 301 718	34 505	8.6	73 663	2 336	8.4	4.1	5.4	85 737	2 273
City Office	26 139	22 547	86.3	7	529 578	20 260	3.5	34 239	1 519	3.5	4.5	6.1	44 110	1 688
Commercial Prop.	3 558	2 348	66.0	3	64 800	18 212	4.5	4 345	1 850	4.5	5.8	8.1	6 671	1 875
Total management portfolio	67 422	56 432	83.7	16	1 896 096	28 123	7.0	112 246	1 989	6.7	4.3	5.7	136 518	2 025
Project portfolio	22 119	15 619	70.6	1	400 000	18 084	7.0	29 478	1 887					
Development portfolio	0	0	0.0	3	84 600	0	1.3							
Total project portfolio	22 119	15 619	70.6	4	484 600	21 909	6.0	29 478	1 887					
Total property portfolio	89 541	72 051	80.5	20	2 380 696	26 588	6.8	141 724	1 967					

1) Wault weighted on property market value

2) Wault weighted on annual rent

3) includes market rent from available areas

Tenant industry



Corporate segments in the table to the left follow the corporate structure of the group. Several of the properties are combined buildings and the actual rental conditions measured in rental income (in the property portfolio) are presented in the figure above.



Update on investments

Evolve

Subsidiary - 100 per cent

Evolve offers flexible workplaces with access to 25 locations. The offices can grow and change together with the customers and get a consistently high standard of common facilities and own offices. All meeting rooms, furniture, operating and common costs are included in the rental agreement.

The Group owns 100 per cent of Evolve from 1 January 2022.

Orbit Technology

Associate - 29.5 per cent

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 an associate.



Update on investments

Skien Brygge

Associate – 25 per cent

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. Phase one of the project is expected in 2023. The development of phase two and three is estimated in the period from 2025 to 2033.

Recreate ASA owns 25 per cent of Skien Brygge Utvikling AS 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.

In March 2023, Recreate entered into an agreement with XG Eiendom AS regarding the establishment of a joint venture (RCR Skien) that shall own the Group's properties Arkaden, Nedre Hjellegate 11, Henrik Ibsens gate 6 and the Group's shares in Skien Brygge Utvikling. Xania will also contribute with a commercial property in in the joint venture.



Outlook

Recreate outlook

Recreate is experiencing a tough financial situation, with stressed liquidity and uncertain short-term debt refinancing.

Financial creditors have confirmed their acceptance to suspend payment of amortization and to extend maturities to mid October 2023 on certain agreed terms.

Recreate has an ongoing restructuring effort, a process that is gaining positive momentum. Recent sale of properties combined with the agreement to establish a joint venture, covering the majority of the Company's investments in Skien, are key pieces of the puzzle towards a solution.

The Group has redefined the strategy, with a renewed focus on property development - a historical core quality of Recreate.

We are continuously assessing potential property sales and a focus on cost reductions and optimization of operations.

General market outlook

The macroeconomic outlook is uncertain with increasing inflation leading to expected higher interest rates, and recent banking turbulence questioning the stability of the financial system. Additionally, the geopolitical backdrop with the invasion of Ukraine and continued supply chain complications adds another layer of unpredictability for what is ahead.



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Project & development portfolio

Project Portfolio – under construction

No projects under construction as of 31.12.22

Project Portfolio – zoned

Project	Ownership	Location	Type	Area	Zoning	Building permit
Skien Brygge - Phase 1	25%	Skien	Residential / Commercial	14 825	•	•
Skien Brygge - Phase 2	25%	Skien	Residential / Commercial	23 925	•	
Skien Brygge - Phase 3	25%	Skien	Residential / Commercial	19 525	•	
Utsikten	100%	Skien	Residential	1 496	•	•
Vestsiden Terrasse	50%	Porsgrunn	Residential	4 257	•	
Arkaden - Phase 3	100%	Skien	Office / Parking / Retail	7 151	•	
Sum Project Portfolio - zoned				71 179		

