



R8 Property AS

Quarterly Report Q2 2019

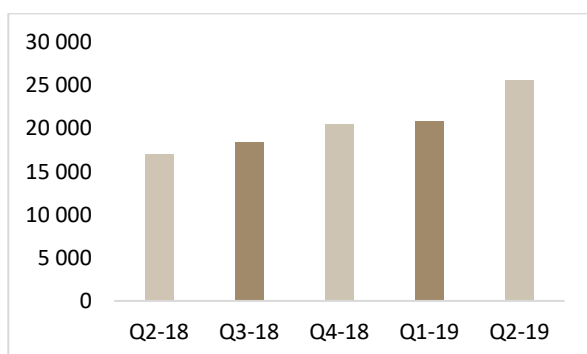
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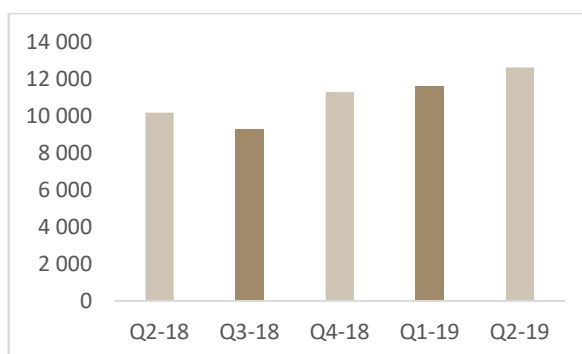
Financial highlights

- Rental income of 25.6 million (17,0 million) in the quarter
- Net income from property management 12.6 million (10.2 million)
- Positive portfolio value changes of 34.9 million (21.2 million)
- Profit before tax of 35.6 million (23.7 million)
- EPRA NAV per share of 389.5 (361.8)

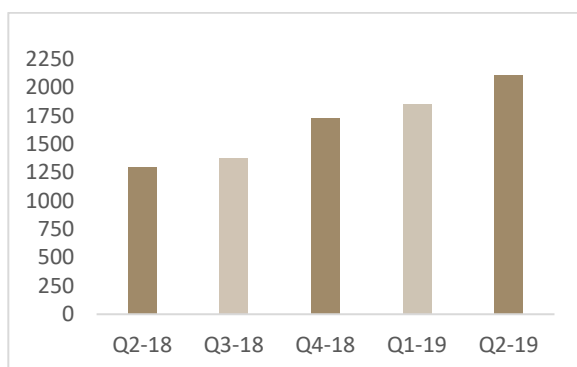
Rental income
(tNOK)



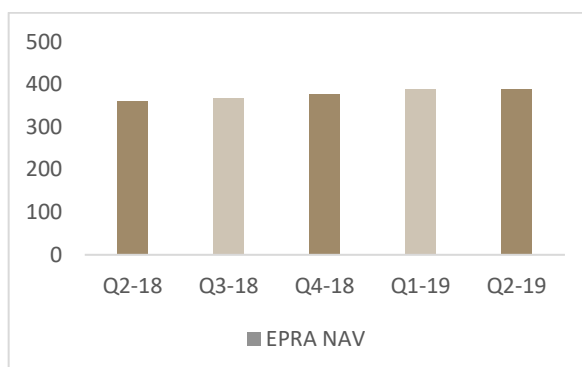
Net income property management
(tNOK)



Market value of the property
portfolio
(tNOK)



EPRA NAV
(NOK per share)



Key figures

All amounts in NOK thousand	Q2-19	Q2-18	2018	2017
Rental income	25 595	17 057	70 149	55 574
Change period-on-period	50 %	23 %	35 %	7 %
Net income from property management	12 662	10 206	40 927	41 090
Change period-on-period	24 %	9 %	1 %	1 %
Profit before tax	35 662	23 786	70 465	60 048
Change period-on-period	50 %	195 %	-1 %	-16 %
Profit after tax	27 790	19 746	60 733	47 944
Change period-on-period	41 %	222 %	3 %	-18 %
Market value of the property portfolio	2 112 050	1 297 050	1 731 500	978 550
Net nominal interest-bearing debt	1 396 334	828 726	1 123 762	618 564
Loan to value	66,1 %	63,9 %	64,9 %	63,2 %
Interest coverage ratio	1,1	1,5	1,3	1,7
Number of shares	1 630	1 365	1 365	1 000
All amounts in NOK per share	Q2-19	Q2-18	2018	2017
EPRA NAV	403,6	361,8	377,4	324,1
Change period-on-period	12 %	19 %	39 %	15 %
EPRA NNNNAV	367,5	336,4	346,7	287,7
Change period-on-period	9 %	26 %	46 %	22 %
EPRA Earnings	35,9	2,7	8,3	13,5
Change period-on-period	1228 %	-66 %	-53 %	136 %

Financial development

Results

Net income from property management

The Group's rental income was up by 50.5 per cent to 25.6 million in Q2-19 from 17.0 million in Q2-18.

The increase in rental income from first quarter last year is mainly driven by the ongoing development of Arkaden Storsenter and finishing up the Hotel project at Kammerherreløkka in March 2019.

- Total operating income came in at 27.5 million (19.3 million) in the quarter.
- Total operating cost amounted to 14.8 million (9.0 million) in the quarter.
- Net operating income from property management came in at 12.6 million (10.2 million) in the quarter.

Net realised financials

Net realised financials amounted to -11.9 million (-7.7 million) in the quarter.

Value changes

The valuation of the property portfolio resulted in a net positive value change of 34.9 million (21.3 million) in the quarter. In Q2-19, almost all of the value changes relate to the ongoing project portfolio and development of existing properties.

Profit

Profit before tax was 35.7 million (23.8 million) in the quarter. Profit after tax was 27,8 million (19.7 million) in Q2-19.

Balance sheet

The Group's assets amounted to 2,230 million (1,013 million) as of 30.06.19. Of this, investment property amounted to 2,112 million (1,297 million).

Intangible assets were 7.8 million (2.8 million) at the end of the second quarter of 2019.

Loans to associates and jointly controlled entities was 40.3 million (13.5 million) at the end of the second quarter of 2019.

Total current assets came in at 52.7 million (36.0 million) in Q2-19, the increase is related to trade receivables and cash and bank deposits.

Book equity totaled 623 million (417 million), representing an equity ratio of 28 per cent (30 per cent). Equity per share was 403,6 (361.8) based on the EPRA NAV standard and 367.5 (336.4) based on EPRA NNNNAV. Outstanding shares at 30.06.19 totaled 1.629.733.

Cash flow statement

Net cash flow from operating activities came in at 0.7 million (5.5 million) in the quarter.

The net cash flow from investment activities was -67.2 million (-18.8 million) in the quarter.

Net cash flow from financing activities was 69.7 million (8.2 million) in the quarter.

Cash and cash equivalents at the end of Q2-19 came in at 20.9 million (29.3 million).

Financing

R8 Property's total interest-bearing nominal debt as of 30.06.2019 was 1.396 billion (829 million). During the second quarter the total interest-bearing nominal debt increased by 186 million. The increase was mainly due to project investments.

Interest bearing debt and maturity structure

The average remaining term for the Group's debt portfolio was 5.6 years at 30.06.2019 (4.9 years at 30.06.2018).

Maturity structure and composition of interest-bearing debt

All amounts in NOK thousand

Maturity profile	0-1 yrs	1-3 yrs	3-5 yrs	5+ yrs	Total
Bank loans	235 840	712 622	72 699	354 125	1 375 286
Subordinated loans		21 048			21 048
Total	235 840	733 670	72 699	354 125	1 396 334
	17 %	53 %	5 %	25 %	100 %

Interest rates and maturity structure

The average interest rate of the debt portfolio was 4.44 per cent as of 30.06.2019. 30.5 per cent (34.2 per cent) of the Group's financing was hedged at a fixed interest rate as of 30.06.2019 with a weighted average maturity of 6.0 years.