Development Portfolio

Project	Ownership	Location	Type	Area
Slottsfjell Park	100%	Tønsberg	Office	17 000
Powerhouse Tønsberg	100%	Tønsberg	Office	11 000
Porsgrunn Næringspark	100%	Porsgrunn	Office	18 400
Sum Development Portfolio				46 400



Slottsfjell Park + Powerhouse Tønsberg

- A new planning initiative will be sent when Tønsberg Municipality Kommune has concluded the planning area, expected in Q4 2023
- Newbuild and redevelopment – office and hotel
- Ownership: 100%
- Location: Tønsberg
- Est. Size: 28 000 sqm



Powerhouse Tønsberg



Slottsfjell park



Outdoor area



Skien Brygge

- Greenfield – office, hotel, residential, city floor & parking
- Ownership: 25%
- Location: Skien
- Size: 58 275 sqm

KEY FIGURES (PHASE 1)

Total size	14 825 sqm
Office	~ 3 400 sqm
Hotel	~ 6 200 sqm
Residential	~ 4 700 sqm
Culture	~ 600 sqm

Indoor parking ~ 3 400 sqm

OWNERSHIP

Recreate	25%
Bane NOR Eiendom	50%
SBBL	25%

Project highlights

- BREEAM certified office building 100% with ambition of energy class A
- BREEAM certified hotel building with ambition of energy class A, Comfort Hotel Skien Brygge (20y contract)
- West-faced, high quality apartments by the waterfront





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Revised company strategy:

Value creation through letting and development

- Invest in new construction and rehabilitation projects that are developed for sale
- Geographic investment area in Telemark and Vestfold
- Structured sales of fully developed properties over the next 12-24 months
- High competence in sustainable property development
- Further develop collaboration with established solid partners
- Local team with knowledge and relationships in the geographic investment area



Revised strategy | Value creation through letting and development

Over time Recreate has operated with a strategy centered around high growth and long-term ownership of purchased and developed properties. Due to Properties changed market conditions, mainly as a result of higher interest rates and decreasing property values, the Board of directors have decided to revise existing strategy. Going forward the company will adjust focus to harmonize company strategy with Recreate's financial position and prevailing market conditions .

The company has historically created profitability in development through project identification, development, implementation and letting. Going forward this will form the core of Recreate's revised strategy – «value creation through development and letting»

Focus on new construction and rehabilitation projects with increased capital discipline

- *Recreate will be more of a property developer, than a company seeking to build a large management portfolio. Projects must be developed with defined ROI requirements and a more flexible approach to ownership combined with focus on target value optimization and ROE to shareholders.*

Healthy economic and long-term growth

- *Recreate has taken and will continue to take active ownership measures to ensure the company's foundation for long-term, healthy economic growth by making significant adjustments to the portfolio. Ongoing and new projects must have a target 15% IRR and an opportunistic approach to ownership period.*

More development in cooperation with solid partners

- *Recreate will target more development in partnership that enable participation in larger – area defining projects – being less capital intensive for Recreate's shareholders. Recreate aims to be the most attractive partner in the geographical areas in which the company operates.*

Geographic investment area in Telemark and Vestfold

- *Recreate will target investments in the region where we already have a leading position and optimal setting for creating added value for our shareholders*

Maintain and develop internal expertise and local knowledge

- *The size of the organization has been reduced as a result of less aggressive growth ambitions. By investing in development projects, together with preferred partners, in the redefined target geographical area – Recreate seeks to be the region's preferred employer for attractive and skilled employees.*

Forward-looking and future-oriented property development

- *Recreate will continue to utilize its expertise in digitization, smart use of technology and focus on sustainable, energy efficient building.*



Revised strategy | Core pillars in renewed strategy

Sound financial platform

- Increased focus on efficient allocation of capital over time
- Reduce financial risk by selling value-optimized properties, reducing LTV over time and establishing a sensible liquidity buffer adapted to the size of the development portfolio
- Establish a predictable cash flow from service sales and – to a greater extent – adapt the current cost base to the size of the company's property and development portfolio
- Maintain target of 15% ROE