Fixed rate instruments	Amount	Interest rate (%)
1-3 years	50 000	1.54
3-4 years	83 929	3.27
4-5 years	6 300	3.44
5-6 years	14 750	4.05
6-7 years	120 625	2.51
9-10 years	75 000	2.06
11-12 years*	75 000	2.23
Total	425 604	2.49

*To years forward start from 2019 (2021)

The Property portfolio



The Property Portfolio

R8 Property's management portfolio as of 30.06.2019 consists of 26 buildings with a total area of approximately 92,473 square meters. The portfolio is divided into three operating subunits: Office, Retail and Hotels.

As of 30.06.2019 the occupancy is at 87.3 per cent. However, most of the vacancy is strategic related to Arkaden and Parkbygget. The occupancy in the Retail subunit is increasing as the project is moving forward.

The average vault in the portfolio is 5.9 years. Average 12 months rolling rent per square meter was 1,169 of 30.06.2019.

The net yield is at 5.5 based on gross rent as of 30.06.2019. The net yield is expected to be positively influenced with completion of ongoing Office projects.

OPERATING SEGMENTS Q2-19

30.06.2019	Area (sqm)	Occupancy (%)	No. Of properties (#)	Vault (yrs)	Market value		12 month rolling rent		Net yield (%)	Market rent	
					(tNOK)	(NOK/sqm)	(tNOK)	(NOK/sqm)		(tNOK)	(NOK/sqm)
Office	56 124	90,4	18	3,1	1 099 500	19 591	68 337	1 218	5,8	82 635	1 472
Retail	27 300	81,2	6	8,6	454 300	16 641	25 692	941	4,8	44 688	1 637
Hotels	9 049	86,5	2	12,1	303 000	33 484	14 041	1 552	5,2	21 563	2 383
Total management portfolio	92 473	87,3	26	5,9	1 856 800	69 716	108 070	1 169	5,5	127 323	1 377
Project Office	16 149	97,1	3	11,1	255 250	15 806					
Total project portfolio	16 149	97,1	3	11,1	255 250	15 806					
Total property portfolio	108 622	88,7	29	6,9	2 112 050	85 522					

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 30.06.19 corresponds to 10.1 per cent of market rent.

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

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

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

30.06.2019	Area (sqm)	12 month rolling rent	
		(tNOK)	(NOK/sqm)
Office	65 760	71 015	1 080
Retail	11 724	12 273	1 047
Health care	4 714	5 973	1 267
Food and Beverage	4 086	7 409	1 813
Hotels	6 189	11 400	1 842
Total management portfolio	92 473	108 070	1 169

OPERATING SEGMENTS Q2-18

30.06.2018	Area (sqm)	Occupancy (%)	No. Of properties (#)	Vault (yrs)	Market value		12 month rolling rent		Net yield (%)	Market rent	
					(tNOK)	(NOK/sqm)	(tNOK)	(NOK/sqm)		(tNOK)	(NOK/sqm)
Office	45 220	91,4	12	4,2	942 500	20 843	59 153	1 308	6	69 863	1 545
Retail	22 756	79,0	2	8,4	288 000	12 656	18 386	808	4	37 349	1 641
Total management portfolio	67 976	87,2	14	5,2	1 230 500	33 499	77 539	1 141	5	107 212	1 577
Project portfolio	8 313	88,0	1		66 550	8 006					
Total property portfolio	76 289	87,3	15	5,2	1 297 050	41 505					

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 30.06.18 corresponds to 6.9 per cent of market rent.

R8 Property has one on-going project, one new building (Pow erhouse Telemark) in Porsgrunn.

Investments and divestments

R8 Property has invested 221.1 million in the portfolio of investment properties in the quarter.

Project Development

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

Project	Ownership (%)	Unit	Expected completion	Project area (sqm)	Occupancy (%)	Est. total project cost (tNOK) ¹⁾	Of which accrued (tNOK)
Powerhouse Telemark	100	Office	Q3-20	8 361	100	264 800	95 900
Rådhusgata 2	100	Office	Q4-19	3 286	86	68 244	16 367
Kammerherreløkka(næring)	50	Office	Q2-19	2 769	54	81 313	68 413
Total				14 416	88	264 800	95 900

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

Status ongoing projects

R8 Property is building Powerhouse Telemark (in Porsgrunn) aiming for BREEAM Excellent classification. During an estimated lifecycle of 60 years a Powerhouse produces more renewable energy than it uses for materials, production, operation, renovation and demolition. The project is 8,361 square meters. The occupancy is as of 30.06.2019 at 100 per cent.

R8 Property is also renovating Eeks Gård (Rådhusgata 2) in Skien. NAV Skien is to be the main tenant, occupying 86% of the property (total project area 3,286 square meters). The remaining areas are at ground level, and expected tenants are in segments 'Food and Beverage'.

The Office building of the Kammerherreløkka development project is completed, with some tenant adaptation still to come. As of June 30th 2019 54% of the area is occupied, vacancy is expected to decline rapidly with the completion of ongoing processes with potential tenants.

Transactions

R8 Property acquired 6 properties in Porsgrunn and Skien through the purchase of Valore AS and Tollboden AS. Valore AS and Tollboden AS were bought from principal owner R8 Group.

Transactions YTD 2019

Purchased properties	Area	Unit	Transaction quarter	No of sqm
Østveien 665 - 667	Tønsberg	Retail	Q1-19	1 368
Rødmyrlia 20	Skien	Valore	Q2-19	3 485
Vipeveien 51	Porsgrunn	Valore	Q2-19	3 015
Vipeveien 43	Porsgrunn	Valore	Q2-19	Plot
Bedriftsveien 52-58	Skien	Valore	Q2-19	2 966
Storgata 171-175	Porsgrunn	Valore	Q2-19	850
Langbrygga 1	Skien	Retail	Q2-19	1 249
Total				12 933

Financial statements

Financial statements

Statement of total comprehensive income

All amounts in NOK thousand

	Q2-19	Q2-18	YTD Q2-19	YTD Q2-18	2018
Rental income	25 595	17 057	46 465	31 207	70 149
Other operating revenue	1 881	2 223	5 573	6 003	13 581
Total operating income	27 476	19 280	52 038	37 210	83 730
Maintenance and other operating expenses	13 069	6 147	19 662	9 125	17 876
Other property-related expenses	344	307	462	363	877
Administrative expenses	1 401	2 619	7 632	7 399	24 049
Total operating costs	14 814	9 073	27 756	16 887	42 803
Net income from property management	12 662	10 207	24 282	20 323	40 927
Changes in value from investment properties	34 901	21 296	62 014	21 533	37 626
Share of profit from associates and JVs			-		-
Operating profit	47 563	31 503	86 297	41 856	78 553
Share of profit of a joint venture			-		14 364
Interest and other finance income	1 253	278	1 631	494	1 304
Interest and other finance expense	-12 510	-7 557	-22 274	-13 452	-30 350
Net realised financials	-11 257	-7 279	-20 643	-12 958	-14 682
Unrealised changes in value of financial instruments	-644	-437	-4 336	5 545	6 593
Net financial items	-11 902	-7 716	-24 979	-7 413	-8 088
Profit before tax	35 662	23 787	61 318	34 443	70 465
Tax expense	-7 871	-4 040	-13 514	-6 492	-9 732
Profit for period/year	27 790	19 747	47 804	27 951	60 733
Change in deferred tax on comprehensive income	-		-		-
Total comprehensive income for the period/year	27 790	19 747	47 804	27 951	60 733
Profit attributable to:					
Equity holders of the company	26 773	18 655	42 623	26 860	58 424
Non-controlling interest	1 018	1 091	5 180	1 091	2 308
Total comprehensive income attributable to:					
Equity holders of the company	26 773	18 655	42 623	26 860	58 424
Non-controlling interest	1 018	1 091	5 180	1 091	2 308