Focused property strategy

- Recreate will focus on new construction, rehabilitation and development projects with value optimization potential
- The company will actively work to have a continuously well-diversified portfolio of projects in various stages of development – adapted to the company's financial and organizational capacity
- Sustainable property development is a core pillar for all Recreate projects, with a set goal of reducing greenhouse gas emissions by 50% by 2030 – and be a driving force for climate-efficient property development

Target geographic focus

- Recreate's geographical investment area will be the Telemark and Vestfold region where the company has a strong established position
- Recreate has been active in this region since 2010 and has established itself as a leading property developer with local knowledge – a key factor for successful property development and letting
- Recreate has historically achieved the best results with property development projects including housing, office and retail. Going forward Recreate will continue to develop attractive projects across segments

Cooperation and partnership

- In developing property projects, Recreate has historically worked with several different partners. Recreate will continue to cooperate with established partners and at the same time seek additional partnerships
- Recreate's goal is to have the regions best project department within early phase development and project implementation
- Letting is at the core of our value creation. The company has a large corporate network and extensive experience in Telemark and Vestfold region



Revised strategy | Completed projects



Total area	40,305 (BTA)
Total project cost	1,553 (NOK mill)
Value at completion	1,787 (NOK mill)
Project development gain*	234 (NOK mill)
Project development gain*	15.1 (%)

*Project development gain based on external valuation at project completion



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Financial statement

All amounts in NOK thousand	Q4-22	Q4-21	2022	2021
Rental income	26 027	31 032	123 140	120 576
Change period-on-period	-16 %	9 %	2 %	6 %
Other operating income	27 822	4 211	92 562	16 619
Change period-on-period	561 %	-9 %	457 %	-9 %
Net income from property management	-106 367	6 132	-130 599	42 586
Change period-on-period	-1835 %	446 %	-407 %	-8 %
Profit before tax*	-412 519	62 983	-577 620	111 858
Change period-on-period	-755 %	2446 %	-616 %	-348 %
Profit after tax*	-379 753	47 366	-506 357	79 271
Change period-on-period	-902 %	659 %	-739 %	-396 %
Market value of the property portfolio	2 391 689	2 703 434	2 391 689	2 703 434
Fair value of the property portfolio and other investments**	2 469 566	2 942 354	2 469 566	2 942 354
Net nominal interest-bearing debt	2 045 008	1 788 313	2 045 008	1 788 313
Loan to value of property portfolio	85.5 %	66.1 %	85.5 %	66.1 %
Loan to fair value of property portfolio and other investments**	82.8 %	60.8 %	82.8 %	60.8 %
Interest coverage ratio	-0.8	0.4	-0.3	0.6
Number of shares	21 694	21 694	21 694	21 694
All amounts in NOK per share	Q4-22	Q4-21	2022	2021
Fair value per share (EPRA NRV incl. fair value adjustment)**	24.4	52.1	24.4	52.1
Change period-on-period	-53 %	19 %	-53 %	19 %
EPRA NRV	22.1	45.1	22.1	45.1
Change period-on-period	-51 %	3 %	-51 %	3 %
EPRA NTA	13.2	42.3	13.2	42.3
***Change period-on-period	-69 %	3 %	-69 %	3 %
EPRA NDV	13.7	37.4	13.7	37.4
***Change period-on-period	-63 %	5 %	-63 %	5 %
EPRA Earnings	-4.7	0.2	-5.8	0.5
***Change period-on-period	-2440 %	123 %	-1174 %	169 %

* Including changes in fair value from owner-occupied property (total comprehensive income) in Q4-22 and 2022