Balance sheet

All amounts in NOK thousand

	30.06.2019	30.06.2018	31.12.2018
Deferred tax assets	1 085	7 810	859
Intangible assets	7 838	2 785	7 350
Investment property	2 112 050	1 297 050	1 731 500
Other operating assets	15 335	6 031	5 733
Investment in jointly controlled entities, associates and shares	496	10 846	496
Loan to associates and jointly controlled entities	40 299	13 543	8 921
Other long-term receivables	32	-	3 032
Total non-current assets	2 177 137	1 338 066	1 757 890
Trade receivables	22 251	4 666	10 518
Other receivables	9 621	2 036	16 065
Cash and bank deposits	20 859	29 317	20 490
Total current assets	52 731	36 019	47 073
TOTAL ASSETS	2 229 868	1 374 085	1 804 963
Shareholders equity	572 924	412 892	484 947
Non-controlling interest	49 917	4 286	47 358
Total equity	622 840	417 178	532 305
Interest-bearing debt	1 160 494	725 240	953 718
Deferred tax liability	83 801	92 574	71 647
Financial derivatives	15 730	12 443	11 394
Debt to group companies	38 588	718	-
Other liabilities	-	-	-
Total non-current liabilities	1 298 613	830 975	1 036 759
Interest-bearing debt	235 840	103 486	170 044
Trade payables and other payables	72 575	22 446	65 854
Debt to group companies	-	-	-
Total current liabilities	308 415	125 932	235 898
Total liabilities	1 607 028	956 907	1 272 657
TOTAL EQUITY AND LIABILITIES	2 229 868	1 374 085	1 804 963

Changes in equity

All amounts in NOK thousand

	Share capital	Share premium	Other paid-in equity	Retained earnings	Non-controlling interest	Total equity
Equity at 31.12.2018	3 411	117 406	43 909	320 220	47 358	532 305
Profit year to date				42 623	5 180	47 804
Merger	85	10 649				10 734
Debtconversion	159	19 844				20 003
Capital increase	119	14 881	-	-	-	15 000
Non-authorized increase in capital				-378	-2 622	-3 000
Change in non-controlling interest	300	37 512	-37 812	-	-	-
Cost of equity transactions directly in equity	-	-	-	-6		-6
Equity at 30.06.2019	4 074	200 292	6 097	362 466	49 917	622 840

Statement of cash flows

All amounts in NOK thousand

	Q2-19	Q2-18	2018
Profit before tax	35 662	23 786	70 465
Expensed interest and fees on loans from financial institutions	12 510	7 557	27 437
Share of profit of a joint venture	-	-	-14 364
Interest and fees paid on loans from financial institutions	-12 703	-7 022	-33 731
Depreciation and amortisation	1 035	924	1 538
Change in market value investment properties	-34 901	-21 296	-37 626
Change in market value financial instruments	644	437	-6 593
Change in working capital	-1 592	1 101	-3 673
Net cash flow from operating activities	654	5 488	3 453
Purchase of business net of cash		2 204	7 146
Upgrades and construction of investment properties	-65 078	-21 204	-135 554
Purchase of intangible assets and other plant and equipment	-2 195	200	-362
Net cash flow from investment activities	-67 273	-18 800	-128 770
Proceeds interest-bearing debt	74 623	17 371	125 752
Proceeds from loan			-
Repayment interest-bearing debt	-4 988	-825	-28 649
Net payment of loans to associates and jointly controlled entities	-	-13 876	-11 794
Proceeds from/repayment of equity	-	37 832	59 909
Cost of equity transactions	-		
Dividends paid	-	-	-
Net cash flow from financing activities	69 635	40 501	35 541
Change in cash and cash equivalents	3 016	27 189	18 926
Cash equivalents at acquisitions as of 01.01		-	-
Cash and cash equivalents at beginning of period	17 842	2 128	1 564
Cash and cash equivalents at end of period	20 858	29 317	20 490

NOTE 1 ACCOUNTING PRINCIPLES

This interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are prepared in accordance with applicable IFRS standards and interpretations. The accounting principles that have been used in the preparation of the interim financial statements are in conformity with the principles used in preparation of the annual financial statements for 2018. The interim report presents condensed financial statements, and do not contain all the information required for full annual financial statements. The report should therefore be read in conjunction with the financial statements for 2018. There are no significant changes in accounting policies compared with those used when preparing the financial statements for 2018.

The interim financial statements report of R8 Property AS was approved at a Board meeting on 28th August 2019 and have not been audited. The financial reporting covers R8 Property AS and subsidiaries.

NOTE 2 SEGMENT INFORMATION

All amounts in NOK thousand

The Groups investment properties is organised into three operating units: Office, Retail and Hotels.

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

OPERATING SEGMENTS Q2-19

30.06.2019	Area (sqm)	Occupancy (%)	No. Of properties (#)	Wault (yrs)	Market value		12 month rolling rent		Net yield (%)	Market rent	
					(tNOK)	(NOK/sqm)	(tNOK)	(NOK/sqm)		(tNOK)	(NOK/sqm)
Office	56 124	90,4	18	3,1	1 099 500	19 591	68 337	1 218	5,8	82 635	1 472
Retail	27 300	81,2	6	8,6	454 300	16 641	25 692	941	4,8	44 688	1 637
Hotels	9 049	86,5	2	12,1	303 000	33 484	14 041	1 552	5,2	21 563	2 383
Total management portfolio	92 473	87,3	26	5,9	1 856 800	69 716	108 070	1 169	5,5	127 323	1 377
Project Office	16 149	97,1	3	11,1	255 250	15 806					
Total project portfolio	16 149	97,1	3	11,1	255 250	15 806					
Total property portfolio	108 622	88,7	29	6,9	2 112 050	85 522					

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 30.06.19 corresponds to 10,1 per cent of market rent.

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

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

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

30.06.2019	Area (sqm)	12 month rolling rent	
		(tNOK)	(NOK/sqm)
Office	65 760	71 015	1 080
Retail	11 724	12 273	1 047
Health care	4 714	5 973	1 267
Food and Beverage	4 086	7 409	1 813
Hotels	6 189	11 400	1 842
Total management portfolio	92 473	108 070	1 169

OPERATING SEGMENTS Q2-18

30.06.2018	Area (sqm)	Occupancy (%)	properties (#)	Wault (yrs)	Market value		12 month rolling rent		Net yield (%)	Market rent	
					(tNOK)	(NOK/sqm)	(tNOK)	(NOK/sqm)		(tNOK)	(NOK/sqm)
Office	45 220	91,4	12	4,2	942 500	20 843	59 153	1 308	6	69 863	1 545
Retail	22756	79,0	2	8,4	288 000	12 656	18 386	808	4	37 349	1 641
Total management portfolio	67 976	87,2	14	5,2	1 230 500	33 499	77 539	1 141	5	107 212	1 577
Project portfolio	8 313	88,0	1		66 550	8 006					
Total property portfolio	76 289	87,3	15	5,2	1 297 050	41 505					

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 30.06.18 corresponds to 6.9 per cent of market rent.

R8 Property has one on-going project, one new building (Powerhouse Telemark) in Porsgrunn.