** 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 Q1-22 and Q4-22

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

**** Evolve is consolidated in the financial statements from 1 January 2022 and Inkognitogaten 33 from July 2022



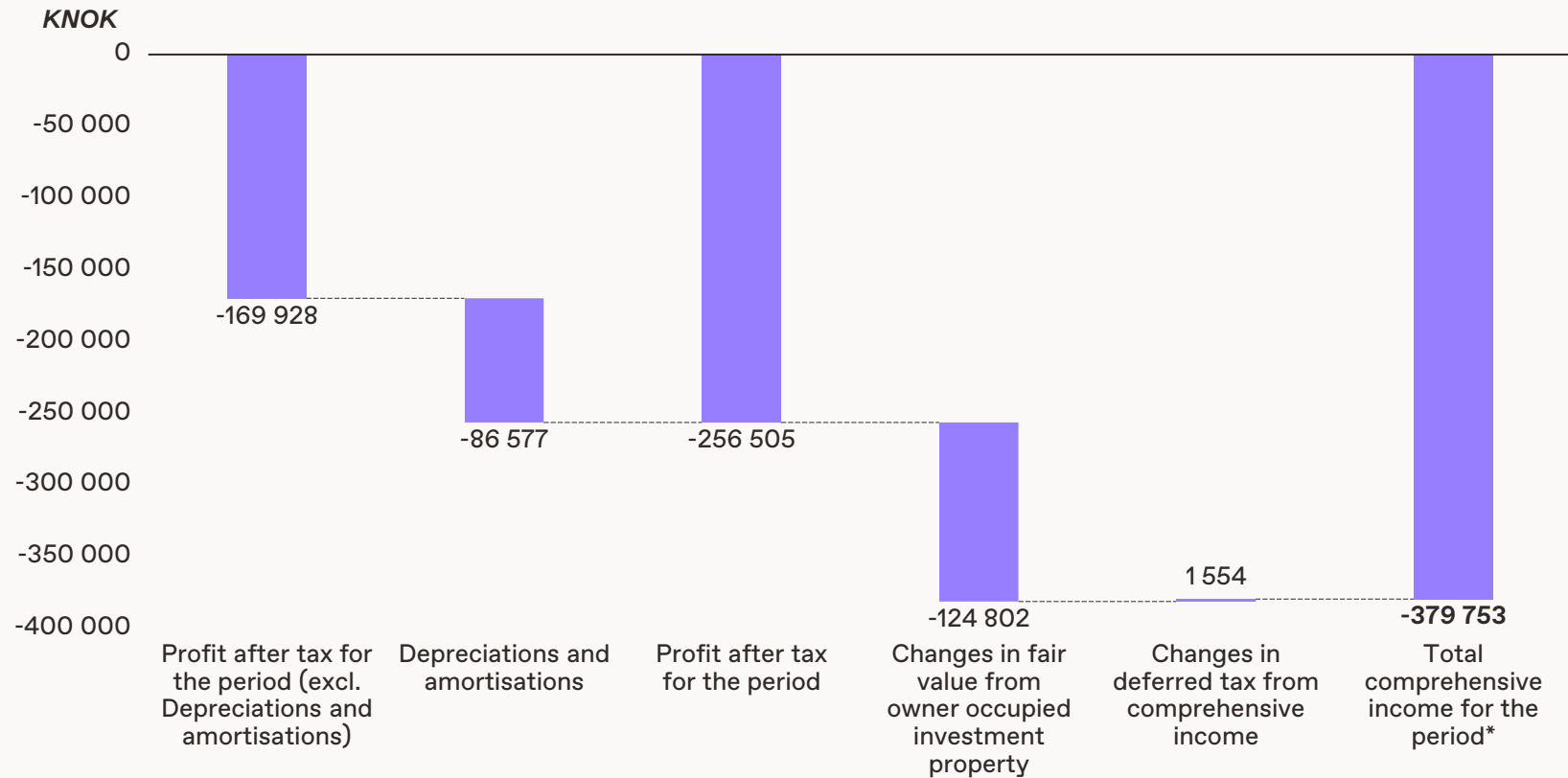
Statement of total comprehensive income

All amounts in NOK thousand

	Q4-22	Q4-21	2022	2021
Rental income	26 027	31 032	123 140	120 576
Other operating income	27 822	4 211	92 562	16 619
Total operating income	53 849	35 243	215 702	137 195
Maintenance and other operating expenses	46 775	19 990	135 585	69 860
Depreciation and amortisation	86 577	80	127 630	321
Other property-related expenses	1 351	1 421	7 545	3 808
Administrative expenses	25 514	7 619	75 540	20 620
Total operating costs	160 216	29 111	346 300	94 609
Net income from property management	-106 367	6 132	-130 599	42 586
Changes in fair value from investment properties	-142 968	76 726	-255 577	147 024
Operating profit	-249 335	82 859	-386 176	189 610
Gains from investment in shares	-	6 658	33 919	22 137
Interest and other financial income	2 250	829	5 501	2 339
Share of profit (loss) from associates and joint ventures	-1 040	-8 004	-4 727	-30 645
Interest and other financial expenses	-40 216	-18 559	-139 824	-73 712
Changes in fair value of financial instruments	623	-800	80 410	2 130
Net financial items	-38 383	-19 876	-24 721	-77 752
Profit before tax	-287 718	62 983	-410 897	111 858
Tax expense	31 213	-15 617	67 042	-32 587
Profit for the period/year	-256 505	47 366	-343 855	79 271
Changes in fair value from owner-occupied investment property	-124 802	-	-166 723	-
Change in deferred tax on comprehensive income	1 554	-	4 221	-
Total comprehensive income for the period/year that will not be reclassified to profit or loss in subsequent periods	-379 753	47 366	-506 357	79 271



Result for the period



- As of 1 January 2022, the Group increased the ownership in Evolve to 100 per cent and Evolve is consolidated in the Group's financial statements.
- According to accounting principles in IFRS, properties used by companies within Recreate ASA are defined as own used properties and this effect the presentation of the financial statements.

* Will not be reclassified to loss in subsequent periods



Statement of total comprehensive income (excl. Coworking (Evolve))