NOTE 3 INVESTMENT PROPERTIES

All amounts in NOK thousand

	Q2-19	Q2-18	2018
VALUE OF INVESTMENT PROPERTIES			
Closing balance previous period	1 856 050	986 550	978 550
Other movements			
Purchase of investment property	151 500	268 000	578 500
Investment and upgrades in the property portfolio	65 078	20 818	133 221
Capitalised borrowing costs	4 521	385	3 603
Change in value from investment properties	34 901	21 296	37 626
Investment property	2 112 050	1 297 050	1 731 500

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

NOTE 4 INFORMATION ON THE FAIR VALUE OF ASSETS AND LIABILITIES

All amounts in NOK thousand

The valuation methods and principles are unchanged in the quarter. See the annual financial statements for 2018 for further information. Set out below is a summary of assets and liabilities measured at fair value divided between the different valuation hierarchies set out in IFRS 7.

	30.06.2019	30.06.2018	31.12.2018
Assets measured at fair value with change over the result			
- Investment property (Level 3)	2 112 050	1 297 050	1 731 500
Total	2 112 050	1 297 050	1 731 500
Financial liabilities measured at fair value with change over the result			
- Derivatives (Level 2)	15 730	12 443	11 394
Total	15 730	12 443	11 394

KEY FIGURES

All amounts in NOK thousand

DEBT RATIO (LTV)

	Q2-19	Q2-18	2018
Net nominal interest-bearing debt	1 396 334	828 726	1 123 762
Total market value of the property portfolio	2 112 050	1 297 050	1 731 500
Debt ratio (LTV) %	66,1	63,9	64,9

INTEREST COVERAGE RATIO (ICR)

	Q2-19	Q2-18	2018
Net income from property management	12 662	10 206	40 927
Depreciation	1 035	924	1 538
EBITDA adjusted	13 697	11 130	42 465
Interest cost	12 510	7 279	33 678
Other finance expense	-	-	275
Applicable net interest cost	12 510	7 279	33 953
Interest Coverage Ratio (ICR)	1,1	1,5	1,3

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	Q2-19 / 30.06.2019	Q2-18 / 30.06.2018	2018 / 31.12.2018
EPRA Earnings per share (EPS)	NOK	3,1	2,7	8,3
EPRA NAV per share	NOK	403,6	361,8	377,4
EPRA NNNAV per share	NOK	367,5	336,4	346,7

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

EPRA EARNINGS

EPRA Earnings is a measure of the underlying development in the property portfolio and is calculated as net income after tax excluding value changes on investment properties, unrealised changes in the market value of financial derivatives and gains/losses on the sale of properties and their associated tax effects.

All amounts in NOK thousand

	Q2-19	Q2-18	2018
Profit for period/year	27 790	19 746	60 733
Add:			
Changes in value of investment properties	-34 901	-21 296	-37 626
Tax on changes in value of investment properties ¹⁾	7 678	4 898	8 654
Changes in value of financial instruments	644	437	-6 593
Tax on changes in value of financial instruments ¹⁾	-142	-100	1 516
Share of profit jointly controlled entities - fair value adjustments	-	-	-17 533
Reversal of deferred tax EPRA adjustments jointly controlled entities ¹⁾	-	-	3 169
Net income non-controlling interest of subsidiaries	5 030	-	2 868
Reversal of tax non-controlling interests of subsidiaries ¹⁾	-1 107	-	-660
Change in tax rate ¹⁾	-	-	-3 263
EPRA Earnings	4 993	3 684	11 266

¹⁾ 22 per cent from Q2 2019 and 23 per cent for 2018.

EPRA NAV AND EPRA NNNAV - NET ASSET VALUE

The objective with EPRA NAV is to demonstrate the fair value of net assets given a long-term investment horizon. EPRA NAV is calculated as net asset value adjusted to include market value of all properties in the portfolio and interest-bearing debt, and to exclude certain items not expected to crystallise in a long-term investment property business model such as e.g. financial derivatives and deferred tax on the market value of investment properties.

The objective with EPRA NNNAV is to report the fair value of net assets in the Group on the basis that these are immediately realised. EPRA NNNAV is EPRA NAV adjusted to reflect the fair value of debt and derivatives and in order to include deferred tax on value changes.

All amounts in NOK thousand

	Q2-19	Q2-18	2018
NAV - book value of equity	622 840	417 178	494 493
Less: Non-controlling interest	-49 917	-	-47 358
Deferred property tax	72 617	66 975	58 974
Fair value of financial derivative instruments	12 269	9 581	8 888
EPRA NAV	657 810	493 735	514 996
Market value on property portfolio	2 112 050	1 297 050	1 731 500
Tax value on property portfolio	1 179 801	793 682	1 069 560
Basis for calculation of tax on gain on sale	932 249	503 368	661 940
Less: Market value of tax on gain on sale (5 per cent tax rate)	46 612	25 168	33 097
Net market value on financial derivatives	15 730	12 443	11 394
Tax expense on realised financial derivatives ¹⁾	-3 461	-2 862	-2 407
Less: net result from realisation of financial derivatives	12 269	9 581	8 888
Book value of interest bearing debt	1 396 334	828 726	1 123 762
Nominal value of interest bearing debt	1 396 334	828 726	1 123 762
Basis for calculation of tax on realisation of interest bearing debt	-	-	-
Less: Market value of tax on realisation	-	-	-
EPRA NNNAV	598 928	458 985	473 012

¹⁾ 22 per cent from Q2 2019 and 23 per cent for 2018.



Partly owned companies

Mulighetenes By AS (73 %)

R8 Property and a group of investors own Mulighetenes By AS. The company owns the property known as Arkaden Storsenter (22,413 sqm) in Skien.

Laugstol Eiendom AS (73 %)

R8 Property and a group of investors own Laugstol Eiendom AS. The company owns the property known as Nedre Hjellegate 11 (343 sqm) in Skien.

Henrik Ibsensgate 6 AS (73 %)

R8 Property and a group of investors own Henrik Ibsensgate 6 AS. The company owns the property known as Henrik Ibsensgate 6 (1,927 sqm) in Skien.

Kammerherreløkka AS (50 %)

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

Telemarksgaten 10 AS (13 %)

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

Other information

Organization

At 30.06.19 the Group had 17 employees. During the quarter there were no injuries that caused absence from work.

Share and shareholder information

R8 Property's share capital is NOK 4,074,332 divided into 1,629,733 shares, with each share having a par value of NOK 2.5. R8 Property has one class of shares. All shares provide equal rights, including the right to any dividends. Each of the shares carries one vote.

As of June 30th 2019, R8 Property had 36 shareholders. Norwegian investors held 100 per cent of the share capital. The 10 largest shareholders on 30.06.19 were:

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

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Financial calendar

Q3 report 2019	13.11.2019
Annual report 2019	19.03.2020

R8 Property

Head office and postal address

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www.r8property.no

Definitions

12 months rolling rent	The contractual rent of the management properties of the Group for the next 12 months as of a adjusted for signed new contracts and contracts expiring during such period.
Cash earnings	Result from property management less payable tax.
Contractual rent	Annual cash rental income being received as of relevant date.
Loan-to-value ("LTV")	Net nominal value of interest-bearing liabilities (excluding debt to group companies) divided by the property portfolio.
Management properties	Properties that are actively managed by the company.
Market rent	The annualised market rent of the management properties, fully let as of the relevant date, exp 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, regardle classification for accounting purposes.
Net yield	Net rent divided by the market value of the management properties of the Group.
Occupancy	Estimated market rent of occupied space of the management properties, divided by the market space of the management portfolio.
Project properties	Properties where it has been decided to start construction of a new building and/or renovation.
Interest Coverage Ratio ("ICR")	Net income from property management excluding depreciation and amortisation for the Group, interest on interest-bearing nominal debt and fees and commitment fees related to investment
Total area	Total area including the area of management properties, project properties and land / developn
WAULT	Weighted Average Unexpired Lease Term measured as the remaining contractual rent amount lease contracts of the management properties of the Group.