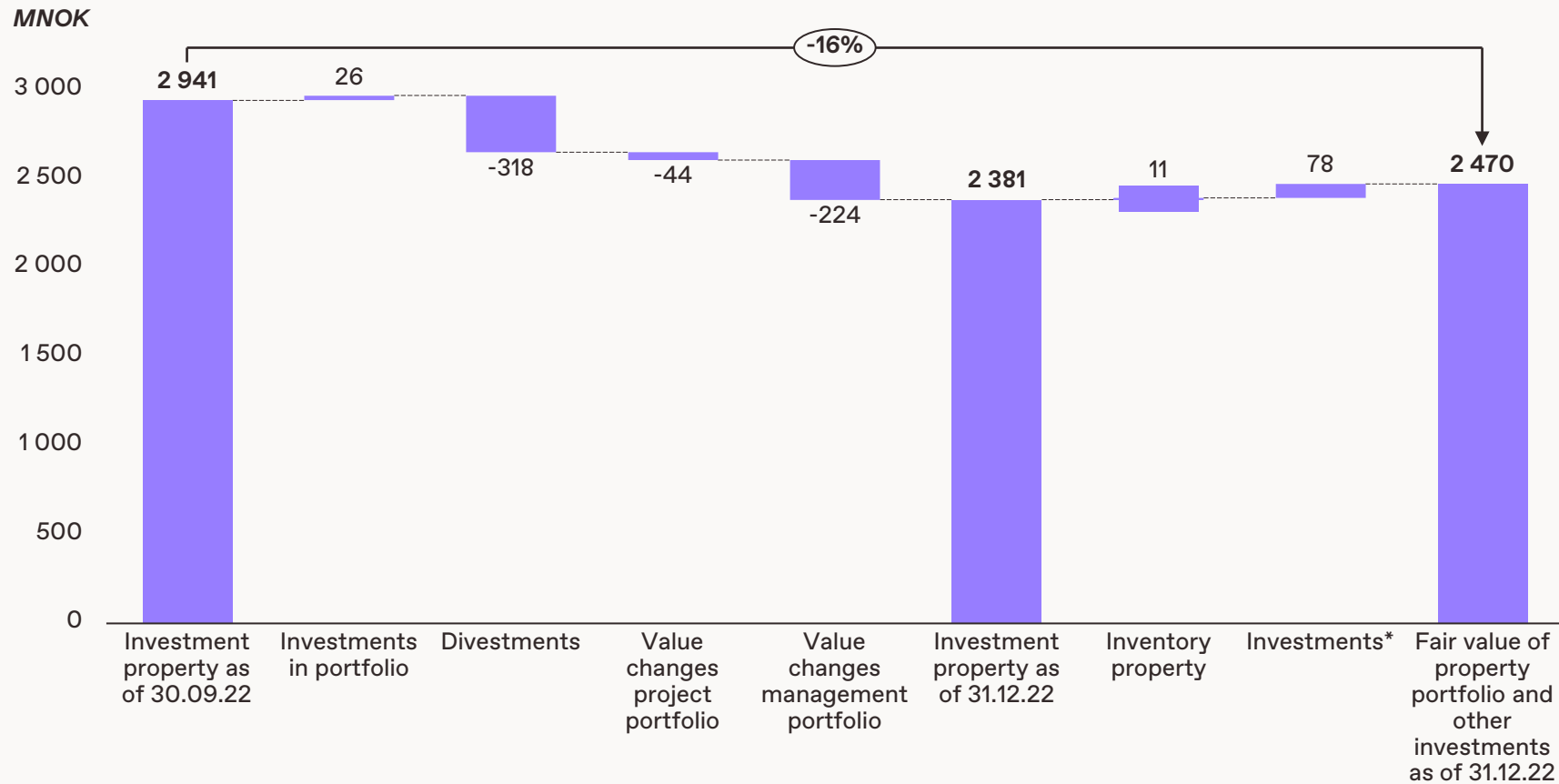
As basis for comparison to previous reported TCI without consolidation of Evolve

All amounts in NOK thousand

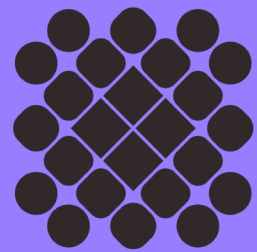
	Q4-22	Q4-21	2022	2021
Rental income	28 945	31 032	131 306	120 576
Other operating income	5 958	4 211	17 978	16 619
Total operating income	34 903	35 243	149 284	137 195
Maintenance and other operating expenses	15 930	20 071	81 652	70 181
Other property-related expenses	981	1 421	5 895	3 808
Administrative expenses	21 562	7 619	64 594	20 620
Total operating costs	41 207	29 111	154 874	94 609
Net income from property management	-6 304	6 132	-5 590	42 586
Changes in fair value from investment properties	-267 769	76 726	-422 300	147 024
Operating profit	-274 074	82 859	-427 890	189 610
Gains from investment in shares	-	6 658	579	22 137
Interest and other financial income	1 850	829	5 466	2 339
Share of profit (loss) from associates and joint ventures	-25 397	-8 004	-53 863	-30 645
Impairment loss from investment in shares	-38 695	-	-38 695	-
Interest and other financial expenses	-36 583	-18 559	-129 736	-73 712
Changes in fair value of financial instruments	623	-800	80 410	2 130
Net financial items	-98 202	-19 876	-135 840	-77 752
Profit before tax	-372 276	62 983	-563 730	111 858
Tax expense	25 863	-15 617	57 373	-32 587
Profit for year	-346 413	47 366	-506 357	79 271



Value development*



*Investments in subsidiaries, jointly controlled entities, associates and shares.



Recreate